



Land Use Policy Agriculture - Extensive

NAME OF POLICY:	Agriculture - Extensive
APPLICATION:	Applies to all Crown land used for extensive agriculture, including land in Provincial Forests
ISSUANCE:	Assistant Deputy Minister Crown Land Administration Division
IMPLEMENTATION:	Ministry of Agriculture and Lands
REFERENCES:	<i>Land Act</i> (ch. 245, R.S.B.C., 1996), the Agreement with the Provincial Agriculture Land Commission on Agricultural Land Administration and the Protocol Agreement on Crown Land Administration and Forest Activity
RELATIONSHIP TO PREVIOUS POLICY:	This policy replaces the previous Agriculture - Extensive Policy dated August 16, 2004.
POLICY AMENDMENT:	Any formal request for an amendment to this policy is to be directed in writing to the Director, Land Program Services Branch, Crown Land Administration Division.

Warren K. Mitchell

Warren Mitchell
A/Assistant Deputy Minister
Crown Land Administration Division
Ministry of Agriculture and Lands

05/10/29

Date

APPROVED AMENDMENTS:

Effective Date	Briefing Note /Approval	Summary of Changes:
November 26, 2003	13519	Incorporate changes from Extensive Agriculture Review approved by Cabinet November 26, 2003: <ul style="list-style-type: none">Eligibility requirements eased – distance requirement changed from 8 km to 15 km radius, existing cultivation requirement reduced from 80% to 50%

EFFECTIVE DATE: October 10, 1990
AMENDMENT NO: 3 (October 5, 2005)

FILE: 12150-00

APPROVED AMENDMENTS:

Effective Date	Briefing Note /Approval	Summary of Changes:
		<p>reduced from 80% to 50%</p> <ul style="list-style-type: none"> • Final cultivation requirement for purchase reduced from 70% to 25% • Existing farmer requirement waived for designated planned areas for agricultural development • Lease-Purchase tenure term reduced from 10 yrs to 5 yrs • Maximum parcel size reduced from 130 ha to 65 ha • Direct sale made available in all regions, at any time and without cultivation requirements • Additional eligibility – before a farmer can apply for Crown land at least 25% of the most recent Crown land acquisition must be cultivated. • Eliminate use of development plans for lease-purchase tenures <p>Streamline and reformat policy as per LMM rewrite project (approved by Policy Committee March 23, 2003):</p> <ul style="list-style-type: none"> • Apply new template for land use programs (reformat and use approved standard text) • Replaces Land Management Manual section 3.2.0100 • Update pricing to reflect new admin fee schedule • Update references to provincial ministries and other agencies • Incorporate directive 92-03-20 Sale of Lease-Only Tenure if Flooding Reserve Cancelled • Replaces all previous directives
August 16, 2004	Ward Trotter A/Director Policy and Economic Development Branch	Template language updated as a result of the Policy and Procedures Re-write Project.
October 5, 2005		Policy changed to reflect new agency names and responsibilities

Table of Contents

1.	POLICY APPLICATION.....	1
1.1	Transition	1
2.	PRINCIPLES AND GOALS.....	1
3.	DEFINITIONS.....	2
4.	ABBREVIATIONS.....	3
5.	APPLICANT ELIGIBILITY.....	3
5.1	Determination of Applicant Eligibility.....	3
5.1.1	Subsequent Acquisitions of Crown land.....	3
5.2	Crown Land Requirements Regarding Arability, Proximity and Area	4
6.	FORM OF LAND ALLOCATION	4
6.1	Lease.....	4
6.1.1	Lease-Only	4
6.1.2	Lease-Purchase	5
6.2	Direct Sale	5
7.	PRICING POLICY.....	5
7.1	Administrative Fees.....	5
7.2	Annual Rent	6
7.2.1	Lease.....	6
7.3	Sale Price.....	6
7.3.1	Land Appraisal.....	6
7.3.2	Direct Sale	6
7.3.3	Purchase Price for Lease-Purchase Agreements	6
7.3.4	Survey Costs	6
7.3.5	Timber Deferral Covenant.....	6
8.	ALLOCATION PROCESSES	7
8.1	Applications.....	7
8.1.1	Application Package	7
8.1.2	Application Acceptance	7
8.1.3	Clearance/Statusing	7
8.1.4	Referrals.....	7
8.1.5	Advertising/Notification	8
8.1.6	Aboriginal Interest Consideration.....	8
8.1.7	Field Inspections.....	8
8.1.8	Decision/Report.....	8
8.1.9	Issuing Documents	8
8.2	Competitive Process	8
8.3	Planned Tenure Dispositions.....	9
8.4	Direct Sale	9
9.	TENURE ADMINISTRATION.....	9
9.1	Insurance	9
9.2	Security/Performance Guarantee	9
9.3	Assignment and Sub-Tenuring	9
9.3.1	Assignment.....	10
9.3.2	Assignment to Financial Institutions.....	10
9.4	Tenure Replacement.....	10
9.5	Monitoring and Enforcement	10
9.5.1	Reverted Agricultural Lease Parcels	10

9.5.2	Timber Removal	11
10.	BINDING OR CONSOLIDATION OF TITLES	11
11.	VARIANCE	11
	APPENDIX 1. EXTENSIVE AGRICULTURE POLICY SUMMARY	12
	APPENDIX 2. EXTENSIVE AGRICULTURE TRANSITION PROCEDURES.....	13

1. POLICY APPLICATION

This policy is developed in accordance with memoranda of agreement with:

- the BC Forest Service respecting the administration of the *Land Act* in Provincial Forests;
- the Provincial Agricultural Land Commission respecting Agricultural Land Reserves and Crown land administered under the *Land Act*.

This policy applies to Crown land used for extensive agriculture (as defined in Part 3 below).

The Lease-Purchase policy applies only to Crown land parcels of which the arable portion constitutes 15 hectares or more. Parcels containing less than 15 hectares of arable land may be available to existing farmers on a direct sale basis (see Extension to Private Holdings and Intensive Agriculture policies).

The Lease-Purchase policy only applies to the Northern Service Region.

This policy applies to Crown land located both within and outside of Provincial Forests and Agricultural Land Reserves.

Refer to Appendix 1 for a summary of the extensive agriculture policy.

The italicized text in this document represents information summarized from standard Crown land management policies and procedures. This material has been inserted where it provides necessary direction or context. As well, website links offer access to the full text of the relevant land management policies and procedures. Text in standard script is applicable to this policy only.

1.1 Transition

Transition procedures have been established to facilitate transition from the old policy (in place prior to November 26, 2003) to the revised policy. These procedures are applicable to existing tenure-holders, as well as clients who submitted an application prior to November 26, 2003 for which there is either an outstanding offer of tenure or else a decision has not been made on the application. Details of the transition procedures are contained in Appendix 2.

2. PRINCIPLES AND GOALS

Provincial employees act in accordance with applicable legal requirements when making decisions. The Guiding Principles are a summary of key administrative and contract law principles which guide provincial employees.

This policy is part of a series of policies that have been developed to help provincial staff use business and legal principles to achieve the government's goals with respect to the management of Crown land in a manner that is provincially consistent, fair and transparent. To that end, this policy also serves as a communication tool to help the public understand how the Province of BC makes decisions respecting Crown land.

3. DEFINITIONS

Agricultural Corporation means a corporation that:

- is registered in British Columbia;
- has two-thirds (66 2/3%) of the voting shares of the corporation owned by Canadian citizens or persons who have qualified for permanent residence in Canada;
- has fifty-one percent (51%) of the voting shares of the corporation owned by British Columbia residents; and,
- has a major shareholder of the corporation actively involved in the daily management of the farm.

Arable Land means Crown land determined to have a B.C.L.I. agricultural capability classification rating of 1 through 4. Crown land rated as B.C.L.I. agricultural capability class 5 may be considered arable, with the overriding limitation that a Crown land application is not to result in more than 50% of the applicant's total farm unit (the applicant's privately owned farm land and the Crown land under application) being comprised of land that is class 5 or poorer.

Authorizing agency means the provincial ministry responsible for the specific land use authorization.

Cultivation means clearing, grubbing, breaking, root-raking, removal of piles and windrows, preparing for seed and seeding the soil in a manner that enables agriculture to occur on the land using conventional mechanized crop seeding and harvesting equipment.

Development Plan means a description of the planned agricultural development, specifying the rate, location, and manner of lease development over the term of the lease contract. The Development Plan constitutes a schedule to the lease document.

Existing Farmer means an individual or agricultural corporation that owns private farm land in the vicinity of the Crown land that is under application. The private farm land must have a minimum of 50 percent of the arable area cultivated and in forage or grain production and this area must be actively harvested and managed in accordance with good farm management practices. The cultivated area on the private land may not be less than 40 hectares, and must include 25% of the most recent Crown land acquisition.

Extensive Agricultural Use means use of Crown land for soil bound cultivation to produce cereal, seed, forage, vegetable or fruit crops for mechanical harvesting.

Individual means a Canadian citizen (or permanent resident of Canada) aged 19 years or older.

Crown Land Agricultural Subdivision means an area designated for agricultural use under section 17 of the *Land Act*.

4. **ABBREVIATIONS**

BCA - BC Assessment

ha. - Hectare

MAL - Ministry of Agriculture and Lands

MFR - Ministry of Forests and Range

MOU - Memorandum of Understanding

5. **APPLICANT ELIGIBILITY**

Subject to the exceptions noted below, applicants under this program must be Existing Farmers (as defined in Part 3).

Parcels in existing Crown land agricultural subdivisions may be marketed to individuals or agricultural corporations that are not Existing Farmers.

Existing Farmer eligibility requirements can also be waived in Planned Areas (i.e. areas that have undergone planning for agricultural use) where:

- An emerging farming community is being developed;
- The land base can sustain new opportunities without impacting the existing farming community; and,
- The farming community has been consulted.

The province reserves the right to refuse applications from parties with outstanding debts to the province

5.1 **Determination of Applicant Eligibility**

Where applicant eligibility cannot be determined from information on file with the authorizing agency, applicants are responsible for providing relevant information (i.e. regarding the size, level of cultivation, and arability of their private holdings) at their own cost. Normally this information will be requested at the time of application.

Eligibility information provided by applicants will take the form of a report prepared by a Professional Agrologist (soils specialist) who is approved by the authorizing agency to prepare the eligibility report.

5.1.1 **Subsequent Acquisitions of Crown land**

Applicants must have cultivated 25% of the most recent Crown land acquisition (as well as meeting the standard eligibility requirements) before an additional application for Crown land under this program will be considered.

No individual or agricultural corporation may hold more than one Crown land agricultural lease at any one time.

5.2 Crown Land Requirements Regarding Arability, Proximity and Area

At least 70% of the Crown land held under application must be arable land (as defined in Part 3).

The Crown land under application must be located near the farmer's base of operations. Where practical, the parcel under application will be within a 15 kilometre radius of the applicant's base of farming operations.

Normally the parcel size for a lease, lease-purchase or direct sale will not exceed 65 ha. Slightly larger areas may be considered in limited situations; for example, where there is an absence of merchantable timber, where it makes sense to follow natural or man-made boundaries, or where creation of such parcels avoids isolating small areas of Crown land. Another exception is in existing Crown land agricultural subdivisions where the standard parcel size may be greater than 65 ha.

6. FORM OF LAND ALLOCATION

Refer to Appendix 1 for a summary of the forms and terms of Crown land allocation available for extensive agriculture operations.

For more detailed standard policy information see Form of Crown Land Allocation.

6.1 Lease

A lease should be issued where long term tenure is required, where substantial improvements are proposed, and/or where definite boundaries are required in order to avoid conflicts.

The tenure holder has the right to modify the land and/or construct improvements as specified in the tenure contract. The tenure holder is granted quiet enjoyment of the area (exclusive use).

A legal survey will generally be required at the applicant's expense to define the tenured area. A lease is a registerable interest in the land that is mortgageable.

Fencing

Where the land under application borders on cattle range areas or other sensitive lands, fencing may be made a requirement of the lease.

Dwellings

No habitable dwellings may be placed on the leased land without the permission of the authorizing agency. The province will authorize the placement of habitable dwellings only under exceptional circumstances.

6.1.1 Lease-Only

Lease-Only dispositions occur where:

- the land may be required for a future public purpose (e.g. flooding reservoir or other specific government projects); and/or
- it is necessary for government to retain management flexibility to reduce potential land use conflicts, protect ecologically sensitive areas, or to manage land subject to periodic flooding.

The normal term of an agricultural lease without purchase option is 10 years if unsurveyed, and up to 30 years for surveyed leases.

If the development requirements specified in the development plan are not met by the end of the tenure term, the lease expires and the land may be allocated to other interested parties. Refer to section 8.1.1 for more information on development plans.

Cancelled flooding reserve

Where the Lease-Only status was originally created because of a flooding reserve which has since been cancelled, the authorizing agency may consider the direct sale of the tenured area to the lessee.

Lease-Only agricultural leases issued prior to October 10, 1990 will not be subject to the Existing Farmer requirement.

6.1.2 Lease-Purchase

Lease-Purchase tenure is available only in the Northern Service Region and may be used in situations not covered in section 6.1.1.

The term of a lease with a purchase option is 5 years.

The purchase option may be exercised at any time within the lease term, provided that a minimum of 25% of the arable portion of the leasehold is in active cultivation.

6.2 Direct Sale

Direct sale disposition is available in all regions. There is no development criteria (i.e., does not need to have 25% of the arable portion of the leasehold in active cultivation) prior to purchase.

Direct sale disposition may be available to Lease-Only tenure holders in the case of cancelled flooding reserves (see above).

7. PRICING POLICY

7.1 Administrative Fees

Application fees for tenures, and other administrative fees, are payable to the Province of BC. These fees are set out in the fee schedules contained in the Land Act Fees Regulation.

7.2 Annual Rent

7.2.1 Lease

Annual rent for Lease-Purchase and Lease-Only tenures is payable at 3% of the appraised market value of the land as established at the time of lease issuance.

The minimum annual rental is \$500.

The province reserves the right to review the rental rate and minimum rental at the mid-term of the lease.

7.3 Sale Price

7.3.1 Land Appraisal

Land appraisal is conducted in compliance with Appraisal Procedure: Internal and Fee Appraisals. Refer to Disposition Price Resolution Procedure when an applicant disagrees with a land appraisal.

7.3.2 Direct Sale

Direct sale dispositions are priced at full market value of the land plus the value of the merchantable timber.

Purchase price may be subject to survey cost allowances as described in 7.3.4.

7.3.3 Purchase Price for Lease-Purchase Agreements

At any time within the lease term, if 25% of the arable portion of the leasehold is cultivated, the purchase option may be exercised by the Lessee. In this case, the purchase price is the appraised market value of the land as established at the time of lease issuance plus the current value of the remaining merchantable timber. The overriding condition is that the purchase price will not be less than the development costs incurred by the province.

No rental or cultivation credits will apply to lease-purchase or for lease-only parcels that become eligible for sale (i.e. in the case of cancelled flooding reserves).

7.3.4 Survey Costs

Applicants are responsible for arranging and paying for the survey of the application area for all lease-purchase and direct sale dispositions. The cost of the survey, not to exceed 50% of the market value of the land, will be deducted from the land value to establish a purchase price.

A lessee is also responsible for the cost of replacing any survey evidence that is disturbed or destroyed during the term of the lease, before purchase will be permitted.

7.3.5 Timber Deferral Covenant

At the time of purchase, payment for the merchantable timber can be deferred through a Timber Deferral Covenant. Deferral is only available in the Northern Service Region.

Where the merchantable timber exceeds 500 cubic metres of coniferous volume or 5000 cubic metres of deciduous volume the purchaser may do one of the following:

- defer all merchantable timber at the time of the grant, or
- defer the specific volumes for each species (cost of the timber cruise will be at the lessees expense and the cruise must meet Ministry of Forests and Range cruise-based cruise standards).

At any time subsequent to purchase the deferred timber can be removed under a *Forest Act* license to cut issued by the Ministry of Forests and Range, or the covenant can be lifted by paying the value of the timber.

8. ALLOCATION PROCESSES

8.1 Applications

Dispositions are made in response to individual applications, if there is only a single eligible interested party. A competitive process will be used if there is more than one eligible interested party (as determined through local advertisement - see below).

In existing Crown land agricultural subdivisions, vacant parcels (including reverted or abandoned parcels) may be disposed of through direct offer, at the discretion of the authorizing agency.

8.1.1 Application Package

Applications must be complete before they can be accepted for processing. A complete application package will include all the material defined in the Application Checklist.

Development Plan

Development plans are required for Lease-Only tenures. Development plan content requirements are also located on the above website.

8.1.2 Application Acceptance

New applications will be reviewed for acceptance based on application package completeness, compliance with policy and program criteria, preliminary statusing, and other information which may be available to provincial staff. The acceptance review is to be completed within 7 calendar days. Applications that are not accepted will be returned to the applicant.

8.1.3 Clearance/Statusing

After acceptance, provincial staff undertake a detailed land status of the specific area under application to ensure all areas are available for disposition under the Land Act and to identify potential issues.

8.1.4 Referrals

Referrals are a formal mechanism to solicit written comments on an application from recognized agencies and groups. Referrals are initiated as per legislated responsibilities

and formal agreements developed with other provincial and federal government agencies. Referrals may also be used to address the interests of local governments and First Nations. Referral agencies, organizations and identified special interest groups provide their responses to the authorizing agency within 30 days (45 days for First Nations).

8.1.5 Advertising/Notification

All applicants are required to advertise applications in local newspapers. If the advertisement results in disposition by limited auction to a different party, the original applicant's advertising costs are refunded by the province. If the parcel is not disposed of for any reason, the advertising costs are not refunded.

Adjacent Owner Notification

New applications to tenure foreshore adjacent to privately owned property, including Indian Reserves, are brought to the adjacent property owner's attention through referrals or direct contact. In certain circumstances, provincial staff may advise applicants that there is a need to obtain a letter indicating adjacent owner's consent to their application.

8.1.6 Aboriginal Interest Consideration

The authorizing agency is responsible for ensuring the province's obligations to First Nations are met in the disposition of Crown land. Provincial staff carry out consultations in accordance with the consultation guidelines of the Province to identify the potential for aboriginal rights or title over the subject property and to determine whether infringement of either might occur.

8.1.7 Field Inspections

Field inspection means the on-site evaluation of a parcel of Crown land by provincial staff. The need to conduct a field inspection will vary and the decision to make an inspection ultimately lies with the authorizing agency.

8.1.8 Decision/Report

The applicant will be notified in writing of the government's decision. Reasons for Decision are posted on the relevant website.

8.1.9 Issuing Documents

If the application is approved, tenure documents are offered to the applicant. All preconditions must be satisfied prior to the authorizing agency signing the documents. It is the applicant's responsibility to obtain all necessary approvals before placing improvements or commencing operations on the tenure.

8.2 Competitive Process

If, as a result of advertising an application, there is more than one eligible interested party, the land is disposed of through a limited auction, with the highest "bonus bid" determining the successful party.

8.3 Planned Tenure Dispositions

Planned tenure dispositions involve the province actively investigating and developing opportunities for Crown land tenures, followed by announced openings within specific geographic areas. Under a planned disposition project or study, Crown lands will be allocated by the authorizing agency in accordance with standard application procedures or by competitive process.

Vacant parcels (including reverted or abandoned parcels) in existing Crown land agricultural subdivisions may also be disposed of through open or limited auction, at the discretion of the authorizing agency.

8.4 Direct Sale

Direct sales provide fee simple dispositions of Crown land through individual applications under the relevant land use program.

Standard eligibility requirements apply (as per section 5). If, as a result of advertising an application, there is more than one eligible interested party, a competitive process is initiated (see section 8.2).

9. TENURE ADMINISTRATION

9.1 Insurance

Insurance is not required for extensive agricultural tenures.

9.2 Security/Performance Guarantee

A security deposit or bond may be required to be posted by the tenure holder where any improvements on, or changes to, the land are proposed. The security deposit is collected to insure compliance and completion by the tenure holder of all the obligations and requirements specified in the tenure. Some examples where such security may be used are for any type of clean-up or reclamation of an area, and/or to ensure compliance with development requirements.

The security will be up to 10% of the estimated timber value or a minimum of 10% of the market value of the land.

9.3 Assignment and Sub-Tenuring

Assignment is the transfer of the tenure holder's interest in the land to a third party by sale, conveyance or otherwise. Sub-tenuring means an interest in the Crown land granted by a tenant of that Crown land rather than the owner (the Province).

Assignment or sub-tenuring requires the prior written consent of the authorizing agency. The assignee or sub-tenure holder must meet eligibility requirements. The authorizing agency may refuse the assignment of existing tenures if the details of the assignment or sub-tenure are not acceptable to the province.

9.3.1 Assignment

If a proposed assignment does not meet applicant or parcel eligibility requirements, the assignment may be allowed if it is in conjunction with the sale of the lessee's private property. The assignee must be the purchaser of the private land to which the lease is intended to be bound or consolidated.

9.3.2 Assignment to Financial Institutions

Normal applicant eligibility requirements are waived for assignment or foreclosure of agricultural leases to recognized financial institutions, (e.g. Farm Credit Corporation, Business Development Bank, credit unions, chartered banks or trust companies).

The financial institution may hold the tenure for its unexpired term provided the tenure is maintained in good standing.

Financial institutions are advised that any subsequent assignment of the unexpired term must meet the prevailing eligibility requirements.

A financial institution that is a lessee through assignment or foreclosure may exercise an option to purchase provided development requirements and any other conditions of the option have been fulfilled.

9.4 Tenure Replacement

Replacement tenure means a subsequent tenure document issued to the tenure holder for the same purpose and area.

In most cases, tenure holders may apply for a tenure replacement at any time following the mid-term of the tenure. Replacement of tenures is at the authorizing agency's discretion. The province may decline to replace a tenure, or may alter the terms and conditions of a replacement tenure. For tenure terms and conditions see Section 6.

9.5 Monitoring and Enforcement

Tenure terms and conditions, including requirements contained in approved management/development plans, act as the basis for monitoring and enforcing specific performance requirements over the life of the tenure.

For Lease-Only tenures, if the lessee cultivates the arable portion of the leasehold in accordance with the development plan, a replacement lease may be issued.

Lease-Purchase tenures are not replaceable.

9.5.1 Reverted Agricultural Lease Parcels

Parcels which have reverted to the province due to lease cancellation or abandonment may be re-offered provided that all eligibility requirements respecting the applicant and the land are satisfied.

The exception to the above is that reverted parcels located within existing Crown land agricultural subdivisions may be marketed to any individual or agricultural corporation, at the discretion of the authorizing agency.

9.5.2 Timber Removal

Timber removal must comply with:

- the Development Plan for Lease-Only tenures,
- the Arability Map for Lease-Purchase tenures, and
- the Forest Act Licence to Cut issued by the Ministry of Forests and Range.

10. BINDING OR CONSOLIDATION OF TITLES

Binding or consolidation of titles is a condition of disposition for all lease-purchase tenures and direct sales issued under this policy.

Consolidation of titles applies where the subject Crown land and the applicant's private base of operations directly adjoin each other, and where the parcel being acquired is smaller in size than the minimum parcel size established in local zoning, or through Provincial Agricultural Land Commission requirements.

Binding of titles applies in all other cases. Where the lessee's farm operation is comprised of more than one titled parcel, the subject Crown parcel is to be bound to the lessee's principle farm parcel (i.e., the parcel that contains the ranch/farm headquarters).

Refer to Extensions to Private Holdings for Crown Grant and appraisal procedures.

11. VARIANCE

Any decision that would vary from this policy must be made by the Assistant Deputy Minister, Crown Land Administration Division, Ministry of Agriculture and Lands.

Appendix 1. Extensive Agriculture Policy Summary

TENURE	TERM	VALUATION	PRICING	METHOD OF DISPOSITION	SPECIAL REQUIREMENTS
Lease-Only (without Purchase Option)	Normally 10 years for unsurveyed parcels; up to 30 years for surveyed	Appraised market value	Annual rental of 3% of appraised market value Minimum annual rental of \$500	Application or limited public auction	<u>Applicant Eligibility</u> (except in existing agricultural subdivisions): Applicant must be an existing farmer. Existing farmer means a Canadian citizen, permanent resident of Canada, or Agricultural Corporation (as defined in Part 3) that owns private farm land, of which 50% of the arable area is in active cultivated production, OR cultivated area is a minimum of 40 hectares.
Lease-Purchase (available only in Northern Service Region)	5 years	Appraised market value of the land as established at time of lease issuance.	Annual rental of 3% of appraised market value as established at time of lease issuance Minimum annual rental of \$500 Purchase based on contract price upon completion of lease obligations, plus value of merchantable timber.	Application or limited public auction	<u>Land Eligibility:</u> The land under application must be 70% arable (as defined in Part 3), it should be near the applicant's existing holdings (generally within 15 km radius), and normally no more than 65 hectares of Crown land (except within existing agricultural subdivisions); only one parcel can be leased at any one time. Timber removal must comply with the Licence to Cut issued by the BC Forest Service. Binding or consolidation of titles is a condition of sale.
Fee Simple by direct sale	Application	Appraised market value of land plus value of merchantable timber.	Appraised market value of the land, plus value of merchantable timber, with allowance for survey costs (deduction not to exceed 50% of appraised value).	Application, open auction or limited public auction, as appropriate.	Same as above.

Appendix 2. Extensive Agriculture Transition Procedures

2.1 Purpose

To address transition issues related to the implementation of the revised Extensive Agriculture Policy.

2.2 Background

The effective date of the revised Extensive Agriculture Policy (EAP) is November 26, 2003 (i.e., the date Cabinet approved key changes to the policy).

Changes to the EAP could have potential implications to existing clients. To ensure a smooth, fair and transparent process for transition to the new EAP the following procedures will be implemented.

2.3 Procedures

New applications for extensive agriculture received by the province on or after November 26, 2003 are subject to the revised EAP.

The following client groups will be subject to the procedures listed in table 1:

- tenure holders with existing extensive agriculture tenures,
- applicants with outstanding offers for extensive agriculture tenures, and
- applicants whose applications were received prior to November 26, 2003.

Regional offices will be providing clients with a letter notifying them of the new EAP policy and, depending on their status, the options available to them. Clients will be advised that they have 30 days to choose the conditions they wish to proceed under, in accordance with table 1.

Table 1. Transition Procedures

Client Status	Conditions
Existing lease	<ul style="list-style-type: none"> • lessee can choose either to: <ul style="list-style-type: none"> ○ remain with current contract or modify contract to reduce cultivation requirements from 70% to 25% and shorten the tenure term to 5 years, or ○ apply for direct sale for current leases without cultivation and with timber deferral (as per new policy). • changes to current contract terms and conditions will be done via a modification agreement (fee is \$200 plus GST).
Outstanding Offer	<ul style="list-style-type: none"> • applicant can choose to either accept the old offer or move to the new policy, but keep the original offered area (i.e. even if greater than 65ha). • if they accept the new policy, they may choose direct sale

	without cultivation, or lease – purchase with new cultivation requirements (re- advertising not required).
Existing application (submitted prior to Nov. 26, 2003)	<ul style="list-style-type: none">• applications (with no outstanding offer) received on or before November 25 will be processed subject to the old eligibility requirements (8km distance, 80% cultivation of holdings, maximum 130 hectares).• if application results in an offer of tenure, the new development requirements (25% cultivation) and 5 year term of the revised EAP will apply (i.e. not the pre-November 26 requirements).