

April 12, 2006

Mr. Richard Bullock, Chair  
British Columbia Farm Industry Review Board  
PO Box 9129 Stn Prov Govt  
Victoria, BC V8W 9B5

Dear Mr. Bullock:

**Re: Review of specialty production and new entrant programs – improving access to the supply management system/quota transfers**

The British Columbia Turkey Marketing Board (BCTMB) has reviewed your letter of March 10, 2006 requesting answers, clarification or amendments to its draft Orders dated December 5, 2005. Answers and clarification are presented numerically relative to corresponding paragraphs in your letter. The draft General Order and accompanying Regulations have been amended and are enclosed for your information and review.

1. BCTMB has determined that simply exempting all organic turkey production up to the suggested 250,000 kg aggregate threshold would be administratively challenging. The Board would have no way of effectively determining when the threshold level had been reached. B.C. Farm Industry Review Board (FIRB) initially met with the BCTMB and made it clear that there was no desire to have two organizations regulating the BC Turkey Industry; one organization would regulate all turkey production in the province. The FIRB initiated Specialty Review was intended to bring Organic and any other class of turkey identified as Specialty turkey under the umbrella of the BCTMB.

Further to concerns about the restrictive nature of our proposed order it should be pointed out that FIRB has directed the BCTMB to exempt flocks under 300 birds. 300 birds at an average of 10 kg would result in up to 3,000 kgs per flock. Under this system it would take only 85 flocks to exceed the suggested 250,000 kgs. This would all be done without regulation by the BCTMB under the proposed orders.

Under the last review by the BC Supervisory Board, the BCTMB was directed to implement a New Entrant program. The Board responded with what is currently known as the Grower-Vendor program. While the Grower – Vendor program is being terminated, BCTMB regards growers in that program as new entrants. Under this program we currently have 19 new entrants growing approximately 160,000 kgs. A number of the new entrants are already at the 15,000 kg limit with the remainder at various levels between 0 and 15,000 kgs.

After reviewing your questions regarding new entrants and how the plan will be administered the Board also felt that some clarity was needed to fully understand the intent of the policy. To clarify how the BCTMB intends to deal with these 'new entrants' as well as future New Entrants, the BCTMB has redrafted the General Order and Regulations

2. Growth beyond the 300 Limit Those growers who wish to grow beyond the limit of 300 turkeys would make application under the New Entrant Program.
3. Registration: Please refer to memo sent to Garth Green on March 22<sup>nd</sup>, 2006. A copy is attached. If the (voting) proposal is accepted all new entrants and organic growers with quota will be listed in the Register of Growers.
4. Specialty Definitions: In consultation with George Leroux and Kathleen Gibson when drafting this quota order we came to the conclusion that there would only be two classes of turkey – certified organic and commercial. Neither retailers, FIRB or the BCTMB could identify any other turkey production as specialty. At this time the Board has determined that only certified organic turkey will be regarded as specialty turkey. The Board is open to future reviews of its definition of specialty turkey to accommodate new production and market innovation. Please refer to the revised draft quota regulation (copy attached).
5. Organic Certification: Upon application under the New Entrant program individuals would have to provide proof of certification as outlined in the revised draft Quota Regulation (copy attached).
6. Allocation: The Board has clarified its allocation policy with the rewriting of the revised draft quota regulation (copy attached). The various advisers of the Board include the Board Advisory Committee, turkey processors and the BC Turkey Association.
7. Quota: Any new growth above the 'gifted' 15,000 kgs would occur through organic growers acquiring more quota through quota transfers or receiving a share in any provincial growth comparable to commercial growers. The BCTMB feels that the 15,000 kg quota size is reflective of the certifying agencies requirements – COABC Section 9.3.2 Para. 12. (Example – a 10 kg (22 lb.) turkey would require a minimum of 8 sq. ft. of barn space per bird or outside space of 80 sq. ft. per bird which would mean for a flock of 500 turkeys – 4,000 sq. ft. of barn space and one acre of outside space.). Additional organic producers would be brought into the system through the New Entrant Program.
8. Conversion of Existing Permits: The special levy of \$0.1925/kg has not been collected for the 2005/06 quota year (May 1, 2005 to April 29, 2006). With regard to the declining transfer assessment please refer to the draft quota regulation Section 63. New Entry quota for the 2006/07 quota year will be as per the draft quota regulation – 150,000 kgs to present grower-vendors, 15,000 kgs to Organa Farms plus 30,000 kgs to be allocated per the proposed quota regulation.

9. Transferability: There are no restrictions on the transfer of commercial quota. New Entrant quota is intended to supply niche markets (i.e. organic) and provide opportunities for new commercial growers. As this is 'gifted' or incentive quota the declining transfer assessment is to try and ensure that these markets continue to be supplied and discourage speculation or financial gain on the quota gifted to new entrants.

10. Transfer Assessment: If the deemed assessment is agreed to it would apply to all transfers. In order to implement the previous New Entrant (Grower-Vendor) program the BCTMB has had to use quota that would normally be available to existing growers, therefore the BCTMB has already deemed an assessment on growers which equals 6.3 mkg. The Board is proposing an additional increase of 30,000 kgs per year for new entrants. In order to create 30,000 kgs of new quota for New Entrants it would require an equivalent 5% assessment on a transfer of 600,000 kgs per year - which exceeds the average transfer of any quota over the past 10 years.

Please note that the transfer assessment will be levied on all quota transfers.

11. Exemptions: The BCTMB has determined that 25 turkeys per year more than adequately meets the needs of an average family but is prepared to maintain the current exemption level of 50 turkeys placed per year.

12. Small Lot Program: The BCTMB never intended to charge the .04 cent/kg levy plus GST to these growers, but intends to implement a .32 cent per poult levy plus GST. For 300 birds this would represent  $\$96.00 + \$6.72 = \$102.72$ . This proposed poult levy is meant to cover the cost of administering these accounts. The proposed marketing restrictions are to limit the cannibalization of the present new entrant. In addition as these operations are commercial in nature and selling to the public, they should be subject to the same food safety and bio-security protocols as any other commercial operation in the industry, in the interest of public safety. These operations although small still have the potential for disease outbreaks, etc. The maximum quantity of 300 poult placed was suggested by FIRB.

13. New Entrant Program: Please refer back to the BCTMB's response to question 1. A contact list will be maintained at the board office and a policy is to be drafted whereby potential new entrants will be notified each year and requested to provide a business plan which will be reviewed by the Board.

14. Levies: Please refer to the response to question 12.

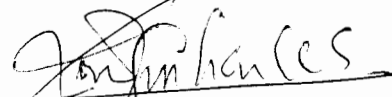
15. Food Safety & Biosecurity: Please refer to response to question 12. The Board will adopt these programs and protocols once in place. They are presently in the developmental stage and are expected to begin implementation by the end of 2006. (Biosecurity program for the poultry industry has a goal of mandatory implementation of commercial poultry farms by Feb. 2007.)

16. Representation: Please refer to response to question 3.

17. Specialty Advisory Committee: The BCTMB does have an Advisory Committee, the guidelines for which are covered under a separate document (Attached). There is a provision for one grower member to be elected from the new entrants. In addition the BC Turkey Association amended its bylaws to add an additional director in order to accommodate new entrants having a position on the association's directorship. The BCTMB will look at implementing a specialty advisory committee when the numbers justify this. At the present time it is difficult to get a new entrant to run for the BCTA or the BCTMB advisory committee.

We trust the above has provided you with the answers and clarification requested. Please contact the Board office if there are further questions arising out of this letter.

Yours truly,

A handwritten signature in black ink, appearing to read "Ron Charles", with a long horizontal flourish extending to the right.

Ron Charles  
Chair