

Appendix 3: Questions to Ask Before Signing a Poultry Contract

1. How much do I **really** know about poultry farming?
Have you worked on a poultry farm? How much do you know about the costs/bills of a poultry farm?
2. Do I have a copy of my contract I can review **before** I borrow money?
Did the company give you a copy of your contract to review before borrowing money?
3. Are **all** company promises outlined in my contract?
Understand, **only** obligations outlined in the contract are guaranteed. Employee verbal commitments are not legally binding.
4. Have I consulted an **attorney** to explain my contract to me?
These contracts are written by company lawyers, so you should find your own to look out for you.
5. How much **collateral** are you being asked to secure the borrowed funds?
What are you being asked to use as collateral for this debt? How would you pay for this debt if you weren't poultry farming? Are you willing to lose your collateral, land, home etc.?
6. What is **the length** of your contract and **the terms**?
What are the conditions under which your contract could be terminated? Is your contract "flock-to-flock?"
7. What is the length of your debt payment? If your contract is terminated before finishing your debt payment, who is responsible for your remaining debt?
8. What is the company entitled to change under your contract? What are your options if you are **not satisfied** with the company changes?
9. How does your contract handle **equipment upgrades**? How much do these upgrades generally cost? Will you have to borrow more money to complete these upgrades?
10. Does your contract guarantee a **minimum** income per year? Does your contract account for inflation or increased production costs? What if your flock placement or density were to change?
11. Are you compensated for **"Acts of God," disease, or other disaster**? Is there insurance available in your area?

12. Is your contract pay system a “**square-footage**” contract? Is there “**performance pay**” or a “**tournament**” ranking system? How do these pay mechanisms affect your income? How much can your pay vary under these pay schemes?
13. Does the company guarantee the **quality** of its inputs? Are all feeds, chicks, medication, etc. the same? How can you verify this quality?
14. Does the company comply with its legal duty to allow you to **view the weighing**?
15. Does your contract outline a **grievance** or **dispute resolution** procedure? Can you appeal that decision?

Most Importantly!

16. Have you talked to a **current** poultry farmer? How many have you talked with? What do they think of the business? Would they borrow money to start a new farm? Would they recommend poultry farming to the children?

After answering all these questions, in detail, you should have enough information to make a decision.

Also, please use our expanded guide, *Questions to Ask Before Signing a Poultry Contract*, available online at:

http://www.flaginc.org/wp-content/uploads/2013/03/PoultryQuestionsRAFIFLAG_2005.pdf