

LEASING OF QUOTA

PURPOSE:

Leasing of quota serves as a management tool for Producers to maximize use of production facilities, respond to production issues, and to ensure quota is fully utilized.

Production planning, quota utilization and the amount of chicken marketed is the responsibility of each individual Producer.

The Board has a responsibility to ensure, as much as possible, that quota is allocated to Producers who will produce adequate amounts of quality chicken to fulfill the market.

This policy seeks to provide for a steady supply of chicken to processors.

It is expected that a Producer who has quota and certified production facilities will utilize them each and every cycle.

POLICY:

1. GENERAL LEASING OF QUOTA PROVISIONS:

- a. An authorized Producer may lease-in quota from another authorized Producer(s) for one or more cycles.
- b. The Producer leasing-in quota is the "Lessee" and the Producer leasing-out quota is the "Lessor".
- c. A Producer may lease-out up to 50% of his / her / the corporation's quota to another authorized Producer(s) for one or more cycles. Lease applications for greater than 50% of a Producer's quota will not be approved by the Board.
- d. Notwithstanding Section 1c above, the Board may allow an authorized Producer to lease all or part of that authorized Producer's quota to another authorized Producer(s) under the following circumstances:
 - (i) For the period A-144, which starts on June 11, 2017, through A-209, which ends on July 24, 2027, the Board may allow an authorized Producer who was leasing more than 50% of his / her / the corporation's quota prior to June 11, 2017, to lease all or part of that quota to another authorized Producer(s);

- (ii) Entry into or exit from the industry, as per Sections 5 and 6 of this Policy;
- (iii) The quota is leased to a relative. For the purpose of this Policy, relative is defined as "a spouse or common-law partner, birth or adopted child(ren) and their spouses, and grandchild(ren)";
- (iv) Force Majeur: Acts of God including natural disasters and death;
- (v) Emergency as per Section 8;
- (vi) Suspension of a license under the On-Farm Food Safety Assurance Program or Animal Care Program; or
- (vii) Board prior-approval of a special request for a major barn renovation, in accordance with Section 7.

2. LEASE IN / LEASE OUT:

- a. Leasing-In Quota: The Lessee must file the application to Lease-in quota within 28 days of last chick placement to the Lessee's registered facility;
- b. Leasing-Out Quota: The Lessor must file the application to Lease-out quota within 28 days of last chick placement to the Lessee's registered facility;
- c. The Producer to whom the 28 day time limit is applicable is the Lessee in the first instance.
- d. To be eligible for approval, the Lessor and Lessee involved in a Lease-in / Lease-out arrangement must have cycles within the same A-period.
- e. Both the Lessor and Lessee are accountable for signing the Lease Application Form and ensuring the Form is filed with the Board Office within 28 days of last chick placement to the Lessee's registered facility(ies).
- f. Incomplete Lease Application Forms or Forms submitted to the Board Office later than 28 days from the last date of chick placement to the Lessee's registered facility(ies) will not be approved.
- g. A Lease will not be approved if the Producer has outstanding service charges or levies.
- h. A Lessee who is approved to Lease-in quota and experiences production difficulties may apply to Lease-out quota. The application to Lease-out must be filed with Alberta Chicken Producers within 28 days of last chick placement to the Lessee's registered facility.
- i. With the exception of 3(a) below, a Producer who transacts both a Lease-in and Lease-out in the same cycle, must pay to Alberta Chicken Producers an administration fee of \$100.

3. MORE THAN ONE FARM:

- a. A Producer with more than one farm, with registered facility(ies), may 'Lease in' quota to one of his / her owned farms from one of his / her owned farm(s) and subsequently 'Lease out' to his / her other owned farm(s) with registered facilities in the same A-Period, without being charged the \$100 administration fee.
- b. A Producer with more than one farm (certified premises) who has all quota units assigned to one location, must 'Lease out' to other certified premises, to ensure there is quota to cover marketings on each certified premise. This may be accomplished through an open Lease, an individual cycle Lease, or a combination thereof;

4. DIFFERENT PROCESSOR:

- a. A Producer who applies to the Board to Lease 15,000 kg or more of quota to a Producer who will market birds to a different processor, will provide written notice to the processor, as well as Alberta Chicken Producers, pursuant to the Producer Processor Relationship Policy.
- b. The notification period referred to in this Policy is two (2) weeks prior to the set of eggs of the last period in which the Producer markets, and the processor purchases chicken from that Producer. (The period extends five (5) weeks prior to the placement date of the cycle immediately preceding that of the intended Lease.
- c. The processor may waive the notification period by providing written notice to the Producer and Alberta Chicken Producers.

5. ENTERING THE INDUSTRY:

- a. A Producer entering the industry must start producing the quota in registered production facilities no later than 3 years (152 weeks) from the date of purchase of the Producer's first quota unit.
 - i. The Board Office will issue a letter to the Producer identifying the date on which he / she / the corporation is required to commence production.
- b. Should a Producer entering the industry be unable to commence production within the required 3 year timeframe, the Producer must:
 - i. Submit in writing to the Board a request for extension, accompanied by a copy of the Producer's Natural Resources Conservation Board (NRCB) permit.

- ii. The request must be received by the Board no later than eight weeks prior to the date on which the Producer is required to commence production.
 - iii. Approval and duration of approved extension requests are at the discretion of the Board.
 - c. Where a Producer entering the industry is unable to commence production by the required date and either fails to submit a written request for extension to the Board, or is not approved for an extension, that Producer is no longer exempt and will be subject to Sections 1a-c of this Policy.
- 6. EXITING THE INDUSTRY:
 - a. A Producer exiting the industry must sell all quota within 5 years (256 weeks) from the last day of the Producer's last production cycle; and that Producer is permitted to lease out 100% of his / her / the corporation's quota during that timeframe, in accordance with Section 1dii of this Policy.
 - i. the Board Office will issue a letter to the Producer identifying the date on which his / her / the corporation's exemption under Section 1dii expires; and
 - ii. the Board Office will immediately retire the Producer's number in this instance;
 - b. Where a Producer exiting the industry does not sell all of his / her / the corporation's quota within the required timeframe:
 - i. that Producer is no longer exempt and will be subject to Sections 1a-c of this Policy;
 - ii. should that Producer choose to commence production of a minimum of 50% of his / her / the corporation's quota, in this instance and subject to a pre-placement audit, that Producer may be issued a conditional Producer license under the same Producer number and would not be eligible for an exemption under Section 1dii of this Policy.
 - c. Where a Producer who has exited the industry and sold all of his / her / the corporation's quota seeks to commence production in the future, he / she / the corporation may only be treated as a Producer entering the industry under section 5 of this Policy if he / she / the corporation purchases new quota under a new Producer number.

7. SPECIAL REQUEST FOR MAJOR BARN RENOVATION:

a. A Special Request for an exception for a Major Barn Renovation may be made by a

Producer as follows:

- i. The request must be submitted to the Board Office in writing and accompanied by the Natural Resources Conservation Board (NRCB) permit.
- ii. The request must be received by the Board no later than eight weeks prior to the start date of the proposed exception.
- iii. Exceptions that are approved by the Board are put into effect for a limited timeframe, not to exceed six eight week cycles (48 weeks).
- iv. The Board will communicate its decision to the Producer in writing, identifying the duration of time for which the Special Request is approved.
- v. Where a Producer who has been granted a special request under this section fails to commence production of his / her / the corporation's quota within the required timeframe, that Producer is no longer exempt and will be subject to Sections 1a-c of this Policy.

8. EMERGENCY LEASE:

In the event of production loss due to an emergency, which may include any one or more of the following circumstances:

- The Alberta Poultry Industry Emergency Response Plan is declared operational;
 - A federally reportable disease is confirmed in Alberta;
 - A Destruction Order is declared by a certified veterinarian; or
 - The Board deems a situation to be serious enough to declare an emergency;
- a. A Producer may lease-out up to 100% of his / her production at any time during his / her production cycle.
 - b. When leasing out within the cycle is not an option, the live weight production losses incurred may be carried forward to the next unallocated cycle(s).
 - c. Eligibility: to be eligible for Emergency Lease, a Producer must submit a request to the Board in writing, specifying:
 - i. The nature of the emergency, supported by evidence such as veterinary reports, photos, etc.
 - ii. The remedy being sought

- d. The Board will evaluate an application on its own merit and will communicate the decision to the Producer within 3 business days of its submission.

9. FORCE MAJEUR:

- a. In the event of a Force Majeur, a Producer is required to submit a written request to the Board for an Exception as early as possible. The request must include a description of the Producer's plans for recovery and future production.

Reference Minutes of:

May X, 2017
September 1, 2016
June 9, 2016
December 12, 2014
January 10, 2014
December 2, 2011
April 1 & 2, 2009
September 24, 2007
July 9, 2007
February 13, 2007
December 8, 2006
November 10, 2006
August 28, 2006
November 14, 2003