



July 20, 2006

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44200-60/ORDERS

DELIVERED BY EMAIL, FAX OR MAIL

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

Dear Mr. Benoit:

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

I am writing in response to your letter of July 6 2006 concerning provisions of the revised draft Quota Regulation to be implemented by the British Columbia Turkey Marketing Board (Turkey Board). Specifically, the Turkey Board proposes an amendment to s. 100 of the regulation, concerning the application of a declining quota transfer assessment to reflect the wording in the quota regulation of the British Columbia Chicken Marketing Board (Chicken Board).

Your letter was presented to the British Columbia Farm Industry Review Board (FIRB) and considered in meetings last week. I have been instructed to provide you with the following response to the Turkey Board's request.

Specialty, innovative and new entrant programs cannot possibly succeed in future unless there is allocation available to support those programs. As one means of ensuring there will be allocation available, FIRB has directed that the supply management boards establish a declining quota transfer assessment (or 10/10/10 rule). FIRB has required all five boards to implement the 10/10/10 rule.

FIRB has agreed that Turkey Board may, as initially proposed by the Chicken Board, establish a deemed transfer assessment of 5% on quota on issue prior to May 1, 2006. However, FIRB sees some significant differences in the circumstances of the chicken and turkey industries in implementing the declining quota transfer assessment. As a result of a restructuring of its quota management system, the Chicken Board has only recently moved to a temporary model requiring

**British Columbia
Farm Industry Review Board**

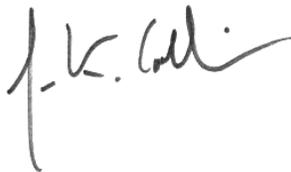
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them to allocate all production on the basis of a percentage of the quota issued. This has resulted in an actual production cut for a substantial number of chicken growers. Conversely, the Turkey Board moved to this model many years ago and has not since, to our knowledge, achieved a 100% utilization rate of quota or required production cuts in order to meet the current utilization rate. It has been noted that the return to 100% quota utilization in the Chicken industry is taking a little longer than planned, and FIRB will continue to monitor the situation before determining whether some further direction to the Chicken Board is appropriate.

FIRB will monitor the performance of the specialty and new entrant programs with the Turkey Board and will conduct a formal review of these programs in 2009. The effectiveness of the declining transfer assessment will be reviewed at that time. In the meantime, the Turkey Board is expected to provide FIRB with the details of quotas transferred, assessments levied, exemptions authorized and the actual and/or planned distribution of quota realized from assessment. This reporting may be made when an Annual Report is submitted or in accordance with reporting requirements established in the Memorandum of Understanding between the Minister, the FIRB Chair and the Chair of the Turkey Board.

Yours truly,

A handwritten signature in black ink, appearing to read "J. K. Collins". The signature is fluid and cursive, with a long vertical stroke extending downwards from the end.

Jim Collins
General Manager
BC Farm Industry Review Board