

Turkey Farmers of Ontario
Policy for the Administration of Export Credits

1. Objectives

Turkey Farmers of Ontario (TFO) is authorized under the *Farm Products Marketing Act* (FPMA) to require that turkeys be produced and marketed in accordance with a quota system and has the authority to fix and allot, refuse to fix and allot, and cancel or reduce or refuse to increase a quota for the producing or marketing of turkeys for any reason that it considers proper.

This Policy has been developed by TFO in alignment with the Turkey Farmers of Canada (TFC) Export Policy and pursuant to TFO's FPMA authority.

The purposes of this Policy are to:

- 1.1. To facilitate and improve the process by which parties engaged in eligible exports may access the conditional allocation made available to the Provincial Commodity Board (TFO) under Section 1 (Parts) of the TFC Export Policy;
- 1.2. To ensure and improve access to the conditional allocation by all eligible parties within Ontario; and
- 1.3. To ensure that all quota holders within Ontario have the option to engage in replacement production generated from the export activities under Section 1.

TFO intends to administer the policy in a manner that is consistent with TFO's goal of maximizing the utilization of Ontario's Export Policy conditional allocation among eligible exporters.

2. Interpretation

2.1 In this Policy,

- (a) "commodity board" means TFO;
- (b) "Control Period" means an allocation timeframe established by TFC;
- (c) "exporter" means a processor or further processor that has or intends to export turkey products in accordance with the TFC Export Policy;
- (d) "regrow credits" or "export credits" mean replacement production generated from export activities under Section 1 of the TFC Export Policy;
- (e) "TFC" means Turkey Farmers of Canada;
- (f) "TFO" means Turkey Farmers of Ontario.

3. Role of the TFO

TFO will:

- 3.1. Administer and supervise the production of replacement turkeys pursuant to the Policy.
- 3.2. Determine in accordance with the outlined calculation method described herein the volume of provincial conditional allocation under the TFC Export Policy that may be accessed by an eligible exporter within a specific Control Period.
- 3.3. Periodically review the utilization levels of conditional allocations to eligible exporters.
- 3.4. Submit to TFC all documentation necessary to obtain export conditional allocations in accordance with the requirements of the TFC Export Policy and on behalf of eligible exporters.
- 3.5. Notify eligible exporters of earned volumes under the TFC Export Policy for the Control Period when TFO receives confirmation from TFC in that regard.
- 3.6. Obtain and administer requests from processors regarding the distribution of conditional allocation to producers.
- 3.7. Assign conditional allocation to producer accounts according to exporter requests and provided that such requests meet the terms and conditions established by TFO.

4. Eligibility

- 4.1. An exporter that complies with the terms and conditions of the TFC Export Policy may make an application to TFO to access the provincial conditional allocation for exports issued by TFC to TFO for a Control Period.
- 4.2. Provincial conditional allocation to exporters for the replacement of turkeys or parts thereof in accordance with the TFC Export Policy will be determined by TFO annually.
- 4.3. Any producer that markets turkeys to an eligible exporter will be eligible to receive export credits within the respective control period.
- 4.4. Eligible production shall comply with all other terms and conditions of the TFO Quota Policy Statement and TFO General Regulations.

5. Distribution of Export Credits to Quota Holders

- 5.1. Eligible producers may access a minimum volume of export credits as determined by the amount of basic quota held by them for that control period.
- 5.2. Turkey production will be reconciled by TFO in order to fill commercial quota first, followed by export credit.
- 5.3. TFO will fix and allot export credits to eligible producers on the basis of a minimum 5% of each producer's basic quota amount.
- 5.4. No eligible producer will be fixed and allotted export credits that exceed 35% of that producer's basic quota amount.

6. Ontario Section 1 Export Upper Limit – Eligibility and Application

- 6.1. TFO will assign Section 1 Export Upper Limits to processors on an annual basis.
- 6.2. Processors currently eligible to apply for a Section 1 Export Upper Limit are set out in Schedule A of this Policy.
- 6.3. Eligible processors must demonstrate active involvement in the Ontario turkey industry.

- 6.4. Where a processor that is not currently listed on Schedule A applies to become eligible for a Section 1 Export Upper Limit, and TFO is satisfied that such application is in the best interests of the Ontario turkey industry, then TFO may make such alterations or adjustments to this Policy in order to be able to assign an upper limit for Section 1 Exports to the exporter in a fair and reasonable manner and amount.
- 6.5. Processors must make an application to TFO annually to be considered for a Section 1 Export Upper Limit. Such application shall be received by TFO no later than October 31 preceding the commencement of the Control Period to which the application relates.

7. Ontario Section 1 Export Upper Limit – Calculation of Allocations

- 7.1. Where the processors in Schedule A have received a Section 1 Export Upper Limit from TFO in the previous year, they will each be eligible for an allocation up to the volume that they were allocated in the previous year, subject to the provision of the adjustment described in Section 7.2.
- 7.2. TFO will make an assessment of processor contractual intentions (Schedule B) based on the declarations submitted by producers in accordance with Section 4.4. Where TFO makes a determination that the allocation made in the previous year to a processor is at a level less than 5% of the kilograms indicated to be contracted in the upcoming quota year:
- 7.2.1.** TFO will adjust that processor's allocation to a level equal to 5% of kilograms indicated to be contracted in the upcoming control period.
- 7.2.2.** An offsetting pro-rata adjustment will be made to other processors' upper limits.
- 7.2.3.** An example of this calculation is shown in Table 1.

Table 1 – Example of Adjustment Calculation

Processor	(a) Prior Year Upper Limit	(b) Kgs contracted for upcoming year	(c) 5% of (b)	(d) Upper Limits to be adjusted upward *	(e) Upper Limits to be adjusted downward **	(f) Upward Adjustment (=c-d)	(g) Downward Adjustment***	Upper Limit to be allocated (=a+f-g)
Processor A	10,000	1,000,000	50,000	10,000	n/a	40,000	-	50,000
Processor B	4,000,000	20,000,000	1,000,000	n/a	4,000,000	-	16,000	3,984,000
Processor C	3,000,000	15,000,000	750,000	n/a	3,000,000	-	12,000	2,988,000
Processor D	2,000,000	20,000,000	1,000,000	n/a	2,000,000	-	8,000	1,992,000
Processor E	1,000,000	5,000,000	250,000	n/a	1,000,000	-	4,000	996,000
TOTAL	10,010,000	61,000,000			10,000,000	40,000	40,000	10,010,000

*if c>a, a (else n/a)

**if c<a, a (else n/a)

*** total(f) * e/total(e)

8. Administration

- 8.1. All eligible producers and eligible exporters will be jointly responsible for entering into agreements on an annual basis regarding the production of turkeys pursuant to export credits. Such agreements must comply with the terms of this policy.
- 8.2. The following shall be filed with the board office no later than November 30th of the year preceding the quota year in which production is to take place:
 - 8.2.1. A declaration on a form as prescribed by the commodity board;
 - 8.2.2. A true copy of the agreement made between the processor and the producer that shall include the following particulars:
 - 8.2.2.1. The name of the processor in respect of which the producer has agreed to produce turkeys on export credits;
 - 8.2.2.2. The kilograms of basic quota the producer has committed to the processor;
 - 8.2.2.3. The volume of export credits to be provided by the processor to producer;
 - 8.2.2.4. Such other such terms as mutually agreed to between the parties that do not otherwise contravene the terms of this policy.
 - 8.2.3. Where a producer enters into agreements with multiple processors for the production of turkeys on export credits, a separate declaration and agreement shall be filed with the board office for each processor to which they have entered an agreement.
- 8.3. If a producer and processor are unable to arrive at an agreement under subsection 8.1 and file the required documents with the board office by November 30th, then if such producer and processor still wish to enter into an agreement they may submit in writing to the TFO Board of Directors:
 - 8.3.1. A signed statement concerning any matters agreed to in relation to the relevant agreement;
 - 8.3.2. A statement of the final position of each of the parties on each matter still in dispute; and
 - 8.3.3. An acknowledgment that each party is prepared to have the board resolve the dispute.
- 8.4. The board will review the positions of each party regarding matter(s) in dispute and will select, without modification, one of the final positions on each matter submitted by the parties and provide written reasons for the decision before the beginning of the quota period to which the agreement applies.
- 8.5. The board shall not render a decision under 8.3 if the parties reach an agreement on all matters in dispute and inform the board of that fact before the board's decision is made.
- 8.6. Notwithstanding anything otherwise herein contained to the contrary, no agreement made between a producer and processor for the production and marketing of turkeys pursuant to export credits shall contain a term, whether written or verbal, that provides that the producer has or is obliged to pay to the processor a fee in excess of the rate set by Turkey Farmers of Canada for Interprovincial Leasing for the applicable control period ("the fee"), as consideration for obtaining an agreement to produce and market turkeys pursuant to export credits, or any other form of equivalent consideration in substitution for the fee, whether paid or remitted through in kind exchange, trade-off, discount or preference.

9. Ontario Section 1 Export Upper Limit – Utilization

- 9.1. TFO may undertake a review of the Section 1 Export Upper Limit allocated to any processor who utilizes less than 90% of their Section 1 Export Upper Limit in any quota period, except where

the commodity board has been provided with satisfactory evidence that such lack of utilization has been due to circumstances beyond the control of the processor.

- 9.2. TFO may take underutilization into account, when considering an application by that processor for a subsequent control period.

10. Review

10.1. This policy may be reviewed periodically by TFO, which review will include an evaluation of whether the objectives of the policy are being achieved.

10.2. The commodity board may on occasion determine that it is appropriate to make specific orders and directions in relation to and as a supplemental to this policy for the purpose of better achieving the intended effect.

BY ORDER of Turkey Farmers of Ontario.

Dated and effective at Kitchener, Ontario this 10th day of July, 2025.



Chair



General Manager

Schedule A

Processor
Belwood Poultry Limited
Exceldor Cooperative
Hayter's Turkey Products Inc.
Maple Leaf Foods Inc.
Sofina Foods Inc.

Schedule B

Date	Action
October	<ul style="list-style-type: none">• Application due October 31
November	<ul style="list-style-type: none">• Annual Processing Declaration Forms sent to all producers• Form due November 30
December	<ul style="list-style-type: none">• TFO Board reviews basic quota committed to processors
January	<ul style="list-style-type: none">• Processors notified of calculated minimum commitments