



March 10, 2006

File: 44200-60/SPEC REV  
44200-60/ORDERS

**DELIVERED BY EMAIL**

Ron Charles  
Chair  
British Columbia Turkey Marketing Board  
106 – 19329 Enterprise Way  
Surrey BC V3S 6J8

Dear Mr. Charles:

**REVIEW OF SPECIALTY PRODUCTION AND NEW ENTRANT PROGRAMS –  
IMPROVING ACCESS TO THE SUPPLY MANAGEMENT SYSTEM/QUOTA  
TRANSFERS**

The British Columbia Farm Industry Review Board (FIRB) has completed an initial review of the specialty, new entrant and quota transfer-related amendments to the draft General Orders of the British Columbia Turkey Marketing Board (Board). This initial review has raised questions to which FIRB would appreciate receiving answers, clarification or amendments to the draft Orders. The Board's response is required not later than April 13, 2006.

Please note a change in procedure from our review of the draft orders of the British Columbia Chicken Marketing Board and the British Columbia Broiler Hatching Egg Commission. FIRB provided its questions to those boards without publishing those questions on our website. This caused some confusion later in the process when interested persons attempted to identify the changes that had been made to the draft and revised draft orders posted on the FIRB website. As a result, our recent letter to the British Columbia Egg Marketing Board and other letters of this type to the boards will be published on our website alongside each board's draft orders.

1. Please consider and advise as to your comments on the possibility of simply exempting all certified organic producers from the requirement to hold quota until certified organic production reaches 250,000 kg in aggregate. This would have the effect of allowing the Board and FIRB to determine if there is, in reality, a sustainable organic market segment for turkey meat. In the alternative, if this approach is not possible, the Board is encouraged to develop a program that will allow for growth and development of this segment: it is not at all clear that the current approach provided by the draft Orders will achieve this outcome.

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Farm Industry Review Board

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2. In regards to the new entrants, the program outlined in the draft Orders is largely a restatement of the existing grower-vendor program. It is unclear how new entrants beyond those already registered as grower-vendors will be provided the opportunity to become turkey producers in the foreseeable future. It also seems reasonable that some small lot producers might wish to grow beyond the limit of 300 turkeys placed as provided by the proposed small lot program. The new entrant program might be a logical stepping stone for such producers, although it is entirely unclear how they will be provided this opportunity.
3. Registration – The Orders provide for the recording of all producers of turkeys regardless of number of turkey poult placed and/or marketed. Only licensees who hold greater than ¼ of 1% of the quota issued will be listed in the Register of Growers (i.e. registered). From a practical standpoint this means all new entrant and certified organic quota holders will be ineligible to vote since they are limited to a maximum of 15,000 kg of these classes of quota. Please clarify the Board’s intentions regarding registration of new entrants and organic producers.
4. Specialty Definitions – The Orders define certified organic production. There is no reference to “specialty” or “certification” in the definitions. A search of the Orders and accompanying Regulations fails to find the words “specialty” or “innovation.” There is an “incentive quota” category which can be issued in “exceptional circumstances.” Please clarify the Board’s understanding of specialty production and markets beyond certified organic, and how it intends to accommodate product and/or market innovation in the future.
5. Certification – The Orders are silent concerning certification procedures. The only mention of being certified is in relation to “certified organic,” relating to a producer who “has been licensed by the Board as a certified organic grower.” Please clarify how the Board will determine if an organic grower is certified.
6. Allocation – The Orders provide that allocation will be distributed among different quota classes based on market requirements. These requirements will be determined by the Board based on the “market as estimated by the Board and its various advisors from time to time.” Please clarify how the Board intends to determine the requirements of different product/market segments, who comprises “various advisors”, and how the input of these “various advisors” will be sought.
7. Quota – The Orders provide for Primary and Secondary quota. Grower-vendor quota is terminated and replaced by new entry quota as a class of primary quota. New entry and certified organic quotas are established as classes of primary quota. Both new entry and certified organic quota are limited to what appears to be a lifetime maximum of 15,000 kg per producer. This suggests the only way for an organic producer to grow beyond 15,000 kg is to acquire commercial quota. It is unclear whether there is any possibility for more than the one existing organic producer since all new organic producers would presumably enter through the new entrant program and be issued new entry quota. Please

clarify the Board's rationale for limiting certified organic quota to a maximum holding of 15,000 kg, how organic producers can grow their production volume above 15,000 kg, and how additional organic producers and/or production will be brought into the system.

8. Conversion of Existing Permits – The Orders provide for the conversion of existing grower-vendor permittees to new entrants. The Grower-vendor program will then be terminated. Permittees will be issued new entry quota in an amount equal to their 2005/06 production on which levies were paid, and will be provided the opportunity to grow to 15,000 kg, if they are not already at this level, over four years. It appears the “special levies” of \$0.1925/kg are considered due and payable for the 2005/06 quota year: FIRB's direction was that these were to be terminated effective April 2005. It is unclear how the declining transfer assessment will be applied to permittees. Please clarify the total amount of new entry quota that will be issued for 2006/07 pursuant to conversion, the intentions regarding collection of the special levies for the 2005/06 quota year, the rate at which permittees can increase from 2005/06 levels to 15,000 kg, and how the declining transfer assessment schedule will be applied to permittees issued new entry quota.
9. Transferability – The Orders provide that Primary quota (commercial, new entry and certified organic) may be transferred. Secondary quota (breeder by-product, multiplier breeder, and export regrow) may not be transferred. Transfer of commercial quota is unrestricted, while transfer of new entry and certified organic quota is restricted. It is unclear whether commercial quota can be used to produce certified organic turkey, although it is quite clear that certified organic quota may only produce organic turkey. Please clarify the restrictions on transfer of new entry and certified organic quota and outline the conditions under which commercial and new entry quota may be used to produce certified organic quota.
10. Transfer Assessment – The Orders provide for a 5% “deemed assessment” on commercial quota. This is different than the Board's previous proposal of a direct assessment. This deemed assessment is not intended to be applied until after the next 6,300,000 kg of quota are transferred. The logic for this delayed implementation is that the Board takes the position that it is “setting aside” 315,000 kg of allocation for new entry and certified organic quota and that this amount would be realized by applying a 5% assessment to 6.3 MM kg. The Orders provide for exemption from assessment for direct family members, which include nieces and nephews, and for transfers where “the quota is part and parcel of a sale and purchase of a turkey production unit.” A declining transfer assessment is provided for new entry and certified organic quota. Since the quota and allocation procedures outlined in the Orders suggest there will be no further commercial quota issued, there will not be any 10/10/10 assessment applied to any commercial quota in the future. Please clarify the amount of allocation currently set aside for the grower-vendor program, the forecasted usage of the 315,000 kg “pool” in each of the next four years beginning with 2006/07, the amount of commercial quota transferred each year over the past 10 years, the rationale for including nieces and nephews as direct family, the rationale for exempting full farm transfers from assessment,

the amount of quota transferred in each of the past 10 years that was transferred as part of sale and purchase of a facility, and the anticipated usage of quota allocation realized by assessment.

11. Exemptions – The Orders provide a personal consumption exemption for up to 25 turkeys placed. This level is a reduction from 50 turkeys placed in the existing Orders. Personal consumption growers are required to be recorded with the Board, may not sell turkeys or turkey meat, and must follow all Board biosecurity and food safety regulations. Please clarify the rationale for reducing the personal use exemption amount, how the Board intends to record all personal use growers, and how the Board intends to enforce biosecurity and food safety regulations applied to these very small producers.
12. Small Lot Program – The Orders establish a “direct vendor (small lot) grower” program. Small lot growers must be recorded with the Board, may not place more than 300 turkeys, may only market directly to consumers from their farm or a farm market, are prohibited from selling to butcher shops and meat stores, must abide by all Board regulations concerning biosecurity and on-farm food safety, must process through a registered processor, must obtain transport Orders and weigh live turkeys at government approved turkey weigh scales, must complete and submit various reports, must pay levies, including both marketing levies of \$0.04/kg and poult placement levies of \$0.32/poult, and must apply annually to renew their permit. It appears the number of small lot permits that the Board may issue is unrestricted. Please clarify the marketing restrictions, the rationale for applying non-government biosecurity and on-farm food safety regulations, the rationale for choosing a maximum quantity of 300 poult placed, the rationale for the transport, processing and reporting requirements placed on small lot growers, and the rationale for applying a poult placement levy to small lot producers and no other producers.
13. New Entrant Program – The Orders establish a new entrant program. The program provides for individuals to apply to become licensed turkey growers upon submission of an application and a business plan. Successful new entrants will be issued up to 15,000 kg of new entry quota. The Orders establish that the maximum amount of new entry quota that may be issued by the Board is 300,000 kg. It is not clear how many grower-vendor permittees are presently registered. However, if there are 20, and if each is provided the opportunity to increase their production from existing levels (2005/06) to 15,000 kg over four years beginning in 2006/07, there could well be no new entrants for the foreseeable future beyond those already in the grower-vendor program. Please clarify the Board’s new entrant eligibility criteria, waiting list procedures including status, if any, of existing waiting lists, the rationale for limiting the total amount of new entry quota to 300,000 kg, how many new entrant opportunities, in addition to the grower-vendor permittees being converted, will be provided in the next four years, and the rationale for the maximum 15,000 kg quota incentive amount.
14. Levies – The Orders provide a levy of \$0.04/kg marketed for all primary quota, secondary quota, and direct vendor (small lot) allowances. In addition, the Orders

provide for a levy of \$0.32/poult placed on direct vendor (small lot) growers. This poult levy is not applied to any other class of production and appears to be a new levy (i.e. it does not appear in the existing Orders). The existing \$0.1925/kg special levy applied to grower-vendor quota is terminated at the end of the 2005/06 quota year upon payment by the grower-vendor and conversion to new entrant quota. Please clarify the rationale for the extra poult levy on small lot growers, the rationale for the \$0.04/kg levy on small lot growers, and the rationale for extending the special lease levy to the 2005/06 year rather than ending it with the 2004/05 quota year.

15. Food Safety & Biosecurity – The Orders provide that all producers, regardless of license class, must meet government and/or Board approved OFFSAP (on-farm food safety assurance program) protocols and biosecurity protocols as established by the B.C. Poultry industry. There is no reference in the Orders to adapting the protocols to small lot, organic or other specialty production requirements. Please clarify how the Board intends to seek input to adapt protocols to different production methods and how it intends to enforce the standards.
16. Representation – The Orders provide that only growers listed in the Register of Growers may vote, and then only if they hold greater than  $\frac{1}{4}$  of 1% of the quota issued. Small lot growers are not included in the Register of Growers: they are recorded, but not registered. New entry and certified organic quota holders, who are each limited to a maximum of 15,000 kg of these quota classes, fall well below the  $\frac{1}{4}$  of 1% threshold. Please clarify the Board's intentions regarding representation, and specifically the reasons for not providing voting privileges of any kind to new entry and certified organic growers, and to provide the current minimum quota holding required for voting eligibility.
17. Specialty Advisory Committee – The Orders provide no reference to Advisory Committees. The only reference to advisors is found in the allocation section where "various advisors" are referenced in regards to seeking input to Board allocation decisions. Please outline how the Board intends to receive input and advice from new entrants, organic producers and small lot producers.

Please have your staff contact the FIRB office if there are any questions about this letter.

Yours truly,



Richard Bullock  
Chair

pc: FIRB Website