

Chicken Farmers of Ontario

COVID-19 Emergency Euthanasia Policy No. 255-2021

Made under: *The Farm Products Marketing Act*

Effective April 12, 2021

Section 1.0 - Objectives & Purpose

- 1.01 The COVID-19 pandemic has and continues to pose significant challenges to the orderly marketing of chicken and normal operations for the Ontario chicken supply chain;
- 1.02 CFO is committed to supplying Ontario with locally grown and processed chicken and prioritizing the processing of Ontario grown broiler chicken;
- 1.03 In periods of extended plant shutdown or substantial impairment of chicken processing capability, where contingency planning by holding chickens or finding other options to process chickens have been exhausted, COVID-19 emergency euthanasia of chickens may be required as the only remaining viable alternative;
- 1.04 This Policy sets out the conditions applicable to a COVID-19 emergency euthanasia of chicken in-plant or on-farm and the conditions by which monies will be made available for the farmer-member approved costs related to the COVID-19 emergency euthanasia;
- 1.05 The COVID-19 emergency euthanasia described in this Policy is entirely separate and distinct from the depopulation program implemented in 2020 by CFO, AOCF and the Ontario Broiler Hatching Egg and Chick Commission.

Section 2.0 – Interpretation

- 2.01 In this Policy:
 - a) “AOCF” means the Association of Ontario Chicken Processors;
 - b) “Board” means Chicken Farmers of Ontario or CFO;
 - c) “*calculated base*” means an amount of kilograms the Board has associated with a processor as set out in Schedule B of the Determination and Distribution of Supply to Processors Policy for the purposes of determining each processor’s percentage share of the available Ontario supply;
 - d) “*category*” means a specific weight range of chickens;

- e) “*charge*” means an amount payable by a farmer-member on chicken marketed in accordance with the CFO COVID-19 Emergency Euthanasia Regulation;
- f) “*chicken*” means chicken that is produced or marketed pursuant to quotas fixed and allotted by CFO;
- g) “*constructive marketing*” means the anticipated production and marketing of chicken by a farmer-member based on the farmer-member’s Schedule 1 allotment from CFO for a quota period;
- h) “*COVID-19 emergency euthanasia costs*” means costs incurred specifically in relation to a Qualifying Shutdown;
- i) “*COVID-19 emergency euthanasia*” means the act of inducing the humane death of chicken using approved methods and which qualifies for recovery of monies from the Fund;
- j) “*designated service provider*” means an approved third party contracted to perform COVID-19 emergency euthanasia services;
- k) “*farm*” means the registered premises where chickens are produced and marketed in accordance with a Form 101 or Form 101F;
- l) “*farmer-member*” means a quota holder licenced to engage in the production and marketing of chicken;
- m) “*Form 101*” means an agreement for the production and marketing of chicken made between a farmer-member and a processor or between a farmer-member and an out-of-province processor;
- n) “*Form 101F*” means an agreement for the production and marketing of chicken made between a qualified farmer-member and a Quebec processor;
- o) “*Fund*” means the monies accumulated by CFO to be used exclusively for the purpose of farmer-members recovering costs in the event of a COVID-19 emergency euthanasia of chickens;
- p) “*in-plant euthanasia*” means a COVID-19 emergency euthanasia in a processing facility or on a transportation vehicle located at a processing facility or such other location designated by the processor other than a farm;
- q) “*Negotiating Agency*” means the negotiating agency duly constituted pursuant to Ontario Regulation 402 and having the authority to adopt or settle by agreement the minimum live price for chickens;
- r) “*on-farm euthanasia*” means a COVID-19 emergency euthanasia on a farm;
- s) “*processor*” means a Class “A” processor licenced by the Board;

- t) “*Quebec processor*” means a person who slaughters chicken and holds a valid and subsisting licence to engage in the business of operating a registered establishment issued by the Canadian Food Inspection Agency, which establishment is located in the Province of Quebec and which purchases chicken produced by farmer-members pursuant to a Form 101F;
- u) “*rendering*” means the treatment of chicken carcasses or processing by-products that are not intended for human consumption.

2.02 Other words appearing in this Policy shall have the same meaning as found in the CFO Words and Meanings Regulation.

Section 3.0 – Application

- 3.01 This Policy contemplates on-farm and in-plant euthanasia of chickens, subject to specific criteria and prior approval and provides for the reimbursement of farmer-members for the value of chickens that are not marketed together with related euthanasia costs incurred from a Fund established and managed by CFO.
- 3.02 All payments contemplated under this Policy are contingent on continuation of an Agreement with the Association of Ontario Chicken Processors (AOCP) regarding the operation of the Fund, the addition of a charge relating to the producing and marketing of chicken by the Negotiating Agency pursuant to Regulation 402 and the continuation of financing through a lending institution to support the Fund.
- 3.03 On-farm COVID-19 emergency euthanasia or in the case of an Ontario processor on-farm or in-plant COVID-19 emergency euthanasia is not intended to provide an option to a processor to respond to changes or disruptions in its market. COVID-19 emergency euthanasia of chickens must be authorized by CFO and qualify for cost recovery under this Policy.
- 3.04 Only chicken being produced in accordance with a valid Form 101 or Form 101F may qualify for COVID-19 emergency euthanasia.
- 3.05 COVID-19 emergency euthanasia is intended to be available as an option of last resort when a processor experiences a Qualifying Shutdown of chicken processing capability due to COVID-19. As well and except as specifically provided in this policy, the option of in-plant and on-farm COVID-19 emergency euthanasia is available only to processors.
- 3.06 In providing for COVID-19 emergency euthanasia, the priority will be to euthanize flocks that are at or past their intended marketing date and to preserve the flocks at an earlier stage of production.

Section 4.0 – Qualifying Shutdown or Substantial Impairment of Chicken Processing Capability

- 4.01 In this part,
 - a) a qualifying shutdown (“Qualifying Shutdown”) means a shutdown in respect of which the contracting processor has demonstrated that it:

- i) experienced or is experiencing an unintended temporary or prolonged suspension or cessation of chicken processing activity; and
 - ii) the suspension or cessation of chicken processing activity is not due to or caused by equipment problems, commercial considerations based on costs savings or marketplace implications for the processor's chicken products or shortage of plant staff due to COVID-19 for less than five (5) consecutive processing days; and
 - iii) has reasonably attempted but has exhausted all of the applicable sequenced COVID-19 emergency chicken processing capability protocols (the "COVID-19 Emergency Chicken Processing Capability Protocols") described in Section 5.0 of this Policy;
- b) COVID-19 emergency euthanasia costs include:
- i) in-plant COVID-19 emergency euthanasia expenses which include catching, loading, transportation and rendering expenses incurred by an Ontario processor on behalf of a farmer-member;
 - ii) rendering expenses incurred by the processor including containers and vehicles on behalf of a farmer-member;
 - iii) on-farm COVID-19 emergency euthanasia fees and expenses of the designated service provider including carcass removal for rendering or composting;
 - iv) carcass removal and rendering and composing costs if incurred by a farmer-member; and
 - v) production and marketing costs incurred by a farmer-member.

4.02 Where a processor has exhausted all of the sequenced COVID-19 Emergency Chicken Processing Capability Protocols set out in Section 5.0 of this Policy and is still experiencing a substantial impairment of chicken processing capability which would make it impossible to process chickens at its normal capability, the processor's data and processing information will be jointly evaluated by CFO and the AOCPC to determine whether COVID-19 emergency euthanasia is appropriate in the particular circumstance.

4.03 Prior approval is required to euthanize the chickens regardless of whether they are located in-plant of a processor or on-farm. Chickens will not be euthanized until the applicable COVID-19 Emergency Chicken Processing Capability Protocols set out in Section 5.0 of this Policy have been completed.

4.04 In evaluating a substantial impairment of chicken processing capability, the effect of supplies of live chicken utilized by a processor from other sources, including interprovincial marketing, interprovincial processor trading of supply, or chicken or fowl imports, will be taken into account and may preclude the processor from receiving authorization to engage in COVID-19 emergency euthanasia.

Section 5.0 – Sequenced COVID-19 Emergency Chicken Processing Capability Protocols

Plant shutdown after chickens have been loaded

- 5.01 (a) The following sequence will apply when chickens have been removed from the farm but cannot be processed by a processor following the sequenced COVID-19 Emergency Chicken Processing Capability Protocols listed below:
- (1) If the processor owns or controls or has access to more than one plant, the processor will attempt to divert the chickens to such other plant or plants.
 - (2) The processor will attempt to arrange processing at the facilities of other Class A Ontario processors.
 - (3) The processor will attempt to arrange processing at the plant or facility of processors located in the Province of Quebec subject to the requirements of the federal *Health of Animals Regulations*.
 - (4) If processing of chicken is not possible within the requirements of the *Health of Animals Regulations*, then the processor may return the chickens to the farm.
 - (5) Farmer-member to engage feed mills for standard holding ration and advise hatcheries.
 - (6) If the chickens have been returned to the farm, the processor is still obliged to use all reasonable efforts to arrange for processing of the chicken.
 - (7) If all other options above have been eliminated, then as a final option the processor will engage in the COVID-19 emergency euthanasia of chickens in-plant and will render the chicken if possible. If in-plant euthanasia and rendering is not possible, then the processor will follow the same sequence of steps described above in relation to arranging rendering services.
 - (8) Prior to any euthanasia occurring, the processor must provide CFO with a signed COVID-19 Emergency Euthanasia Notification Form (the “Notification Form”) in the form set out in Schedule B of this Policy.
- (b) Upon receipt by CFO of the Notification Form, CFO, AOCF and the processor shall engage in an emergency meeting to evaluate and determine the feasibility of euthanizing the chickens in-plant. Should CFO and AOCF not agree, the chickens cannot be euthanized pursuant to this Policy.

Chickens have not been loaded and are on-farm at the time when plant shutdown occurs

- 5.02 The following sequence will apply when the chickens are not loaded and are on-farm at the time of a Qualifying Shutdown:

- (1) The processor will revise the slaughter schedule and roll marketing dates forward for farmers.
- (2) The processor must inform CFO and share revised marketing dates with contracted farmer-members.
- (3) If the processor's plant is operating, the processor will attempt to arrange overtime at its plant in order to have chickens processed.
- (4) The processor will attempt to arrange processing at the facilities of other Class A Ontario processors.
- (5) The processor will attempt to arrange processing at the plant or facilities of processors located in the Province of Quebec or any other province subject to the federal *Health of Animals Regulations*.
- (6) Farmer-member to engage feed mills for standard holding ration and advise hatcheries.
- (7) The processor must provide CFO with a signed COVID-19 Emergency Euthanasia Notification Form (the "Notification Form") in the form set out in Schedule B of this Policy.
- (8) Upon receipt by CFO of the Notification Form, CFO, AOCF and the processor shall attend an emergency meeting to evaluate and determine the feasibility of euthanizing the chickens on-farm. In the absence of authorization the chickens cannot be euthanized pursuant to this Policy.

Section 6.0 – COVID-19 Emergency Euthanasia & Rendering Costs

- 6.01 An affected farmer-member shall not be required to advance monies to pay for the cost of a COVID-19 emergency euthanasia. In the event of an in-plant COVID-19 emergency euthanasia, the processor shall provide the actual cost of the COVID-19 emergency euthanasia and the rendering of birds within three (3) business days of completion of the in-plant COVID-19 emergency euthanasia in accordance with the COVID-19 Emergency Euthanasia Request for Funds Form contained in Schedule A of this Policy. Using monies from the Fund and on behalf of the affected farmer-member, CFO shall pay the processor the approved cost of the in-plant COVID-19 emergency euthanasia.
- 6.02 Every service provider shall provide CFO with an estimate of COVID-19 emergency euthanasia costs which shall be approved by CFO prior to commencement of the service.
- 6.03 All costs as defined in Section 4.01(b) shall be considered a farmer-member cost only for the purposes of this Policy.

Section 7.0 – Payment Terms

- 7.01 The following payment terms apply to both in-plant or on-farm COVID-19 emergency euthanasia.

7.02 COVID-19 emergency euthanasia will result in a constructive marketing of the chicken contracted under Form 101 or Form 101F agreements and in the deemed performance of the respective obligations of the contracting parties. In the event that chickens are subject to COVID-19 emergency euthanasia, the farmer-member will be paid by CFO through the Fund by using the following formula:

- a) The allocated number of kilograms listed in the farmer-member's Schedule 1 multiplied by the live price for that category less the AI insurance premiums equals the base amount to be paid by the processor (the "Base Amount");

[Allocated number of Schedule 1 kilograms x category live price - AI insurance premiums = Base Amount]

- b) In the event that farmer-members and processors previously agreed to the payment of additional amounts not included in the Form 101 or Form 101F, the processor and the farmer-member must submit a joint declaration (the "Joint Declaration") to CFO and AOCIP documenting the additional amount to be paid per kilogram that was agreed upon between the processor and farmer-member (the "Additional Amount"). The Additional Amount will be added to the Base Amount subject to CFO and AOCIP receiving the Joint Declaration.

7.03 In the event where there has been a COVID-19 emergency euthanasia of chickens, in addition to the amounts set out in section 7.02 a) and b) the farmer-member will also be compensated a supplemental production amount (the "Supplemental Production Amount") by CFO through the Fund where the flock has been kept on-farm for at least one day longer than the originally scheduled marketing day. The Supplemental Production Amount will be calculated and paid as follows:

Supplemental Production Amount is equivalent to the sum of the Base Amount and any Additional Amount divided by the number of days between placement of chicks and the scheduled marketing date and multiplied by the number of days the chickens have remained on farm following the originally scheduled marketing days.

7.04 In addition to the Base Amount, the Additional Amount and the Supplemental Production Amount, and the COVID-19 emergency euthanasia costs and rendering of chickens by a processor, the constructive marketing of chicken shall also include the disbursement of monies from the fund to pay Chicken Farmers of Canada ("CFC") levies, unless waived by CFC.

For greater certainty, the live price paid to the farmer-member in accordance with Section 7.02 a) will include the modular loading cost recovery amount. This modular loading cost recovery amount for constructive marketing will be tracked by the parties and mutually reported to take into account the total modular loading cost that remains to be recovered.

Section 8.0 – Under Marketing

8.01 COVID-19 emergency euthanasia will result in a constructive marketing of the chicken contracted under Form 101 and Form 101F agreements. Farmer-members whose crop

will be subject to a COVID-19 emergency euthanasia under this policy will not be permitted to regrow any amount of their crop quota when the chickens placed by them are the subject of euthanasia nor will the Fund compensate them for any over marketing of chicken outside of the Form 101 and Form 101F agreements.

Section 9.0 – Establishment of the Fund and Credit Facility

- 9.01 CFO will establish a Fund and will engage in periodic consultations with AOCP to evaluate the performance of the Fund and the conditions for and the scheduling of its winding up. CFO will establish a segregated bank account specifically for the purpose of receiving monies for the Fund and making payments in accordance with this Policy. The management of the Fund will be subject to proper accounting practices and standards.
- 9.02 The charge contemplated by subsection 18(2) of Regulation 402 will represent best efforts to match the costs of COVID-19 emergency euthanasia. CFO does not intend the management of the Fund so as to produce a surplus or deficit of monies that are not required to pay for the costs of COVID-19 emergency euthanasia.
- 9.03 A revolving credit facility (the “Credit Facility”) shall be established to advance monies to the Fund which, subject to the limits of the Credit Facility, shall exclusively be used to pay for the costs of COVID-19 emergency euthanasia.
- 9.04 The Fund established from monies received by CFO from the charge shall also be utilized to recover any and all interest incurred in relation to the Credit Facility as well as all non-interest loan costs including but not limited to any loan processing fees and annual review fees charged by the financial institution granting the Credit Facility (the “Financial Institution Fees”). The Financial Institution Fees shall be fully recovered through the charge and resulting Fund even if no COVID-19 emergency euthanasia of chickens occurs.

Section 10.0 – Quebec Processors

- 10.01 COVID-19 emergency euthanasia will be available to Quebec processors but will be limited to on-farm COVID-19 emergency euthanasia only. In-plant COVID-19 emergency euthanasia is not permitted and all associated rendering costs relating to in-plant COVID-19 emergency euthanasia incurred by a Quebec processor are not recoverable from the Fund.
- 10.02 In the case where a Quebec processor has experienced a Qualifying Shutdown or substantial impairment of chicken processing capability as described in Section 4.0 of this Policy, the Quebec processor may make application to CFO for approval of on-farm COVID-19 emergency euthanasia in respect of a flock of chickens being produced by a farmer-member in accordance with a Form 101F completed between the farmer-member and the Quebec processor.
- 10.03 Upon receipt of such application from the Quebec processor, CFO will apply and require the Quebec processor to have satisfied the sequenced COVID-19 chicken processing capability protocols set out in Section 5.0 of this Policy on the same basis and to the same extent as required of a processor.

- 10.04 In the case of on-farm COVID-19 emergency euthanasia involving a Quebec processor, Section 6.0 – COVID-19 Emergency Euthanasia & Rendering Costs, and Section 7.0 – Payment Terms, will apply in the case of an approved on-farm COVID-19 emergency euthanasia with the necessary changes.

Section 11.0 – Calculated Base and Supply Utilization

- 11.01 The calculated base associated by the Board with a processor will not be adjusted or otherwise affected by reason of having euthanized chicken pursuant to this Policy.
- 11.02 When calculating a processor’s supply utilization, the Board will include kilograms allocated to the farmer-members that correspond to chickens that have been euthanized pursuant to this Policy.
- 11.03 Where a processor reduces its supply by reason of euthanizing chicken, the amount of reduction is extinguished as a result and the processor has no right or entitlement to receiving that amount in whole or in part in a subsequent quota period.

Section 12.0 – Duty of Fair Dealing

- 12.01 This Policy imposes on all farmer-members and processors a duty of fair dealing in the performance and execution of their respective obligations hereunder, which includes the duty to act in good faith and in accordance with reasonable commercial standards.

Section 13.0 - Orders and Directions

- 13.01 The Board may on occasion deem it appropriate to make certain specific orders and directions in relation to and as an adjunct of this Policy for the purpose of furthering the intended effect of its application.

Section 14.0 - Alternative Funding

- 14.01 In the event that alternative euthanasia financial support or funding becomes available to the parties through government programs or sources, CFO will review the implications on such government funding for the purposes of maintaining the Fund as contemplated by this Policy. For greater clarity, if government funding is available in advance of a Fund payment, the amount of the payment will be reduced by the amount of government funding. In the event government funds are paid to farmer-members or processors after a Fund payment is made, the amount of the government payments should be remitted to CFO to be applied to the Fund.

Section 15.0 – Collaboration & Verifiable Data

- 15.01 Processors will provide CFO and AOCF with all information necessary to satisfy the requirements of Section 3.0 of this Policy on a weekly basis.

Section 16.0 – Effective Date and Term

16.01 This Policy shall be effective as of April 12, 2021 (the “Effective Date”) subject to early revocation in accordance with Section 18.0 and renewal in accordance with Section 17.0, this Policy shall commence on the Effective Date and shall have a term of one (1) year ending on April 12, 2022.

Section 17.0 – Renewal

17.01 Provided that the Credit Facility or a replacement credit facility remains in effect, this Policy may be renewed for a successive term or terms of six (6) months in length.

Section 18.0 – Early Revocation

18.01 The term or any renewal term of this Policy may be terminated by CFO before expiry in the event of any the following:

- a) availability or expiry of the Credit Facility;
- b) discontinuance of the charge once the Credit Facility is fully repaid and discharged;
- c) availability of government funding that provides full compensation for COVID-19 emergency euthanasia costs.

BY ORDER OF Chicken Farmers of Ontario

DATED AT Burlington, Ontario this 12th day of April 2021



Chair

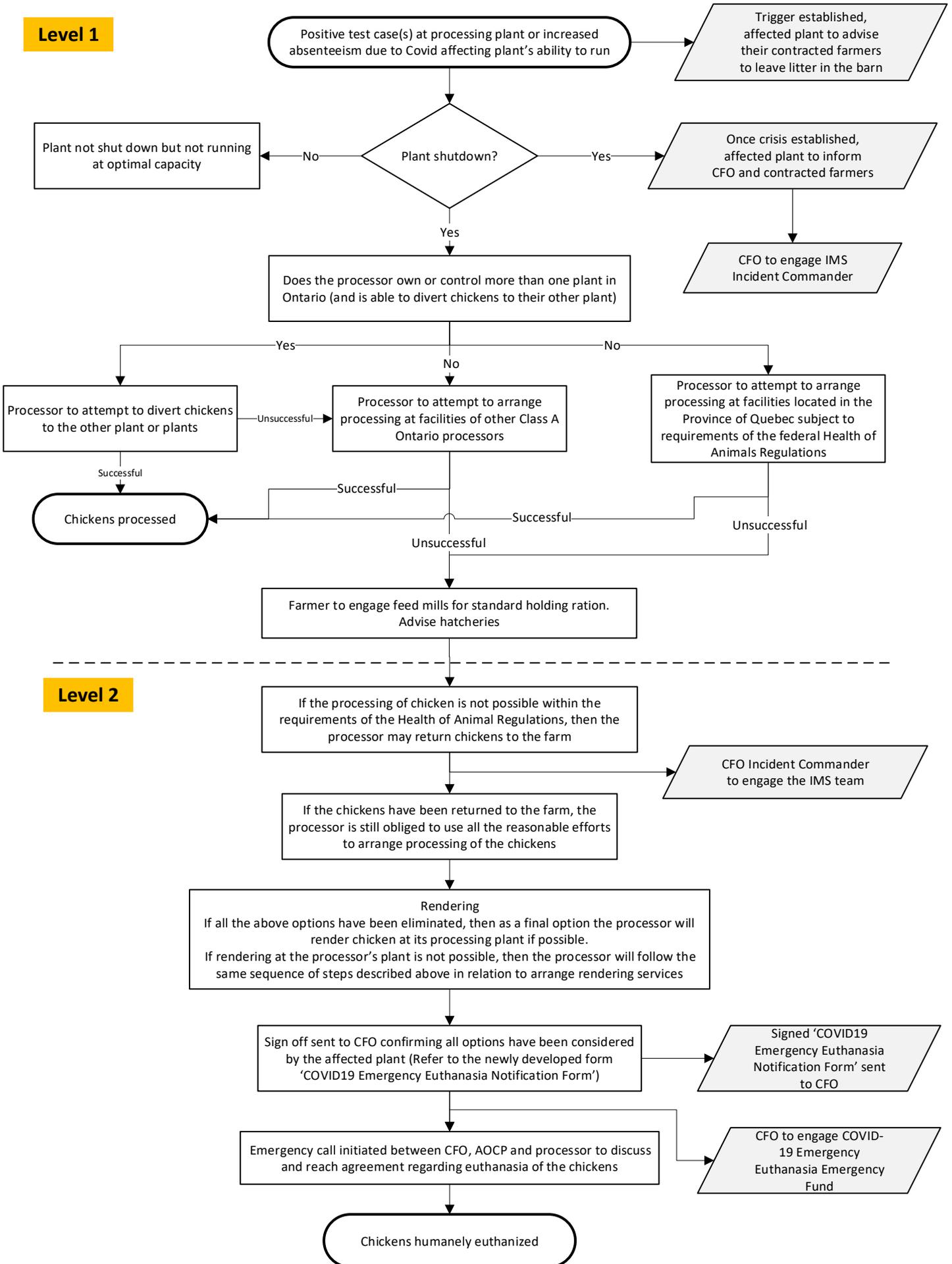


Board Secretary

Schedule A- COVID-19 Emergency Euthanasia Protocols

Scenario 1: Plant shutdown after chickens have been marketed (loaded)

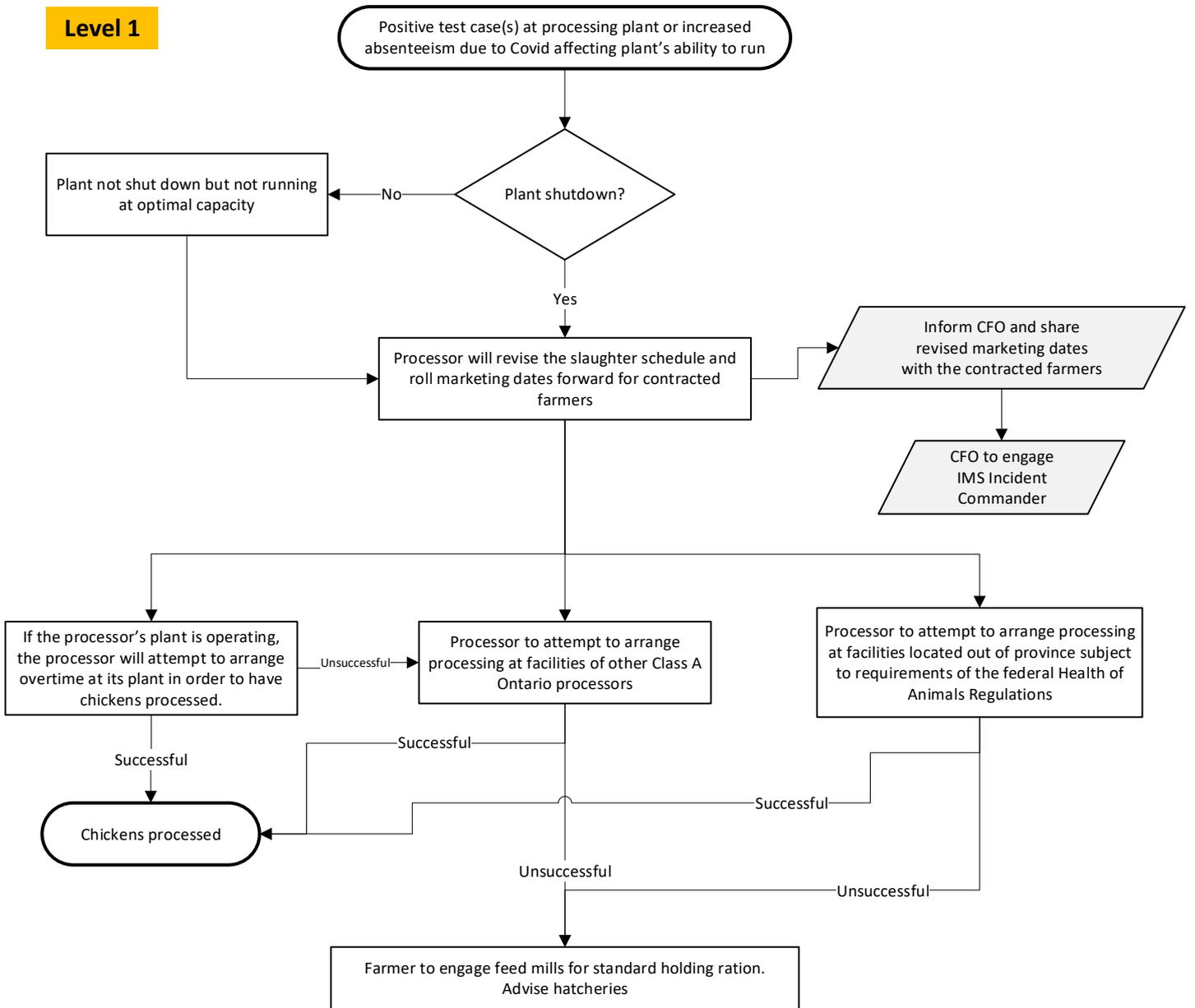
(Also includes birds already on the road and could be rerouted to another plant)



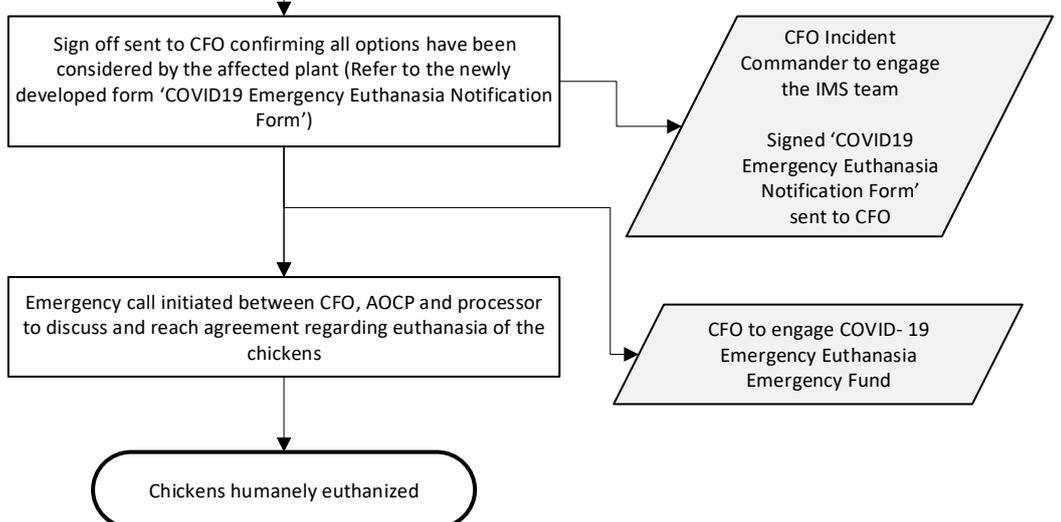
Schedule A- COVID-19 Emergency Euthanasia Protocols

Scenario 2: Chickens are not marketed (loaded) when the plant shuts down

Level 1



Level 2



CONFIDENTIAL

Schedule B

**COVID-19 Emergency Euthanasia
Notification Form**

Name of Processor: _____

Name of Individual Submitting the Form: _____

Time and Date Form Submitted to CFO: _____

Options Considered in Advance of Requesting Approval to Render or Euthanize:

	Options Considered (Description)	Verification (Check Mark)
1	Rolling Birds	
2	Other Ontario Processor	
3	Out of Province Processor	
4	Confirmed birds are at maximum density and/or too large for available processor shackles	

Details for Euthanization:

Name of Contracted Farmer-Member (for Euthanasia only)	Farm Account #	Address	# of Chickens to be Euthanized

COVID-19 Emergency Euthanasia Service Provider (CFO use only): _____

Time and Date of CFO Review of Form: _____