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To: Darren Ference, Chair, TFC Allocation Policy Review Committee
Re: Request for Feedback – Innovation Component

Responding to the request for feedback from committee members from July 24th, TFO has the following feedback:

On whether there should be an innovation component:

- TFO's views have been clear on this question with the ideas and proposal we've been discussing with this committee since January. A new national allocation policy must provide the means to incentivize processors to develop new products and help grow the industry. A new national allocation policy must also must give proper consideration to the criteria listed in the *Proclamation*. TFO believes a properly developed innovation component achieves these goals.

On whether the innovation component should reside within or outside an allocation formula:

- TFO's ideas on the innovation component are laid out in our presentation from January. Labelling an innovation component as residing "within" or "outside" a formula is less important in our view than ensuring that any component developed meaningfully incentivizes processor innovation and market growth. Given the questionnaire's framing of this issue, we presume TFO's proposal would be viewed as residing "outside" the formula. TFO is willing to evaluate specific proposals on innovation "within" the formula should any members bring them forward, although we take note that to date, no such concepts have been developed by the membership, nor TFC office.
- We would comment that proposals to set aside 5% of natural growth for innovation is not a meaningful incentive. On a natural growth increase of 1,000,000 kgs nationally, this would represent just 50,000 kgs. If spread across eight provinces based on historical market shares, Ontario's "innovation" volume would total approximately 20,000 kgs.

We thank the committee for its consideration of TFO's feedback and look forward to the discussions at the next committee meeting.

Respectfully submitted,

Matt Steele
TFC Alternate – Ontario