



May 15, 2015

File: 44200-60 TMB TRANSFER  
ASSESSMENT

**DELIVERED BY EMAIL**

Michel Benoit  
General Manager  
BC Turkey Marketing Board  
106 – 19329 Enterprise Way  
Surrey, BC V3S 6J8

Dear Mr. Benoit:

**SUPERVISORY REVIEW – BC TURKEY MARKETING BOARD QUOTA TRANSFER  
ASSESSMENT AMENDMENT PROPOSAL**

On July 8, 2014, the BC Farm Industry Review Board (BCFIRB) invited the BC Turkey Marketing Board and the BC Broiler Hatching Egg Commission to assess and provide recommendations on amendments to quota transfer direction arising out of the 2005 Specialty Review<sup>1</sup>. The July letter<sup>2</sup> included a brief summary of amendments proposed by the BC Milk Marketing Board, the BC Egg Marketing Board and the BC Chicken Marketing Board.

On July 17, 2014, the BC Turkey Marketing Board (Turkey Board) provided a response<sup>3</sup>, in which it made a number of recommendations.

BCFIRB considered the Turkey Board's submission, alongside related applications from the BC Egg Marketing Board, BC Milk Marketing Board, BC Chicken Marketing Board and BC Hatching Egg Commission at its September 11, 2014 board meeting. All submissions are available on BCFIRB's web site<sup>4</sup>.

BCFIRB directed me to request further clarification and substantiation on specific points to support its decision making.

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<sup>1</sup> 2005. BCFIRB. [Specialty Review](#).

<sup>2</sup> July 8, 2014. BCFIRB. [Opportunity to review the BC Farm Industry Review Board 2005 Quota Transfer Directions](#).

<sup>3</sup> July 17, 2014. [TMB Submission – Quota Transfer Assessments](#).

<sup>4</sup> [2014 Quota Transfer Assessment Review](#).

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Farm Industry Review Board**

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## Supervisory Review Overview

The policy objectives behind BCFIRB's 2005 transfer assessment directives were to ensure:

- Quota received by producers from the board (at no cost) would be used by the first recipient to produce regulated product.
- Boards would have quota available (at no cost) for new or established producers to meet changing markets.
- Boards would have quota available (at no cost) for new producers in order to reduce barriers to entry (quota prices are often seen as prohibitive to entry).

The Turkey Board submission made the following recommendations:

1. Maintain the Last In, First Out (LIFO) and 10/10/10 transfer rules.
2. Exclude nieces, nephews and grandchildren from direct quota transfer assessments.
3. Remove the five percent quota transfer assessment on quota issued prior to September 1, 2005.
4. Exempt the following quota transfers from the deemed transfer assessment:
  - between direct family members, and
  - for business restructuring involving a change from partnership to a corporation where the shareholders remain the same, or a change in the percentage of ownership.

In considering the Turkey Board submission, BCFIRB must decide whether the proposal meets sound marketing policy, including BCFIRB's 2005 policy objectives. BCFIRB used a SAFETI<sup>5</sup>-based approach to examine these questions.

## Request for Further Clarification and Substantiation

BCFIRB conducted a thorough analysis to assess whether there were any outstanding issues requiring further supervisory review process. As part of this assessment, BCFIRB considered whether the Turkey Board met SAFETI-based process and outcome expectations. These expectations are summarized as follows:

### *Process Expectations*

Has the Turkey Board:

- Effectively and strategically engaged with its stakeholders;
- Evaluated whether current quota policies and programs are effective and strategic in meeting sound marketing policy objectives;
- Identified issues and gaps;
- Proposed solutions; and,
- Reported its findings, recommendations and rationale to its stakeholders and BCFIRB?

### *Outcome Expectations*

Do the Turkey Board recommendations:

- Adhere to legislative requirements, including sound marketing policy;
- Reflect the intent of supply management;

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<sup>5</sup> Strategic, Accountable, Fair, Effective, Transparent, Inclusive

- Consider provincial agricultural policy; and,
- Reflect a principles-based approach to regulation?

After reviewing the submission, BCFIRB is requesting the Turkey Board address the following concerns before it continues to consider the Turkey Board recommendations.

## 1. Process Expectations

It is not clear from the submission that the Turkey Board followed a principle-based process to assess and provide recommendations on amendments to quota transfer direction.

*BCFIRB would like to know what engagement strategy the Turkey Board employed, if any, to effectively and strategically engage with its stakeholders regarding potential changes to its quota transfer system.*

*As part of its overall assessment process, did the Turkey Board take into account sound marketing policy considerations such as relevant legislation and regulation, public policy, value chain considerations, sound governance principles, and the business needs of a sustainable BC turkey industry? Please provide additional detail on how the submission's recommendations meet sound marketing policy.*

## 2. Outcome

The submission maintains that a five percent transfer assessment leads to farm inefficiencies and higher production costs. The submission also notes that broadening the exemptions list to include nieces, nephews and grandchildren would shelter the family farm from assessment and subsequent cost increases. The link between assessments, high production costs, and sound marketing policy is not well delineated.

*BCFIRB would like more information to better understand*

- a) the inefficiencies that are introduced into farm operations from transfer assessments, and*
- b) the impacts they are having on the industry.*

*It is not clear from this submission how protecting the family farm in the context of the turkey industry is part of sound marketing policy.*

## Closing

In summary, it was not clear from the submission that the recommendations made by the Turkey Board were based on the SAFETI principles, including an inclusive, fair and transparent stakeholder engagement process and a strategic, effective and accountable review of sound marketing in the public interest.

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BCFIRB is requesting further clarification and substantiation to support a decision. It suggests the Turkey Board review the [BC Milk Marketing Board Quota Governance Review](#) and, in relation, the resulting BCFIRB decision – [Supervisory Review Decision – BC Milk Marketing Board Quota Governance Review](#).

If you have any questions, please feel free to contact BCFIRB.

Sincerely,



Wanda Gorsuch  
Manager, Issues and Planning

cc: BCFIRB web site