



TURKEY FARMERS
OF CANADA™
LES ÉLEVÉS DE DINDON
DU CANADA™

Annual Report

Canadian Turkey Marketing Agency
c.o.b. Turkey Farmers of Canada

2022

(905) 812-3140
turkeyfarmersofcanada.ca



2022 Turkey Farmers of Canada

The forty-ninth Annual Report of the Canadian Turkey Marketing Agency (c.o.b. Turkey Farmers of Canada) is prepared for presentation to the Federal Minister of Agriculture and Agri-Food, the Farm Products Council of Canada, and TFC Members.

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About Turkey Farmers of Canada

Delivering Value on the Farm and Beyond

Turkey Farmers of Canada (TFC) represents Canada's 520+ turkey farmers. Created in 1974 under the federal *Farm Products Agencies Act (FPAA)*, the Agency encourages cooperation throughout the Canadian turkey industry, promotes the consumption of turkey meat, and oversees the supply management system for turkey in Canada.

Mandated by Federal Proclamation, TFC's Board sets national turkey production levels in response to market activity and market forecasts, as well as expectations regarding imports and competing protein and input markets, to ensure that consumers have access to a secure supply of high-quality Canadian turkey products and that farmers earn a fair return on their investments.

The Board provides direction to national office staff and makes decisions on matters such as research, on-farm food safety, flock care, and the promotion of Canadian turkey, all in order to further promote a strong, efficient and competitive turkey production and marketing industry (as per S.21 of the FPAA).



TFC operations are funded by production-level levies remitted on each kilogram of turkey marketed. The Agency is accountable to its members and partners and reports annually to Parliament through the Minister of Agriculture and Agri-Food Canada, and the Farm Products Council of Canada.

Farm Products Agencies Act

Objects and Powers

S. 21. The objects of an agency are:

- ✎ 1. to promote a strong, efficient, and competitive production and marketing industry for the regulated product or products in relation to which it may exercise its powers; and
- ✎ 2. to have due regard to the interests of producers and consumers of the regulated product or products.





ABOUT Turkey Farmers of Canada

The turkey industry in Canada:



\$4.0

billion

generates \$4.0 billion in economic activity annually,



16,000

Jobs

supporting over 16,000 jobs across rural and urban centres.



\$1.2

billion

The turkey industry also contributes over \$1.2 billion to Canada's Gross Domestic Product (GDP).

⇒ Our Vision.

Turkey Farmers of Canada is recognized for its collaboration with all stakeholders in creating a sustainable turkey industry that ensures a healthy, year-round food choice for Canadians.

⇒ Our Mission.

To promote research, knowledge sharing, efficiencies, and consumer awareness – the cornerstone of a thriving Canadian turkey industry – to contribute to the wellbeing of farmers, processors, the industry, and partners.

Our Values

The members of Turkey Farmers of Canada, guided by the *Farm Products Agencies Act*, S. 21, believe in:

- ⇒ A national, orderly marketing system working towards growth of output and profitability for investors in the sector.
- ⇒ A competitive and profitable economic model that benefits producers across Canada.
- ⇒ Satisfying the evolving expectations of the Canadian consumer through innovation and excellence in turkey production and processing, providing a high-quality and safe product to consumers at a fair price.
- ⇒ Transparency of farm management practices, meeting the highest standards for health, safety, and animal welfare.
- ⇒ Keeping pace with ongoing competitive changes in the Canadian marketplace.
- ⇒ An organization that operates ethically, respectfully, with integrity, and valuing employees, partners, and stakeholders.

CHAIR'S Message



“

Our system of supply management was strong and assisted in delivering safe and high-quality turkey to Canadians for both everyday and their celebrations.

”

As I reflect on this year, I feel proud about the strength and commitment of our farmers in providing turkey to Canadians. We came together both provincially and nationally on several shared objectives. Our system of supply management was strong and assisted in delivering safe and high-quality turkey to Canadians for both everyday and their celebrations.

This year wasn't without challenge, as we moved from COVID difficulties to those of highly pathogenic avian influenza (HPAI). We are all aware of how tough this year has been, and I am appreciative of how the industry stepped up to this unforeseen challenge. Particularly, the farmers on the ground, at the forefront of the implications of avian influenza.

Despite this, Turkey Farmers of Canada (TFC) moved forward on several shared objectives and priorities through 2022. Advocacy work moved on various files, but notably the November 2022, Fall Economic Statement addressed a long-standing commitment to Canadian poultry and egg farmers on programming to offset the impact of the Canada-United States-Mexico Agreement (CUSMA).

For poultry and egg producers, there was a total of \$112 million under the Poultry and Egg On-Farm Investment Program (PEFIP) with \$15 million of that going to turkey farmers. This concludes a long negotiation process between SM4 and the Federal Government, resulting in a commitment to follow through on CUSMA compensation. TFC and the SM4's advocacy efforts are ongoing to remind the Government of its commitment to no further access in future trade, or bilateral agreements.

Additionally, TFC encourages all farmers to sign up now for the PEFIP, even if they are not planning to apply for a few years, as this will help to ensure a smooth process.

As you might expect, significant efforts also went to action around avian influenza. Over the last year, the National Poultry Group (NPG) – which includes TFC, CFC, EFC, CHEP, and CPEPC, along with Animal Nutrition Association of Canada (ANAC), and the CFIA held regular meetings to discuss emerging issues as it pertains to avian influenza. Extensive follow up has gone into this file with more work ahead in 2023.

2022 was a year of collaboration, including TFC's work on the National Marketing Campaign and the ongoing work towards a new Provincial Commercial Allocation Policy. There are additional details on both, later in this report.

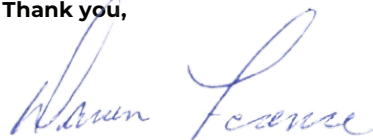
The National Marketing Campaign is cost-shared via a national levy order, between farmers and processor and year four was something to be proud of. Think Turkey™ raised awareness of the versatility and benefits of turkey in meal planning. I feel strongly about this campaign coming out of the pressures of this challenging year on our sector.

Our consumer is crucial in our work, and we need to be nimble in addressing the demand of the marketplace. Sustainability was at the forefront of many discussions in 2021 and 2022, which has a trickle-down affect. We have a story to tell. As such, TFC focused on undertaking a Lifecycle Assessment (LCA) of the turkey industry. It will be useful in several ways – particularly for improving consumer confidence and communicating the strengths of the turkey industry. Thanks to those who took time to respond. Your participation is so important to the long-term sustainability, in all its facets, of the turkey growing and processing sector. We look forward to communicating these results throughout 2023.

We had a tough year in 2022. While avian influenza might still be at the forefront of our minds, I am optimistic of our strength as an industry to work through whatever lie ahead. We appreciate work by our Board of Directors, our Provincial Boards, the industry and lastly, but most notably, those of our farmers.

It has been a pleasure working with every one of you, and I look forward to our path ahead.

Thank you,



Darren Ference

Chair

Executive Committee

Darren Ference, Chair
Calvin McBain, Vice-Chair
Jelmer Wiersma, Executive Member

Board OF DIRECTORS

The 11-member Board of Directors is comprised of eight farmer-elected Provincial Board representatives, along with two appointed members of the primary processing sector (Canadian Poultry and Egg Processors Council, CPEPC) and one from the further processing sector (Further Poultry Processors Association of Canada, FPPAC).



Darren Ference



Calvin McBain



Jelmer Wiersma



Matt Steele



Shawn Heppell



Mike Reimer



Marco Volpé



Steven Eadie



Doug Hart



Michel Pépin



Adam Power

TFC Board Members

Board of Directors

Darren Ference - Alberta Turkey Producers
Calvin McBain - Les Éleveurs de volaille du Quebec
Jelmer Wiersma - Turkey Farmers of Saskatchewan
Matt Steele - Turkey Farmers of Ontario
Shawn Heppell - British Columbia Turkey Marketing Board
Mike Reimer - Manitoba Turkey Producers

Marco Volpé - Turkey Farmers of New Brunswick
Steven Eadie - Turkey Farmers of Nova Scotia
Doug Hart - Canadian Poultry and Egg Processors' Council
Michel Pépin - Canadian Poultry and Egg Processors' Council
Adam Power - Further Poultry Processors Association of Canada

Alternate Directors

Debbie Etsell - British Columbia Turkey Marketing Board
Scott Olson - Alberta Turkey Producers
David Mandel - Alberta Turkey Producers
Toby Mandel - Turkey Farmers of Saskatchewan
Leroy Loewen - Manitoba Turkey Producers
Duane Dietrich - Turkey Farmers of Ontario

Jennifer Paquet - Les Éleveurs de volaille du Quebec
Hugo Therrien - Turkey Farmers of New Brunswick
Marc Sproule / Michael de Graaf - Turkey Farmers of Nova Scotia
Darcy Ballance - Canadian Poultry and Egg Processors Council
Tony Tavares - Canadian Poultry and Egg Processors Council
Nik Zylstra - Further Poultry Processors Association of Canada



EXECUTIVE DIRECTOR'S Message



“

The efforts of all participants warrant recognition for working through these new challenges.

”

Our sector has been through a year of unprecedented losses due to highly pathogenetic influenza (AI), part of the global spread of the virus. Our best estimate at time of writing is that losses from the infected farms since January 2022 is in the order of fifteen million kilograms (eviscerated equivalent weight) in seven provinces, consisting of an accumulation of birds euthanized, and poult placements missed. The incidence of AI has tested the supply chain yet again, right on the heels of the challenges brought upon through COVID-19, albeit in a different manner.

Supply interruptions seem to have been minimized by a nimble supply chain from hatcheries, feed mills, farms, plants and ultimate distribution to foodservice and grocery outlets. All of this was not without financial costs being borne across the sector. The efforts of all participants warrant recognition for working through these new challenges.

Not to be overlooked, is the human cost exacted on farmers whose birds were infected over the year, and the ripple effect on their families and employees and, ultimately, the consumer. This is one of the reasons TFC has established an AI Committee of experienced farmers. We need to draw on this experience and provide support to their fellow farmers who may well face an infection on their farms as the spring of 2023 unfolds. In addition, we see this group as providing resource to farmers in terms of having plans in place in advance of an outbreak on their farms, all to speed up recovery and reduce downtime to the maximum extent possible. Secondly, we expect this group to provide an excellent resource for Provincial Boards and Agency staff as they work in their various capacities with officials from the Canadian Food Inspection Agency (CFIA) to improve and streamline responses.

Most are expecting another difficult year ahead given the patterns that have emerged globally with this virus – we remain available to you and ready to take your interests forward, to work with our partners up and downstream in the feather sectors’ collective interests, as we did through the course of 2022.

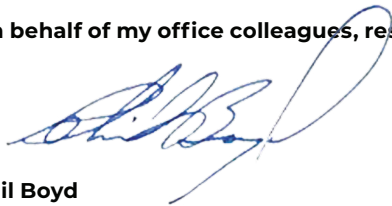
The TFC, as an organization, is quite unique in its structure and mandate, and as a result must at times sift through a web of distinct, varied and sometimes competing interests of those it represents. In no arena has this been more evident than in the Commercial Allocation Policy Review. There is additional comment and information on this process in other parts of the Annual Report. My comment is one to provide context for the difficulty in getting to a final result. The Review Committee has worked persistently to establish a set of recommendations for the TFC Board. Each of the Committee members is to be commended for their efforts and patience in their work since early 2020 when the Committee’s mandate was renewed. There is a strong shared goal of reaching conclusion. It will be good to have this process behind the organization as the TFC attends to other pressing and emerging matters.

The Agency members will be undertaking a fresh look at their strategic plan, an initiative that started in the fall of 2022 with an agenda of new items that need attention over the next three and five years. COVID and the Allocation Policy review have interrupted this process, however, the current plan and operation aspects of it have been intact and enacted over this timeframe – since the latter stages of 2020/21. We are looking forward to getting to work on a new look at the plan with the members as 2023 unfolds.

I want to acknowledge the retirement of Janice Height. Janice began with the Agency in June 1999 as the Director of Corporate Services and has been highly involved with the development of Agency operations since then. She is concluding her career at TFC as the Director – National Marketing Campaign and Brand Partnerships. We truly appreciate the contribution to the work of the Board, Executive Committee, and office; we appreciate her and will miss her as a valued member of the team at TFC.

The Agency operations remain strong and the office well-equipped to continue working with the membership and industry partners as we anticipate what 2023 will bring. Our chair, Darren Ference has noted his confidence for the year ahead; confidence we in the office share.

On behalf of my office colleagues, respectfully submitted.



Phil Boyd

Executive Director

Staff

Phil Boyd
Executive Director

Janice Height
**Director – National Marketing Campaign
& Brand Partnership**

John Sheldon
Manager – Markets Information

Malenka Georgiou
**Associate Manager – Technical Affairs,
On-Farm Programs,
Certified PAACO Poultry Welfare Auditor**

Scott Mitchnick
Market & Policy Analyst

Lorna Morris
Executive Services Administrator

Barb Weston
Finance Administrator

Adriana Goldman
Director – Corporate Services

Sateesh Ramkissoonsingh
Manager – Policy & Trade

Maegan MacKimmie
Manager – Corporate Communications

Caroline Gonano
**Associate Manager – Technical Affairs,
Science & Regulation,
Certified PAACO Poultry Welfare Auditor**

Elise Mereweather
Policy & Data Administrator

Cathy Lane
**Corporate Services Administrator /
Information Technology (IT)**

Provincial Managers **Committee**



Sonya Lorette
Turkey Farmers of Nova Scotia

Louis Martin / Kevin Godin
Turkey Farmers of New Brunswick

Marie-Ève Tremblay / Richelle Fortin
Les Éleveurs du volaille du Quebec

Jon-Michael Falconer
Turkey Farmers of Ontario

Helga Wheddon
Manitoba Turkey Producers

Cinthya Wiersma / Michelle Alting-Mees
Turkey Farmers of Saskatchewan

Cara Prout
Alberta Turkey Producers

Michel Benoit / Natalie Veles
British Columbia Turkey Marketing Board

Memberships, Partnerships, **Affiliations**



- Advancing Women in Agriculture
- Canadian 4-H
- Canadian Animal Health Coalition (CAHC)
- Canadian Agricultural Hall of Fame
- Canadian Agri-Marketing Association
- Canadian Centre for Food Integrity
- Canadian Federation of Agriculture
- Canadian Federation of Independent Grocers
- Canadian Poultry and Egg Processors Council
- Canadian Poultry Research Council
- Canadian Supply Chain Food Safety Coalition
- Further Poultry Processors Association of Canada
- Animal Health Canada (formerly National Farmed Animal Health and Welfare Council)
- National Turkey Federation (U.S.)
- Nutrient Rich Alliance
- Poultry Industry Council
- Restaurants Canada
- Turkey Research & Resource Bureau

External Appointments

Canadian Federation of Agriculture

- Steven Eadie, Director
- Matt Steele, Alternate Director

National Farm Animal Care Council

- TBD

Canadian Poultry Research Council

- Steven Eadie (CPRC Vice-Chair), TFC Director

Poultry Catching & Transport Working Group for the Transportation Code Review

- Brian Ricker

Code Technical Panel for the Code of Practice for the Care and Handling of Hatching Eggs, Breeders, Chickens and Turkeys

- TBD



National Marketing Campaign

Think Turkey™ Year in Review 2022

For its fourth year, the Think Turkey™ / Pensez Dindon^{MC} campaign continued to raise awareness of the versatility and benefits of turkey to drive demand with the aim to increase consumption.

In 2022, the national, bilingual program engaged primary meal planners, Gen Z first-time cooks, male grilling enthusiasts and new Canadians across various campaign tactics, including TV, online video, digital display, PR, influencer relations, paid social, search, and digital retail programs.

2022 kicked off with the MVP - Most Valuable Protein program, which leaned into the health benefits of turkey with a fitness and wellness-focused campaign. Think Turkey's March Meatball Madness program followed, where influencers went head-to-head with their best turkey meatball recipes with social media followers voting for their favourite.



For Easter, Think Turkey™ / Pensez Dindon^{MC} launched a cross-channel program with a focus on whole bird recipes, and how to turn one turkey into many meals. Registered Dietitian Shannon Crocker also presented an Easter-themed segment.

Earth Day coincided with Easter, so Think Turkey™ / Pensez Dindon^{MC} teamed up with Love Food Hate Waste, an organization aimed at educating and empowering Canadians to make their food go further and to create less waste, to develop recipes using one whole bird.

Veggies Love Turkey

With Canadians eating healthier and incorporating more vegetables in their diets, Think Turkey™ / Pensez Dindon^{MC}

National Marketing Campaign

teamed up with veggies as their preferred protein. In May, the “Veggies Love Turkey” campaign kicked off with three animated characters, all expressing their perfect pairing partner - turkey.

To further amplify the program, influencer partners shared their favourite veggie and turkey pairings throughout the month and worked with vegetable brands and boards on co-branded content.

Global Griller’s Bird

In the summer, the Griller’s Bird campaign was relaunched with a twist, and showcased turkey on the grill across a variety of international cuisines and flavour palates. On TV, culinary expert Andrea Buckett brought her turkey grilling how-tos to CP24 and acclaimed Toronto chef and author Adrian Forte shared his Jamaican jerk turkey wings recipe with CityNews Toronto, among other opportunities.

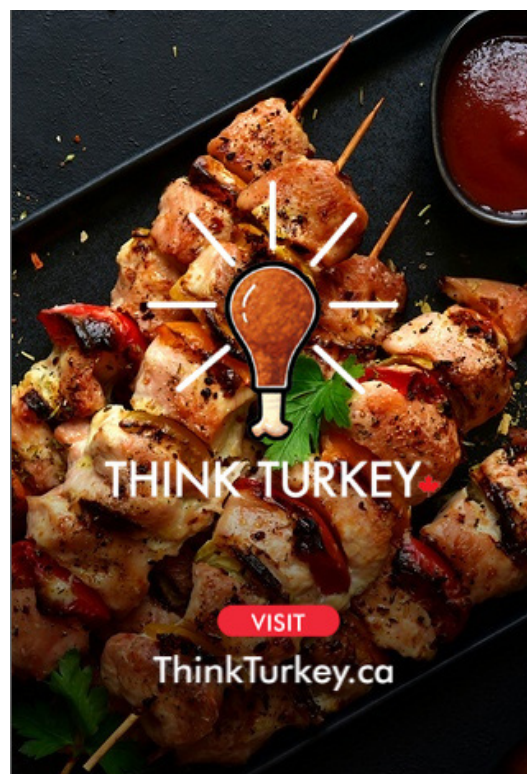
Back to School

In September, Think Turkey™/ Pensez Dindon^{MC} partnered with George Brown Culinary School to develop and host a turkey-themed masterclass, led by George Brown alumni and celebrity chef Christine Cushing.

A roster of influencers also shared quick, delicious, and nutritious back to school breakfast, lunch, and snack ideas and recipes.

The First Ever Thanksgiving Song

Music has the power to connect family and friends, and with this insight, Think Turkey™ / Pensez Dindon^{MC} worked with Canadian JUNO-nominated jazz singer Alex Bird to write and produce “The Sweetest Moments”, a nostalgic tune for Canadians at Thanksgiving. The song achieved significant streams on Spotify and airplay on radio stations across the country.



National Marketing Campaign



While The Sweetest Moments song got Canadians in the Thanksgiving spirit and drove media attention, Think Turkey engaged influencers to amplify the song across social media channels with Thanksgiving turkey recipes and “The Sweetest Moments” as the videos’ soundtrack. The campaign generated segments on national outlets like CBC, CityNews and iHeartRadio that syndicated across the country.

Turkey Makes the Season Brighter

To reinforce that it’s not the holidays without turkey, the festive season included a new campaign, ‘Turkey Makes the Season Brighter.’ Holiday messaging was reinforced through the turkey Manifesto video.

The first ever Holiday Turkey Tok Challenge launched, engaging the social media community to develop innovative turkey recipes to win a cash prize.

More to come in 2023.

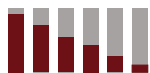


National Marketing Working Group

Debbie Etsell, BC
Scott Olson, AB
Emily Haramule, ON
Corinna Fortin Pop, QC
Doug Hart, CPEPC

Joanne Dalpé, Olymel (CPEPC)
Nicolas Paillat, CPEPC
Adam Power, FPPAC
Heather Cameron, Exceldor (CPEPC)
TFC Staff

Turkey Usage & Attitude Survey



Another Turkey Usage & Attitude (U & A) Survey was conducted in 2022 by Leger using an on-line panel. Previous U & A surveys were conducted in 2017 and 2020.

Key findings showed that, on average, respondents eat turkey 31.8 times a year.

Other findings included:

- The survey also showed that inflation is a concern, which impacts buying habits.
- Consumers are looking for more availability, which has been an increasing factor.
- There has been a statistically significant increase in the number of consumers buying turkey monthly since 2020.
- On average, survey respondents report consuming turkey meat 2.5 times per month.
- Among those who say turkey is their favourite food, whole turkey is the fan favourite.
- Two-in-five were prompted to purchase turkey upon seeing an ad.
- Two-in-five surveyed had recall of the National Marketing Campaign, an excellent result.



Government Advocacy & Corporate Communications



Working with Decision Makers

As a national agency, an ongoing role TFC plays is ensuring government officials and those involved in policy are part of the dialogue on advancements in our industry, key issues, and opportunities to work with our sector.

The Agency monitored key topics for the turkey sector and the wider supply managed industries. This involved watching Parliamentary Committees, legislation, current events and news across agri-food, the Conservative Leadership race, and several other items.

As mentioned in the Chair report, 2022 saw CUSMA compensation announced in the Fall Economic Statement. Following this, TFC participated in announcements on

November 14 with Minister Bibeau in Sherbrooke QC and on November 17 with MP Lloyd Longfield on behalf of the Minister in Guelph ON, to provide details on various aspects of the compensation funding.

Advocacy efforts around trade negotiations are ongoing for TFC and the SM4, as it is important to reinforce that any Government provides no further access in future trade, or bilateral agreements. Part of this effort in 2022, included monitoring Bills like C-282, An Act to amend the Department of Foreign Affairs, Trade and Development Act (supply management), which would assist in this goal.

TFC continued work with the Agriculture Carbon Alliance in 2022. This industry-wide coalition ensures that agriculture has a voice at the table in policy around carbon pricing.

Government Advocacy & Corporate Communications

Advancing the industry



In 2022, TFC in conjunction with the national SM5 and SM4, were able to host advocacy events again, with COVID restrictions lifted. This included Downtown Diner on June 9 and Federation of Canadian Municipalities (FCM) Conference from June 2-5.

TFC, along with the national SM5, participated in the Federation of Canadian Municipalities (FCM) Conference from June 2-5. The SM5 had a booth at the event, which provided an opportunity to speak with Mayors, city councillors and other municipal leaders from across Canada. Farmers, including Debbie Etsell of British Columbia for TFC, and staff attended the event.

The SM5 had an event activation at FCM called the Farm Hub. Here attendees could learn about supply management and farming, in addition to the SM5 having three presentations during the event. TFC participated in a panel titled Farmers Support Communities, which had Debbie Etsell speaking for TFC and Calvin Bruekelman for CHEP, as well as Maegan MacKimmie from TFC moderating. They discussed how farmers support their local communities through the system of supply

management, and how they make investments in their operations to improve and promote the sector.

The SM5 also sponsored the Big City Mayors Breakfast on June 2, which provided networking and speaking opportunities. The event saw participation by Mayors from the largest cities across Canada and was a good opportunity to discuss our industry.

On June 9, the SM4 for the first time since before COVID, hosted the Downtown Diner event in Ottawa. This is a pop-up diner on Sparks Street in Ottawa. The Downtown Diner generates positive awareness for supply management and celebrates how supply management ensures access to fresh, local and high-quality food. Farmers and representatives from each commodity group met with key government stakeholders, local media and members of the Ottawa public. Kathryn and Clair Doan turkey farmers from Ontario, participated on behalf of TFC. There were over 30 MPs and a few Senators that attended the Downtown Diner event despite poor weather. This is more than attended in 2019, so a positive turnout. Minister Bibeau, Senator Black, key agriculture MPs, among others were visitors at the event.

TFC also provided a student sponsorship at the Advancing Women in Agriculture Conference June 21-22. This provides an opportunity for an agriculture student to attend the conference. This sponsorship also included branding opportunities and further networking opportunities during the event.

TFC continued to monitor media for relevant issues to the industry. In 2022, TFC saw significant interest in avian influenza particularly in advance of the festive seasons and the impact it might have on the turkey sector.

Science and Research

Canadian turkey farmers continued to earn the trust of Canadians with respect to food safety, quality and animal care in 2022 as programs, standards and practices were diligently followed and enhanced.

TFC On-Farm Programs

Implementation of the TFC On-Farm Food Safety Program© (OFFSP) and Flock Care Program© (FCP) continued in 2022 across provinces despite the ongoing avian influenza outbreak and the COVID-19 pandemic, which required some adjustments to the audit process. With both programs being mandatory, 99 percent of existing turkey farmers have been certified under the TFC On-Farm Programs, with new entrants undergoing the initial certification process.

Following a review of the TFC On-Farm Programs in 2021 to ensure continuous improvement, a number of edits to both the commercial and turkey breeder module were published in the spring of 2022 for implementation by producers by August 31, 2022. The edits were based on feedback from management reviews, scientific developments and comments received since the producer manuals were last reprinted in 2019, and were intended to provide additional clarification to select program requirements. Prior to publication, the edits obtained necessary approvals from the TFC Board of Directors and were presented to the Canadian Food Inspection Agency (CFIA) and the National Farm Animal Care Council (NFACC) to confirm continued recognition for the TFC OFFSP and FCP.

Related to the 2022 revisions, TFC also released amended producer and auditor training materials, and an updated TFC On-Farm Programs Auditor Guidance Manual. This manual is a reference tool for On-Farm Programs auditors on how to audit and interpret the various program requirements to help with consistent implementation of the TFC OFFSP and FCP across the country.

In March 2022, the TFC OFFSP successfully completed the 40-month review by the Canadian Food Inspection Agency (CFIA), required to maintain its full government recognition status under the CFIA Food Safety Recognition Program (FSRP). Full recognition for the TFC OFFSP was first obtained in 2018. It serves as formal declaration that the program meets the requirements of the FSRP; is technically sound in that it promotes the production of safe food at the farm



Science and Research

level and adheres to Hazard Analysis Critical Point (HACCP) principles; and, supports the effective implementation, administration, delivery and maintenance of the program. To uphold its full recognition status, TFC needs to participate in an ongoing 5-year review cycle, which includes evaluations after 20, 40 and 60 months.



Additional activities related to the TFC On-Farm Programs in 2022 included:

- training of new and existing on-farm programs auditors, provincial program administrators and certification agents;
- internal audits of two provincial program administrators and the TFC national office;
- witness audits of several on-farm programs auditors;
- a management review to evaluate the effectiveness of the TFC On-Farm Programs management system; and,
- planning for a virtual on-farm programs auditor training meeting, with participation of auditors from all provinces, scheduled for early 2023.

These internal review processes helped to uphold the effective management system in place for the TFC On-Farm Programs in 2022 and will continue to support the system moving forward.

Funding for the TFC On-Farm Programs has been provided under Growing Forward 2 and the Canadian Agricultural Partnership, a federal, provincial, territorial initiative.

TFC On-Farm Programs Portal

Throughout 2022, producer registrations for the TFC On-Farm Programs portal (www.tfconfarmprograms.ca) continued to gradually increase and TFC provided various news updates through the site. The portal is maintained as a tool for farmers, On-Farm Programs auditors and Provincial Boards to access essential information and help implement the TFC On-Farm Programs as well as access news and announcements. It hosts the current electronic versions of the TFC OFFSP and FCP for download as fillable PDF forms or for completion online, as well as related resources, including: a library of Turkey Farming Info Sheets; research resources; and, information on disease and flock health, medication and antimicrobial use.

Third-Party Audits for the TFC Flock Care Program© (FCP)

Third-party audits for the TFC Flock Care Program© (FCP) continued in 2022 through NSF Canada Agricultural Certification Company, an internationally recognized, third-party certification body with Professional Animal Auditor Certification Organization (PAACO) certified auditors. Third-party audits were initiated in 2017 to demonstrate transparency and provide further assurance to retailers, restaurants, and consumers that turkeys in Canada are raised humanely, and that the TFC FCP is an effective national standard to represent animal care on-farm. These verification audits are carried out on a statistically valid random sample of turkey farms across all provinces, in addition to the annual audits required to maintain a producer's certification under the TFC FCP.

Due to the evolving Avian Influenza (AI) situation at the start of 2022, the option was given to conduct third-party audits virtually through a combination of video and video conference. This gave the NSF auditors the ability to review documents and records, interview farmers and assess barn and bird conditions. The virtual approach provided the auditors confidence and evidence of TFC FCP implementation. With a delay in the start of audits due to AI, a few of the audits were moved forward to 2023 and the report will be made available once all audits are completed.

Avian Influenza

Avian influenza in 2022 in Canada and globally was unprecedented in terms of birds affected, provinces impacted and duration of the outbreak. 2022 saw HPAI H5N1 detected in 9 provinces, affecting 281 commercial and small flocks and 6.7 million birds. Commercial detections have made up about 65% of total detections with turkey flocks being more affected, followed by broilers and layers at similar levels, then ducks, and broiler breeders.

Focus at TFC has been on supporting response efforts with the Canadian Food Inspection Agency (CFIA) and provinces in conjunction with the national poultry groups (NPG). CFIA and industry met multiple times per week throughout the year since the start of the outbreak, which gave the opportunity for collaborative discussions. More focused topic-specific and policy working groups were also established to make progress on pressing subjects and for advanced planning. Lessons learned exercises, where critical issues and potential solutions to improve processes and future work areas were also held. TFC has appreciated the ability to have open dialogue with CFIA throughout the year.

In addition, a number of communication resources were developed and distributed to keep members up to date on the evolving situation, including weekly summaries of confirmations of HPAI in commercial and backyard flocks in North America, biosecurity reminders and mental health resources.

Science and Research

Antimicrobial Use and Resistance

2022 saw the continued implementation of the Canadian turkey industry antimicrobial use (AMU) strategy. The strategy focuses on the elimination of the preventive use of antibiotics important to human medicine to respond to the increased global attention to the threat of antimicrobial resistance (AMR). It works to maintain and build consumer confidence in Canadian turkey and to meet the needs of processors, restaurants, and retailers, while ensuring options to maintain the health and welfare of turkeys remain available. The strategy is implemented through the TFC On-Farm Food Safety Program© (OFFSP).

Strategy Timelines

The strategy focuses on the elimination of the preventive use of antibiotics important to human medicine and set timelines to:

- Eliminate the preventive use of Category II antibiotics by the end of 2018.
- Eliminate the preventive use of Category III antibiotics by May 1, 2020.
- The strategy builds on the current Category I initiative, in place since 2014.
- The strategy permits the use of all categories of antibiotics for treatment and the use of ionophores (Category IV antibiotics: not used in human medicine) and chemical coccidiostats.

The results of a 2021 follow-up survey of farmers, poultry veterinarians and other industry stakeholders on the strategy, since implementation of the Category III portion of the strategy, were reviewed in 2022. The results showed that there is good awareness among farmers of the AMU strategy and how and why it was developed, and good use of available resources. There is also good support from veterinarians, feed mills, other service personnel. The results illustrated the large range of changes to production practices and use of alternative products implemented by farmers and recommended by veterinarians. TFC, in conjunction with the TFC On-Farm Programs Committee, is working on next steps for the strategy and communication materials.

TFC maintained its support of the surveillance activities for AMU and AMR through the Canadian Integrated Program for Antimicrobial Resistance Surveillance (CIPARS) of the Public Health Agency of Canada (PHAC). The on-farm data generated highlights the importance of turkey-specific surveillance in informing and monitoring the effectiveness of industry initiatives. Preliminary results, released in 2022, from the 2021 CIPARS Turkey Industry Report for farm surveillance showed that the industry-led strategy is resulting in lower AMU and AMR. Category II and III antimicrobials

Science and Research

decreased by 71% and 15%, respectively. Integrating AMU and AMR, E. coli isolates resistant to 3 or more classes of antimicrobials continued to drop (-7%) while multiclass resistance in Salmonella was stable.

National Farmed Animal Care Council (NFACC)

Over 2022, TFC participated in the work underway at the National Farmed Animal Care Council to conduct a governance review to strengthen its decision-making models and processes to continue to secure itself as the national lead for farm animal care and welfare in Canada.

The update to the Transportation Code of Practice was put on hold due to challenges surrounding the lack of a national lead organization resulted in concerns over proceeding to update the transportation Code. The NFACC Board agreed to pursue a Risk Assessment coupled with a Collaboration Planning Exercise, which the NFACC Board will consider in advance of deciding on the future of the transport Code. This will consider the work and content already developed, the time and funding invested, and the varying interests around humane transportation.

Research

Canadian Poultry Research Council (CPRC)

To the end of 2022, CPRC Members committed more than \$5.5 million through regular funding programs in support of 112 research projects at universities and federal government laboratories across Canada “leveraged” at a ratio of greater than 5:1 to more than \$31 million.

CPRC continued with their regular activities in 2022, including the approval of funding for seven research projects through the annual call for letters of intent (LOIs). The selection was based on industry priorities, perceived benefit and impact to the industry, and the results of the technical and peer reviews. With the Poultry Science Cluster 3 in the fourth year of its five years, extensive planning took place over the year for the next reiteration of the Poultry Science Cluster, expected under the new Agricultural Policy Framework - the Sustainable Agricultural Partnership (SCAP) set to take effect in 2023. TFC worked with CPRC and other member organizations on identifying potential research projects for the proposal considering the poultry industry priorities and those priority areas outlined by Agriculture and Agri-Food Canada (AAFC), which included Climate Change and Environment, Economic Growth, and Sector Resilience.

Work also continued a review of the governance structure to strengthen CPRC's governance model to help the Board of Directors carry out its oversight with organizational growth and additional operational demand.

Science and Research

TFC Involvement in Regulatory Modernization and Policy Initiatives

TFC monitored and contributed to a number of regulatory and policy initiatives and consultations, including:

- Renewal of the Canadian Hatchery Regulations and development of Canadian Hatchery and Supply Flock Testing Standards
- Renewal of the Canadian Feeds Regulations
- Veterinary Drugs Regulatory Modernization
- Inspection Modernization
- Review of the Food Safety Recognition Program (FSRP)
- Proposed Regulatory Amendments on Traceability

TFC remained involved in the joint government-industry Working Group on the Control of Salmonella and Campylobacter in Poultry, which focuses on developing action plans to reduce Salmonella and Campylobacter in live poultry and poultry products, in the Canadian Animal Health Surveillance System (CAHSS) Poultry and AMU/AMR Network Groups, as well as the Canadian Livestock Transport (CLT) Training Advisory Committee, which consults on the training content and delivery.

In addition, TFC continued its participation in the Animal Health Canada (AHC) working group, which focuses on determining the governance and budget structure of the new entity. AHC formally adopted its name early in 2022 as it started transitioning from the National Farmed Animal Health and Welfare (NFAHW) Council. The intent of AHC is to build on an existing governance structure, with the intent to provide a formal structure to implement the animal health components of the Plant and Animal Health Strategy (PAHS) and strengthen Canada's capacity for animal disease prevention, preparedness, response and recovery.

TFC also carried on work with the Canadian Association of Poultry Veterinarians (CAPV) and the British Columbia Turkey Marketing Board (BCTMB) on investigating treatment options for Histomoniasis (Blackhead).

TFC appreciates the government's efforts to streamline and update existing regulations and policies, and is committed to maintain its engagement as the various initiatives further progress.



Research Committee

Adam Power, FPPAC
Steven Eadie, TFNS
Jelmer Wiersma, TFS
Leroy Loewen, MTP

On-Farm Programs Committee

Scott Olson, Chair, AB	Jennifer Paquet, QC
Shawn Heppell, BC	Craig Shaw, CPEPC
Darren Kornelson, MB	TBD, NS
Greg Lansink, ON	

Policy and Trade

International Trade

The overall international trade environment for Canada remained active in 2022. Notable trade activities included:

- in March 2022, the first round of bi-lateral negotiations with Indonesia and the formal re-launch of the India-Canada Comprehensive Economic Partnership Agreement (CEPA) negotiations;
- in late October, Canada announced its intent to join the Indo-Pacific Economic Framework for Prosperity (IPEF), which currently includes the 14 countries of the United States, Australia, Brunei, Fiji, India, Indonesia, Japan, South Korea, Malaysia, New Zealand, Philippines, Singapore, Thailand, and Vietnam;
- and, a first round of negotiations towards a Canada-ASEAN free trade agreement, as part of Canada's targeted economic engagement with the Indo-Pacific region (Indonesia, Malaysia, the Philippines, Singapore, Thailand, Brunei, Cambodia, Lao People's Democratic Republic, Myanmar and Vietnam).

World Trade Organization (WTO)

After two previous cancellations due to the COVID Pandemic, the WTO held its Twelfth WTO Ministerial Meeting (MC12) in Geneva Switzerland from June 12-17, 2022, where representatives from the SM5 (TFC, DFC, CFC, EFC and CHEP) were in attendance. The round-the-clock MC12 negotiations produced key outcomes on fisheries subsidies, a waiver of certain requirements concerning compulsory licensing for COVID-19 vaccines, a decision on the Electronic-commerce Moratorium, and WTO reform.



With respect to the agricultural negotiations, there were three Ministerial Declarations that the Ministers were considering heading into the Ministerial:

1. an agreement on a negotiating work program for agriculture;
2. ministerial declaration on trade and food security; and,
3. an exemption from export restrictions for purchases of agricultural commodities by the United Nations under their World Food Programme.

On the latter two declarations Ministers were successful in coming to an agreement. On the agricultural work program

Policy and Trade

post MC12, no agreement was reached. However, this did not prevent countries from continuing the negotiations on agriculture related issues. In October, the WTO held a brainstorming retreat on agriculture. The purpose was to identify how WTO Members should approach the agriculture pillar and what the key negotiating considerations should be going forward. The intent was also to reinvigorate the talks prior to the next Ministerial Conference scheduled for February 2024, and to obtain a general picture of the state of play which, in turn, could identify how to break the current negotiating deadlock in agriculture.

In late November, a new work programme was developed in the Committee on Agriculture to address food security concerns of least-developed countries (LDCs) and net food-importing developing countries (NFIDCs). As this programme is further developed, three key areas of consideration will be: access to international food markets, financing food imports and flexibilities to boost their agricultural production and productivity.

Comprehensive and Progressive Trans-Pacific Partnership (CPTPP)

On September 30, 2022, Malaysia ratified the CPTPP and on December 23, 2022, this was followed by Chile's ratification. Along with Canada, Australia, Japan, Mexico, New Zealand, Singapore, Vietnam and Peru, this brings ten countries into the agreement. The remaining original signatory yet to ratify the agreement is Brunei Darussalam.

Six other countries are currently seeking to join CPTPP. Uruguay, the People's Republic of China, Taiwan, Ecuador and Costa Rica have formally requested to accede, but no decisions have been made. In the case of the United Kingdom (U.K.), which has a turkey industry, accession negotiations are currently underway and are expected to be completed in 2023.

Regarding Chile, it currently exports turkey meat to Canada under the WTO tariff rate quota (TRQ) and is expected to utilize the CPTPP TRQ moving forward.



Producers' Trade Consultatnt

Charles Akande, Geneva, Switzerland

Supply Policy Committee

Calvin McBain, Chair (ÉVQ)
Jennifer Paquet, Eastern Region (ÉVQ)
Marco Volpé, Eastern Region (TFNB)
David Mandel, Western Region (ATP)
Shawn Heppell, Western Region (BCTMB)

Doug Hart, Processor Representative (CPEPC)
Adam Power, Processor Representative (FPPAC)
TBD, NS

Policy and Trade

Policy

Development of a new National Commercial Allocation Policy for distributing allocation changes amongst the eight signatory provinces, to the Federal-Provincial Agreement (FPA) for turkey, of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick and Nova Scotia, was again the primary policy focus of the Agency in 2022. In total, the Allocation Policy Review Committee (APRC) met eleven times and combined with sub-committee meetings, a total of eighteen meetings were held. As a result of the significant progress made by the APRC in 2022, the Executive Committee has targeted the end of the first quarter of 2023 for completion of a new Policy. As a result of the Agency's focus on developing a new Commercial Allocation Policy in 2022, policy items subject to review and direction by the Agency's Supply Policy Committee (SPC) are extended into 2023.



Complaints

On June 29, 2022, the Farm Products Council of Canada (FPCC) accepted a recommendation by the Council's Complaint Committee, that in its opinion TFC did not carefully and meaningfully take into account the Proclamation criteria when it established the 2022-23 commercial allocation. As such, FPCC did not approve the Agency's Amendment to the Schedule to the Canadian Turkey Marketing Quota Regulation for the 2022/2023 control period. The complaint was filed by Turkey Famers of Ontario (TFO).

Due to the Complaint decision, the Agency held a number of meetings over the summer that resulted in a revised Quota Regulation being submitted to FPCC. As 2022 drew to a close, this revised Quota Regulation was subject to two new separate complaints: one brought forward by the Canadian Poultry and Egg Processors Council (CPEPC) on the total commercial volume of 146 mkg; and, the second by the TFO on the provincial distribution of the commercial volume. Decisions on both complaints are expected in early 2023.

Due to the unprecedented number of highly pathogenic avian influenza (HPAI) outbreaks in 2022 and its impact on turkey production, the Agency in November authorized up to 825,000 kg of quota to be leased interprovincially from the provinces of British Columbia and Alberta to the province of Ontario for the remainder of the 2022/2023 Control Period. Such leases are permitted under the Agency's Leasing of Quota Guidelines, that allows for such transfers where an unforeseen event significantly limits or prevents the production of turkey.

Turkey Industry Statistics

Domestic Disappearance

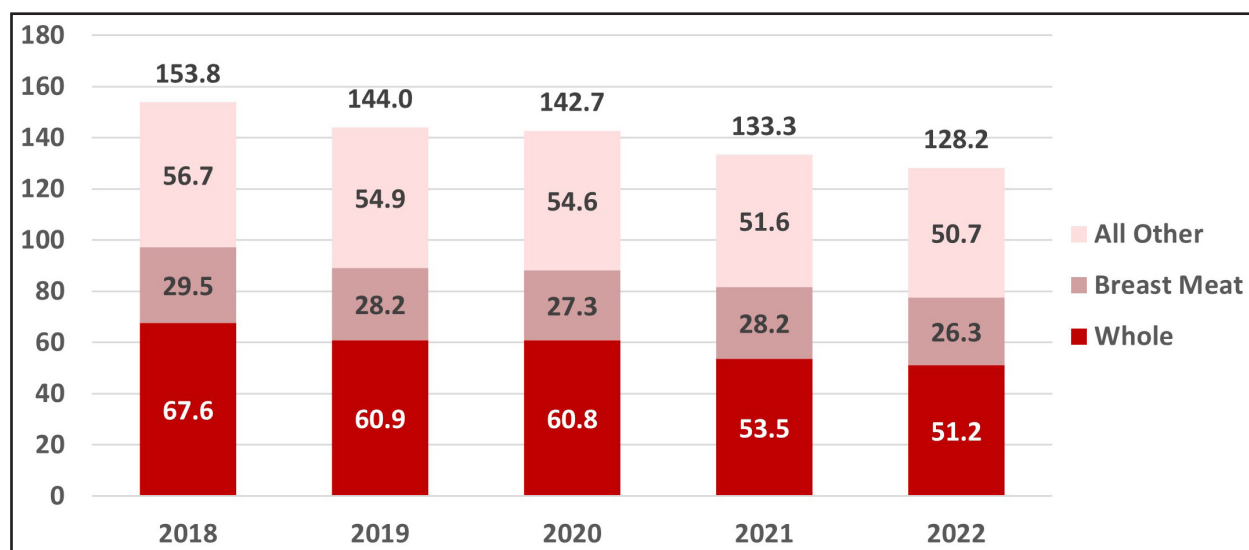
Domestic disappearance of all turkey and turkey products in 2022 decreased to 128.2 million kg (mkg); a decrease this year of 3.9%. Annual domestic disappearance of whole turkeys declined to 51.2 mkg, down from 53.5 mkg a year earlier. Breast meat disappearance for the year was 26.3 mkg, 1.8 mkg lower than year earlier.

Focussing in on the holiday seasons (Easter, Thanksgiving and Christmas), total domestic disappearance decreased by 8.6 mkg to 82.7 mkg, with Easter movement holding steady for 3 years running at 22.3 mkg and declines at Thanksgiving and Christmas. Whole bird domestic disappearance at the holiday seasons decreased by 9.2 mkg, with 6.4 mkg of that decrease occurring at Thanksgiving and 2.3 mkg occurring at Christmas. Breast meat movement at the holiday seasons also declined to a total of 13.7 mkg, down from 14.9 mkg a year earlier.

These changes were influenced by several factors over the last few years including: COVID, avian influenza, changing consumer preferences, smaller households, and a new and growing interest in turkey roasts at festive seasons, among other items.

Domestic Disappearance of Turkey

(Calendar year – by major category and total – millions of kg – eviscerated)



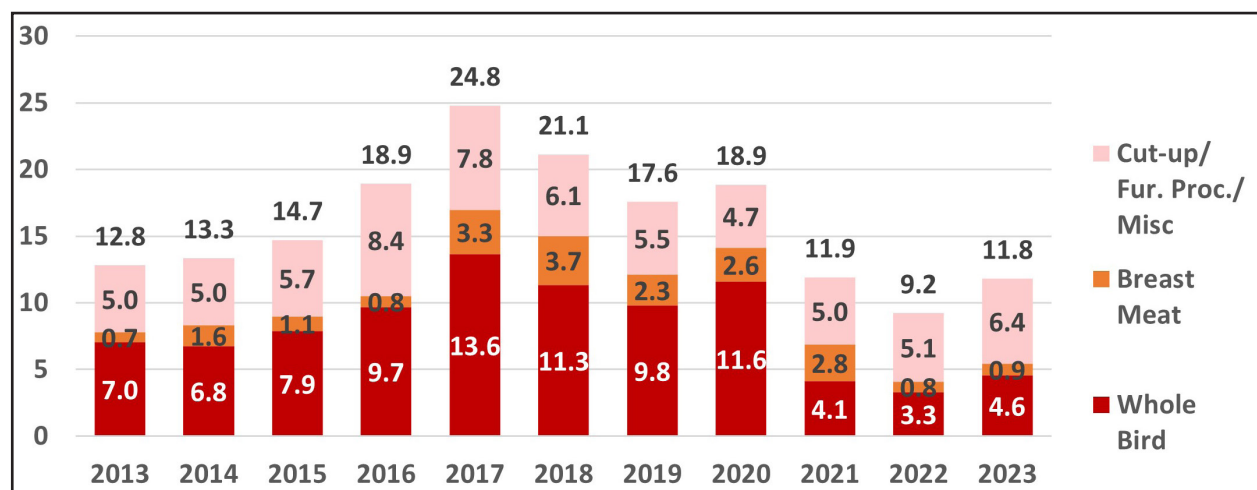
Turkey Industry Statistics

Stocks

Total January 1, 2023, stocks rose by 2.6 mkg from the January 1, 2022 level of 9.2 mkg. However, stocks continue to be low relative to the years preceding COVID, due to production volumes that resulted in reductions from higher-than-desired inventory levels that persisted from roughly 2016 through 2020. The increase in stocks in 2022 primarily occurred in lighter whole birds and the Cut-Up/Further Processed stock categories.

January 1st Turkey Stocks

(Calendar Year – by Major Category and Total – Millions of kg – Eviscerated)



Turkey Production

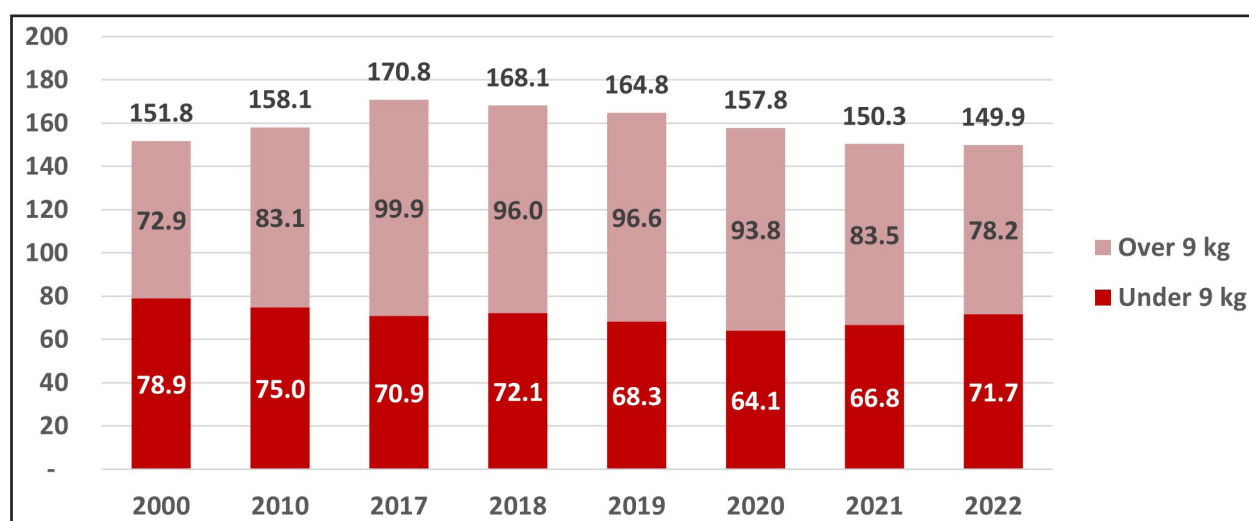
Canadian turkey production in 2022 was 149.9 mkg a slight decrease of 0.4 mkg from 2021. While this marks a relatively small decrease in annual production, it comes during an increase in the quota from 139 mkg for 2021/2022 to 146 mkg for 2022/2023. In part, this is due to the impacts of avian influenza and trade implications. Looking at the portions of the 2021/2022 and 2022/2023 Control Periods that occurred in calendar year 2022, production from January to April, and the last 4 months of the 2021/2022 Control Period, was 3.7 mkg higher than year earlier. The 2021/2022 quota was higher than in the previous control period, but production was hampered in the final months by avian influenza. From May to December, the first 8 months of the 2022/2023 control period, production decreased by 4.2 mkg relative to 2021. This outcome is mainly due to avian influenza. In addition, as of the end of December, 1.6 million birds have been reported as either culled or not placed due to avian influenza.

Turkey Industry Statistics

While some of these lost flocks were replaced in the later months of 2022, or the early months of 2023, it will not be possible to reschedule production of all these flocks in the 2022/2023 Control Period. Added to this, import bans by trading partners have resulted in reduced export volumes and production under the TFC Export Policy. In the last 8 months of 2020, exports of parts under Section 1 of the TFC Export Policy decreased by 17% from year earlier due to avian influenza related logistical challenges.

Turkey Production in Canada

(Calendar Year – Under 9 kg/Over 9 kg and Total – Millions of kg – Eviscerated)



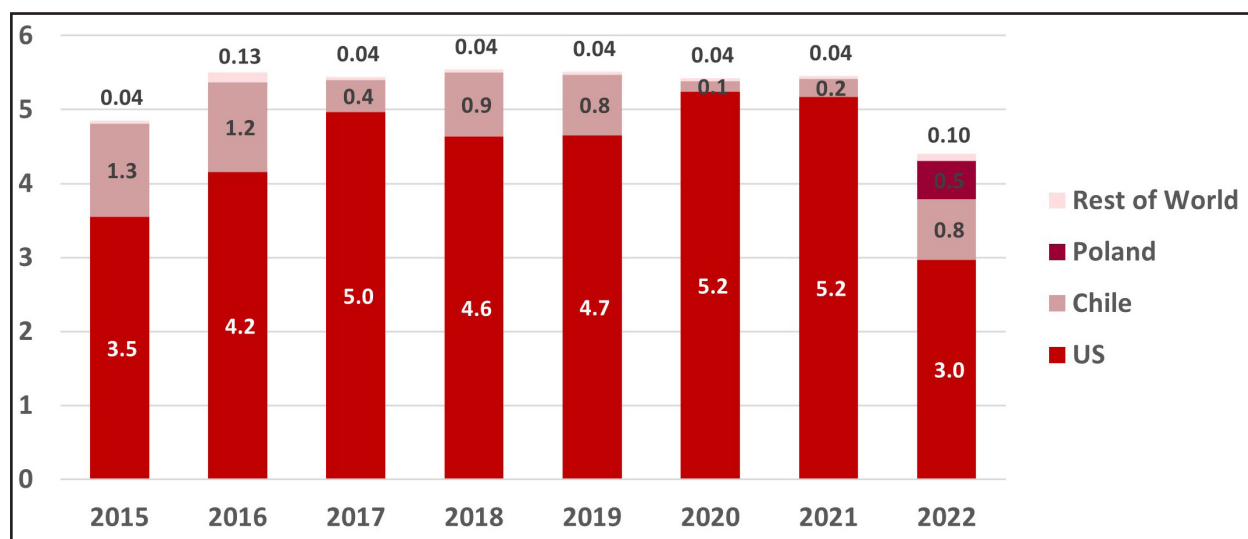
Imports

For the first time since 2015, import quota was under utilized at only 4.4 of 5.6 mkg (79%) used, the lowest utilization rate since 2014. This decrease occurred entirely in imports from the USA, which dropped from the 5-year average of 4.9 mkg (90% of the quota) to 3.0 mkg (68% of the quota). The significant reason for this underutilization were the avian influenza outbreaks across the USA, which has caused reduced production and logistical challenges for exporters. Imports from other regions did cover some of the reduction from the US. Imports from Chile returned to their pre-pandemic levels, and for the first-time boneless turkey meat was imported from Poland.

Turkey Industry Statistics

Imports of Turkey into Canada

(Calendar year – by Source Location – Millions of kg – Eviscerated)



Retail Sales

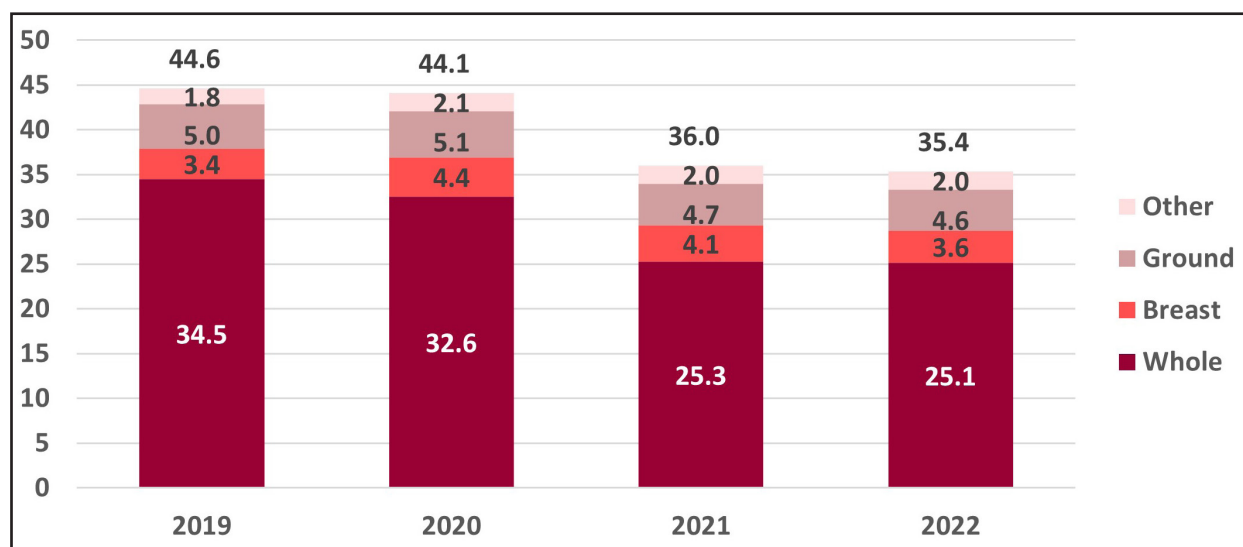
Data from the AC Nielsen Company of Canada shows that compared to 2021, total retail sales volumes of turkey products decreased by 1.8%. Similar to the trend in domestic disappearance, this decrease is relatively small compared to the 18.4% decrease between 2020 and 2021, due to a decline in breast meat sales. Again, this is largely impacted by avian influenza related supply constraints.

According to an AC Nielsen retail scan data, in the three years from 2019 to 2022, the retail sales volumes of breast meat-based products have increased by about 20% and the value of breast meat sales increased by 32%. The dollar value of retail breast meat sales in 2022 is still 13% above the value in 2018. Good news, despite the impact of avian influenza.

Turkey Industry Statistics

Retail Sales of Turkey and Turkey Products

(Major Retail Banners Excluding Warehouse Club Stores – Millions of kg – Annual)



Turkey Market Advisory Committee

Sateesh Ramkissoonsingh, Chair (TFC, Manager – Policy and Trade)
 Nicolas Paillat (CPEPC – Director, Chicken and Turkey Primary Processing Sectors)
 Nik Zylstra (FPPAC - Director, Hatcheries and Further Processed Poultry)
 John Sheldon (TFC, Manager – Markets Information)
 John Groenewegen (Third-Party Market Analyst)

TFC Allocation Policy Review Committee

Darren Ference, Chair, (ATP)	Helga Wheddon (MTP)	Louis Martin (TFNB)
Shawn Heppell (BCTMB)	Matt Steele (TFO)	Steven Eadie (TFNS)
Cara Prout (ATP)	Jon-Michael Falconer (TFO)	Michael de Graaf (TFNS)
Scott Olson (ATP)	Pierre-Luc LeBlanc (ÉVQ)	Sonya Lorette (TFNS)
Jelmer Wiersma (TFS)	Richelle Fortin (ÉVQ)	Nicolas Paillat (CPEPC)
Cinthya Wiersma (TFS)	Jennifer Paquet (ÉVQ)	Doug Hart (CPEPC)
Mike Reimer (MTP)	Marco Volpé (TFNB)	Adam Power (FPPAC)



Financial Statements

CANADIAN TURKEY MARKETING AGENCY C.O.B. TURKEY FARMERS OF CANADA
FINANCIAL STATEMENTS

For the year ended December 31, 2022



Audit & Finance Committee

Calvin McBain, Chair, ÉVQ
Shawn Heppell, Director, BCTMB
Mike Reimer, Director, MTP

INDEPENDENT AUDITORS' REPORT

To the Members of Canadian Turkey Marketing Agency c.o.b. Turkey Farmers of Canada

Opinion

We have audited the financial statements of Canadian Turkey Marketing Agency c.o.b. Turkey Farmers of Canada (the "Agency"), which comprise the statement of financial position as at December 31, 2022, the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Agency as at December 31, 2022, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Agency in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Agency's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Agency or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Agency's financial reporting process.

MacGillivray

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INDEPENDENT AUDITORS' REPORT, CONTINUED

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ♦ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ♦ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control.
- ♦ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ♦ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on The Agency's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause The Agency to cease to continue as a going concern.
- ♦ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Mississauga, Ontario
February 17, 2023

CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS



TURKEY FARMERS OF CANADA

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2022

	2022	2021
ASSETS		
Current		
Cash	\$ 3,088,390	\$ 974,182
Short-term investments (note 3)	1,495,830	672,553
Accounts receivable (notes 4 & 11)	3,438,995	1,067,262
Prepaid expenses	102,021	41,886
	<u>8,125,236</u>	<u>2,755,883</u>
Long-term investments (note 3)	1,259,895	2,155,684
Property and equipment (note 5)	<u>33,857</u>	<u>50,841</u>
	<u>\$ 9,418,988</u>	<u>\$ 4,962,408</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 254,601	\$ 82,830
Government remittances payable	85,111	108,619
	<u>339,712</u>	<u>191,449</u>
COMMITMENTS (note 6)		
FUND BALANCES		
Internally restricted fund (note 2)	2,747,687	3,034,110
Unrestricted fund	6,297,732	1,686,008
Funds invested in property and equipment (note 2)	<u>33,857</u>	<u>50,841</u>
	<u>9,079,276</u>	<u>4,770,959</u>
	<u>\$ 9,418,988</u>	<u>\$ 4,962,408</u>

Approved on behalf of the board

Director *William Lence*

See accompanying notes to the financial statements



TURKEY FARMERS OF CANADA

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2022

	<i>General Operations</i>	<i>National Marketing Campaign</i>	<i>2022 Total</i>	<i>2021 Total</i>
Revenue				
Producer levies	\$ 3,364,574	\$ -	\$ 3,364,574	\$ 3,450,728
Marketing levies	-	4,606,945	4,606,945	4,614,743
Investment loss	(53,974)	-	(53,974)	(13,240)
Project funding	70,419	-	70,419	14,277
Market Development Funding (note 11)	5,000,000	-	5,000,000	-
	<u>8,381,019</u>	<u>4,606,945</u>	<u>12,987,964</u>	<u>8,066,508</u>
Expenses				
Administration (Schedule 1)				
Directors' and staff expenses	444,279	-	444,279	146,457
Remuneration to Directors and staff	1,578,401	-	1,578,401	1,537,617
Other administrative	945,685	-	945,685	723,202
	<u>2,968,365</u>	<u>-</u>	<u>2,968,365</u>	<u>2,407,276</u>
Marketing (Schedule 2)				
Provincial marketing programs	400,000	-	400,000	400,000
Market development	207,386	-	207,386	205,980
Public relations and communications	173,510	-	173,510	273,207
	<u>780,896</u>	<u>-</u>	<u>780,896</u>	<u>879,187</u>
Other expenses				
National Marketing Campaign expenses (note 9)	-	4,930,386	4,930,386	5,107,309
	<u>3,749,261</u>	<u>4,930,386</u>	<u>8,679,647</u>	<u>8,393,772</u>
Excess (deficiency) of revenue over expenses for the year	<u>\$ 4,631,758</u>	<u>\$ (323,441)</u>	<u>\$ 4,308,317</u>	<u>\$ (327,264)</u>

See accompanying notes to the financial statements



TURKEY FARMERS OF CANADA

STATEMENT OF CHANGES IN FUND BALANCES FOR THE YEAR ENDED DECEMBER 31, 2022

	<i>Internally Restricted Funds</i>	<i>Unrestricted Fund</i>	<i>Funds Invested in Property and Equipment</i>	<i>Total 2022</i>	<i>Total 2021</i>
Balance, beginning of year	\$ 3,034,110	\$ 1,686,008	\$ 50,841	\$ 4,770,959	\$ 5,098,223
Excess (deficiency) of revenues over expenses	(327,423)	4,653,063	(17,323)	4,308,317	(327,264)
Appropriations	41,000	(41,000)	-	-	-
Capital expenditures	-	(339)	339	-	-
Balance, end of year	<u>\$ 2,747,687</u>	<u>\$ 6,297,732</u>	<u>\$ 33,857</u>	<u>\$ 9,079,276</u>	<u>\$ 4,770,959</u>

See accompanying notes to the financial statements



TURKEY FARMERS OF CANADA

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
Cash flows from operating activities		
Excess (deficiency) of revenue over expenses	\$ 4,308,317	\$ (327,264)
Adjustment for items which do not affect cash		
Amortization	17,323	21,808
Loss on disposal of equipment	-	10,641
Change in non-cash working capital items		
Accounts receivable	(2,371,733)	248,041
Prepaid expenses	(57,598)	9,414
Accounts payable and accrued liabilities	171,771	(42,971)
Government remittances	(23,508)	(74,067)
	<u>2,044,572</u>	<u>(154,398)</u>
Cash flows from investing activities		
Purchase of property and equipment	(2,875)	(16,980)
Sale (purchase) of investments, net	<u>72,511</u>	<u>(742,000)</u>
	<u>69,636</u>	<u>(758,980)</u>
Increase (decrease) in cash	2,114,208	(913,378)
Cash beginning of year	<u>974,182</u>	<u>1,887,560</u>
Cash, end of year	<u>\$ 3,088,390</u>	<u>\$ 974,182</u>

See accompanying notes to the financial statements



TURKEY FARMERS OF CANADA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

1. NATURE OF OPERATIONS

Nature and Purpose of Agency

In fiscal 2009, the Agency adopted the name Canadian Turkey Marketing Agency c.o.b. Turkey Farmers of Canada ("TFC" or the "Agency"). TFC is a tax-exempt corporate body established under the Farm Products Marketing Agencies Act (Canada) to promote a strong, efficient and competitive production and marketing industry for turkey in Canada.

As at March 26, 2009, the Canadian Turkey Marketing Agency operates under the name "Turkey Farmers of Canada".

The Turkey Research and Resource Bureau

The Agency is deemed to control the Turkey Research and Resource Bureau ("TRRB") by virtue of TFC's right to appoint the eight provincial producer member Board of Directors. The Agency does not consolidate the financial statements of TRRB. TRRB is a not-for-profit organization established to facilitate turkey related research. At present, TRRB maintains several escrow accounts on behalf of some provincial boards as security for liquidated damage obligations under the Promotion Agreement. The financial position of TRRB reflects assets of \$398,983 (2021 - \$397,888), liabilities of \$397,995 (2021 - \$396,837), and net assets of \$988 (2021 - \$1,051). The results of operations of TRRB are total member contributions of \$1,400 (2021 - \$1,200), total expenses of \$1,463 (2021 - \$1,330), and deficiency of contributions over expenses of \$63 (2021 - \$130 excess). Cash flow from operating activities is an outflow of \$63 (2021 - nil outflow).

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

(a) Property and equipment

Property and equipment are stated at cost less accumulated amortization. Amortization based on the estimated useful life of the asset is calculated as follows:

Furniture and equipment	Declining balance	20%
Computer equipment	Declining balance	30%
Leasehold improvements	Straight-line	10 years

Costs incurred directly related to the development of internally-generated intangible assets are expensed by The Agency when incurred.

(b) Funds Invested in Property and Equipment

Funds Invested in Property and Equipment represent funds provided for the acquisition and financing of property and equipment. The financing of investments in property and equipment is transferred from the unrestricted fund on an annual basis. All amortization of property and equipment is charged to this account.



TURKEY FARMERS OF CANADA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(c) Internally Restricted Funds

The Board of Directors has approved the restriction of a portion of the Agency's net assets as a contingency to cover six months of operations. The Board of Directors has proposed that this restricted amount will be \$2,330,000 (2021 - \$2,289,000), increasing to \$2,393,000 in 2023.

A special marketing fund was established in 2016 by the Board of Directors to segregate funds related to an arbitration award reached with Turkey Farmers of Ontario. All future liquidated damages will also be included in this fund. These funds are internally restricted and mandated by the Board of Directors to be used for incremental marketing expenses that promote the consumption of turkey meat in Canada. The balance in this fund is \$254,234 (2021 - \$254,234).

A research fund was previously established by the Board of Directors to accumulate funds for future research needs. The balance in this fund is \$350,773 (2021 - \$354,755).

A special marketing fund was established in 2019 for the National Marketing Campaign. These funds are internally restricted and mandated by the Board of Directors to be used for marketing expenses that promote the consumption of turkey meat in Canada. The balance in this fund is a deficit of \$187,320 (2021 - \$136,121 surplus).

(d) Revenue recognition

The Agency follows the deferral method of accounting for externally restricted contributions.

Producer and marketing levies are accrued monthly based on the live weight of turkey production submitted by Agriculture and Agri-Food Canada.

Investment income relates to interest earned and changes in market value on investments held and is recognized as it is earned.

Project funding relates to funding received for specific projects and is recognized as it is earned.

(e) Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial instruments are reported at cost or amortized cost, except for investments, which are measured at fair value as determined by quoted market values at year-end. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.



TURKEY FARMERS OF CANADA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(f) Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant. Accounts specifically affected by estimates in these financial statements are accounts receivable and accounts payable and accrued liabilities.

3. INVESTMENTS

- (a) Short-term investments consist of \$91,052 (2021 - \$88,971) in cash and mutual funds held in RBC Investment Savings and \$1,404,778 (2021 - \$583,582) in strip bonds guaranteed by the Government of Canada with interest rates ranging from 0.26% to 4.02% (2021 - 2.02%), that have maturity dates ranging from June 2023 to December 2023 (2021 - December 2022).
- (a) Long-term investments consist of \$1,259,895 (2021 - \$2,155,684) in strip bonds guaranteed by the Government of Canada with interest rates ranging from 1.02% to 1.07% (2021 - 0.26% to 2.07%) that have maturity dates ranging from December 2024 to December 2025 (2021 - December 2023 to December 2025).

4. ACCOUNTS RECEIVABLE

	2022	2021
Producer levies	\$ 388,163	\$ 439,791
Marketing levies	530,711	627,471
Market Development Funding (note 11)	2,500,000	-
Life Cycle Assessment Funding (note 12)	19,030	-
Other receivables	1,091	-
	<u>\$ 3,438,995</u>	<u>\$ 1,067,262</u>

5. PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	2022 Net	2021 Net
Computer equipment	\$ 62,377	\$ 43,642	\$ 18,735	\$ 25,809
Furniture and fixtures	139,952	129,203	10,749	13,437
Leasehold improvements	176,809	172,436	4,373	11,595
	<u>\$ 379,138</u>	<u>\$ 345,281</u>	<u>\$ 33,857</u>	<u>\$ 50,841</u>



TURKEY FARMERS OF CANADA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

6. COMMITMENTS

The minimum annual lease payments for rent, office equipment, automobile and funding commitments for future years are as follows:

2023	\$ 256,679
2024	60,936
2025	49,431
2026	43,380
2027	35,000
2028	<u>35,000</u>
	<u>\$ 480,426</u>

7. CREDIT FACILITY

The Agency has a revolving demand facility of \$595,000 that is due on demand and bears interest at the bank's prime rate plus 1%. It is secured by all present and after acquired personal property of the Agency. As at December 31, 2022, this facility has not been used (2021 - nil).

8. CAPITAL MANAGEMENT

The Agency's capital consists of its net assets. The Agency's primary objective of capital management is to ensure that it has sufficient resources to continue to provide services to its members. Annual budgets are developed and monitored to ensure the Agency's capital is maintained at an appropriate level. The Agency is not subject to any externally imposed capital requirements. The Agency's restricted funds of \$2,747,687 (2021 - \$3,034,110) are subject to internally imposed capital restrictions.

9. NATIONAL MARKETING CAMPAIGN EXPENSES

National Marketing Campaign expenses include marketing and other administrative expenses related to the promotion and consumption of turkey meat in Canada.

10. FINANCIAL INSTRUMENTS

Financial instruments include cash, investments, accounts receivable, accounts payable and accrued liabilities and government remittances. The carrying value of these instruments approximates their fair value due to their immediate or short-term liquidity.

It is management's opinion that the Agency is not exposed to significant interest rate, currency, liquidity or credit risks arising from its financial instruments.

Management believes the exposure to the above risks have not changed in the past year.



TURKEY FARMERS OF CANADA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

11. MARKET DEVELOPMENT FUNDING

Market Development Funding reflects the Comprehensive & Progressive Trans-Pacific Partnership (CP TPP) mitigation monies for Market Development received from Agriculture Agri-food Canada (AAFC) to offset the hurt to the Canadian turkey production sector as a result of the final Agreement. In the current year, the Agency was granted \$5,000,000 (2021 - \$nil) as a reimbursement for past expenditures in developing the market for Canadian turkey meat under the provisions of the AAFC Market Development Program for Turkey and Chicken; of this amount \$2,500,000 (2021 - \$nil) is included in accounts receivable at year-end.

12. COMPARATIVE FIGURES

The schedules to the financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.



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2022