

Chicken Farmers of Ontario
New Entrant Chicken Processors Policy
No. 235-2017

Made under the *Farm Products Marketing Act*

Effective October 4, 2017

Section 1.0 – Purpose and Intent

- 1.01 The New Entrant Chicken Processors Program (the “Program”) is designed to enable persons to enter the Ontario chicken industry with the intention of supplying a strategic market segment as a processor within 24 months of being approved under the Program.
- 1.02 The Board intends to administer the Program in a manner that is consistent with its goal of satisfying strategic market segments with an appropriate and sustainable supply of safe, high quality, locally farmed chicken.
- 1.03 The Board also intends to administer the Program with the objective of strengthening farmer-member relationships within the chicken industry, creating jobs, fostering innovation, stimulating local community investments and economies, and supporting a sustained increase in chicken consumption for the benefit of the Ontario chicken industry.

Section 2.0 – Interpretation

- 2.01 In this Policy,
- a) “*Advisor*” means a person who is independent of the Board, not employed with Chicken Farmers of Ontario and who has acquired experience in the grocery and food marketing industry or related fields including financing and logistics;
 - b) “*Applicant*” means a person or organization that submits an application to the Board in accordance with the program requirements;
 - c) “*confidential*” means the maintenance of information in a manner so that access to the information is limited to persons authorized to use the information strictly in the course of their employment with the Board or the delivery of services to the Board and so that reasonable precautions are taken to prevent any unauthorized use, disclosure, publication, or dissemination of the information;
 - d) “*information*” means any information, technical data or know-how, including research, products, services, customers, markets, software, developments, inventions, discoveries, processes, methods, designs, drawings, engineering, marketing, finances, business opportunities, current business or marketing plans, personnel, customer lists or financial information, delivered orally or in writing or electronic form;

- e) “*New Entrant Calculated Base*” means a non-transferrable amount of kilograms that the Board has associated with a New Entrant Chicken Processor for the purpose of determining the New Entrant Chicken Processor’s amount of available Ontario supply;
- f) “*New Entrant Chicken Processor*” means a person or organization whose application has been approved by the Board pursuant to the Program;
- g) “*Program*” means the New Entrant Chicken Processors Program established by the Board to provide New Entrant Calculated Bases to approved Applicants and in accordance with the terms of the Program and this Policy;
- h) “*Special Committee*” means a committee of the Board established to receive and review applications to the Program.

2.02 Other words and phrases used in this policy shall have the same meaning as found in the “Words and Meanings Regulation”.

Section 3.0 – Program Fundamentals

- 3.01 The Board may run more than one iteration of the Program in a calendar year. Iterations of the Program may run concurrently or consecutively and an iteration of the Program may be started before an iteration of the Program that commenced earlier has been concluded.
- 3.02 Each calendar year, CFO may collectively allot a maximum of 100,000 kilograms of New Entrant Calculated Base to all approved New Entrant Chicken Processors, or as may be otherwise determined by the Board.
- 3.03 In the event that CFO does not approve any New Entrant Chicken Processors in a given calendar year, the maximum available New Entrant Calculated Base may be made available in the following year, provided that New Entrant Calculated Base may not accumulate to more than 300,000 kilograms in any given year.
- 3.04 For each iteration of the Program, the Board may identify, describe and advance a strategic market segment that it has determined would be stimulated by the approval of one or more New Entrant Chicken Processors.
- 3.05 All aspects of the Program leading up to decisions by the Board regarding applications, shall be conducted on a confidential basis respecting all Program Applicants and the Board will take such reasonable actions as it considers appropriate, including requiring persons to sign confidentiality agreements, in order to maintain confidentiality.
- 3.06 The Board will appoint a Special Committee comprised of an Advisor and the CFO President/CEO. Applications will be submitted to the Advisor directly. Once received, the members of the Special Committee will enter into a confidentiality agreement with the Applicant.
- 3.07 The Special Committee may meet with the Applicant to obtain further information and clarification regarding the application as required. All meetings will be governed by the terms of the confidentiality agreement.

- 3.08 When the Special Committee is satisfied that it has sufficient information from the Applicant, it will make a recommendation to the Board in support of or in opposition to the association of a supply to the Applicant.
- 3.09 The recommendation made to the Board will be made without disclosing confidential information or the name of the Applicant. Once the decision has been made by the Board, the name of the Applicant will be released to the Board and will be disclosed to the public domain with such further and other information as the Applicant agrees to be released in a form of press release.
- 3.10 The Board will provide details of each iteration of the Program, including the available kilograms for New Entrant Calculated Bases, the time for submission of applications and the strategic market segment on Appendix “A” hereto.
- 3.11 The Board will notify Ontario chicken industry stakeholders of any amendments or revisions to Appendix “A” on the Board’s website: www.ontariochicken.ca.

Section 4.0 – Applications

- 4.01 Applicants to the Program shall submit applications in the form and in accordance with the times and other requirements prescribed by the Board. Applicants must be a Canadian citizen and permanent resident of Ontario and shall have access to a suitable chicken processing facility and commit to commence processing operations within 24 months from the date of approval of the application. Applications shall also include the following:
- a) A comprehensive business plan that includes a sales and marketing plan including product details, volumes, margins and pricing in serving the Board advanced strategic market segment;
 - b) Particulars of the plant that will process the approved supply, including purchase agreements, environmental studies and approval, any planning milestones for renovation or construction and the planned date for the plant being fully operational;
 - c) Verification of relevant experience as a meat protein processor, procurement expertise to access Ontario chicken supplies, and Federal and Provincial regulatory experience and compliance, as may be applicable;
 - d) Verification that the Applicant has or is seeking the required Federal or Provincial inspection approval;
 - e) Suitable evidence of financial strength to fund the project, working capital and confirmation from a recognized financial institution that the Applicant will be able to provide a Letter of Credit in the manner and amount required by the Processor Regulation;
 - f) Financial forecasts and models that detail the first year of operation and demonstrate the long-term viability of the project;
 - g) Particulars regarding a committed and capable management team with experience, leadership, vision and drive to deliver a successful outcome;
 - h) Operations management capabilities including animal care, processing, food safety, environmental and waste management and plant maintenance programs;

- i) Such other information as the Board may require including but not limited to particulars regarding procurement of chicken, contracting procedures with farmer-members and their potential location in relation to the plant, payment procedures to farmer-members, transportation arrangements and animal welfare protocols, chicken catching and loading arrangements and food safety protocols; and
- j) A compelling demonstration of the Applicant's commitment to the values of the Board and the Ontario chicken industry,

4.02 A non-refundable application fee, to be determined by the Board, and payable to Chicken Farmers of Ontario, may be required as part of the application.

Section 5.0 – New Entrant Chicken Processor

- 5.01 Once a New Entrant Chicken Processor has been approved by the Board, the New Entrant Chicken Processor will become a processor focused on meeting a strategic market segment and the Board will grant the processor a New Entrant Calculated Base.
- 5.02 A New Entrant Chicken Processor is expected to be an active participant within the chicken industry.
- 5.03 A New Entrant Chicken Processor shall at all times be governed by all applicable policies, regulations, orders and directions of the Board.
- 5.04 A New Entrant Chicken Processor may be required to provide regular reports in frequency and form as may be directed by the Board from time to time.

Section 6.0 – New Entrant Calculated Base

- 6.01 The approved New Entrant Chicken Processor's New Entrant Calculated Base is non-transferable.
- 6.02 In conjunction with the association of New Entrant Calculated Base, an applicant will be required to satisfy all applicable Federal and Provincial requirements relating to the processing of poultry, including obtaining appropriate licences, permits and approvals in that regard, within 24 months from the date of approval of the application and no later than the date on which the New Entrant Chicken Processor begins operations as a processor.
- 6.03 In certain circumstances, the Board may consider transitional measures in relation to a particular application including approving on a temporary basis the utilization of New Entrant Calculated Base at an existing Class A or Class B processing facility by the New Entrant Chicken Processor and prior to such New Entrant Chicken Processor commencing operations at its own processing facility.

Section 7.0 – Cancellation of New Entrant Calculated Base

- 7.01 In the event the Board determines that the operation or business of the New Entrant Chicken Processor has substantially altered from the business or operation upon which the Board based its decision to associate a New Entrant Calculated Base to such New Entrant Chicken

Processor, then the New Entrant Calculated Base may be suspended or cancelled by the Board. Any suspension may continue for such period as the Board determines and until the Board has received and approved, on such terms and pursuant to such conditions as the Board may consider appropriate, of a revised application in relation to the business or operation of the New Entrant Chicken Processor.

- 7.02 In the event that a trustee, receiver, receiver/manager or a person acting in a similar capacity is appointed with respect to the property, business or assets of the New Entrant Chicken Processor, the New Entrant Calculated Base will be cancelled by CFO in the crop quota period of allotment immediately following such event.
- 7.03 In the event the lease or any of the New Entrant Chicken Processor's property, business or assets or any part thereof, are taken under a writ of execution and such writ is not stayed or vacated within 15 days after the date of such taking, the New Entrant Calculated Base will be cancelled by CFO in the crop quota period of allotment immediately following the terminal event.
- 7.04 In the event that a New Entrant Chicken Processor becomes bankrupt or insolvent or takes the benefit of any statute for bankrupt or insolvent debtors or makes a proposal, an assignment or arrangement with its creditors, or any steps are taken or proceedings commenced by any person for the dissolution, winding-up or other termination of the New Entrant Chicken Processor's existence or the liquidation of its assets, the New Entrant Calculated Base will be cancelled by CFO in the crop quota period of allotment immediately following the terminal event.
- 7.05 In the event that a mortgagee, a landlord of the New Entrant Chicken Processor, or any other person or entity takes possession of the property, business or assets of the New Entrant Chicken Processor, or takes any steps to repossess or sell the property, business or assets of the New Entrant Chicken Processor, the New Entrant Calculated Base will be cancelled by CFO in the crop quota period of allotment immediately following the terminal event.
- 7.06 In the event a New Entrant Chicken Processor sells or agrees to sell its property, business or assets, the New Entrant Calculated Base will be cancelled by CFO in the crop quota period of allotment immediately following the sale.

Section 8.0 – Continuous Improvement

- 8.01 The New Entrant Chicken Processors Policy will be monitored and reviewed by the Board from time to time in order to determine whether to vary, amend or revoke parts of it or in totality.
- 8.02 If the Board decides to revoke the Program, then the Program will cease as and when determined by the Board, provided that the terms and conditions of the Program will continue to be in effect and apply to any New Entrant Chicken Processors who have already been associated with New Entrant Calculated Base pursuant to the Program.

Section 9.0 – Revocation and Effective Date

- 9.01 CFO Policy No. 226-2016 made by the Board on the 1st day of July 2016, is hereby revoked as of the effective date of this Policy and is substituted therefor, provided that such revocation

shall not affect the previous effect of said Policy or anything duly done or suffered thereunder, or any right, privilege, obligation or liability acquired, accrued, accruing or incurred under said Policy; or any contravention committed against said Policy or any penalty or forfeiture or punishment incurred in respect thereof or any such right, investigation, legal proceeding or remedy in respect of any such right, privilege, obligation, liability, penalty, forfeiture or punishment as aforesaid.

9.02 This Policy is effective on the 4th day of October 2017.

BY ORDER OF Chicken Farmers of Ontario

DATED AT Burlington, Ontario this 4th day of October 2017



Chair



Secretary

Appendix "A"

Iteration Calendar Year	Available Kilograms	Application Deadline Date	Strategic Market Segment
2017	200,000	10-27-17	Value Added
2018	200,000	12-29-17	Ethno-Cultural