

New Regulations Protect Contract Poultry Growers

As a contract poultry grower, your relationship with the poultry company is governed by your contract. You have certain rights beyond that contract under a federal law called the Packers and Stockyards Act. The details of your rights under the Packers and Stockyards act are described in regulations. New regulations that further clarify the rights of growers are now in effect.

What is the Packers and Stockyards Act?

The Packers and Stockyards Act is a law designed to prohibit unfair, deceptive, and unjust discriminatory practices in the livestock and poultry industries. Among other things, the Act protects farmers who grow broilers for poultry companies under a poultry growing contract.

New regulations under the Packers and Stockyards Act

On December 3, 2009, USDA's Grain Inspection, Packers and Stockyards Administration (GIPSA) published regulations that may help increase fairness and equity in the poultry industry by requiring poultry companies to provide poultry growers with more information and recognize the right of poultry growers to discuss a poultry growing arrangement with certain parties. The Packers and Stockyards Act and the new regulations use the term "poultry growing arrangement" to refer to the agreements governed by the rule, but for convenience, the fact sheet will use the term "contract" to refer to these agreements. The regulations took effect on January 4, 2010.

Confidentiality clauses

Even if your contract says that you must keep the terms of the contract confidential, the poultry company may not prevent you from discussing the terms of the contract with:

- A Federal or State agency;
- Your financial advisor or lender;
- Your legal advisor;
- An accounting services representative hired by you;
- Other growers who grow for the same poultry company; or
- A member of your immediate family or a business associate. A business associate is a person not employed by you, but with whom you have a valid business reason for consulting with when entering into or operating under a poultry growing arrangement.

This is true for all contracts to grow poultry for slaughter, whether it is a contract you have signed in the past (as long as it was after the 2002 Farm Bill took effect), or whether it is a contract you have been offered and are considering signing.

Performance improvement plans

When a poultry company enters into a contract with you, the contract must specify whether the poultry company uses performance improvement plans for its growers. GIPSA has stated that this requirement applies to new contracts and contracts that are modified after January 4, 2010. If the poultry company uses performance improvement plans (PIPs), the contract must state the guidelines for the performance improvement plan, including the following:

- The factors considered when placing you on a performance improvement plan;
- The guidance and support provided to you while on a performance improvement plan; and
- The factors considered to determine if and when you are removed from the performance improvement plan and either
 - placed back in good standing, or
 - have your contract terminated.

Notice of contract termination

If the poultry company that you contract with decides to terminate your contract, then the poultry company must provide you with a written termination notice at least 90 days prior to the termination of the contract. The written notice must contain the following information:

- The reason(s) for termination;
- When the termination is effective; and
- Appeal rights, if any, that you may have with the poultry company.

Right to terminate your contract

A new or modified contract must provide you with the opportunity to terminate the contract in writing at least 90 days prior to the termination of the contract.

Right to receive a copy of the contract when you receive specifications

- Poultry companies are required to provide you with a true written copy of the contract on the date they give you poultry house specifications. This regulation applies whether the specifications are for building new houses or for upgrading an existing house.
- If you are considering buying poultry houses that have already been upgraded and you do not receive poultry house specifications, you should ask the company for the contract. The poultry company has a duty to provide it. Potential poultry growers may decide not to borrow money or commit to buy land or chicken houses until they have received the contract.

What if the company that I contract with does not comply with these regulations?

- You can call the Grain Inspection, Packers and Stockyards Administration (GIPSA) toll-free at 1-800-998-3447 to report possible violations of the P&S Act. GIPSA is the agency authorized to investigate complaints of violations of the P&S Act. You may report a complain anonymously, though if you do not provide your name and contact information, GIPSA will not be able to report back to you on the results of its investigation.
- You can contact a private attorney with experience in this area of the law

For more information

These materials provide a general overview of the new regulations that were issued by GIPSA on December 3, 2009. For further information about these rights and other rights protected by the Packers and Stockyards Act regulations, contact Becky Ceartas at RAFI-USA - 919-542-1396, x209, becky@rafiusa.org, PO Box 640, Pittsboro, NC 27312, consult an attorney with experience in this area of law or go to <http://www.gipsa.usda.gov> .

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RAFI cultivates markets, policies and communities that support thriving, environmentally-sound, socially just family farms.

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