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# NEW ENTRANT PROGRAM FAQs

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## GENERAL NEW ENTRANT PROGRAM QUESTIONS

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**1. Who are Egg Farmers of Alberta (EFA) and what is its role in the poultry industry?**

- Egg Farmers of Alberta is a not-for-profit organization incorporated in 1968 to promote, control, and regulate the marketing of eggs in Alberta effectively. We have thirteen employees on staff; some of our responsibilities include ensuring we work within our provincial and federal regulations, administering quota programs, marketing and communications, community engagement, finance, and delivering on-farm programs to farmers. We are the provincial organization for egg farmers. We also have a national board called Egg Farmers of Canada, which manages the supply and promotion of eggs and develops the standards for egg farmers across all ten provinces and Northwest Territories.

**2. What is the Egg Farmers of Alberta New Entrant program?**

- EFA's New Entrant Program (NEP) was developed to assist individuals and families who want to own an egg farm by alleviating some start-up costs. The program strives to accomplish this by setting aside 10% of the province's egg quota for successful applicants.

**3. When is the program accepting applications?**

- Applications will be accepted from May 1 to 4:00 p.m. on June 25, 2024.

**4. How does the program work?**

- EFA has committed to set aside 10% of each new quota allocation for the New Entrant Program. For 2024, we will accept up to 7 New Entrants into the program.

New entrant quota will be issued to successful applicants in lots up to 1,500 birds.



A new entrant quota is issued at no cost. However, new entrants must pay levy.

New Entrants are required to meet all requirements established by EFA and have up to three years to activate the quota in their own facilities.

For the first 10 years, new entrant quota must be renewed annually through EFA and cannot be transferred or sold. At the end of the ten years, the quota is officially transferred to the producer.

## **5. How do I apply?**

- Interested applicants can obtain an information package on the New Entrant Program by visiting <https://eggs.ab.ca/healthy-farms/new-entrant-program/>. The package includes an application form and information on industry policies and programs.

## **6. How are recipients chosen?**

- Applications received will be reviewed to ensure that everything in the checklist has been provided. Then, the application will be sent to a third party to review the business plan. The New Entrant committee will then interview those who score 750 or greater out of 1000 points.
- Those that receive a score by the New Entrant committee of 75% or greater will then go into a random draw.

## **7. What are the important dates?**

- February 22, 2024 – 1<sup>st</sup> Town Hall Webinar
- March 15, 2024 – Program Packages will be available.
- March 20, 2024 – 1<sup>st</sup> Town Hall Call (to answer specific questions to applicants)
- May 1, 2024 – Launch Date
- May 2, 2024 – 2<sup>nd</sup> Town Hall Webinar
- May 15, 2024 – 2nd Town Hall Call (to answer specific questions to applicants)
- June 25, 2024 – Application Due Date @ 4:00 p.m. sharp
- July 5, 2024 – Notice to applicants regarding initial screening and if they will move to the next phase.
- September 5, 2024 - Notice to applicants regarding business plan evaluation and if they will move to the next phase.
- September 25, 2024 - \$10,000 performance deposit due (refundable if not selected)
- November 4 – 6, 2024 – New Entrant interviews (in person - 10 questions)



- November 30, 2024 – Notice to applicants regarding the interview and if there was a draw, their success or failure to secure a spot in the New Entrant program.
- February 25, 2025 – AGM
- Various dates – progress reports (for the New Entrant to demonstrate that they are on time to go into production)
- TBD – New Entrant Training & Reception
- TBD – New Egg Manager Training
- December 1, 2027 – New Entrant **must** be in production.

**8. What is a letter of support from the financial institution?**

- A letter of support can be from a bank, a credit union, agriculture lenders, a private individual, etc. The letter of support must demonstrate that applicants have the means necessary to fund their New Entrant operation if selected and the amount that they will finance. The amount that they are willing to finance should be in line with the estimated amount required to get established per your business plan. Note that New Entrants CANNOT register a Financial Interest nor an Appointment of Attorney against the New Entrant Quota until after the 10-year waiting period. (i.e. New Entrant's cannot borrow against the New Entrant Quota.)

**9. How long do I have to go into production?**

- Three years (December 1, 2027 – New Entrant must be in production)

**10. Do I have to own the land and/or the production facility?**

- New Entrants must own both the land and the production facility.

**11. Do I have to own the land and/or the production facility at the time of application?**

- No. Per 4.6 of the policy, applicants must include a written business plan that describes plans to own an acceptable production facility (includes land, buildings, and equipment) within a 3-year time frame. The plan can describe where the land is located and how it will be financed or any other pertinent information.

**12. Can a daughter Colony qualify for the program?**

- Only if they are financially independent and do not own layer quota or have never been a producer in the past.



**13. When will the program be open?**

- The packages will be available on March 15, 2024, and can be submitted online between May 1, 2024, and June 25, 2024.

**14. Can multiple applicants partner together to apply to the New Entrant program?**

- Businesses can be structured in various ways. If the applicants own the business together and the business owns the land, then there could be the potential for this to work. However, you can not have each business owner apply for the 1,500, only the business could.
- Multiple quota holders cannot be on the same land location and combine their quota together.

**15. Can access to the recorded webinar be granted?**

- Yes, it will be in the information package. Please sign up to receive the package: <https://eggs.ab.ca/healthy-farms/new-entrant-program/>

**16. What is historically market growth in Alberta over the past ten years?**

- Between 2014 and 2024, Alberta's market growth has been 35%.

## **HEN HOUSING & EQUIPMENT**

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**1. How many square feet per bird do you need in a facility?**

- Requirements are laid out in the National Farm Animal Care Council (NFACC) Layer Code of Practice available at <https://www.nfacc.ca/poultry-layers-code-of-practice#section2>
- For non-Cage systems, each hen must be provided with the following minimum **useable** space allowance (which does not include nest space):
  - Single-Tier – All litter barns: 1,900.0 cm<sup>2</sup> (294.5 sq in/2.05 sq ft)
  - Single-Tier – Combination of wire, slats, litter: 929.0 cm<sup>2</sup> (144.0 sq in/1.0 sq ft)
  - Multi-Tier – Combination of wire, slats, litter: 929.0 cm<sup>2</sup> (144.0 sq in/1.0 sq ft).
- For Enriched Cages, each hen must be provided with a minimum of 750.0 cm<sup>2</sup> (116.25 sq in) of **total** space, including nests, of which 600.0 cm<sup>2</sup> (93.0 sq in) does not include nest boxes.



- There are additional requirements for amenities (perch, nest, litter, feeder space, and water space)

**2. How is the square footage calculated, and how does equipment affect the calculation?**

- For enriched cage systems, total floor space is established by measuring the floor area (length x width), including air ducting as useable space, and excluding any door bulge.
- For free run systems, useable floor space includes the main floor and litter area, plus any elevated floor areas/tiers and terraces with a height of at least 17.7in (45cm) between the floor and ceiling, to which birds have continual access, but excludes ramps, ladders, nest box floor space and any outdoor area, if applicable. Additional flooring that is wall mounted around the perimeter of the lay facility may only count as useable space in single-tier-free run systems if they are at least 7.5 inches in width. Integrated perches/alighting rails/step rails/approach perches counted as perch space cannot be included in useable space calculations.
- The slope of any flooring or surface (slat, or wire floor, or solid surface) which counts as useable space cannot exceed 8 degrees (14%).
- Details are provided in the Measuring Protocols, which are available by request.

**3. Do you foresee enriched housing being phased out like conventional?**

- The national Animal Care Program and EFA's Animal Care Policy follow the NFACC Layer Code of Practice for the Care and Handling of Pullets and Laying Hens. As per the Code, "Unfurnished, or conventional cages... provide a controllable environment that protects hens from a range of health and injury problems. However, hens are restricted from engaging in many natural behaviours due to limited space and amenities, and, as a result, conventional cages have begun to be phased out in Canada." The current Code does not contemplate any such phase out for furnished cages, which allow for engagement in natural behaviours.

**4. Where is a list of construction companies that know poultry and equipment suppliers?**

- A list will be provided in the information package.

## **PULLETS**

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**1. Can the producer raise their own pullets?**



- Producers can raise their pullets. Pullet facilities must pass the SC-SC™ pullet program and have facilities dedicated to the regulated egg industry. Pullets destined for multi-tier free-run systems must have access to perches in a free-run pullet facility. An animal care program for pullets is under development. When it is rolled out, pullet facilities must pass the Animal Care Program (ACP) – Pullets program to raise pullets for regulated egg production.

## **2. Would EFA help source pullets?**

- No, Egg Farmers of Alberta does not help producers source pullets. However, producers can post a message on our Producer Portal to find a pullet grower.

## **3. How much do pullets cost?**

- Each contract is different and negotiated between the layer producer and the pullet grower. However, this ranges between \$8.00 and \$10.00.

# **GRADING**

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## **1. Do we have to find a grading facility ourselves, or do you issue us one?**

- New Entrants will have to enter into contracts with the grader of mutual agreement. Egg Farmers of Alberta will not negotiate or match up New Entrants with graders.
- A list of graders and contacts will be provided in the information package.

## **2. Do we have to pay the grader a fee?**

- Yes, graders must be paid to pick up eggs depending on the zone you are in. See the Farm Gate Pick-Up Policy (13.3).

## **3. Will the grader take any egg a New Entrant wants to produce?**

- No. A New Entrant that would like to produce specialty eggs must have a contract to do so first. Specialty eggs include Free Run, Free Range, Organic, Omega, etc.

# **COMPENSATION & EXPENSES**

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## **1. How does income work? Do you get paid per egg or per dozen?**



- If a producer sells their eggs to the grader, they will get paid by the grader per dozen of eggs according to the producer paying price.
- There is a difference in egg price between enriched and free run eggs, however the grader and the producer must have an agreement for the free run eggs.
- To access the current Egg pricing schedule, please visit <https://eggs.ab.ca/healthy-farms/supply-management/egg-prices/>

**2. Does the producer paying price go up with inflation?**

- Yes, the producer paying price is adjusted (up and down) regularly with changes in costs such as feed and energy costs.

**3. What fees are do producers pay in addition to leasing fees?**

- Producers pay levy, farm gate pick up fees, and quota leasing fees.

**4. Is 1,500 + 4,000 lease a viable operation? Is there enough cash flow?**

- This is dependent on each producer's situation.

## **BUSINESS PLAN**

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**1. Is there a company through your system that we can hire as a consultant to get a business plan and infrastructure needs planned out?**

- No, we do not recommend any specific companies to complete the business plan. You may work with a consultant or accountant that has agriculture experience to help applicants complete the plan. Some ideas are MNP or FCC.

**2. How much should I expect to pay to have a business plan developed?**

- This would vary from applicant to applicant depending on their skill set and if they felt that they had a need to hire someone to help them develop a plan.

**3. What is the recommended size of production?**

- This is highly individual, but it should be noted that 1,500 or even 5,500 is a small operation, and it could be difficult financially as a stand-alone business with no other income streams. The average flock size is about 18,000 currently.



**4. What are some resources that can use for determining eligible properties for starting a farm?**

- Young Agrarians has a great resource for finding farmland available at: <https://youngagrarians.org/the-alberta-land-access-guide-is-out/>

**5. Does the entire application have to be complete by phase 1? Or can we see if we are successful in phase 1 before getting barn plans, and NRCB applications done?**

- The initial application needs to include a comprehensive business plan. While you are not expected to have submitted an application to the NRCB, it is important that you have considered a location for your production facility, the type of system you will operate, and the financial and regulatory implications of these decisions.

**6. Are there any producers who want to mentor and where do we connect?**

- Applicants are responsible for independently identifying other egg farmers, subject matter experts, or others who may assist them in learning about and succeeding in the egg industry.

## **QUOTA AND LEASING**

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**1. How much quota will each New Entrant get?**

- The most that a New Entrant can apply for is 1,500 units; however, this can be reduced if a New Entrant has the capacity for less once they go into production.

**2. The New Entrant program provides a quota of 1,500, but do you hope to see everyone grow to 5,000, 10,000 etc.?**

- Yes, Egg Farmers of Alberta wants all New Entrants to grow. They will have the opportunity to purchase quota on the quota exchange the same as other producers, participate in the quota leasing pool, and are eligible for quota allocations. How much each producer grows is dependent on individual factors for each producer.

**3. How does or will the EFA ensure additional quota becomes available for reasonable growth?**





- New Entrants will receive allocations and can purchase quota on the quota exchange. Unfortunately, this is not guaranteed. In the event that there was too much quota allocated and it is recalled, it would also be recalled from New Entrants allocations. (Quota recalls do not effect the original 1,500.)

**4. What is the difference between the quota exchange, quota leasing pool, and quota allocation?**

- Quota exchange – Facilitates the ability to buy and sell quota. The quota exchange happens 4 times per year. New entrants will be eligible to purchase quota on the quota exchange but cannot sell their 1,500 units or allocations until after the 10-year lease. Producers may not own more than 7% of Alberta's allotted quota.
- Quota leasing pool – Facilitates the opportunity to lease in/out birds depending on the facility's capacity. The quota leasing pool occurs once per year. New entrants will be eligible to lease in birds if their capacity allows. While producers can lease indefinitely from the pool, the pool should be considered a short-term solution, keeping in mind that the fill rate varies year to year.
- Quota allocation – This is when additional quota is issued by the national organization, Egg Farmers of Canada, to meet consumer demands. Quota allocations are variable in frequency and amounts. If quota is allocated across the nation, Alberta's share will be divided between producers and New Entrants. New Entrant allocations are a recurring lease, the same as the initial amount of quota awarded. Even though there have been allocations almost yearly, for a number of years, there is also the possibility of allocations being recalled.

**5. Do New Entrants have to pay to lease the 1,500 units of quota?**

- The 1,500 New Entrant quota is a yearly renewable lease until 10 years after first awarded. This is at no cost.

**6. What are the requirements to lease from the quota leasing pool?**

- All producers must be in good standing with EFA and have their capacity verified before leasing from the quota leasing pool.
- The pool is only run once per year, so it is essential to have facilities complete and verified before the last Monday in November.
  - The quota leasing pool runs from July 1 – June 30 each year. The year prior, the applications forms are sent out and must be returned by November. As an example, say that a New Entrant wants to go into production by November 2027, their facility would have to be complete



and measured by EFC staff by November 2026 in order to get quota from the leasing pool beyond their 1,500 New Entrant quota.

- There is no producer to producer leasing of quota, and all leases must be run through the quota leasing pool.

#### **7. How much quota am I guaranteed to receive from the quota leasing pool?**

- Providing that a New Entrant has the capacity to lease, they are guaranteed to be at  $5,500 + 3\%$  utilization = 5,665. The 5,500 is made up of the initial 1,500 allotment + any allocations + leases from the New Entrant pool. Leases from this pool are scaled back once a New Entrant owns enough quota that brings their allotment to the provincial average flock size (established in the year of award), at which time, the access for guaranteed lease will be reduced by the amount they exceed the average provincial flock size. The guaranteed lease is for life.
- In addition, New Entrants can lease from the general pool up to their verified capacity. The fill rate of the general quota leasing pool varies with each pool. Historically, the fill rate has been between 30% - 100%.
  - As an example, if a producer has 7,000 capacity, they need 6,796 of issued quota and 3% utilization to be full. They will have 1,500 from their New Entrant quota and 4,000 from their guaranteed lease. The additional 1,296 would be asked from the general leasing pool. Say that pool has a fill rate of 40% that year, they will receive 518.
  - $518 + 1,500 + 4,000 = 6,018$
  - $6,018 + 3\%$  utilization = 6,198 is the number of birds that could be placed.
- Note that there is NO requirement to lease from the New Entrant pool or the general pool.

#### **8. How much is the lease payment from the quota leasing pool?**

- The quota leasing pool fees are reviewed routinely. The current rate is \$8.50/unit of quota/year.
- The quota leased from the New Entrant pool is at the same rate as above; however, the rate for the first year is 0%, increasing by 20% each year until the full lease fee is paid in the 6<sup>th</sup> year.

#### **9. What is “verified capacity” regarding leasing from the quota leasing pool and the New Entrant leasing pool?**

- A producer's verified capacity is the capacity in each facility established according to the code of practice. Egg Farmers of Canada will measure each facility to determine capacity. Measurements will not be made until the facility is complete. (All equipment installed and ready for birds.)



- If a producer wants to lease from the quota leasing pool or New Entrant pool, their capacity will have to be verified before the deadline that quota applications are due (last Monday each November).
- The quota leasing pool is run each November, with the results being published at the end of December.

#### **10. Are there allocations to New Entrants?**

- Yes, New Entrants get allocations as well. The allocations are added to the New Entrants yearly renewal and will transfer to the New Entrant the same time as the initial 1,500 New Entrant Quota.

#### **11. What is quota currently trading for on the Quota Exchange?**

- Stats can be found here <https://eggs.ab.ca/healthy-farms/egg-quota/> at the bottom of the page.

#### **12. Will there be the opportunity to purchase the guaranteed leased quota?**

- No. Quota can be purchased on the quota exchange.

### **TYPES OF PRODUCERS**

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#### **1. Do you see many farm families entering the program or do you mostly see big companies or producers like Hutterite colonies?**

- In Alberta, we have a variety of producers, both small and large family farms. Almost all registered Alberta egg producers have multiple agricultural commodities. As noted above, 1,500 birds is a small egg operation, so the owner will need to consider what supplemental income might be required or how the farm will grow to be of sufficient income as a stand-alone business.

### **PRODUCTION QUESTIONS**

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#### **1. How much time do you have between flocks to clean and disinfect everything?**

- Cleaning, drying, disinfecting, and airing out of depopulated houses should take a minimum of seven days (an equivalent of 168 hours starting from when the last bird is out of the facility to when the first bird is back in). The seven-day minimum rest period is mandatory under the Start Clean – Stay Clean program and encompasses two or three days of cleaning the laying facility



followed by four to five additional days empty before introducing the new birds. This rest period reduces bacteria, viruses and parasites following cleaning and disinfecting.

**2. How often do you cull your birds and have new ones come in?**

- A standard or typical lay cycle is 19 weeks in rearing (pullets) followed by 52 weeks in production for a total of 71 weeks. Hen housing and genetics are evolving, making it possible for hens to stay in production longer than the standard 52-week production cycle.

**3. Does EFA help facilitate the depopulation and removal of birds?**

- No. The producer's responsible for developing a plan and sourcing equipment and supplies for flock depopulation and removal. Producers must ensure they follow the Animal Care Program requirements and municipal regulations for depopulation and disposal.

**4. If there are other poultry farms in a 5 km radius will that prohibit us from being egg producers?**

- Being within a 5km radius of other poultry farms will not prohibit you from applying to the New Entrant Program. The business plan is scored out of 1000 points. If there is no other poultry production within a 5 km radius you get 10 points. You score 0 on that element if there is other poultry production within 5km. Your business plan and biosecurity plan should consider the land use around the production unit, the location of the production unit in relation to other livestock buildings, especially feather livestock buildings, and the potential for cross-contamination.

**5. What types of programs and audits will I be expected to participate in as a new entrant?**

- All quota-holding egg producers must participate in the National Food Safety (Start-Clean, Stay-Clean) and Animal Welfare (Animal Care) Programs. These programs include various elements that must be met and are audited annually.

There are additional voluntary but highly recommended programs that include Farm Safety, Biosecurity Assessment, PEEP etc.



**6. Is there a standardized limit of number of birds per acre? Or does that vary county to county/city to city?**

- Urban municipalities do not allow the keeping of livestock for commercial purposes. While some municipalities throughout Alberta have implemented a licensing program for urban/backyard hens, most are capped at 5 or 6 birds for strictly personal use.
- The NRCB is responsible for regulating Confined Feeding Operations (CFOs) under the Agricultural Operation Practices Act (AOPA). CFOs need an AOPA permit if they have more than the minimum number of livestock outlined in AOPA regulations. AOPA sets out technical standards and regulations to protect groundwater and surface water, and to reduce the nuisance impact of the operation on neighbours.
- Municipal development plans describe the areas and locations where livestock operations are not considered a suitable land use.