

Agenda

Turkey Farmers of Canada
Allocation Policy Review Committee ZOOM Video Conference
January 20, 2022

Join Zoom Meeting:

<https://us02web.zoom.us/j/82484115789>

Meeting ID: 824 8411 5789

1. Call to Order – 10:00 a.m. (EST)
2. Approval of Agenda
3. January 13, 2022, Record of Discussion (***document included***)
4. Innovation Component:
 - a. Comparison of Proposals (Modified N.B. Proposal and Sub-Committee Report) (***document included***)
 - b. Draft for Discussion – Guidelines for Ad Hoc (Special) Provincial Allocation Requests for Extraordinary Opportunities (***document included***)
 - c. Draft Framework (Modified N.B. Proposal) (***document previously circulated***)
 - d. Sub-Committee Report (June 29, 2021) (***document previously circulated***)
 - e. Next Steps
5. Other
6. Adjournment – 1:00 p.m. (EST)

Record of Discussion

Turkey Farmers of Canada
Allocation Policy Review Committee Video Conference
January 13, 2022

ATTENDANCE:

Agenda Item #3

Darren Ference, Chair
Shawn Heppell (BCTMB)
Michel Benoit (BCTMB)
Scott Olson (ATP)
Jelmer Wiersma (TFS)
Cinthya Wiersma (TFS)
Mike Reimer (MTP)
Helga Wheddon (MTP)
Matt Steele (TFO) (*joined the meeting around 12:15 p.m.*)
Jon-Michael Falconer (TFO)
Jennifer Paquet (ÉVQ)
Richelle Fortin (ÉVQ)
Marco Volpé (TFNB)
Louis Martin (TFNB)
Steven Eadie (TFNS)
Sonya Lorette (TFNS)
Mike DeGraff (TFNS)
Adam Power (FPPAC)
Tony Tavares (CPEPC)
Nicolas Paillat (CPEPC)

Observer: Calvin McBain (TFC Executive Committee)

TFC Staff: P. Boyd, J. Sheldon, S. Singh

Absent: Pierre-Luc Leblanc (ÉVQ), Cara Prout (ATP)

CALL TO ORDER:

The video conference was called to order at 11:05 a.m. on January 13, 2022.

APPROVAL OF AGENDA:

MOVED by S. Eadie and SECONDED by J. Wiersma to approve the agenda.

CARRIED

APPROVAL OF RECORD OF DISCUSSION:

MOVED by T. Tavares and SECONDED by A. Power to approve the November 23, 2021, Committee Record of Discussion.

CARRIED

FUTURE MEETING DATES

S. Singh noted that the next video conference of the Committee is scheduled for January 20, 2022, from 10:00 a.m. to 1:00 p.m. E.S.T.

D. Ference canvassed the Committee for a hybrid meeting the week of February 14th. The dates that appeared to accommodate full attendance was February 14-15th. The TFC office will investigate a hybrid meeting, with the in-person portion being held in Edmonton. The COVID-19 situation will be monitored between now and mid-February.

VULNERABLE PROVINCES – NOVA SCOTIA ADJUSTMENT

S. Singh, from the record of discussion from the November 23rd meeting TFO noted that they would further discuss this matter and come back to the Committee.

J.M. Falconer, Ontario is okay with the adjustment in principle and are comfortable with the adjustment figure for N.S. of 452,905 kg.

The other members of the Committee, QC, NB, MB, SK, AB, BC, FPPAC and CPEPC confirmed their agreement in principle to the adjustment.

S. Eadie, asked if this element could be finalized on its own and separate from the remainder of the Policy review. N.S.'s preference would be not to link things together.

S. Olson, everything is intertwined for me, so preference is to put the adjustment in the parking lot.

J.M. Falconer, one new allocation policy is the mandate of the Committee and not a piecemeal approach.

STARTING POINT ALLOCATION

S. Singh, noted that at the last meeting TFO indicated that for them the starting point is linked to innovation.

J.M. Falconer, nothing new to report at this time.

S. Olson, if we use 146.6 mkg, would we go up the way we came down?

J.M. Falconer, anchored around 146.6 mkg from the previous policy application.

D. Ference, would we go down to 136.0 mkg on the new policy?

J.M. Falconer, our view is that the starting point for the new policy is 146.6 mkg.

J. Wiersma, the reduction to 136.0 mkg provided concessions to the other provinces and if revert to 146.6 mkg then will need something for the vulnerable provinces.

S. Eadie, 7 of 8 provinces want 136.0 mkg as the starting point, how do we get out of this?

M. Volpé, NB's preference is also 146.6 mkg but have flexibility, if gain one place and if lose somewhere else, on 136.0 mkg depending on the package.

J.M. Falconer, we are willing to discuss the starting point after the innovation component. Maybe for the next meeting move innovation up in the agenda.

INNOVATION COPONENT (AGENDA ITEM 7b)

S. Singh highlighted the new memo under agenda item 7b), that set out a summary of past provisions and decisions made by the Agency regarding provincial allocation requests. The Section 22 Guidelines were not a Policy per se but a means to have structured and timely discussions at the Agency where additional supply was required in a control period. Same goes for the conditional pools that were in place between 1999/2000 and 2001/02. There were clear rules for their use which minimized arguments across provinces. Regarding the ad hoc requests listed, what is written are descriptions of the requests and do not reflect the amount of time the Agency devoted to discussing them. When you do not have a pre-determined process it can be a prolonged discussion.

J.M. Falconer, TFO looking for a mechanism to bring forward requests and for the Agency to make decisions. Agree and understand there is no guarantee the Board will say yes. We need some kind of structure.

S. Eadie, innovation is the most contentious issue. Most of the directors are agreeable to the 1%. Cannot support an unlimited number for innovation. Rather than an unlimited amount what about 1.5%?

J.M. Falconer, looking for mechanism to bring opportunities forward and make decisions.

S. Eadie, N.S. was at zero and now suggesting 1.5% so have moved up.

A. Power, at any point in time an opportunity may come up. We just can't say we will never consider any other type of request.

M. Volpé, where are processors on the 1%?

T. Tavares, we are okay with the 1%. However, would prefer national criteria versus provincial policies. Think some members are working under the false assumption that requests will only happen in ON and QC.

S. Heppell, 1% to 1.5% would accommodate normal requests. In the case of exceptional requests the Agency has and will take care of it. If a phenomenal opportunity pops up, the Agency has always had the ability to deal with it.

J.M. Falconer, we are not looking for all the i's to be dotted and t's crossed, just some broad framework regarding what the Agency expects to see from such a request.

J. Paquet, understand ON's point. Why not put aside innovation for now and move forward with the rest of the policy?

M. Benoit, we have gone from 500,000 kg to 1% (over 1 mkg), so the parameters are critical.

T. Tavares, two critical criteria, demonstrate that the opportunity cannot be filled from production that exists and that it will generate new consumption.

S. Olson, we have done this dance before. ON needs something. How do we meet in the middle and move forward?

D. Ference, what about some structure for the ad hoc or phenomenal opportunity?

S. Olson, am okay with the sub-committee report but with a cap of 1% or 1.5%.

J.M. Falconer, we are still open to the sub-committee report. The Committee did not absolutely say no to it.

A. Power, am in favour of the subcommittee report that compliments the innovation pools. Not in support of an ad hoc approach.

D. Ference, is there opportunity to merge elements of the two proposals (i.e., the 1% provincial pools and the sub-committee work)?

NEXT STEPS/NEXT MEETING

S. Heppell, am struggling with an open-ended innovation conversation. Not prepared to go with an open-ended bottom up situation. But the lynch pin to moving forward is the innovation piece in the policy.

S. Olson, would like to get into weighting the formula components next week and how to bridge the issue on ad hoc requests.

J. Wiersma, let's revisit the sub-committee work and set aside the formula components until innovation is done.

M. Reimer, the innovation number keeps getting bigger. Okay with 1% as it is shared across the country. Am open to discussing any concept as long as no province is left behind. As long as stuff benefits all provinces then I will consider it.

M. Steele, innovation needs to be solved. We are looking for a structure to deal with over and above the 1% provincial sleeve. If there is no structure then the 1% does not work for TFO.

J. Paquet, innovation is preventing us from discussing the other components of the policy, therefore agree we need to find a compromise.

M. Volpé, we are against an innovation component but are agreeable to the innovation pools and do not understand how another 1% to 2% will help.

S. Eadie, must get the innovation component solved. But do we need innovation, are we losing opportunities out there?

T. Tavares, okay with the 1% pools with defined rules. Above that, let's test drive some general principles.

A. Power, agree with T. Tavares, and let's button down the 1% proposal.

S. Eadie, between now and the next meeting could TFO provide clarity on how we would move from 136.0 mkg to 146.6 mkg?

J.M. Falconer, not sure what additional clarity we could provide. Willing to keep talking about the link between the starting point and finding a solution on innovation.

ADJOURNMENT

S. Eadie, moved that the meeting be adjourned at 12:52 p.m.



MEMO

DATE: January 20, 2022

Agenda Item 4.a)

TO/ À: Allocation Policy Review Committee (APRC)

FROM/ DE: TFC Office

RE/ OBJET: Comparison of the Two Innovation Proposals: (1) Modified New Brunswick Proposal and (2) Sub-Committee Report of June 29, 2021

The five (5) concerns previously raised by TFC members with an allocation request process outside of a natural growth formula include:

1. The product (for which the allocation is being requested) is unique.
2. The allocation to the province is used for its intended purpose.
3. These requests cannot displace (natural) growth allocated through the policy (i.e., the formula).
4. Sharing of innovation allocation requests, to prevent provinces (especially smaller provinces) from falling behind from a commercial allocation perspective.
5. Processing plant concentration/Processor centric allocation requests/leading to differential growth outcome.

Set out below is a comparison of: (1) the New Brunswick (NB) proposal as modified by the Committee at its November 8-9th meeting and rounded out in the memo of November 23, 2021, titled “Draft Innovation Component Framework”; and, (2) Report and Recommendations from the Sub-Committee on an Innovation Component Outside of the Formula (TFC memo dated June 29, 2021).

In comparing the two approaches on innovation the key elements of both are segregated according to the (5) concerns noted above. This should allow the Committee to assess which approach best addresses each of the Committee’s original concerns.

This format should also allow, if practical, for the Committee to blend certain elements of the two proposals. Note that some of the more important elements of each proposal has been highlighted for ease of reference.

November 23, 2021 Draft Innovation Component Framework (based on the Brunswick Proposal) (Key Provisions)	June 29, 2021 Sub-Committee Report (Key Provisions)
<p><u>Assessing Product Eligibility (product is unique):</u></p> <p>Each Provincial Board to administer the program provincially.</p> <p>Provincial Board to develop an Innovation Policy: i) define innovation for the province; ii) how application will be evaluated (vetted); iii) how allocated to producers; iv) develop the procedures for verifying the allocation was used as intended.</p> <p>Provincial Innovation Pool to be used for product innovation the intent of which is to add to the total demand for turkey.</p>	<p><u>Assessing Product Eligibility (product is unique):</u></p> <p>“committee” be formed [by TFC] to review (vetting of) an allocation request for any new product. <i>[i.e., Requests to be made by processors only].</i></p> <p>A request for any specific new product could only be submitted for three consecutive control periods. After that, the product would be considered as established in the marketplace.</p> <p>For a new product to be considered eligible it would need to be supported by a detailed marketing plan that includes:</p> <ul style="list-style-type: none"> - description of the innovation; forecasted sales data; identified target market; - be seen to add to the total demand for turkey in Canada through supporting market research data; - illustrate the value proposition of the product (e.g., why the product needs to exist, how the product addresses a consumer/market need); - the campaigns to be initiated; - volume of allocation requested and type of meat needed; <i>(i.e., there is no cap on the volume that can be requested).</i>

	<ul style="list-style-type: none"> - metrics to be used to assess the effectiveness of marketing initiative, etc.
<p><u>Allocation Used for Intended Purpose:</u></p> <p>The live kilograms applied for would be grown in the province applying.</p> <p>The provincial policy to set out:</p> <ul style="list-style-type: none"> - Manner in which the Board will ensure the volume allocated is available to the applicant so the applicant receives the volume approved under the Policy. - Provisions regarding how the applicant will verify to the Provincial Board that any allocation from the Provincial Innovation Pool, has been utilized as per the application and business plan (i.e., how the Provincial Board intends to monitor applicant compliance to the Provincial Policy). <p>TFC audit of Board to ensure Provincial Policy properly administered and kilograms marketed used for the intended purpose.</p> <p>If provincial policy not administered as set out, quota allocated by TFC reduced in a subsequent control period. (i.e., deducted as an overmarketing penalty from a subsequent control period.)</p>	<p><u>Allocation Used for Intended Purpose:</u></p> <p>Successful applicants must demonstrate any allocation granted was used as originally intended (as per the marketing plan submitted).</p> <p>An allocation for a “new product” would expire after one-control period; and, three at the most if the request is renewed.</p> <p>The applicant could resubmit the “new product” (renew the request) for a second and third year but the vetting process recommences; and, vetting takes into account available prior sales data to date.</p> <p>If no sales data is provided the applicant cannot resubmit the request in Year 2.</p>

<p><u>Innovation Requests Cannot Displace Natural Growth through the Formula:</u></p> <p>If innovation policy is administered as set out, as kilograms move through the system, then innovation kilograms will be reflected in total domestic disappearance. As total domestic disappearance increases, this should lead to increased total commercial allocations (natural growth) over time. <i>[i.e., the provincial pool is not incorporated into a province's commercial allocation] [provinces have the same [x%] to use each year.</i></p>	<p><u>Innovation Requests Cannot Displace Natural Growth through the Formula:</u></p> <p>An allocation for a new product expires after one-control period; and, three at the most if the request is renewed.</p> <p>The subcommittee is of the view...implementing an individual product cap... is not necessary.</p>
<p><u>Sharing of Innovation Allocation Requests:</u></p> <p>This national pool [x%] of allocation will be available to each province, based on its percentage share of the [previous year's national commercial allocation] or [starting point allocation] (i.e., Provincial Innovation Pool).</p> <p><i>i.e., Each province would have its own dedicated pool of quota up front at the beginning of the control period to use in accordance with its provincial innovation policy.</i></p>	<p><u>Sharing of Innovation Allocation Requests:</u></p> <p>Options for Sharing <i>[for years 1 to 3 of a product request]</i> an Innovation Request <i>(to be further negotiated)</i>:</p> <ol style="list-style-type: none"> 1) 100% of the vetted innovation request is directed/allocated to the processing plant/province of the applicant's choosing. <p>However, all provinces shipping [live] birds <u>to that</u> processing plant would be eligible to participate in growing birds under the innovation allocation.</p> <p>Rationale: objective of option 1 is to support the establishment of new products in their early stages and maximize the</p>

	<p>potential for new products to find long term success in the market.</p> <p>2) 100% of the vetted innovation request is shared by all Provinces (based on the percentage share of production to that common processor which is making the innovation request) where their producers are shipping turkeys to that processor.</p> <p>Rationale: option 2 is not the sub-committee's preferred option. But, is proposed for consideration as a political compromise to have this type of request process in the Agency's allocation system.</p> <p>Options for Sharing after Year 3 of an Innovation Request:</p> <p>After three (3) years of successful vetting and marketing it is proposed that the innovation kilograms be shared across all provinces (by one of the following options, to be further negotiated):</p> <p>a) X% of the innovation request volume allocated to the applicant's province (i.e., province/processing plant utilized in years 1 to 3) and Y% allocated under the natural growth formula.</p> <p>b) 100% of the innovation request volume allocated under the natural growth formula.</p>
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	<p>Rationale: by requiring sharing of innovation allocations after year 3 across all provinces, all provinces benefit from the success of the program. Even provinces that don't have processors that innovate benefit from successful innovation in other provinces.</p>
<p><i>Processing plant concentration/Processor centric allocation requests/leading to differential growth outcome:</i></p> <p>Provincial Boards would apply to TFC to use the pool [i.e., not processors].</p> <p>Each province would have its own pool of allocation for Innovation (<i>i.e., sharing is up front</i>).</p> <p>Each province to define "innovation" for their province.</p> <ul style="list-style-type: none"> - As previously discussed at the Committee, this would allow for innovation at a farm level (e.g., heritage birds, self-marketing, etc.) to be part of a provincial policy. - Easier to amend/revise policy at a provincial level over time. 	<p><i>Processing plant concentration/Processor centric allocation requests/leading to differential growth outcome:</i></p> <p>After three (3) years of successful vetting and marketing, the innovation kilograms are to be shared across all provinces.</p>



MEMO

DATE: January 20, 2022

Agenda Item 4.b)

TO/ À: Allocation Policy Review Committee

FROM/ DE: TFC Office

RE/ OBJET: Draft for Discussion – Guidelines for Ad Hoc (Special) Provincial
Allocation Requests for Extraordinary Opportunities

Background

On the January 13, 2022, video conference of the Allocation Policy Review Committee (APRC), discussion occurred on having a structure/framework at the TFC for considering ad hoc provincial requests for quota should they come up in the future and be greater than the 1% provincial innovation pool concept discussed by the APRC in November.

Although there was no consensus at the Committee to such a framework, especially if it was open-ended, there was agreement that finalizing an innovation component package was the lynch pin to finalizing other aspects of a new Policy.

Draft Framework for Discussion

Set out below for discussion is a draft framework for considering ad hoc quota requests. This framework attempts to account for the discussion from January 13th and builds on the Section 22 Assessment Guidelines the Agency had in place in the 1980's/90's.

Guidelines for Ad Hoc (Special) Provincial Allocation Requests:

1. Should a provincial commodity board want to make a request to the Agency for a “special allocation” above its normal commercial allocation and [1%] innovation pool for a control period the following guidelines apply:
 - a. Demonstrate that the request will increase the total consumption of turkey in Canada.

- b. Demonstrate why the request cannot be satisfied under the national quota allocation for the control period.
 - c. Prove that the request is the result of a major development in the marketplace which was not known when the national commercial allocation was established by regulation.
 - d. Demonstrate the province can raise the additional allocation in the control period, in the weight category required, and have it marketed to the processor(s) in a timely manner so that the sales opportunity is not lost.
2. Where the Agency makes a special allocation to a province the following applies:
- a. The “special allocation” applies for one control period only.
 - b. Results of the special allocation will be subject to audit to ensure the additional supply was raised, marketed to the processor and the finished product(s) manufactured.
 - c. Where the requirements of 2.b) is not met, the province’s commercial allocation will be reduced by [the volume in whole or on part] in the subsequent control period.
 - d. If the total consumption of turkey increases due to the special allocation, that the national commercial allocation be increased by a similar volume to ensure the national allocation can satisfy the increase in consumption.



MEMO

Agenda Item 4.c)

DATE: November 23, 2021

~~Agenda Item #6.a)~~

TO/ À: Allocation Policy Review Committee (APRC)

FROM/ DE: TFC Office

RE/ OBJET: Draft Innovation Component Framework

Background

At the November 8-9th APRC meeting, it was agreed that the TFC office would round out the provisions of an Innovation Component Framework, based on the original New Brunswick Proposal (copy attached); and, including the elements discussed at the meeting (see bullet points directly below).

- New Brunswick Proposal Focus of Discussion
- Each province would have its own pool of allocation for Innovation.
 - Size of provincial allocation pool to be determined by TFC (e.g., “x”%).
- Each Provincial Board to administer the program provincially.
 - Provincial Board to develop an Innovation Policy: i) define innovation for the province; ii) how application will be evaluated (vetted); iii) how allocated to producers; iv) develop the procedures for verifying the allocation was used as intended.
 - Provincial Board Innovation Policy to be available to TFC members in the form of a conditional allotment – conditions to be determined.
- Provincial Board would apply to TFC to use the pool. Demonstrate that application met the provisions of the Board’s policy.
- The live kilograms applied for would be grown in the province applying.
- TFC audit of Board to ensure Provincial Policy properly administered and kilograms marketed used for the intended purpose.
- If provincial policy not administered as set out, quota allocated by TFC reduced in a subsequent control period.
 - Utilization of allocation from TFC could be conditional on a Provincial Policy vetted by TFC members in advance; and proper administration of the Policy.

- If innovation policy is administered as set out, as kilograms move through the system, then innovation kilograms will be reflected in total domestic disappearance.
- As total domestic disappearance increases, this should lead to increased total commercial allocations (natural growth) over time.

At the November 8-9th meeting, Committee members requested that some parameters and guidelines be developed on the above innovation approach, especially as it relates to provincial board development of provincial innovation policies (i.e., provide consistency across provinces with respect to policy development). Set out below are some guidelines for consideration at the Committee's meeting of Tuesday, November 23, 2021.

Draft Guidelines for an Innovation Framework

I. Quota Volume:

The Agency will establish a national pool of conditional commercial allocation equal to ["x"] percent of the [previous year's national commercial allocation] or [starting point allocation] or [X] kilograms.

This national pool of allocation will be available to each province, based on its percentage share of the [previous year's national commercial allocation] or [starting point allocation] (i.e., *Provincial Innovation Pool*), to be used for product innovation the intent of which is to add to the total demand for turkey.

II. Provincial Innovation Policies

To utilize the *Provincial Innovation Pool*, a province must develop and have in place an Innovation Policy that sets out the following as a minimum.

1. A definition or description of "innovation" that sets out what type of production or processing activities would be eligible under the Provincial Policy.
2. The objective(s) of the Provincial Policy (e.g., incentivize product innovation, market testing, niche marketing, etc.).
3. Definition or description of the provincial stakeholders (applicants) that would be eligible to utilize the Policy (i.e., who can apply).
4. Information to be submitted by applicants under the Policy (e.g., contact information, business plan, description of product, unique features, requested

kilograms, description of consumer market, market analysis supporting the marketing plan, etc.) and the application process.

5. Application timelines (e.g., when can apply, open and closing dates) that coincide with the TFC's allocation to the province on a control period basis.
6. The evaluation process (i.e., criteria) and decision making process (e.g., committee process, etc.) to be used by the Board to evaluate an application and determine if the application is approved or denied. Process to be used for the submission of competitive intelligence information.
7. Manner in which the Board will ensure the volume allocated is available to the applicant so the applicant receives the volume approved under the Policy.
8. Provisions regarding how the applicant will verify to the Provincial Board that any allocation from the Provincial Innovation Pool, has been utilized as per the application and business plan (i.e., how the Provincial Board intends to monitor applicant compliance to the Provincial Policy).
9. Provincial penalty provisions (e.g., suspension from the Policy) where the applicant fails to submit the necessary documentation/information under the Policy.

III. TFC Process

10. Provincial Boards would be required to provide a copy of their Provincial Innovation Policies and any revisions made to the TFC and member organizations. This is to ensure such Policies are consistent with the above parameters.
11. Provinces would be able to request an adjustment to their provincial allocation, above their normal commercial allocation, where an application has been approved by the Provincial Board under its Provincial Innovation Policy.
12. When requesting an adjustment to their provincial allocation, the following minimum information could be submitted by the Provincial Board to the Agency office:
 - a. basic product description/unique features;
 - b. description of consumer market;
 - c. how the applicant will verify to the Provincial Board that the volumes will be utilized as per the application/business plan.

13. Upon the above supporting documentation being provided to the Agency office, the TFC Directors would approve the conditional allocation. The TFC office could prepare a report to the TFC Directors detailing how the provincial request conformed with the Provincial Policy.
14. TFC would audit the administration of these Provincial Innovation Policies.
15. Where the Agency determines that the conditional allocations were not utilized in conformity with the Provincial Policy, the kilograms allocated would be deducted as an overmarketing penalty from a subsequent control period.



MEMO

DATE: June 29, 2021

Agenda Item 4.d)

TO/ À: Allocation Policy Review Committee

FROM/ DE: Sub-Committee on an Innovation Component Outside of the Formula

RE/ OBJET: Report and Recommendations

Innovation Component: Outside of the Natural Growth Formula

The five (5) concerns previously raised by TFC members with an allocation request process outside of a natural growth formula include:

1. The product (for which the allocation is being requested) is unique.
2. The allocation to the province is used for its intended purpose.
3. These requests cannot displace (natural) growth allocated through the policy (i.e., the formula).
4. Sharing of innovation allocation requests, to prevent provinces (especially smaller provinces) from falling behind from a commercial allocation perspective.
5. Because processing plants are concentrated, an allocation request system gives processors too much control and results in their producers/provinces focusing on who produces turkey.

Work Undertaken by the Sub-Committee

Set out below is a proposed framework for taking into account innovation allocation requests by processors outside of the natural growth formula. The sub-committee believes this 5-part framework addresses the five (5) concerns listed above by Committee members.

Not all aspects of the framework are finalized, as some aspects will require negotiation by the TFC members. Please note that this is a framework document and not a “policy” document; therefore, additional technical details will need to be rounded out.

Proposed Framework for an Innovation Allocation Request Process

1. Assessing Product Eligibility:

- ❖ It is proposed that a “committee” be formed to review (vetting of) an allocation request for any new product.
 - The committee could be comprised of three voting members:
 - a Chair and two other members;
 - all three committee members would come from outside of the TFC membership; and, would have knowledge about consumer demand and product development in the food industry.
 - Regarding “Transparency” of the committee process, upon completion of the vetting (successful or not), the committee would prepare a confidential report to the TFC directors detailing where the request met the below marketing plan requirements or not; and, make a recommendation if the innovation allocation request should be granted.
- ❖ Highly confidential proprietary information could be tabled just with the Committee.
- ❖ A request for any specific new product could only be submitted for three consecutive control periods. After that, the product would be considered as established in the market place.
- ❖ For a new product to be considered eligible in year one, it would need to be supported by a detailed marketing plan that normally includes:
 - description of the innovation; forecasted sales data; identified target market;
 - be seen to add to the total demand for turkey in Canada through supporting market research data;
 - illustrate the value proposition of the product (e.g., why the product needs to exist, how the product addresses a consumer/market need); (examples):
 - business in a new channel (e.g., retail) for an existing item (e.g., foodservice item).
 - that is supported by investment in new technology/processing equipment; or, that results in a superior product, better shelf life, more convenient to handle, cook, consume by the end consumer.
 - first of its kind to the Canadian market, introduces one or more consumer-facing value propositions previously not available in that marketing channel;
 - the campaigns to be initiated;
 - volume of allocation requested and type of meat needed;
 - metrics to be used to assess the effectiveness of marketing initiative, etc.

- ❖ For a request re-submitted after year one, for the product to be considered eligible, it would need to be supported with all items listed above, plus available historical sales and production data to date.

2. Allocation Used for Intended Purpose:

- ❖ Successful applicants must demonstrate any allocation granted was used as originally intended (as per the marketing plan submitted) through:
 - periodic reports in a form and frequency as may be determined by the committee/Agency;
 - verifiable information concerning sales of the new business (actual sales data/invoices), to be submitted with subsequent years' request applications;
 - up to the provincial board to ensure that the processor receives the kilograms allocated so the sales can match the innovation allocation.
- ❖ An allocation for a "new product" would expire after one-control period.
- ❖ The applicant could resubmit the "new product" (renew the request) for a second and third year but the vetting process recommences; and, vetting takes into account available prior sales data to date.
- ❖ If no sales data is provided the applicant cannot resubmit the request in Year 2.
- ❖ Depending on the volume of the request and anticipated timing of sales during the control period, periodic sales data can be requested by the Committee/Agency.

3. Innovation Requests Cannot Displace Natural Growth through the Formula:

- ❖ An allocation for a new product expires after one-control period; and, three at the most if the request is renewed.
- ❖ In its discussions, the subcommittee discussed the option of capping the volume that could be requested for any one individual product. The subcommittee is of the view that amidst the other elements proposed in the framework that address member concerns of sharing of requests and ensuring allocations are used for their intended purposes, implementing an individual product cap in addition to those elements is not necessary, i.e.:
 - enhanced vetting of requests and monitoring of sales data (see Section 2);
 - increased transparency at the TFC Director level via the confidential reports of the proposed innovation committee (see Section 1);
 - the maximum time limits proposed that the product can be eligible before sharing commences (see Section 4);

- the options for the innovation kilograms to be shared across all provinces (see Section 4 below);
- final decision to accept or reject innovation committee's recommendation rests with the TFC Directors, taking into account general market requirements.

4. Sharing of Innovation Allocation Requests:

The following are options for sharing successful innovation allocation requests across all provinces.

These options are for further discussion by the full Allocation Policy Review Committee and potentially the TFC Directors.

Note that the sub-committee recommends that there be sharing starting in year 4 (i.e., following year 3 of a resubmitted request).

Options for Sharing an Innovation Request (to be further negotiated):

- 1) 100% of the vetted innovation request is directed/allocated to the processing plant/province of the applicant's choosing.

However, all provinces shipping birds to that processing plant would be eligible to participate in growing birds under the innovation allocation.

Rationale: objective of option 1 is to support the establishment of new products in their early stages and maximize the potential for new products to find long-term success in the market.

- 2) 100% of the vetted innovation request is shared by all Provinces (based on the percentage share of production to that common processor which is making the innovation request) where their producers are shipping turkeys to that processor.

Rationale: option 2 is not the sub-committee's preferred option. But, is proposed for consideration as a political compromise to have this type of request process in the Agency's allocation system.

Options for Sharing after Year 3 of an Innovation Request:

After three (3) years of successful vetting and marketing it is proposed that the innovation kilograms be shared across all provinces (by one of the following options, to be further negotiated):

- a) X% of the innovation request volume allocated to the applicant's province (i.e., province/processing plant utilized in years 1 to 3) and Y% allocated under the natural growth formula.
- b) 100% of the innovation request volume allocated under the natural growth formula.

5. Processing Plant Concentration (gives processors too much control) (i.e., Differential growth between provinces is problematic):

- ❖ After three (3) years of successful vetting and marketing, the innovation kilograms are to be shared across all provinces (see options above).

Rationale: by requiring sharing of innovation allocations after year 3 across all provinces, all provinces benefit from the success of the program. Even provinces that don't have processors that innovate benefit from successful innovation in other provinces.

By addressing the core issues of: vetting (by independent committee); auditing of innovation requests; and, allocation sharing (all provinces share in successful innovation); the issue of processor control/differential growth is addressed by the TFC members.

Proposed Next Steps

It is proposed that this framework document be placed in the "parking lot" for further discussion, refinement and negotiation when the TFC members meet face-to-face to finalize the natural growth formula.