



# QUOTA TOOLS ASSESSMENT REVIEW (QTAR)

BCTMB

## Abstract

The following document outlines the BCTMB's 2017 Quota Transfer Assessment Review consultation and recommendation process. The document includes an introduction into the industry, an outline of the review process followed by the Board findings that originated from the review and finally the Board's recommendations. The recommendations have been developed within the scope of the project parameters and have been drafted in order to improve the current situation for all stakeholders within the industry while at the same time recognizing the direction given by the BC FIRB and Government in the 2005 policy directives.

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## BCTMB - QUOTA TRANSFER ASSESSMENT REVIEW (QTAR) –DRAFT SUBMISSION

### 1. Introduction

The BC Turkey Marketing Board is conducting a Quota Tools Assessment Review (QTAR). This review was initiated by the Farm Industry Review Board (FIRB) and was delegated to be carried out by all five supply managed commodity boards in the province. The goal and objectives of the review are to refine the current program, develop long term quota policies that will support industry stakeholders and the public interest for BC residents.

The project's main areas of focus have been defined by the Farm Industry Review Board (FIRB) as:

#### A. Transfer Assessment Structure

Evaluate whether, and to what extent, the current structure of transfer assessments is impacting the movement of quota between producers and related consequences.

#### B. Industry Entry

Evaluate whether, and to what extent, the current programs and tools used to reduce quota-related barriers to entry continue to support industry entry by new farmers (i.e. people new to the industry who are not part of family-farm succession planning). This will include an evaluation of whether, and to what extent, existing transfer assessment exemptions continue to serve their intended purposes, per the 2005 policy objectives stated above.

The BCTMB supports the decision by the BC FIRB to carry out this review. It has been over 10 years since the New Entrant (NE) program and Quota Assessments have been in place and a review after this period is warranted and appreciated.

The BCTMB has taken the opportunity offered by this exercise to review what is working well and what should be changed and/or eliminated in the turkey industry with regards to Entry and Assessments. This has been achieved by focusing on increasing the competitiveness of the BC turkey industry, by proposing recommendations that remove unnecessary regulations that prevent growth, providing a more level playing field among the different classes of quota, increasing opportunities for growth for New Entrants and improving New Entrant regulations.

## 2. Background and Current Situation

### A. Allocation

As can be seen in Table 1 (below), the BCTMB allocation percentages to BC turkey growers over the last 10 years have fluctuated significantly. In fact, the figures utilised in this column below represent the allocation that was in place at the start of the quota year in question. It is not uncommon in the turkey sector to modify the allocation up or down up to 3 times in a quota year. The Turkey Farmers of Canada (TFC) are always trying to adjust to current market conditions and with over 60% of all whole bird sales occurring in a 3 month period, it is easy to see why these changes are likely to occur. Having the right volume at the right time and in the right form are essential for the marketplace.

You will also note an increase in allocation from 2011/2012 to the quota year 2012/2013. This increase in allocation was not due to increases in marketplace demand but due to the closure of a turkey breeding farm that was located in BC. The Board was at the time setting aside 250,000 kgs of allocation per year to cover the off line toms produced at the farm.

Table 1.

## SNAPSHOT OF INDUSTRY

	Commercial			New Entrant		
	# Growers	Quota on Issue	% Allocation	# Grower	Quota on Issue	% Allocation
<b>2006/2007</b>	48	26,288,001	86.00	16	230,000	100
<b>2007/2008</b>	48	26,298,001	90.00	18	260,000	105
<b>2008/2009</b>	46	26,279,831	91.20	19	275,000	106
<b>2009/2010</b>	46	26,288,831	86.10	20	290,000	100.5
<b>2010/2011</b>	46	26,288,831	87.20	19	275,000	101.4
<b>2011/2012</b>	45	26,241,711	88.00	18	260,000	102
<b>2012/2013</b>	46	26,224,054	91.40	21	305,000	106.3
<b>2013/2014</b>	46	26,224,054	91.00	21	305,000	105.8
<b>2014/2015</b>	45	26,221,755	92.00	21	305,000	107
<b>2015/2016</b>	46	26,190,965	93.10	22	320,000	108.2
<b>2016/2017</b>	47	26,240,188	89.30	22	320,000	103.8

Given that the starting allocation for the 2017/2018 quota year is set at 89.3% which is the same amount as 2016/2017 and once the breeder allocation effects have been taken into account, it is easier to understand when the Board stipulates publicly that it is in a downward cycle and has seen negative growth over the last number of years.

A recent report by the TFC Market Consultant indicates that whole bird consumption is on a downward trend and has now become elastic in pricing decisions even at festive seasons. The same economist had demonstrated in the past that the pricing decision with regards to turkey during festive season was inelastic! This is a significant purchasing behavior change that can have long term impacts on the industry. There is no doubt that competing meats such as pork (ham), chicken (large fryers) and beef (roasts) are finding ways to encroach into the festive traditional turkey dinner.

We are hopeful that growth in the further processes sector will continue and we hope that the severe decrease in disappearance that occurred 2 years ago in whole bird consumption can be reversed to some extent.

At present time, signals are positive but inventories remain too high to make any increases in allocation.

### B. New Entrant Allocation

You will notice in table 1 above that NEs have a different allocation than commercial growers. The reason for this is that in 2002 the Board elected to provide allocation to non-quota holders. At the time the Board referred to these producers as “Grower Vendors” (GV). These GV were allowed to produce up to 15,000 kgs of turkey per year. When the NE program was created, there were 15 GV that converted to NE growers. The newly revised Quota Regulations in 2006 called for NE (including the 15 GV) to receive 15,000 kgs of Quota. In 2006 when the conversion occurred, commercial growers were producing 86% of their quota value (i.e. 86% allocation).

If this same allocation percentage would have been applied to the converted GVs, their production would have dropped from 15,000 kgs in 2005 to 12,900 kgs in 2006. In order to prevent this from happening, the Board instead elected to create a different allocation percentage system for NEs. They elected to allow NEs to grow their Quota at 100% percent in 2006 in order for these growers to keep producing the same amount of production than they did in 2005.

The Board pegged this 100% allocation to the current commercial allocation at the time (86%) and has been floating the NE allocation along with the changes in the commercial allocation. As a result, a 5% increase in allocation from the TFC represents a 5% increase to both the NE growers and commercial growers.

### C. Demographics

Demographics in BC continue to change because most of the population growth in our Province originate from regions of the world that do not typically include turkey in their festive celebrations. It is not uncommon to encounter recent and establish immigrants to BC who have not yet tried eating turkey. Turkey was a North American bird that was brought back to Europe and introduced as a festive dish for centuries. The first written record of the appearance of turkey as a food source occurred in a play by Shakespeare. At the same time, turkey was associated with the fall harvest celebration in North America and the abundant presence of wild turkey in Eastern North America made it a highly consumed source of protein. Unlike chicken, pork or beef, commercial turkey production did not get established outside of the Americas, Europe and Israel. For illustration purposes, eating a whole turkey dinner at

home for someone of Chinese descent could be the equivalent of someone of European descent eating a Taiwanese or silky chicken at home.

This demographic challenge makes the turkey industry unique in the SM5 sector and can explain why it has not seen increases in consumption that have kept in line with the increase in population in the Province.

#### D. New Entrants and Assessments

There are currently 21 New Entrants (NEs) in the Province and one NE invitee developing a Business Plan as part of his application. The quota for the NE programs currently is collected through direct assessments.

Currently, all transfers involving non direct family members have 5% of the transferred amount withheld by the Board. This amount withheld is considered a “quota transfer assessment”. This is how the Board has primarily funded the NE program since 2008. Prior to this, the BCTMB used to fund the NE program through a deemed assessment system. The Board asked the BC FIRB for permission to change systems as it thought that the direct assessment method was fairer for all stakeholders.

Last in First out (LIFO) and 10/10/10 rules apply to both commercial and NE farmers. There has been limited impact from LIFO and 10/10/10 on commercial farmers since 2006 because the industry uses an allocation system and quota levels have remained unchanged over the last 10 years. A list of all quota transfers since 2004 is available in Appendix B. The table also indicates where NEs entered the industry through quota transfers and any future transfers they may have been involved with. It also indicates where an invited New Entrant acquired quota through transfers to supplement their allocation. Current NE growers and their start dates are listed in Appendix E.

NE growers do not have family exemptions and the minimum assessment for them (regardless of how long they have been in the industry) has been set at 10%. The current regulations do not contain a provision for these conditions to change for NE growers.

#### E. New Entrant Commitments

The current and proposed regulations include the following conditions with regards to NE turkey production:

A person seeking to participate in the New Entrant Growers’ Program must have a genuine intention to be actively engaged in turkey production. The Board will determine, in its sole discretion, whether an entrant is actively engaged in turkey production for the purposes of the New Entrant Growers’ Program. Without limiting the generality of the foregoing, the Board will have regard to the following factors:

- a) whether the New Entrant Grower Quota is being used for the benefit of the new entrant;
- b) whether the entrant is active in the day-to-day affairs of the production unit, including matters of animal husbandry;
- c) whether the entrant operates and controls the production unit;

- d) whether the entrant owns, leases or rents the production unit;
- e) whether the entrant pays for feed and other farm supplies utilized on the production unit; and
- f) whether the entrant enjoys the chance of profit and bears the risk of loss in relation to the operations of the production unit

Failing to fulfill any of the requirements listed above may result in the immediate suspension or cancellation of the New Entrant's quota.

A summary of the Board's Assessment pool can be found in appendix F and the reasons why invited NEs declined to join the industry can be read in appendix G. These reasons were collected when the NEs formally advised the Board of their wishes to stop pursuing entry into the industry.

The Board allows up to 50 turkeys to be placed on one property in a year without licencing. The Board also issues Direct Vendor Licences for those individuals who wish to grow between 50 and 300 poults per year.

#### F. Revised Quota Regulations

Documents that reflect how the BCTMB's Quota Regulations could be written if all the recommendations within this document were adopted are included in appendix G and H. The Board included a red lined version (using track changes) where all the deletions and insertions can be seen and a clean version of the Board's Quota Regulations after all changes have been accepted. These have been provided to give a sense of what the regulations could look like at the end of the review process.

### 3. Process

The BCTMB carried out the review and throughout the process met with stakeholders (see the list below), prepared a questionnaire for stakeholders, held numerous Board Meetings and Conference Calls in order to review the information provided and to develop the recommendations included in this document.

The FIRB was very clear at the onset of their objectives and expectations for this review. The BCTMB understood what was required and was committed to performing a thorough and meaningful consultation process. The Board believes that the exercise outlined in this document does meet the expectations set out by the FIRB and that the document accurately reflects the opinions expressed to the Board by stakeholders. The Board dedicated most of their administrative resources in 2017 to this process and a significant amount of effort and time has been invested by Board Members and the stakeholders of the industry.

Throughout the process, the Board met with:

- The British Columbia Turkey Association (BCTA) twice (April 18, May 1)

- The BC Turkey Specialty and New Entrant Committee (April 28)
- Growers and Allied Trades (May 1), 32 people in attendance
- Processors (April 27)
- Island Growers (May 3), 14 people in attendance
- A meeting with one NE grower, a NE grower applicant and a processor procuring NE production

The Board also sent questionnaires to all BCTMB stakeholders. Invitations were sent to all growers (69 of which 22 are NEs), feed companies, banks, processors, individuals on the NE waitlist and those who declined a NE invitation. The Board used the questions developed by the FIRB for their consultation purposes and posed 4 extra questions to receive further background that the Board perceived was important to this review.

The following completed questionnaires were received from:

- Submissions from 15 New Entrant Farms (NE)
- Submissions from 25 Commercial Farms (CG)
- 1 member from the public that declined the NE invitation
- The BCTA
- 2 processors
- 1 joint submission from a NE grower, one NE grower applicant and a processor procuring NE production

A summary of the submissions and individual comments are available in Appendix A

The Board also distributed a draft version of the document to the industry stakeholders for comments. The feedback can be found in Section 6 of this document.

#### 4. Feedback

The Board was pleased with the involvement of the industry stakeholders. There was good attendance at all the meetings. Good discussions occurred and great ideas were shared. The Board is pleased with the response to the submission request and it appreciates the BCTA director's efforts in trying to maximise the number of responses submitted to the Board. There were a number of common themes that resonated through many of the stakeholder groups. These include the following:

- a) As experienced in the Egg and Dairy sector, Last In First Out (LIFO) and the 10/10/10 rules for commercial quota are deemed by most stakeholders as limiting quota transfers and quota liquidity.
- b) Most stakeholders believe the NE entrant program should be funded through growth in the industry rather than through the current assessment system.
- c) Regulations that entrench NE rules without expiry are deemed to be unfair and non-strategic.
- d) Transfer Assessments increase the price of quota transfers and also impact liquidity.
- e) The NE program has largely met the goals and objectives set out by Government and the FIRB over 10 years ago.

- f) Seven individuals joined the industry through **commercial transfers** during the last 10 years. This represents a 15% turnover within the commercial quota holders. The new growers who have entered through commercial transfers bring new ideas, experiences and are an important part of the renewal of the industry. The number of commercial quota holders has been steady over the last 10 years as can be seen in table 1 (page 3).
- g) There appears to be consensus that the Certified Organic regulations are burdensome and may restrict growth and success in that sector. The number of certified organic growers and the amount of production has remained fairly steady over the last 10 years. The need for third party certification is still perceived as important. A snapshot of this sector can be found in Appendix C
- h) More work should be carried out to determine the structure and need for a separate live price for organic turkey production.
- i) There is consensus that the regulations should be modified so that both NE and Commercial growers operate under one allocation system.
- j) Some NE growers have expressed a desire to increase the amount of Quota they produce. They are finding it difficult to acquire small amounts of Quota that would suit their needs.
- k) Custom processing capacity for grower vendors and self-marketers is getting very constrained. Both Vancouver Island and the lower mainland processors have indicated that they have no more room for processing during the festive periods.
- l) There is balance in the NE self-marketing sector at this time. Although competition is occurring, it appears to be at a healthy level. Twenty of the twenty-two NEs are involved in this sector of the industry. The Board is aware of this and will continue to monitor the situation in an attempt to keep this sector in a balanced state.
- m) Growers in the interior have difficulties on occasion to find adequate processing time and must make arrangements to transport their product to the lower mainland. This created economic and logistical issues that can result difficult challenges for these growers.
- n) The current NE shipping to a processor and a NE applicant who also wishes to ship to a processor believe that the quota allocated to NEs should be increased. We are hopeful that the recommended Marketing Levy Quota and the Quota Exchange can accomplish this request.
- o) The Board expanded the list of suggested questions from the FIRB and it found that only 2 farms among the respondents did not currently supplement their turkey production income. 38 out of 40 farms either produce other agricultural products or obtain income from off farm sources. This result is not a surprise to the Members of the Board and demonstrates the unique conditions found in the turkey sector. Both farms in question were above average in term of production volumes.

## 5. Policy Recommendations and Proposed Changes to the Order and Regulations

After extensive consultation and deliberation using SAFETI principles and interest based decision making, the BCTMB supports changes to the General Order and Regulations to accomplish the following objectives:

- a) Increase Quota holdings for NE growers by 2,500 kgs. This increase is part of the harmonization process outlined in bullet b) below that has strong support among the NEs.
- b) The harmonization of the two allocation methodologies (NEs and Commercial). As a result of this and bullet a) above, NE growers' allocation percentage will be the same as Commercial Growers without any loss of production. This will eliminate the need for the Board to maintain two production tracking systems and will eliminate the significant impacts and loss of production (22%) when NE quota is transferred from the current NE allocation percentage to commercial. It will also simplify production tracking on the farm in the case where a NE has subsequently acquired commercial quota and both the Board and the grower need to track two types of allocation on one farm.
- c) Allow NE entrants growers to become commercial growers after 11 years of operation. This will ensure fairness and acknowledge the commitment to the industry demonstrated by the length of time these growers have been operating. For example, it will also allow NEs the ability to transfer their quota to family members without assessments.
- d) Eliminate all reference to Certified Organic Quota while maintaining the need for third party on-farm certification. The Board believes that eliminating these complicated rules will increase production in this sector, provide opportunities for growth and eliminate unnecessary barriers to entry.

For example, commercial growers who wish to produce organic turkey at this time, must demonstrate to the Board, a need for added organic production and they must currently commit to a minimum of 3 years of organic production before they can convert their quota back to commercial. These changes would eliminate these requirements and allow more opportunity to expand the sector.

Although the Board wishes to eliminate the certified organic class of quota, it still sees validity in requiring growers who are producing organic turkey to have the required third party certification from an approved certification body that allows them to market their product as certified organic.

- e) Eliminate the references to LIFO and 10/10/10 rules for commercial growers. The experience in the Egg and Dairy sector have demonstrated the significant issues associated with LIFO and 10/10/10 in a growing commodity. Impacts on quota liquidity, complicated record keeping, and confusion are commonplace as a result of these rules. The turkey sector has had for many years a section in their orders that impose a 30/20/10 assessment for transfers of any newly acquired quota. The Board believes that this section of the regulation is a strong deterrent for quota speculation. This 30/20/10 rule is in addition to any transfer assessments that would be imposed on the transfer.
- f) Maintain LIFO and 10/10/10 for NE growers. The Board believes that these rules are an important fabric of the NE program. They provide an incentive for NEs to stay in the industry, they reduce turnover among growers and it rewards growers who have committed to the

program. With the addition of the Board's recommendation that NEs be converted to commercial growers after 11 years, the Board believes that this program meets sound good governance policy and provides an example of a good graduated entry program.

- g) Allow whole farm transfer (Land, Property and Quota) to occur without assessment in order to maintain efficiency on the farm. Acquiring a farm with only 95% of its existing production levels mean that land, overhead cost and indirect cost for the farm have now increased by 5%. This has a detrimental impact to farm efficiency when operating under supply management which has a finite amount of production.
- h) Exempt assessments on the first 20,000 kgs of Quota transferred within a Quota year for Commercial Growers. This will encourage liquidity and allow small transfers to NEs, potential new farm shareholders and others without negatively impacting the existing operation.
- i) Introduce a declining Quota Transfer assessment on commercial quota. The assessment level would start at 5% for the first 100,000 kgs of quota transferred above the exemption described in bullet g) above. The next 100,000 kgs would be assessed at 4% and then would go down by 1% for every 100,000 kgs transferred. As a result, the maximum assessment any grower can experience in a quota year is 15,000 kgs. The maximum would be reached if the grower transfers 520,000 kgs or more.

If this transfer assessment methodology had been in place in 2008 when the Board changed from a deemed assessment to 5% direct assessment, the Board would have collected 101,633 kgs of quota for the NE program as opposed to the 138,210 kgs that were collected using the 5% assessment method. A net difference of 36,567 kgs. As can be seen in Appendix E, the Board currently has 51,921 kgs in its assessment pool. As a result, if the Board had adopted the proposed assessment methodology in 2008 when it switched over to the direct assessment, there would have been no negative impact on the number of invitation the Board could have offered to NEs and there would still be a surplus in the assessment pool.

This change in methodology would improve liquidity and this can actually positively impact the amount of assessment collected.

We also expect more small transfers (less than 20,000 kgs) will occur which will help NEs and also help with non-family succession planning.

Please note that the Board is proposing to fund any shortfalls in funding the NE program through general allocation as can be seen in section 5 l) below.

- j) The transfer assessment amount would be determined on a Quota Year to date basis as opposed to every transaction. This will prevent growers from making many small transfers without assessment.
- k) The Board has heard that NE and small commercial growers are looking for access to small amounts of quota. As a result, the Board is recommending the introduction of a *Marketing Quota* and Special Marketing Levy for NE growers and small commercial growers. Up to 17,500 kgs of quota would be available to new entrants and small commercial growers in good standing and on the condition that they pay a predetermined special marketing levy on a yearly basis for 10 years.

The levy would be set at the commencement of the 10 year commitment period and the amount would be determined after consultation with three banking enterprises and the NE and

Specialty Advisory Committee. This yearly amount will be based on the current conditions in the industry

- I. The 10/10/10 rules and the LIFO rules would apply to this Marketing Quota (for the same reasons as outlined in 5f) above. Any Quota transferred before the completion of the 10 year levy period would be done in accordance to the Quota Exchange rules outlined in section 5m) below.
- II. This program is available to current NEs and small commercial growers until such time as their total amount of quota on issue has not exceeded 35,000 kgs of total Quota.
- III. Prior to the allotment taking effect, the grower would have to provide the Board with a letter from their processor of choice indicating that this extra production can be processed on a suitably satisfactory date and that this new volume will not negatively impact other turkey growers currently processing their turkeys at their facility.
- IV. This levy will be offered yearly in the fall and will be finalised after the grower program filing deadline has passed.
- V. All growers wishing to participate in this program must agree to the stipulations outlined in the New Entrant commitments outlined in section 2E above.
- VI. The Board will offer up to 17,500 kgs of new *Marketing Quota* on a yearly basis. If the sum of the requests are higher than this amount, then it will be distributed on a pro-rata basis.
- VII. All levy's collected from this program will go toward augmenting the Board's generic turkey marketing efforts within the Province. The goal of this extra revenue would be to help increase turkey consumption and demand within the Province.

This program would provide an opportunity for NEs and small commercial growers who would like to grow and do not wish to wait until transfers occur. It will also be helpful for NE invitees who are in the planning stages so they can adjust their business plan to reflect the increased production and they can also build a structure that can handle a higher amount of production per year. Finally, this program would create much needed funds for the Board's marketing program which is oriented towards increasing turkey consumption within the Province.

- I) The Board also recommends the creation of a quota exchange for NE growers wishing to transfer quota. This would again allow first access to small amounts of transferable quota to small producers and non-quota holders.

This exchange would only be open to members of the public currently not holding turkey quota, NE growers and small commercial growers with less than 35,000 kgs of quota. A grower could participate and acquire quota until such time as their maximum quota holding on their farm does not exceed 35,000 kgs.

If suitable offers have not been presented within 3 months of the posting, the NE grower could then proceed to offer the quota for transfer to all interested parties.

All quota transferred under this program would be subject to the stipulations outlined in the New Entrant commitments outlined in section 2E above.

The Quota Exchange value for these transfers would be set as per section 5k) above.

The Board has heard that acquiring small amounts of quota is desirable for NE growers and is often difficult when commercial growers transfer large amounts of quota. This exchange should have no negative effects on NEs wishing to exit the industry.

- m) The Board will ensure that 17,500 kgs of NE quota and 17,500 kgs of marketing Quota will be available on any given year. The Board will accumulate this quota through transfer assessments and will augment these amounts, if required, through the general allocation.
- n) A further review, but more limited in scope, should be carried out three years after the implementation of these changes in order to determine the effectiveness and impacts of these changes on the industry.

## 6. Draft Document Submissions:

The Board released the draft QTAR document on June 5<sup>th</sup>, 2017. The Board encouraged feedback on the draft report and indicated that submissions should be received by June 13<sup>th</sup>, 2017. Although the Board did set a deadline for submissions, it did review and consider all the written responses received.

The Board sent the invitation to both Commercial and New Entrant growers, processors, allied trades (including Banks), potential New Entrants who were on the waitlist and New Entrants that exited the industry.

Due to the potential impact to the Organic growers, the Board Manager personally contacted all three growers to ensure that they received the document and he encouraged these growers to submit written responses for the Board's review. Only one Organic grower submitted a written response and it is included in the feedback section below.

After reviewing all the feedback at a meeting on June 29<sup>th</sup>, the Board's opinion and recommendations remain unchanged. We have appreciated the opportunity to carry out this review and we have learned from our stakeholders and hope that we can create the right environment for growth and sustainability within our industry.

### **Feedback #1**

#### **New Entrant Applicant on the Waitlist:**

We just want to confirm that as a result of the Turkey New Entrant program review, the board has recommended an increase from 15,000 kg to 17,500 kg for new entrant.

As well as an option for the new entrant to 'lease to own' on a 10-10-10 basis, a special Marketing Quota, for an additional 17,500 kg for a total production of up to 35,000 kg.

We would be interested to pursue this option for a guaranteed 10 years, so that we can budget accordingly as we look into barn construction.

We would prefer the option to rent a barn for up to 5 years (or more if allowed), so that we can gain more experience in the day to day activities and finances, and so that we can work out the ideal construction details for a permanent barn on our own property.

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#### ***BCTMB Response #1***

*Thank you for the feedback, it is much appreciated.*

*We appreciate you advising us that you support the creation of a Special Marketing Quota and Levy and the increase in Quota granted to New Entrants.*

*The Board has also taken into consideration your request to be able to lease barn space as opposed to owning the land where the turkeys are grown. After discussion, the Board believes that it is in the long term interest of New Entrants to own the production facility where the turkeys will be grown. We have*

*experienced situations in the past where New Entrants have had to exit the industry due to an inability to re-negotiate leases or where an owner decided to sell the land where the facility was rented. The Board has committed to review these policies again in three years' time to see if this is still an appropriate policy given the changes to the New Entrant Program.*

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## **Feedback #2**

### **Organic Commercial Grower**

To whom it may concern,

I am writing this letter to you regarding the proposed policy changes highlighted in Quota Transfer Assessment Review (QTAR) consultation document.

As one of the three certified organic turkey growers in B.C. I have several concerns that are highlighted in this document:

#### 5. Policy Recommendations and Proposed Changes to the Order and Regulations Section D)

*d) Eliminate all reference to Certified Organic Quota while maintaining the need for third party on farm certification. The Board believes that eliminating these complicated rules will increase production in this sector, provide opportunities for growth and eliminate unnecessary barriers to entry.*

*For example, commercial growers who wish to produce organic turkey at this time, must demonstrate to the Board, a need for added organic production and they must currently commit to a minimum of 3 years of organic production before they can convert their quota back to commercial. These changes would eliminate these requirements and allow more opportunity to expand the sector.*

*Although the Board wishes to eliminate the certified organic class of quota, it still sees validity in requiring growers who are producing organic turkey to have the required third party certification from an approved certification body that allows them to market their product as certified organic.*

My purchase of the Organic Turkey operation and accompanying organic quota was under the assumption that I would be one of three organic producers of this line of product. We paid a premium for both the operations and quota due to this reason. Creating and maintaining an environment in which quality organic turkeys can be grown is not easily achieved.

#### 6. Conclusion

*- Provide more opportunities to those interested in growing certified organic turkey and by doing so, the Board expects to see growth in this sector of the industry. The Board has seen these types of changes provide positive results in other SM5 sectors.*

In regards to the above statement regarding growth, I would like to be involved in this movement as well.

In conclusion, this is what I propose:

Organic quota be issued to each of the current Organic Growers based on a blended average of the last five years of gross KG's shipped. I and the other farmers have been working diligently to build up the organic market to where it is today. By allowing others to produce the same product, they would benefit from a market that the Organic growers have built up for ten years. It is fair that we are protected from the new entrants into this market. As discussed in 5. Subsection D, new organic growers must demonstrate a "need for added organic production". This added organic production should be above and beyond what has already been established.

Once the additional quota is issued, I welcome others to contribute to building up the Organic sector. I have many ideas and plans for products that would appeal to customers year round.

The end goal is to produce quality organic turkey products for our customers. I look forward to working with others in order to achieve this goal and make these products part of people's regular diet. However, we, the organic turkey growers, need protection for the market we have built before moving further.

I welcome any questions or concerns regarding this letter and look forward to your response.

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### ***BCTMB Response #2***

*Thank you for the feedback, it is much appreciated.*

*After consideration, the Board would like to state that we agree that producing Organic turkey is not easily achieved. The primary organic turkey processor in the 2011/2012 Quota year obtained 207,000 kgs of extra further processing allocation for our Province. Due to high live prices, difficulties in receiving properly and consistently sized production and reliable volumes, the requests for 2017/2018 have now been reduced to 84,000 kgs.*

*The processor lost customers over time as a result of these issues and is facing challenges in growing the sector.*

*We have had significant turnover among organic growers and the Board has noticed improvements on your farm since you acquired it just over a year ago.*

*The fact that there were 3 growers when you entered the industry is just a matter of a coincidence. The Board has in the past invited Organic New Entrants into the sector and the Board could have allowed commercial grower conversions if it had been requested. For many years there were in fact only 2 organic growers in the lower mainland.*

*No promises or assurances were ever made in terms of producing organic production above quota levels and all the growers in the sector were aware that the extra allocation received from the Turkey Farmers of Canada could be cancelled by the processor at any time. Also, the Board is not involved in any way with regards to the monetary exchanges that occur between growers when quota transfer occur.*

*The decrease in allocation requests and the fact that no other turkey processor has shown interest in entering this sector leads us to believe that the challenges in growing organic turkey are compounded by the cumbersome rules associated to entry and exit of this sector.*

*Thank you again for your feedback.*

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## **Feedback # 3**

### **Long Time New Entrant**

#### **Things I do like:**

- Changing to commercial quota after 11 years. This is important to me as I will be transferring the farm to my daughter over the next few years.
- The marketing quota proposal. This is helpful to new entrants. I would likely apply for an additional 5,000 kg under this option
- Option for new entrants to have first chance on buying small quota amounts from other new entrants.

#### **Things I don't like:**

- Stocking the new entrant pool from growth - because there is none. This is inconsistent with the directives from FIRB and the social license of the supply managed system.
- I can see how the transfer assessment may impact a whole farm transfer but I'm not convinced that the transfer assessment increases the price of quota. When a farmer is buying quota s/he will make the price decision on the net amount received. You can argue that the seller is giving up 5% of his/her equity (and that is another whole discussion) but I don't think the transfer assessment increases the transfer price of quota.

- The lack of recognition that while turkey consumption as a whole is flat, the demand for specialty birds is increasing – there is a shift in the type of bird demanded. This is similar to the shift in table eggs from caged to free run and free range. I don't think the industry is adequately addressing this shift.

**Things I would like to see:**

- On-line auction for all quota transfer. This would solve many of the quota transfer issues.
  - It would give the selling grower the maximum price
  - It would make small amounts of quota available for both new entrants and could be a mechanism for whole farm transfers to make up the 5% lost in the transfer assessment.
  - It would demonstrate transparency within the industry and to the general public
- 

***BCTMB Response #3 and Clarification***

*Thank you very much for the feedback. It is much appreciated.*

*We agree that allowing New Entrants to become commercial growers after 11 years is very important to us as well.*

*If the rules remain as they are today, your family would face a 10% adjustment on the amount of Quota your daughter could grow because there are no family transfer exemptions for New Entrant's (10/10/10 rule) and the allocation on that Quota would decrease from 103.8% (New Entrant Allocation percentage) to 89.3% (commercial grower percentage). The net result would be a decrease of allocation from 15,156 kgs to 12,056 kgs. This represents a 20.4% decrease in production on your farm.*

*Under the Board's proposed allocation policy, your allocation would be increased to 17,500 kgs and you would be growing your allocation at the commercial percentage of 89.3%. This would equate to 15,627 kgs of production (an increase of 471 kgs) and because you would become a commercial grower, there would be no family assessment upon the transfer and your daughter would still be able to grow all the allocation moving forward.*

*We would also like to mention that the Board is no longer advocating funding the New Entrant program through growth. Instead, in the document, the Board is committing to fund the program through the proposed modified quota assessment mechanism and any shortfall would be taken out of the provinces general allocation.*

*Regards,*

*BCTMB*

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**Feedback #4**

**Specialty Commercial Grower**

4g:

I agree that Organic certification by a 3<sup>rd</sup> party needs to be a requirement for Organic production, CFIA requires it for bag claims anyway. If a processor wants to market Organic there should not be any different regulations than "specialty" or conventional.

4h:

There should be no live price difference given. JD Farms feeds a vegetable grain diet, has 2 separate 3 party audits (costing a small fortune). We pay a little extra to our growers to compensate that and like organic the birds are sold at a premium.

Our Heirloom bronze poults cost \$6.50 and they don't convert anywhere near conventional or even specialty veg fed (1.5 weeks behind at 90 days). They also cost 15% more to process, as they don't clean up as well.

I'm fine with assessments changes on quota transfers

I'm fine with the NE increase

Thanks for all the hard work on this for us!

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#### ***BCTMB Response #4***

*Thank you for your feedback, it is much appreciated.*

*In summary, I believe you approve of the elimination of the Organic Quota designation but still support the need for third party certification in order for turkeys to be considered Organic. You also would like to see the elimination of Organic Pricing.*

*We will consider your suggestions as we discuss the issue or Organic pricing at a later date.*

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#### **Feedback #5**

##### **BC Turkey Association**

The BC Turkey Association appreciates the time and effort the Board and staff have put into this document, as well that of the stakeholders who participated in the initial survey.

The proposed programs directed towards the current New Entrant growers provide additional opportunities to grow within the industry and also for New Entrant invitees in the planning stage.

Additionally, the proposed changes to the current assessment system will assist all growers with their decisions regarding quota transfers in the future.

Please be advised that the BC Turkey Association supports the BC Turkey Marketing Board's (BCTMB) draft Quota Transfer Assessment Review (QTAR) consultation document as presented to stakeholders on June 5, 2017.

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#### ***BCTMB Response #5***

*Thank you for your feedback, it is much appreciated.*

*We enjoyed working with the Association during this project and we appreciate your support.*

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## Feedback #6

### Long Time New Entrant Grower & Commercial Grower

I would like to thank the board in the effort they have shown to offer a thorough and well thought out submission to the B.C. F.I.R.B.

I started a small turkey production and sale business in 1994 as a way to both farm and earn money for school; today my family and I produce, market, and distribute approximately 10,000 fresh turkeys a year to local businesses and shops as fresh, free-range, no antibiotic holiday turkeys. I am a first generation farmer and very proud of this fact. When I first became part of the “organized turkey sector” in 2002, I was given a permit to produce under the BCTMB “grower vender program”. To be part of this program you had to produce and sell your product directly to small, independent stores and meat shops. As the program evolved in 2006, it became the BCTMB New Entrant Program that we participate in today. I have also purchased quota twice and have combined all my quotas into a direct marketing farm business. As a director of the BCTA from 2002 to 2015, I represented the majority of today’s new entrants and was given the opportunity to meet and understand each individual farms business model.

The back ground information given is brief, but I have firsthand and extensive knowledge of the B.C. Turkey sector along with all other SM5 sectors in B.C. due to various opportunities and reasons. The new entrant program that is offered by the BCTMB is not a commodity based program. As stated, in the beginning you had to market your own product to qualify as a participant. The program that today has 20 of the 22 New Entrant Growers involved in self-marketing shows a very strong trend as to how the program functions. The majority have developed farm gate businesses, beyond simple production units.

I generally agree with the BCTMB submission but write to convey that the option of a “New Entrant Only” exchange be just that, and that as a matured new entrant that we no longer be included in such an exchange (this is the principle the BCTMB has put forward). We the new entrants, and majority also being the original Grower Venders, have over a long period of time developed farm businesses, supplied specific markets and created value that goes far beyond the quota we hold. We must be able to transfer our business as going concern business (quota and good will). Our farms are mostly a small portion of residences; there for whole farm sales would not be practical as an exemption. Placing our quota on an exchange would immediately loose the good will created, not enable the market to be supplied as it was, and will disperse the quota to anywhere in B.C. shorting the market that was supplied by the farmer.

Once again I agree with the BCTMB submission but wanted to ensure that BC FIRB had the perspective of why an exchange cannot include new entrants that have participated beyond 10 years.

Thank you for your time and can be contacted at your convenience for any further discussion.

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### **BCTMB Response #6**

*Thank you for the feedback, it is much appreciated.*

*I believe that an appropriate summary of your submission is that you have no objections to the Quota Exchange for New Entrants and that you support the Board’s suggestion that New Entrant be re-classified as Commercial growers after 11 years. This reclassification would allow long term established New Entrants such as yourself to transfer their Quota as they desire as they would no longer have to place their Quota on the exchange.*

*Thank you for writing to us and we also thank you for the kind word.*

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## 7. Conclusion

When all the proposed changes are reviewed in their entirety, it is clear that the goals and objectives that were set out in the review over 10 years ago are still in place. In this document, the Board is making 10 recommended changes to the general Order.

The Board is recommending modifications to the program in order to:

- Increase liquidity by reducing assessments on transfers
- Increase access to the industry by creating a quota exchange and by continuing the Boards' commitment to provide, on a yearly basis, NE quota to someone on the NE waitlists
- Allow NE growers an ability to grow their production levels in a timely fashion through the quota exchange and the creation of the marketing quota and levy program
- Improve the fairness of the program for all stakeholders by allowing NE growers to graduate after 11 years and by harmonizing the two allocation systems currently in place
- Provide more opportunities to those interested in growing certified organic turkey and by doing so, the Board expects to see growth in this sector of the industry. The Board has seen these types of changes provide positive results in other SM5 sectors.
- Maintain a well-funded program that will continue to offer entry opportunities to NE applicants and to those who wish to enter the industry by acquiring quota through transfers.

Finally, the Board wishes to express thanks to the BC FIRB and all the stakeholders for the opportunity for us to carry out this consultation process and for the level of involvement the Board has seen by everyone involved.

## 8. Appendixes

### Appendix A - Submissions received by the Board (names redacted)



## Quota Tools Assessment Review (QTAR) Industry Questions and Feedback

As names have been redacted, the following ledger indicated the type of stakeholders for each answer.

New Entrants submissions:	101 to 109
Commercial Grower Submissions:	1 to 19
Other	TA1
Declined Invitations:	DC1
BCTA Directors:	TA1
Processors:	PR1, PR2
Fraser Valley Duck and Goose Submission	

### 1. Have transfer assessments limited the transfer of quota, if so, to what extent?

101. Yes, especially NE, we are restricted from purchasing more NE because of the rules, very discouraging.

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102. Yes, too much cost involved to transfer.

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103. Not sure, I haven't been the industry very long. I haven't been involved in any transfer so don't know.

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104. Yes. We wish to be able to have family succession of our quota and currently under the New Entrant Grower program, we would have a penalty applied. Under a regular commercial grower, no penalty is applied if the transfers are for family members. Other commodity groups (dairy and broiler) do not have a penalty. We find this punitive and restricts our ability to maintain our market share we have built.

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105. We have not been in the market to sell quota but we have never been privy to any restrictions regarding the sale of same up to this point. If becoming a "commercial grower" would give us more autonomy over the disposition of this particular asset in the future we would recommend this change, making everyone the same in the industry.

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106. Yes

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107.No

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108. N/A

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109.N/A

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1. No.

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2. The turkey industry is rather small and for the most part the transfer of quota has been a smooth process and allowed producers to buy & sell rather easily.

3. If People pay beyond reasonable levels of debt reduction, the price of quota is irrelevant.

4. Logic would tell us that penalizing quota transfers, in any way, shape or form, would reduce one's desire to sell/transfer quota. This should tell us that the current system would reduce quota available to those who wish to purchase, including new entrants. The only way to

definitively assess this logic would be to review the quota transfers that occurred before and after the current system was put in place.

5. Yes, people do not want to be giving away 5% of their quota.

6. I think that the transfer assessments have certainly handicapped the transfer of quota, always when considering to transfer quota the 'tax' is one of the first considerations as one contemplates the various options. I would argue the the term 'handicapped' is a more appropriate term than 'limited'.

7. Definitely yes, it has pushed up the price of quota and it makes people have a defensive, negative attitude about a sale so most people don't sell.

8. Yes, people are reluctant to sell quota if they know that 5% will be deducted from the sale. Farmers would rather hold onto the quota then sell if it means a 5% claw back. It also inflates the cost of quota as producers don't want to take the 5% deduction, so they inflate the cost accordingly. It also hinders succession planning amongst extended family and long term employees. Some families don't have immediate family members that want to carry on farming and others have loyal staff that want to get into farming. The assessments detour producers from executing those succession plans. The 10/10/10 LIFO program reduces the amount of quota transfer because producers will hold onto their quota until it's saleable.

9. I think so personally, if there was no assessments there would have been no new entrant either with our stagnant industry during the last few years. If people want to move on they usually do.

10. They have made it difficult for growers to attain smaller amounts to add to existing quotas.

11. Difficult to say without knowledge of actual transfer details or unsuccessful attempts to transfer. Under the current assessment system there is simply no choice but to comply with a burdensome rule.

12. Yes, 5% assessment is thought of as a penalty and the larger the transfer amount the larger the penalty. Even small transfers are avoided for this reason at times.

13. I can't comment on this having not transferred any quota since the current rules were implemented.

14. There has been limited growth in turkey industry and the 5% assessment at transfer creates additional barrier to transfer quota.

15. Any assessment or tax will alter the way I do business. The way things are right now I would not sell quota because of the assessment.

16. Any transfer assessment will provide second thought as to whether one will transfer. Does it limit the transfer – I believe that it slows the process not necessarily limits.

17. Yes of course. Anytime a buyer wants to buy quota from a seller, when a portion is not available because of an assessment that limits the amount the purchaser can obtain.

18. Yes, growers are less likely to transfer quota due to the five percent assessment on commercial farms, no matter the size of quota.

19. The claw-back is a disincentive to selling quota as there is a significant financial penalty to do so.

NC1 Yes growers factor in the "lost quota" when deciding to sell, because of this they often will not sell. Also with 10/10/10 not allowing new allotments to be sold growers will build or lease quota instead of selling, as an individual looking to purchase quota, this drastically limits available quota for purchase.

DC1 N/A

TA1 Yes, growers are reluctant to transfer quota due to the 5% assessment on commercial farms wither it be a small or large amount of quota. The viability effects everyone.

PR1- Yes. The impact on the difference between a small producer and large producer is clear. Leaving 5 percent on the table (either not getting paid for it or the buyer not receiving it) can have a negative impact on both the seller and the buyer. This could discourage sales of either smaller amounts of quota or breaking the quota out to encourage multiple farms to come into the industry.

PR-2 Based on the information I have I don't believe that transfer assessments have limited quota transfers.

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## 2. Do you think this is contributing to increases in the price of quota?

101. Yes it makes it more valuable for those trying to increase quota.

---

102. Yes.

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103. I would contribute it more to low interest rates.

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104. No

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105. Increases in the price of quota are dependent upon what the buyer wishes to pay. The seller can ask whatever he wishes for the quota but may not get that amount.

---

106. Yes

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107. Don't Know.

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108. Not really. The buyer of quota will pay his/her price for the quota that they will receive. The person selling will only get 95% of the market value of the quota he/she holds.

---

109.N/A

---

1. No.

---

2. The price typically follows industry patterns.

3. See Above

4. Again, logic should tell us that reducing one's incentive to sell/transfer quota would result in less quota available to purchase, which would result in increased prices. A look at prices of quota, both before and after the current system was put in place, and compared with the results of the above review of quota transfers should offer us an accurate view of this question.

5. Yes

6. In a narrow sense it has increased the price of quota by curtailing the supply of quota available for transfer due to complicating the process.

7. Yes

8. Yes, a 5% claw back only means that a producer needs to recoup that loss through the sale of the remaining quota. This is true whether be a quota sale only or going concern.

9. I think so, for if there is a demand for something it will drive up the price, just look at liquor licence, cheese imports, gas stations and such, there is a farm for sale right now and there is no interest for the quota at the present price so the price will come down.

10. There could be an increased ask to compensate for the loss incurred during transfer.

11. Difficult to say since there is no set quota value. Yes somebody has to absorb the 5% loss. This negatively affects the purchaser by reducing the amount of production he can purchase. If the purchaser doesn't pay the higher value the seller absorbs a considerable loss through the 5% exit tax.

12. Yes, quota pricing tends to include a mark-up to cover the cost of the assessment.

13. Can't comment on the other supply managed boards but I would think it would have an impact on the turkey quota prices.

14. There has been significant increase in quota price which appears to be linked to the assessment.

15. Quota is all about supply and demand, anything that constricts the supply will increase the price so yes I do believe it has some effect on price.

16. Absolutely

17. No, I think the price of quota is simply determined by the amount a purchaser is willing to pay.

18. Yes, the five percent assessment creates a difference of the value of what was expected to be paid or received. The only way to achieve that is to increase the price.

19. Yes. People are paying for 100% of quota and only receiving 95%. By definition that is a significant price premium/penalty.

NC1 for sure, limited supply, especially smaller amounts raises the price when small amounts become available.

DC1 N/A

TA1 Yes, the 5% difference of the value of what was expected to pay or receive has to be made up some way and increasing the price is the way to do it.

PR1- Not sure. The person selling needs to recoup the cost of the sale but we are not aware if that drives up the cost of the sale.

PR2- I do believe that transfer assessments may have an impact on increasing the price of quota. If a producer were to transfer quota knowing there may be a 5 to 10% assessment they may attempt to increase the value to offset the difference.

### 3. Do transfer assessments impact new entrants, specialty and mainstream producers differently, and if so, how?

101. Yes too many restrictions for NE growers.

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102. Yes, because there is never any small amount of quota available.

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103. I don't think so.

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104. Yes. As noted above.

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105. Why are there so many programs for turkey producers and how is it determined into which program one is placed by the Board. As a layman it would make sense if the same rules applied to Commercial Growers, Certified Organic Growers and New Entrant Growers.

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106. Yes

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107. Transfer Assessments affect new entrants who don't have money to buy quota.

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108. N/A

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109.N/A

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1. No, everybody pays the going rate.

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2. I think it impacts the niche markets harder but at the end of the day it's simply the cost of doing business.

3. Not sure

4. Yes...the higher the price of quota the more likely an established producer can afford to purchase, especially to enhance and existing flock, without any added expense. A new entrant would simply not have the same resources to compete unless there is an outside support. A cap on farm size could help if it were applied, especially across all supply managed commodities.

5. New Entrants have the 10/10/10 rule and commercial quota is 5% claw back.

6. Yes, in the sense that the different classes of producers may have different volume requirements in their expansion plans. The transfer assessments have made growers who are contemplating the transfer or sale of their quota less willing to transfer small amounts, they find it more convenient to move quota in large blocks, hindering or frustrating small or specialty growers efforts to acquire quota

7. The impact is the same, they can't buy quota

8. Yes, assessments restrict the movement of quota sales for all categories. New entrants cannot sell their new entrant quota, they have to run two classes of quota if they were to purchase as well as the inability to transfer amongst family. They also struggle with purchasing large amounts of quota based on cash flow and small lots of quota don't come up for sale because it's not equitable for mainstream producers to sell small amounts and take a claw back. Specialty producers are stuck with specialty quota and have a really hard time selling it. Mainstream producers who want to buy whole farms may see upwards of 15% less quota on that farm as a result of the sellers claw backs and 10/10/10 LIFO circumstance. This makes whole farm purchases inefficient and less desirable.

9. no matter what kind of quota you have, let's all get treated equally

10. I believe that new entrants acquire smaller amounts so they are less likely to find quota available thus making it harder to become viable.

11. Transfer assessments impact everyone. With quota holdings from 15,000kg to 1.3 million kg (or more) is certainly different. The assessment on a very small holding might be considered as significant, at a personal level. On a large level holding it has a significant financial impact, as well as, a production loss to the commercial industry, while releasing significant quota to new entrant's regardless of demand.

12. Through assessments, mainstream growers have supported new entrants over the past number of years and yet the turkey industry is not getting any bigger. More new entrants will be needed when the market grows.

13. If this question is referring to the new entrant and specialty quota not being transferable then I would say yes it has a negative impact. It limits the farms ability to finance and prevents farmers from passing the quota on to succeeding generations.

14. The assessment on the new entrant impacts differently. This quota has been given by BCTMB and the 10/10/10 assessment has different purpose to prevent quota from being flipped in small period of time. The new entrant purpose is to bring in new farmers into the industry.

15. Its quote different on a few levels. The new entrants did not have to pay for their quota like I did so an assessment on their quota will not be seen as a loss where an assessment on my quota is a direct loss of capital. It is also worth noting that the 5% is not capped so if I ever had to sell my quota under this system I would lose almost \$400,000 in value (I have 600,000kg). That is an insane amount of tax to pay an is why I will never sell until the system is changed.

16. For those wanting to expand their operations – it inflates the price. For new entrants, a quota assessment makes quota available but at what cost? Does the quota available allow the new entrant to be an economic viable unit?

17. Not sure.

18. New Entrants have the 10/10/10, and they will only own 95% of their quota. Commercial is 5% (and/or 30/20/10) if sold within the first 3 years.

19. Yes, new entrants receive free quota while all others buy it in the open market. How is that fair?!

NC1 New entrants looking to purchase quota are impacted the greatest with only large blocks of quota or whole farms being sold. Small farms with little equity aren't able to access quota. If increases were to be sold off, then small blocks of quota would be available to NEG in the specialty market.

DC1 N/A

TA1 New entrants have the 10/10/10 and they will only own 90% of their quota. Commercial at 5% and/or the 30/20/10 rule if sold within the first three years. The impact is the amount of the assessment, but in reality it effects everyone accordingly.

PR1- Yes. New entrants have to pay for more than they receive (if seller determines they pay for 100 percent of the quota but only receive 95 percent). Also, question becomes if there needs to be a producer supported new entrant program versus a program supported by grower in market

PR2- Transfer assessments should be applied equally to all producers after a set period of time (10 years) in the industry. Currently it is my understanding that mainstream producers are at a 5% assessment and new entrants and specialty producers are on a declining balance reaching 10% after 10 years.

---

4. Are there changes to quota transfer assessments – or other tools- that could further reduce barriers to entry and increase quota availability?

101. Have large producers able to sell off small portions of quota w/o 5% assessment but still have Board monitor, more flexibility, current system is stagnant.

---

102. Yes.

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103. Yes, when there is a transfer, make a portion available the other growers to buy. This will allow everyone a change to purchase quota.

---

104. Removal of the penalty clauses for family members who do not wish to sell outright.

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105. Eliminate the transfer fee to the Board. We, the “growers” have worked our farms from inception, have paid annual fees for the privilege of doing so and should not be subject to additional costs when due to health, death, or financial strain, be penalized.

---

106. Not sure

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107. Don't know.

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108. I believe that quota transfer should be done by online auction. This does many things. It demonstrates transparency, it allows the farmer selling to get maximum price, it allows new entrants to buy small amounts of quota and it allows farmers to top p barn capacity. I know there is a lot of resistance to this but I think the fears of the past may no longer be valid.

---

109.N/A

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1. None.

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2. Our industry has been rather flat with not much growth if any for the last 10 years so not much desire to require more producers.

However, to ensure the future of our industry, a scheme to grow and allow more would be a good thing.

3. N/A

4. Eliminating transfer assessments of any kind would likely generate greater movement of quota as farmers would potentially sell and/or buy smaller quantities as their needs change. I.e. down-sizing if space is tight, or perhaps expanding if the conditions are right. The unfortunate fact is that the turkey market has not grown over the past decade as it transitions from a whole bird market to a further processed market. This lack of growth is bound to create a tight supply of quota on its own.

5. Get rid of the claw back.

6. Removing transfer assessments would go a long way to improving quota transfers, or perhaps allowing small lots of quota to be transferred assessment free.

7. Yes, eliminate assessment will help. It is unrealistic to expect any quota to transfer when there is no growth in an industry for 10 years. The only transfer will have are whole farm transfers. The bluest barrier to entry is land prices and there is nothing the Board or FIRB can do about that. To increase quota available, you need to give an incentive for people to sell quota that could come from Government in tax reductions on capital gains.

8. Yes, remove the LIFO 10/10/10 and the 5% claw backs. Fund the new entrant program through market growth in allocation. If there is no growth, then take it out of the industry allocation. Either way, it's still funding the program. Also, allow new entrants to become commercial producers after 11 years. Finally, increase succession planning opportunities for farmers by allowing them to sell to extended family and employees without ramifications. Eliminate quota classes to allow for more opportunity to grow the organic sector.

9. I don't know

10. Assessing allocation seems to be the best way to accomplish the goals of growth in the industry.

11. Should new entrant quota be without costs, if a producer is selling it then a new entrant can purchase it? Creating an even playing field for all producers should be the goal. If new entrants were to purchase their quota it would perhaps give them a feeling of the debt that is associated with farming.

12. Allow a grower to transfer smaller amounts of quota assessment free, new entrants have a better chance at success in a growing industry, until happens, leasing may be an option.

13. There could be a maximum limit as to how much quota a person or entity can hold which could be reviewed because of changing economics or efficiencies of production. Those holding greater amounts than the set maximums can maintain their quota but would not be able to increase unless limits were moved upward.

14. Either a reduction or elimination of assessment. If there was growth in industry it could create more opportunities with quota availability.

15. I understand the board is required to comply with the political agenda of government and is required to fund this program, what value it add to the industry is a mystery to me. I paid to be part of this industry and don't understand why new entrants get a free ride, why can they not buy their quota from the board? If we are so concerned about new entrants why not make the assessment available to them for purchase?

The producer selling would then have their sale come from the sale of their farm (quota) and they would also get the revenue from the new entrant.

16. Let's face it, we are a small industry and growth is dependent upon demand growth, which is related to competitiveness with other protein, and population growth. New entry via "free" allocation should only be available if there is real growth in the market place. There is nothing stopping new entrant from paying the market value for quota to gain entry. Perhaps a milk board bidding process would be better than the current system of making "private" agreements.
17. This is a stupid question. If someone really wants to farm, they will figure it out. When I bought my first quota, like now, the return did not make sense. Everyone told me I was crazy and should stick to my regular business. Even my father, who was an egg farmer told me not to expect any help from him as I was overpaying and it didn't make sense. Well, I wanted a farm so I went ahead anyways. I'm still apparently over paying for quota. So I don't believe in "giving" quota to new entrants.
18. Eliminating the commercial 5% assessment could reduce barriers to the entry and increase of quota availability.
19. I think quota availability should be a function of the market and not artificially manipulated in the way it currently is.

NC1 I would eliminate quota assessments, every time there is a new issuance of quota it ties all quotas up for a long period of time if there was no assessment. NEG program should be sourced from provincial allotment and based on growth of the industry.

DC1 N/A

TA1 Eliminate the commercial 5% assessment.

PR1- The claw back of 5% on quota sales in the turkey industry seems to be high. This opens up more kgs coming out of the processors allocation. My thought would be that maybe there could be a maximum 25,000kg or less on farms that have larger quota holdings. The turkey board does this on our over/under production sleeve. That sleeve is 5% for smaller quota holdings and a maximum of 25,000kgs for bigger quota holdings.

PR2- Quota transfer assessments should not be applied to any transfer unless the industry is operating at 100% of allocation.

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5. Are there other ways in which new people are entering the industry, what are they and how prevalent are they?

101. Large NE Quotas – the current is not feasible as history has showed.

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102. NE or new owners of existing commercial quota.

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103. Not that I know of, if you find out, let me know.

---

104. N/A

---

105. New people entering the industry under the Direct Vendor Program are 'privileged' not to be subject to annual inspections which could be detrimental to any and all existing turkey growers in any specific area. Why are these licenses issued without annual inspections to ensure the health and welfare of everyone's turkeys?

---

106. N/A

---

107. Don't Know.

---

108. N/A

---

109. The Direct Vendor Licensing Program is allowing new people to enter the market.

---

1. No other way but buy in.

---

2. Not sure.

3. This is a question for the Board to answer.

4. We don't know.

5. N/A

6. I'm not aware of individuals entering or joining the turkey industry without acquiring production quota in some manner

7. Buying quota & renting barns is a great way to enter the industry.

8. New producers are entering the industry by way of succession planning. Families are passing down their farms to their kids by way of in family purchases. This is the definition of "New Entrant". It's bringing new blood, perspective and idea to the industry, and should be classified as a new entrant. If you consider this, the industry is taking on more than 1-2 new entrants a year.

9. I know

10. N/A

11. We are not aware of how or who is entering the industry.

12. A hired hand often can become a shareholder, a son or daughter takes over the family farm, often. Whole farm sales, less often.

13. New growers can purchase existing quota and farms which is probably where most new growers enter the industry.

14. Not that I am aware of.

15. They buy in like I did, this is how everyone in the industry got here. I don't think there is a single grower left who was grandfathered in. The Board could tell you how many new farmers have bought in over the last decade but I would think it's in the range of 10% of growers which seems pretty healthy for a turnover rate.

16. ????

17. They can get in the normal way. Wait for an old guy to want to sell.

18. We are unaware of new people entering the industry aside from family succession.

19. Family transfers/succession planning is another way or non-related persons just buying into the industry.

NC1 other people are entering the industry through purchasing whole farms, based on the size of the industry I would say that it is relatively frequent.

DC1 N/A

TA1 No, there are only 3 ways to enter. At this time there is family succession, the new entrant program or transferring quota from another grower. They are all being used well.

PR1- N/A

PR2- N/A

---

6. Do current transfer assessments and exemptions enable producers to sell/transfer their farms sufficiently intact to remain financially or operationally viable?

101. No- but allowing family transfer more accessible.

---

102. No.

---

103. I don't know how much this is affecting it.

---

104. No

---

105. No, if under the current rules, New Entrant growers are required to forfeit 10% of their sale to the Board.

---

106. N/A

---

107. Don't Know.

---

108. I believe so.

---

109. N/A

---

1. Yes.

---

2. Raising turkeys is a challenge these days with relatively low return on the huge investment but selling a whole farm would be hard in some cases as the cost is high.

3. Yes, but pro-rata needs to be changed to give small producers a future in the industry or all growth will go to the large producers (see milk herd).

4. Any assessment is likely to affect the decision to sell and is likely to make it more difficult for the purchaser, especially for new entrant.

5. No, whole farm transfers are impacted by a loss of production.

6. No, they do not. The current assessment protocols create a significant challenge in terms of cash flow. The transfer of a complete production unit becomes less competitive with any assessment which 'taxes' away production volumes which therefore ultimately impacts cash flow.

7. Any assessment claw back significantly undermines the viability of a farm more so now than ever because of the great increase of land value.

8. No, transfer assessments affect "going concerns" as they claw back more than just the 5% that is assigned for the new entrant program. In some instances and depending on industry growth, the 10/10/10 LIFO policy could see upwards of 20% of one's quota removed at the time of sale. This makes a whole farm sale inefficient and less viable.

9. Everybody has the same rules to play by, so when you transfer your farm or sell, you know what production will be, it is not a surprise that will affect your financial planning, for it is a part of your financial planning.

10. For family members to succeed their parents yes but for new farmers to take over existing farms it is harder to maintain the viability.

11. The farm may be viable but the assessment is punitive to the buyer's production. Every transfer is unique and there is no one simple answer to this issue.

12. Any assessment on whole farm sale makes farm less viable. Any quota transfer to non-family members will be a huge cost to a farmer with no children or family members to sell to.

13. It would seem high for turkey quota but I can't comment for the other supply managed commodities for lack of knowledge of their rules.

14. Yes but it is increasingly getting hard and at some point it won't be financially viable.

15. Not on whole farm sales. It is regressive to remove 5% from a whole farm transfer with no sure way to replace that production in the short term. If the farm is set up for 600,000kg of production and you remove 30,000kg through transfer assessment the farm is far less viable. The board should consider a cap on assessments or a declining rate like real estate commissions. Say 5% on the first 100,000kg and 1% on the rest with a cap of 15,000.

16. Every time there is an assessment there is an impediment

17. Hard question to answer.

18. Yes, but at a price.

19. I think for smaller farms this is a real issue. I don't think smaller farms are financially viable as it stands currently with or without transfer assessments. Transfer assessments make the situation worse.

NC1 no, giving up even 5% makes that existing farm at least 5% less efficient. It's even greater than that because 5% is gross production, not net efficiency.

DC1 N/A

TA1 No, it is difficult to remain viable when production is taken off a farm. This significantly increases the overhead cost on a farm when society wants everything cheaper so you have to be bigger to be more efficient. That is the reality from the outside.

PR1- No as per comments above

PR2- In the case of a complete farm transfer there should be no quota assessment applied.

---

## 7. Are whole farm transfers still important for succession or industry health?

101. Yes, this keeps the industry moving forward with new ideas involved – new people bring new ideas.

---

102. Yes.

---

103. Yes

---

104. Yes

---

105. From a layman's standpoint it is important and it requires less paperwork for the Board.

---

106. Yes

---

107. Definitely Yes

---

108. N/A

---

109. The perception of the family farm as opposed to the industrial farm is important to the Canadian consumer.

---

1. Yes.

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2. I am a second generation farmer who is benefitting from the start of our traditional family farm. I would like to see the opportunity for future succession but it will be much tougher.

3. Yes, I would think so.

4. Any system which supports a growing number of moderate-sized family farms would be beneficial in supporting the supply management system. Whole farm transfers would likely reduce the consolidation of small or medium-sized farms into larger corporate farms.

5. For succession.

6. Yes, they are. In my view they provide long term stability and predictability to the turkey industry

7. Absolutely.

8. Yes, farm transfers allow new producers into the industry. Like any industry, purchasing an operating business is much simpler than starting from scratch. Whole farm transfers is better for succession planning.

9. I see no problem with farm transfer to family members for they usually are and have been part of the farm makeup already, just a name change.

10. Yes

11. Yes, a farm needs to be large enough to succeed. Partial transfers are also a way for existing producers to grow in a stagnant market.

12. Yes, it allows a going concern operation to carry on after a transfer without loss of production if there is no transfer assessment applied.

13. Yes, farms should be able to transfer quota to the next generation regardless of the type of quota.

14. Yes, whole farm transfers are still important as well.

15. Yes, this will be true as time goes on and finding places to build a farm in this valley become even harder.

16. Absolutely

17. Yes.

18. Whole farm transfers are important for both succession and industry health.

19. Yes, this is an important option.

NC1 for sure! If farms are forced to sell as parts then we would actually lose a production unit that has been built over time to some degree of efficiency.

DC1 N/A

TA1 They are important for succession. We must get the next generation into farming. We will never get more people into farming that have had no previous contact with farming compared to getting the next generation who is connected to the farm.

PR1- We see this as a producer question and would suggest that they are. However, we would not want to intrude in a producer's ability to plan for their business.

PR2- Yes whole farm transfers are still important for succession and industry health.

---

8. Is the traditional family farm approach to succession changing? If so, to what degree?

101. No, not currently with NE.

---

102. It's still there but hard to make a living.

---

103. I think so. There are less farmers every year.

---

104. Not changing, but different rules for different commodity groups is unfair.

---

105. Yes, less people in general are interested in the farming industry.

---

106. Will not change.

---

107. Not that we know of or to what degree.

---

108. N/A

---

109.N/A

---

1. No.

---

2. Yes, as values of the cost of doing business has increased, the concept is very hard. Very careful tax planning and goals for long term Survival is key.

3. Does not seem to be in the Turkey industry.

4. Don't think so.

5. Not as many kids want to stay on the farm.

6. Succession is becoming more complicated and intricate as tax laws and expectations change.

7. The main change is the farms have to be larger to survive with lower returns so they need to buy quota or consolidate with other farms.

8. It is changing. I find that some producers are wanting to involve extended family and long term employees in the succession of their farm The current assessments hinder that approach.

9. As somebody that has been part of family farm succession, it has worked well for us, basically all that happened was a name change, still the same family running it.

10. N/A

11. Family succession is changing-increased pressure on land usage, land values, cost of infrastructures, quota values, cost of complying to consumer demands without further increase in pricing.

12. Non-family members are wanting to become more involved in ownership.

13. Yes, in some cases farms are transferred to people outside the immediate family.

14. Yes, family farm succession is changing. I think it is significant reduction family farm succession.

15. I don't know if it's changing, your best source of new farmers will always come from current farm families. There will always be some who enter farming from the other fields of employment and that great but it will only every make up a small portion of the farmer population.

16. Not for us!!!

17. No, I think every farmer would love to have an heir.

18. No

19. Not sure.

NC1 Yes, many family members are not interested in continuing to farm as there previous generations had.

DC1 N/A

TA1 Yes, the opportunities are endless for young people and they do not necessarily want to stay on the farm.

PR1- Form a pure observational position, yes. The family farm suggests smaller more personal farms – in reality these are now viable businesses that can have many additional operational needs and outcomes.

PR2- N/A

---

9. Are non-family succession structures important for industry success going forward?

101. Yes, the quota system needs to adapt to more changes, but still having some rules in place.

---

102. Yes, often kids see the hard work involved and seek other employment options.

---

103. N/A

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104. N/A

---

105. Yes as it keeps the continuity of farming in each area.

---

106. Yes

---

107. Very important and it could be an option

---

108. N/A

---

109. Informed consumers are very suspicious of the large industrial model.

---

1. No.

---

2. Sure, a variety of structures are normal to move forward. Long term planning is part of any successful business.

3. Hope not.

4. Perhaps for the larger farm corps

5. Yes.

6. Yes, they are important tools for efficient succession changes

7. Yes but not as important as family succession as people do what they know more than starting in something they know nothing about.

8. Yes, the industry needs new producers with new ideas, and the only way to do that is by having a method in place to organize both non-family and family succession structures. New entrants are not only lottery winners, but also the next generation of farmers. This should seriously be considered when making changes.

9. no I don't think so

10. Yes

11. If family succession is not an option then non-family succession is important for the survival of the industry. Upholding traditional family farming values is important, marketing the industry beyond a small core combined with serious marketing and promotion could stimulate growth.

12. Yes, employees should be able to become hare or quota holders in the farm they work for without quota assessments reducing the size of the farm.

13. Yes, transferring a farm to a person genuinely interested in the success of the farm can only benefit the industry as a whole.

14. I think it is important to have both family and non-family succession structure in industry.

15. Yes, for many reasons farms are not passed down through the family, I would say from simple observation only about 50% of farms are transferred to the next generation. The other are sold to others wanting to get into farming.

16. Yes, if there is not a "next generation" successor one option, and perhaps the most desirable alternative is a sale to employees (this would be applicable to larger farms)

17. Doubt it. If someone wants out, there will always be someone who will want to buy in.

18. Yes, in case family succession is not an option, or family no longer wants to farm.

19. Yes, this needs to remain a viable option or become a more viable one.

NC1 There are more & more situations where a non-family member should be allowed to be part of succession planning. Often individuals other than family members have a greater invested interest in the farm (i.e. Farm worker that has earned shared in the farm)

DC1 N/A

TA1 Yes, the industry requires people that want to farm and grow safe and healthy food. But, if the industry is not growing and allocation is being reduced it would be difficult to want to be part of that industry. What reasonable chance is there to profit and succeed in a flat-lined industry?

PR1- Yes

PR2- N/A

---

10. If so, are there related quota management tools that could support this approach to farm succession in addition to, or in place of, transfer assessment exemptions?

101. BCTMB needs to adapt or view other quotas – FIRB needs to look at SM5 group and simplify to some common ground.

---

102. Yes, needs to be investigated.

---

103. N/A

---

104. N/A

---

105. Young people, in general, entering the industry have, as their main concern, maintaining and expanding their entity. Making the New Entrant Program and Commercial Growers Program identical would standardize the system, eliminate any administrative concerns and encourage support for an efficient industry.

---

106. Could maybe barriers happen?

---

107. Not that we know of, but could be important for non-family succession planning.

---

108. N/A

---

109. N/A

---

1. None.

---

2. N/A

3. No idea.

4. Don't know.

5. Get rid of 5% claw back and give new entrants quota from growth.

6. It is important to carefully consider alternative options whilst considering potential quota transfers, having an understanding of the different demands and pressures experienced by the various sectors producing turkeys in BC

7. Having the ability to own quota only is the best tool.

8. Remove the 5% assessment and fund the new entrant program a different way.

9. N/A

10. N/A

11. Eliminating barriers, creating an even playing field should be the goal. Promoting growth for a healthy industry must precede changes in quota management.

12. N/A

13. I think the quota set aside for new entrants should come out of increases to the provincial allocation. In times of zero or negative growth there should be no quota set aside for new entrants. Taking quota from existing producers during times of negative or zero growth is punitive and detrimental to the industry.

14. Reduce or eliminate barriers for quota to be transferred.

15. Quota is a fixed number, the board can't add to it, only the growth in national consumption can make more available. So any tool that takes from one group and gives to another will create barriers. If the board set up a quota exchange for the new entrants then the government could say there is a way for new people to enter but they have to pay like everyone else.

16. N/A

17. N/A

18. Eliminating cutback or decreasing transfer fees.

19. Not sure of the question.

NC1 eliminate transfer assessments and create NEG quota from provincial allocation based on growth.

DC1 N/A

TA1 Eliminating cutback on all quota transfers frees up quota to be sold and for commercial growers to purchase.

PR1- N/A

PR2- N/A

---

## The following questions are intended solely for turkey farmers.

11. Do you grow or produce other agricultural products as a farmer (other than hay)?

101. Yes, we produce beef, chicken, vegetables

---

102. Yes, beef, chicken, eggs

---

103. Yes, geese and ducks

---

104. Broilers, beef, hogs and lamb.

---

105. No.

---

106. Yes

---

107. Yes, beef and broilers

---

108. Broiler chickens

---

109. Small scale beef

---

1. Chicken & Eggs

---

2. No.

3. Yes, Dairy Farmer

4. Cattle

5. Yes

6. Yes

7. No

8. Yes, raspberries

9. I used to have cattle and hay, but no presently just produce hay. So NO

10. yes Corn and vegetables

11. No

12. Not really.

13. No

14. Yes, we grow other supply managed poultry.

15. Yes

16. Yes, and that is a big problem that we are looking at. We may in the future want to bring in new partners, and this will necessitate an expensive reorganization to isolate our divisions into individual companies to avoid the "deemed" quota assessment.

17. Yes, I produce eggs, blueberries and grapes.

18. Yes

19. No

NC1 Yes, chickens, hatching eggs, chick sales

DC1. Rhubarb and Eggs

TA1 4 out of 5 directors (I believe) have other agricultural products.

PR1- N/A

PR2- N/A

---

12. Does your household have non-farm related income sources as well?

101. Yes

---

102. Yes, both husband and wife

---

103. Yes

---

104. No.

---

105. Yes.

---

106. No

---

107. income from invested saving over the years, non from off farm jobs

---

108. Yes

---

109. Yes

---

1. No.

---

2. Yes, wife works p/t.

3. No.

4. All members of our household have non –farm related incomes.

5. Yes

6. No

7. Yes

8. Yes, construction, commercial property

9. Yes

10. Yes

11. No-the farm supports 4 generations of family. It supports us, as well as partial support to our senior generation, our children and grandchild.

12. Minor.

13. No

14. Yes.

15. Yes

16. No

17. Of course, no one makes money in supply management until your massive debt load is paid, which means you better be doing it for another reason other than returns, unless of course you inherit it or get free quota.

18. No

19. No

NC1 No

DC1. Yes, retired municipal worker

TA1 4 out of 5 directors

PR1- N/A

PR2- N/A

---

13. What best describes how you **first** obtained Turkey Quota:

I acquired quota from a **non-family member grower**: 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1

I acquired quota from a **family member** through succession planning: 1, 1, 1, 1, 1, 1, 1, 1

I entered through the New Entrant program: 1, 1, 1, 1, 1, 1, 1, 1, 1, 1

other - Please explain: DC1-1, GRW10-1, NE107-1

DC1 Comment: I'm a direct vendor, we applied for new entrant program but living on Vancouver Island we were going to have to do our processing on the mainland because the processing facility on the Island is up to their limit and could not handle any more customers so we cancelled our application.

One commercial grower acquired quota through both 1 and 2.

GRW-10 Comment: were raising turkeys when supply management came into effect.

NE107-1 Comment: We had turkeys before quota existed. We were given quota for our existing production when quota first started.

---

14. At this time and under the current conditions, what statement below is most likely to occur:

I will transfer my Quota to a family member through succession planning **within** 10 years  
1, 1, 1, 1, 1, 1, 1, 1, 1

I will transfer my Quota to a family member through succession planning **more than** 10 years from now  
1, 1

I will transfer my Quota to a non-family member **within** 10 years  
1, farm and quota currently on the market.

I will transfer my Quota to a non-family member **more than** 10 years from now

I intend to farm my quota indefinitely  
1, 1, 1, 1

Uncertain  
1, 1, 1, 1, 1, 1

Question left Blank:

1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1

GRW-16 Comment: As it is a company that holds quota we will begin a transfer of voting shares within the next 10 years and it will conclude within the next 20 years.

GRW-17 Comment: I intend to farm my quota indefinitely unless my kids make some serious money and can afford to buy in.

Submission From: Joe Falk, Fraser Valley Specialty Poultry, Johndavid Siebenga, New Entrant Grower, Jared Emery, Potential New Entrant Grower

May 12, 2017

To: BC Turkey Marketing Board

Thank you for taking the time to meet with us regarding the NEG program. As you are aware, it is our contention that the 15,000 kg amount is too small an amount of production for the Commercial NEG program.

Before we move further into this discussion we feel it is important to note that there are two separate issues which need to be addressed. The fact that there has been zero growth in the Turkey industry in the past 10 years, and the NEG program.

### **BC Turkey Allocation**

It is discouraging to read that the BC Turkey Allocation has essentially flat lined. Being relatively new to the turkey industry we have not been involved in the programs and marketing efforts of the industry. Coming out of a decade with no growth, it seems to us that now, more than ever is the time to ramp up the marketing efforts. We note that the allocation is 26,288,001 KG annually at 90% utilization (estimated) that is 23,659,200 KG.

If we multiply that by the posted May 2017 commercial live price of \$1.94 / KG we end up with \$45,898,849.75. (Farm gate if all production whole bird and commercial) We understand that there are value added sales as well as various types of production, and after processing this number is likely around the \$70,000,000 + mark. (Very ball park numbers that would need to be verified... but just used to illustrate our point) With an industry that has flat lined for a decade, the marketing efforts should be at a minimum 3% of sales. 5% would be better.

3% of \$70 million is \$2.1 million.

We note that the current levy rate is \$.04 / KG

$$.04 \times 26.3 \text{ million kg} = \$1,052,000.$  (To run the board office and administration / marketing)

**We recommend that immediately the board put in place an additional levy, strictly for the purposes of marketing of \$.09 / KG for a total of \$.13 / KG (calculation variables to be verified) The board has an incredible ability to levy its producers in order to do the marketing necessary to get this industry back onto a growth curve. The board cannot leave this responsibility to the Processors. The past decade has proven that the current methods of marketing have not been effective. Serious action is required.**

### **NEG Policy**

If the board is going to manage a NEG program, this program and its policies should be such that it will make sense for the new entrant program. The program has been built to operate separately and outside of industry growth considerations, funded by transfer assessments. If the board should move to a deemed transfer assessment and fund the NEG program out of the general allocation, the same principle must be adhered to.

Further to this, it is important to consider why FIRB had the commodity boards bring in NEG programs, in pg. 6 of the Supervisory Review under FIRB Principles for Specialty Production and Marketing:

*3. Provision of access to non-quota holders;*

The intent of NEG Programs is to provide a provision of access to non-quota holders, pg. 37 states:

*What is the right amount for a new entrant quota incentive? The challenge faced by Boards in determining the amount is finding a balance in providing for a number of new entrants, providing a meaningful incentive amount, ensuring the operation has a chance to be viable, and respecting the rights of established producers. The BCBHEC proposal stands out from the others as being a very sizable incentive.*

If the Turkey board is holding back the size of their NEG's due to the flat line of their industry, it seems to be offside from the direction given from FIRB.

### **Commercial NEG expense sheet**

Please refer to the attached financial return provided by Johndavid Siebenga and Jared Emery, as well the barn equipment and construction quotes.

Access to financing is critical for NEG's coming into the industry. We would agree that a NEG does need a certain level of financial strength in order to start up a farming operation. A grower who (in a really good year) makes \$.50 / KG (after costs) x 15,000 kg = \$7500 annually is simply too small amount of income for any lender to consider providing financing for.

There are some unintended consequences that are a result of this type of net return for a commercial grower. They are as follows:

- a) Barn / Facility - Commercial Turkey new entrants cannot consider building a barn and purchasing the poultry equipment at a cost approximately \$200K +. The commercial new entrants are needing to consider old dilapidated buildings that are at end of life. This has a negative effect on bird health, animal welfare, and meat quality for the processor.
- b) Production in Barn - Due to the fact that the barn cost cannot be covered against the turkey production, new entrants are forced into finding alternative non-regulated birds to grow in their facility, such as layer pullets, ducks, or geese.
- c) Self – Marketing - New entrants, in order to demonstrate a business plan to the board and bank, are being indirectly forced into establishing a custom processing relationship with a processor and then marketing their own birds. This adds another level of risk to the new entrant as they are now faced with developing their own supply chain, logistics, cold storage, managing cold chain, accounts receivables and marketing.

We understand that most turkey growers and most, if not all, NEG's must work off the farm. It is for this reason that some NEG's may need or choose to grow commercially and sell their birds to a processor as opposed to self-marketing. Not all farmers want to deal directly with the consumer. The board should be aware of this and ensure there is policy in place where NEG's with this type of business model can fit.

**We ask that the Board commission a review of the 15,000 KG amount for Commercial growers. As part of this review, consider the costs to build a barn, equipment costs, and consult with the following:**

- **Accountant**
- **Lenders (FCC)**
- **Existing Self Marketing NEG's**
- **Existing NEG's who ship and sell their birds to a processor**
- **Local Processors who offer custom processing services and the long term viability of this.**

**We feel it is also be important for the board to consider some other tools that NEG's could use to help expand their farms. Some options to consider**

- **A lease pool set up specifically for NEG's to be able to lease. (Lease fee being distributed back to industry)**
- **A BOGO / quota matching program option, where a NEG could purchase some quota and the board match it. (The allocation coming out of the general allocation)**

### **2005 Farm Industry Review Board**

In FIRB's Specialty Market New Entrant Policy, Analysis, Principles and Directions it states in section 2.18:

*For individuals wishing to become commercial operators 15,000 kg will provide some assistance but will not go very far in establishing a commercial operation. The numbers should be monitored annually and the program performance reviewed in three years.*

**Firb identified this amount of quota as an issue 12 years ago, and directed that it be monitored annually. Have these reviews been done? If so, can they be included as documentation with the review requested above? If they have not been done, can we have an explanation as to why they were not done?**

### **Ethnic Diversity**

The board mentioned that ethnic diversity is one of the reasons that the industry is in decline. We feel it is important to note that there are specialty processors in BC who specialize their entire businesses in serving these ethnic markets. Why not create an opportunity for these specialty processors who already serve these ethnic markets to grow their turkey business, which in turn would grow the market for BC Turkey?

**We would ask that the board consider inviting BC Specialty bird processors for discussions as to how they could be involved in introducing, marketing and offering turkey products to these ethnic markets.**

Thank you for allowing us to contribute with this submission.

Joe Falk

---

Fraser Valley Specialty Poultry

Johndavid Seibinga

---

Upper Sumas Farm

Jared Emery

---

Potential NEG

Turkey Operation :	15000 KG's	@	8.5 kg/bird		
Barn space: 4800 sqft					
Cost of Poults:			2.15		
Number of Poults required:			1764.706		
Total cost of Poults:			3794.118		
Quota Utilization:			1764.706 Birds		
Selling weight of birds:			8.5 KG		
Feed Conversion:			2.1 kg/kg of meat		
Percent of Grade "A" Birds: As per contract with Fraser Valley Specialty Poultry 100%					
Mortality:			4 %		
Birds Shipped:			1694.118	Condemn: 1 %	1677.18
<b>Total Projected Revenue:</b>					
Grade "A" Hens:			1677.176 @	2.29 \$/KG	<b>32646.24</b>
<b>Total Projected Expenses:</b>					
Ritchie Smith Feeds:			30.24 tonnes	Cost/tonne: \$575	\$17,388.00
Poult Cost:			1764.706 birds	\$/Bird 2.15 Total:	3794.12
Levies:			15000 KG's	\$/kg 0.04 Total:	600
Utilities Fortis/Hydro:					1425
Insurance:					975
Sawdust:					975
Total Expenses:					25157.12
Total Expenses per Bird:					15.00
Total Net Profit Per Bird:					4.47
<b>Net Profit:</b>					<b>7489.12</b>
Net Profit per KG:					<b>0.50</b>

## Quote

Quote No: 11  
Date: February 22, 2017  
Valid till: March 22, 2017

Job description: Jared Emery  
3968 Boundary Rd

<i>Description</i>	<i>Amount</i>
Build 130'x40' Turkey Barn	
- Metal cladding on roof with 2x4 strapped roof.	
- Sheeted interior walls and ceilings with 3/8 plywood	
- Electrical service	
- Exterior metal cladding on 2x4 strapped walls	
- Smooth finish concrete floors	\$151,100.00
<hr/>	
Subtotal	\$151,100.00
Tax (5.00%)	\$7,555.00
Total	\$158,655.00

## Appendix B - Quota transfers from 2005 to 2016 (names redacted)

Date	Total Transfer Amount (kg)	5% Assessment (kg)	Total per year	Notes
26/04/2004	135,630	6,782		
14/12/2004	517,480	25,874		
<b>Deemed Assessment</b>			<b>32,656</b>	
17/01/2005	80,000	4,000		
14/04/2005	32,000	1,600		
29/04/2005	90,719	4,536		
02/05/2005	884,010	44,201		Corporate Reorganisation
02/05/2005	884,010	44,201		Corporate Reorganisation
20/05/2005	130,165	6,508		Corporate Reorganisation
20/05/2005	130,165	6,508		Corporate Reorganisation
<b>Deemed Assessment</b>			<b>111,553</b>	
19/01/2006	43,860	2,193		
01/05/2006	15,000	750		
01/05/2006	22,500	1,125		
01/05/2006	50,000	2,500		NE through acquisition 1
05/06/2006	39,999	2,000		
07/07/2006	459,970	22,999		
<b>Deemed Assessment</b>			<b>31,566</b>	
30/04/2007	40,000	2,000		NE through acquisition 1 - second acquisition
15/06/2007	181,210	9,061		NE through acquisition 2
18/09/2007	18,170	909		
01/11/2007	115,104	5,755		NE through acquisition 2 - second acquisition
<b>Deemed Assessment</b>			<b>17,724</b>	
01/08/2008	156,225	7,811		
01/08/2008	156,225	7,811		
<b>5% Direct Assessment</b>			<b>15,623</b>	
26/04/2009	30,000	1,500		NE Program Invitee 1 - first Acquisition
26/04/2009	230,490	11,525		
<b>5% Direct Assessment</b>			<b>13,025</b>	
01/05/2011	86,184	4,309		
<b>5% Direct Assessment</b>			<b>4,309</b>	

May 1/12	603,130	30,157	NE through acquisition 3
May 1/12	200,000	10,000	NE through acquisition 4
		<b>5% Direct Assessment</b>	<b>40,157</b>

Jan.21/13	18,170	909	NE through acquisition 5
Nov.1/13	7,208	360	
Nov.1/13	7,208	360	
		<b>5% Direct Assessment</b>	<b>1,629</b>

April 27/14	31,579	1,579	
		<b>5% Direct Assessment</b>	<b>1,579</b>

April 17/15	73,684	3,684	NE through acquisition 6
April 17/15	121,053	6,053	
April 17/15	121,052	6,053	
Dec.14/15	572,973	28,649	
		<b>5% Direct Assessment</b>	<b>44,438</b>

May 26/16	20,000	1,000	NE through acquisition 2 - third acquisition
June 7/16	7,960	398	NE through acquisition 7
Aug. 31/16	168,421	8,421	
Oct.21/16	63,158	3,158	
Dec.1/16	52,632	2,632	NE through acquisition 8
Dec.1/16	36,842	1,842	NE Program Invitee 1 - second Acquisition
		<b>5% Direct Assessment</b>	<b>17,451</b>

## Current Organic Quota

3 Farmers hold the following

- 9,000kg
- 21,062kg
- 29,862kg

Total Organic kg = 59,924kg

Appendix D - Start dates and Quota holding for current New Entrants (names redacted)

New Entrant Quota	New Entrant Start Date
15,000	2002
15,000	2002
10,000/5,000	2002/2009
15,000	2002
15,000	2002
15,000	2002
15,000	2002
15,000	2002
15,000	2003
10,000	2003
15,000	2003
10,000	2007
15,000	2008
15,000	2010
15,000	2011
13,366/1,634	2011/2012
15,000	2012
15,000	2012
15,000	2013
15,000	2015
15,000	2017
15,000	2017

## Appendix E - Quota Assessment Pool

<b>Grower Vendor Conversion</b>	100,388
<b>Deemed Assessments to fund the NE Program</b>	<b>193,500</b>
<b>Commercial Assessments Collected for NE Program</b>	<b>138,210</b>
<b>New Entrant Assessments Collected for NE Program</b>	<b>46,724</b>
<b>Total Assessments Collected for NE Program</b>	<b>478,821</b>
15 Converted to New Entrant	212,000
14 Invitations to New Entrant	214,900
<b>Quota Issued</b>	<b>426,900</b>
<b>Current Quota Pool</b>	<b>51,921</b>

## Appendix F - Declined NE invitations by year and reasons (names redacted)

Year	Reason
2007	Compliance Issues
2008	Medical Issue
2009	Partner Passed Away
2009	Project Size and Expense
2009	Rescinded by Board (applicant (First Nations Band) did not submit a business plan)
2011	Rescinded by Board (applicant did not submit a business plan)
2012	Did not want to put Biosecurity and OFFSP signs on their property where neighbors could see them
2016	Start-up Cost Too High and had to ship to Lower Mainland due to processing limitations on Vancouver Island
2016	Moved

## Appendix G - Pertaining sections of the BCTMB order and regulations after proposed changes have been made

This regulation shall be known as the “Quota Regulation” and shall come into force on the \_\_th day of \_\_\_\_\_ 2017 and may be amended from time to time.

### QUOTA

1. Quota shall be categorized as Primary Quota or Secondary Quota and a grower may hold multiple categories and types of quota.

Types of quota issued under the following programmes shall be categorized as Primary Quota:

Commercial Quota  
New Entrant Quota  
Marketing Levy Quota

Types of quota issued under the following programmes shall be categorized as Secondary Quota:

Multiplier Breeder Quota,  
Breeder By-Product Quota,  
Export Regrow Quota, and  
Incentive Quota

2. Direct Vendor (small lot) allowances are not quota of any category or type.
3. Personal consumption allowances are not quota of any category or type.
4. Secondary quota, Direct Vendor (small lot) allowances and personal consumption allowances shall not be transferred nor leased.

### COMMERCIAL QUOTA

6. Commercial quota and new entrant quota issued to a licensed grower may be used to produce any class or size of turkey. Growers wishing to grow certified organic turkey must be in possession of a valid and current certification from a Board approved Organic certifying body.

7.

## MULTIPLIER BREEDER QUOTA

8. Upon application by a breeder, the Board may issue Multiplier Breeder Quota for the marketing of breeder toms and hens as mature turkeys.
9. The issuance of Multiplier Breeder Quota is conditional upon the placement of multiplier breeder hens and toms in accordance with the national agency's Multiplier Breeder Policy. The Board may suspend or revoke the Multiplier Breeder Quota of a breeder that fails to operate in accordance with that policy.
10. Multiplier Breeder Quota is subject to all regulations that apply to quota generally, including, without limitation, the payment of licensing fees, levies and dues, both provincial and national, over-marketing fees as well as any other regulations and orders issued by the Board.
11. Each breeder shall apply to the Board on a yearly basis for Multiplier Breeder Quota and for a conditional allocation for the marketing of spent breeder turkeys in accordance with the national agency's Multiplier Breeder Policy.
12. If a breeder to whom Multiplier Breeder Quota has been issued downsizes or discontinues its breeder operation, the Multiplier Breeder Quota issued to it shall revert to the Board.

## BREEDER BY-PRODUCT QUOTA

13. Upon application by a breeder, the Board may issue Breeder By-product Quota for the marketing of the "off-line" toms and culled breeder hens as young turkeys.
14. The issuance of Breeder By-product Quota is conditional upon the placement of multiplier breeder hens by the breeder in accordance with the national agency's Multiplier Breeder Policy. The Breeder By-product Quota issued to a breeder shall be equal to 10 kilograms of young turkey marketings for each multiplier breeder hen placed by the breeder in a quota year.
15. Breeder By-product Quota is subject to all regulations that apply to quota generally, including, without limitation, the payment of licensing fees, levies and dues, both provincial and national, over-marketing fees as well as any other regulations and orders issued by the Board.

16. Each breeder shall apply to the Board on a yearly basis for Breeder By-Product Quota.
17. If a breeder to whom Breeder By-product Quota has been issued downsizes or discontinues its breeder operation, the Breeder By-product Quota issued to it shall revert to the Board.

#### EXPORT REGROW QUOTA

24. An exporter who has fulfilled all of the conditions set by the national Agency's and the Provincial Board's Export Policy may apply to the Board for turkeys to be grown to replace turkeys or turkey parts exported in accordance with that policy.
25. The Board may issue quota to fulfill these requirements, which shall be known as Export Regrow Quota.
26. Export Regrow Quota shall be issued to growers based on the volume of regulated product shipped to the exporter.
27. Export Regrow Quota is subject to all regulations that apply to quota generally, including, without limitation, payment of levies and dues both provincial and national, over marketing fees as well as any other regulations of the Board.

#### SHORT TERM QUOTA LEASE

A short term quota lease is a lease between two registered growers where the length of the lease is for duration of less than 12 months. The Board at its discretion may also allow the use of short term quota leases in situations whereby no fault of their own; a grower may have inadvertently over or under produced their allocation. In these circumstances, the Board may grant a short term quota lease in order to allow the affected grower's production to fall within his production sleeve.

28. With the exception of short term quota leases granted by the Board, any grower who leases out any of its Quota shall not be eligible to apply for Export Regrow Quota for the quota year of the lease.

#### INCENTIVE QUOTA

29. The Board may, in response to exceptional circumstances within the British Columbia turkey industry, issue additional quota to growers to be known as Incentive Quota.

## ALLOCATION

30. An allocation as a percentage of each type of quota on issue in the Province will be fixed by the Board for each quota year, and may be varied by the Board from time to time during a quota year, in accordance with the market as estimated by the Board and its various advisors from time to time.
31. The allocation percentage set in accordance with s30. above will be applied pro-rata to all holders of that type of quota.

## ALLOCATION RULES

32. If a grower, regardless of license class, markets more than 95% but less than 100% of that grower's allocation in a quota year, that grower's allocation for the next quota year shall increase by the number of kilograms of the shortfall or 25,000 kilograms, whichever is less.
33. If a grower regardless of a license class, markets less than 95% but more than 80% of that grower's allocation in a quota year, that grower's allocation for the next quota year shall increase by 5% of the grower's allocation for the quota year of the shortfall or 25,000 kilograms, whichever is less.
34. If a grower markets regulated product that exceeds the grower's total allocation in a quota year;
  - a) if the excess is 5% or less of the grower's total allocation and 25,000 kilograms or less, the grower's allocation for the next quota year shall be reduced by the amount of the excess;
  - b) if the excess is more than 5% of the grower's allocation or more than 25,000 kilograms, the grower's allocation for the next quota year shall be reduced by the lesser of 5% of the grower's allocation or 25,000 kilograms, plus twice the number of kilograms by which the excess exceeded 5% of the grower's allocation or 25,000 kilograms in the quota year; and
  - c) a grower to whom "b" applies shall pay an increased levy equal to 37.4 cents per kilogram live weight plus applicable tax on production that exceeds the total of his allowable allocation plus the lesser of 5% of his allocation or 25,000 kilograms.

## LEASING OF ALLOCATION

36. A prospective lessor of allocation shall file with the Board a notice of intention for each proposed lease of allocation, which notice shall include:

- a) the name of the prospective lessor;
  - b) the name of the contact person for the prospective lessor;
  - c) the address, telephone number, fax number and e-mail address of the contact person;
  - d) the name and contact information of the prospective lessee (if known);
  - e) the number of kilograms of allocation to be leased; and
  - f) The proposed effective date of the lease, which shall be at least 28 days after the day on which the notice is filed with the Board. Section 36 f) does not apply to short term quota leases
37. At the request of the lessor, The Board shall circulate a copy of the notice to all growers and as well as post it on the Board’s website. Any person who wishes to lease the allocation derived from their commercial quota must contact the lessor directly for purposes of entering into negotiations for a lease.
38. Following successful negotiations, the proposed lessor and lessee(s) shall each apply to the Board in a form prescribed by the Board for approval of the lease. The applications must be filed at least 14 days prior to the date poult is to be placed on the leased allocation. The required fees shall accompany the applications. Section 38) does not apply to short term quota leases.
39. Each lessee of allocation must be a licensed grower at the effective date of the lease.
40. The regulated product grown on the lease must be marketed to the processor or turkey broker to whom the lessor was contracted or directed to market the regulated product. Section 40) does not apply to short term quota leases.
41. Maximum and minimum quota restrictions set out in this regulation and the BCTMB General Order 2016 shall apply to the lessor and the lessee.
42. The right to produce under the Direct Vendor grower program is not considered to be quota, and may not be leased.

#### SALE OF EXCESS REGULATED PRODUCT BY THE BOARD

43. As a condition of the assignment of quota by the Board to a grower, the grower will make available to the Board or its agent all regulated product grown in excess of the grower’s assigned allocation at a price not exceeding the difference, if any, between the price realized by the Board or its agent on the marketing of such regulated product and the Board’s expenses related to such marketing.

#### NEW ENTRANT GROWERS PROGRAM

44. The Board has established a New Entrant Growers Program which shall include the provision of a one-time issuance of up to 17,500 kg Primary Quota to each successful new entrant subject to the procedures set out below.
45. Quota to fund the issuance of Primary Quota to successful new entrants will be provided from transfer assessments and if required, from general allocation. The Board will offer new entrant quota amounts up to 17,500 kgs.
46. Persons wishing to apply for consideration as a new entry grower shall be required to make application to the Board in a form acceptable to the Board.
47. Only persons being residents of British Columbia over the age of 19 years and who currently own land suitable for raising turkeys shall be eligible to apply as a new entry grower.
48. That no person who owns or has previously held quota in one of the SM5 sectors (milk, eggs, turkey, chicken, broiler hatching eggs) is eligible to apply for or receive new entrant quota.
  1. That for the purposes of the above requirement:
    - a. "person" included that person in their own name, any partnership in which that person is or was a partner, or any company or limited partnership in which that person holds or has held shares; and
    - b. "person" includes spouse. A spousal relationship is a relationship in which persons (i) are married or (ii) are cohabiting in a conjugal relationship, having so cohabited for a continuous period of at least one year.
  2. That to be eligible to remain on/or be added to the waitlist, every applicant is required to file with the Board a sworn or notarized document:
    - a. Making full disclosure with regard to Items 1a and 1b and undertaking that the applicant will promptly notify the Board of any new information or developments pertaining to required disclosures at any time while the person remains on the waiting list.
    - b. Undertaking that the applicant understands and is prepared to comply with all the requirements of the new entrant program as they exist from time to time, including the requirement to operate any quota granted under the program as an independent production unit, and be involved in the day-to-day operations of the farm.
    - c. Confirming that all the rights and privileges subsequently obtained under the new entrant program including quota subsequently granted, may be revoked without compensation if it is determined that the applicant(s) has provided false or misleading information, or has failed to comply with the conditions or requirements of the program.

- d. Confirming that the applicant understands and agrees to the publication of that person's name on the waitlist, or that person's name as a successful applicant, as required by participation in the new entrant program.
49. All applications will be placed on the appropriate wait list in the order in which they are received. The list is comprised of:
- Priority 1: 4 New Entrant Applications for Regional Markets outside the Lower Fraser Valley; and
  - Priority 2: 4 New Entrant Applications to produce Commercial Turkey anywhere in BC.
- Any new openings on the waiting list will be posted on the board's website at which time any interested parties can make an application in the appropriate form to be put on the new entrant wait list. The opening will be posted for ninety (90) days following which a draw will be held to determine the successful applicant.
50. For those on the waitlist, a \$100 plus applicable taxes non-refundable application fee payable to the Board shall accompany all applications.
51. All applications shall be subject to annual renewal, and the non-refundable annual renewal fee shall be \$50 plus applicable taxes.
52. Waiting lists will be published on the Board's website, and will be updated semi-annually at a minimum.
53. Invitations to become a new entry grower will be offered annually by the Board in accordance with the following priorities:
- 1<sup>st</sup> to persons planning to produce and market locally for regional markets outside the Lower Fraser Valley region; and,
  - 2<sup>nd</sup> to persons planning to produce commercial turkey anywhere in BC.
54. Persons receiving invitations shall have 60 days to complete and or agree to the following:
- a. Submit a business plan containing at a minimum projected financial statements, details concerning the intended production facility and a detailed marketing plan together with an undertaking to comply with the Board's regulations as amended from time to time. The production facility details will include at a minimum, schematics of any existing or proposed new construction and pictures of existing facilities where the turkeys will be grown.

- b. Agree to have the Board’s auditor physically inspect the proposed production facility (facilities) before new entrant quota is granted.
  - c. Agree to have their names published on the Board’s website for a minimum of 30 days in order to allow the public a chance to voice any objections they may have to the new entrant invitation.
55. Business plans must be submitted together with a \$5,000 deposit, such deposit to be refundable upon the first placement of poults by the new entry grower. In the event the new entry grower fails to place poults within 12 months of licensing by the Board, the fee shall be forfeited and the new entrant invitation withdrawn.
56. Prospective new entry growers undertaking to produce certified organic turkey must include either their certification as an organic grower or the schedule upon which they will become certified. Upon successful review of the applicant’s business plan by the Board, the applicant shall be licensed as a new entry grower.
57. New entry growers shall be issued up to a total of 17,500 kilograms of Commercial Quota.
58. New entry growers, serving local or regional markets by direct marketing, or supplying the commercial market through processors or turkey brokers, shall be obligated to comply with the provisions of the Board’s General Order and Regulations.
59. Quota issued by the Board to a new entry grower that is not utilized for two (2) consecutive years will be withdrawn by the Board and made available for re-issuance by the Board through the New Entry Grower Program.
60. Notwithstanding the Board’s offer of up to 17,500 kg of quota, new entry growers may acquire additional quota by transfer from other growers, as approved by the Board.
61. Regulated product issued under the new entrant program must be shipped and marketed as per the marketing plan submitted by the applicant in s56. above. Failure to do so can cause the new entrant’s license and quota allocation to be suspended or cancelled.
62. There is permitted to be a maximum of one New Entry quota per person, or entity per property. No other supply managed quota is allowed to be grown on the same premises unless it has been leased or purchased subsequently by the new entrant.
63. A person seeking to participate in the New Entrant Growers’ Program must have a genuine intention to be actively engaged in turkey production. The Board will determine, in its sole discretion, whether an entrant is actively engaged in turkey production for the purposes of the New Entrant Growers’ Program. Without limiting the generality of the foregoing, the Board will have regard to the following factors:

- g) whether the New Entrant Grower Quota is being used for the benefit of the new entrant;
- h) whether the entrant is active in the day-to-day affairs of the production unit, including matters of animal husbandry;
- i) whether the entrant operates and controls the production unit;
- j) whether the entrant owns, leases or rents the production unit;
- k) whether the entrant pays for feed and other farm supplies utilized on the production unit; and
- l) whether the entrant enjoys the chance of profit and bears the risk of loss in relation to the operations of the production unit.

Failing to fulfill any of the requirements listed above may result in the immediate suspension or cancellation of the New Entrant's quota.

## MARKETING QUOTA and SPECIAL MARKETING LEVY

- 64. Marketing Quota and the special marketing levy associated with it, is available to NE growers and small commercial growers (with up to 35,000 kgs of Quota) seeking an opportunity to grow more turkey production. Up to 17,500 kgs of quota is available to new entrants and small commercial growers in good standing and on the condition that they pay a predetermined special marketing levy on a yearly basis for 10 years.
- 65. NE growers and small commercial growers seeking an opportunity to grow more production can grow up to 17,500 kgs of Marketing quota. Qualified growers must be in good standing and on the condition that they pay a predetermined special marketing levy on a yearly basis for 10 years.
  - I. The levy will be set at the commencement of the commitment period and the amount would be determined after consultation with three banking enterprises and the NE and Specialty Advisory Committee. This yearly amount will be based on the current conditions in the industry
  - II. Section 94 and 95 apply to the Marketing Quota.
  - III. This program is available to current New Entrants and small commercial growers until such time as their total amount of quota on the farms has not exceeded 35,000 kgs of total Quota
  - IV. Prior to the allotment taking effect, the grower would have to provide the Board with a letter from their processor of choice indicating that this extra production can be processed on a suitably satisfactory date and that this new volume will not negatively impact other turkey growers currently processing their turkeys at their facility.
  - V. This levy will be offered yearly in the fall and will be finalised after the grower program filing deadline has passed.
  - VI. The Board will offer up to 17,500 kgs of new marketing Quota on a yearly basis. If the sum of the requests are higher than this amount, then it will be distributed on a pro-rata basis.

- VII. All levy's collected from this program will go toward augmenting the Board's turkey marketing efforts within the Province. The goal would be to help increase turkey consumption and demand.

#### NEW ENTRANT QUOTA EXCHANGE

66. The Board will operate a Quota Exchange for New Entrant growers wishing to transfer quota before they have been converted to commercial growers.
67. This exchange would only be open to members of the public currently not holding turkey quota, New Entrants and commercial growers with less than 35,000 kgs of quota.
68. If suitable offers have not been presented within 3 months of the posting, the New Entrant grower could then proceed to offer the quota for transfer to all interested parties.

#### FARM GATE SALES

69. Commercial Quota, New Entrant Quota and Certified Organic Quota holders who engage in "farm gate sales" direct to the consumer must report such marketings and pay the applicable levies.
70. All direct "farm gate sales" will be considered production as part of the grower's quota allocation.

#### DIRECT VENDOR ALLOWANCE

71. An allowance, not considered to be quota, will be allowed to Direct Vendor growers who are permitted to place no more than 300 poult (regulated product) in one quota year.
72. A Direct Vendor grower shall not market any regulated product, other than at the farm gate, at a farmer's market, through an independent butcher, or through an independent restaurant, to any person who is not the end consumer of the regulated product. A Direct Vendor grower shall not market any regulated product to any other grower, wholesaler or broker, to any processor or turkey broker, or to any retail grocery or commercial foodservice chain.
73. Direct Vendor Allowances shall not be permitted on property that is either owned or leased by a licensed Commercial, New Entrant or Organic Turkey Grower.

#### PERSONAL CONSUMPTION ALLOWANCE

74. An allowance, not considered to be quota, will be allowed to any person for personal consumption and consumption of the family. Personal consumption growers are permitted to place no more than 50 poult (regulated product) per quota year per family or farm production unit or legal land description.
75. No personal consumption grower shall market any regulated product to any other person, or to any other grower, any butcher shop or meat market, any wholesaler or broker, or to any processor or turkey broker.

#### MAXIMUM QUOTA HOLDINGS

76. Associated growers are considered to be one grower for purposes of this regulation.
77. No grower or group of associated growers shall hold or control quota, excluding Export Regrow Quota, in excess of 5% of the total quota (commercial and certified organic combined), on issue to growers in British Columbia (maximum allowable quota).
78. The Board may issue two or more quotas to the same person provided that the combined total quota on issue to that person plus the total quota on issue to any associated grower(s) does not exceed the maximum allowable quota for that type or class of quota.
79. When a grower is a bona fide partnership or corporation, the Board may issue a separate quota to each partner or voting shareholder proportionate to their partnership interest or voting shareholding provided that the total of the quota issued to the partners or voting shareholders shall not exceed the maximum allowable quota.
80. Quota issued to new entry growers pursuant to the New Entrant Grower Program is restricted to a total of no more than 15,000 kilograms per family, farm production unit or legal land description.
81. Direct Vendor allowances are restricted to placements of no more than 300 turkey poult (regulated product) per year per family, farm production unit or legal land description, and are not defined as quota.

#### TRANSFER OF OWNERSHIP

82. The Board may suspend or cancel a quota in whole or in part:
  - a) Upon the sale, transfer or lease of a turkey production unit or an interest therein by a grower,
  - b) Upon the sale, transfer, or other disposition of the controlling interest in a grower that is a corporation,

- c) Upon the creation of any trust, agreement or scheme whereby control of the corporation is sold, transferred or otherwise disposed of.

## QUOTA TRANSFER

- 82. A grower may transfer quota with the written approval of the Board.
- 83. The board will upon request of the transferor circulate a notice to all growers and post the notice to transfer quota on the board's website.
- 84. The proposed transferor and transferee(s) shall each apply to the Board in a form prescribed by the Board for approval of the transfer.
- 85. No application for transfer of quota will be accepted unless the transferor is in good standing with the Board, with respect to all fees, penalties, or other debts that are due and payable to the Board.
- 86. Any transfers will be posted on the Board's website for 30 days following approval of the transfer.
- 87. The required fees shall accompany the applications of both the transferor and the transferee.
- 88. The Board shall assess the applications and may approve the quota transfer where the following criteria have been satisfied:
  - a) the business plan of the proposed transferee is acceptable to the Board;
  - b) the proposed transferee is a licensed grower or will be qualified to be licensed as a grower at the effective date of the transfer;
  - c) the proposed transferee can satisfy the minimum space requirements set out in the Board's Farm Practices Regulation; and
  - d) the proposed transferee shall not obtain a loan, a guarantee or other financial assistance from a person other than the transferor, a savings institution or a person who, in the opinion of the Board, has no financial interest in the turkey industry.
- 89. Anyone who transfers quota either new entrant or commercial will not be eligible to apply for a Direct Vendor permit at any future date.
- 90. Subject to section 91, which shall apply in all circumstances, growers transferring Quota other than quota issued under Section 95 of these regulations, shall have: no assessment on the first 20,000 kgs of quota transferred within a quota year. Following this, they shall have a 5% assessment for the first 100,000 kgs of quota

transferred. The next 100,000 kgs would be assessed at 4% and the next 100,000 kgs transferred would be assessed at 3%. The next 100,000 kgs transferred would be assessed at 2%. The next 100,000 kgs transferred would be assessed at 1%. As a result, the maximum assessment any grower can have in a quota year is 15,000 kgs. The maximum would be reached if the grower transfers 520,000 kgs or more within a quota year.

91. The Board will withhold from the transfer of quota a percentage of the amount transferred in accordance with the length of time elapsed since the transferor acquired the quota, as set out below:

Within one year of acquisition	30%
Between 1 and 2 years of acquisition	20%
Between 2 and 3 years of acquisition	10%
Over three years of acquisition	0%

For the purpose of this section, the quota being transferred shall be deemed to be the first quota acquired by the transferor.

92. When the majority voting shares of a grower corporation, which holds quota, are to be sold or otherwise disposed of, the grower must notify the Board of the transfer of ownership by supplying a copy of the share register of the corporation. The quota of the corporation may be revoked or cancelled upon order of the Board if it is found that such a change in the ownership contravenes this or any other regulation or the Board's General Order.
93. Section 90, Section 91 shall not apply to commercial growers:
- a. Where the transferee is a direct family member defined as spouse, child and child's spouse;
  - b. Where a transfer occurs among siblings for reasons related to succession planning, and where the quota amount being transferred is and will remain attached to the "family farm" in question. Any transfer to a sibling, for any purpose, that results in quota being moved off the "farm" will require a transfer assessment;
  - c. Where two or more growers enter into an agreement of partnership and the partnership interest of such grower is proportionate to the quota registered in that grower's name;
  - d. Where the amount of quota deemed to have been allotted to a grower having an interest in a partnership remains registered in the grower's name upon dissolution of the partnership.
  - e. Where there is a whole farm transfer from one grower to another. A whole farm transfer will include land, improvements and Quota.

94. Growers transferring New Entrant Quota issued at any time, will have an assessment withheld from the quota transferred as follows:

Within the first year of issuance	Total of	100%
Between 1 & 2 years of issuance	Total of	90%
Between 2 & 3 years of issuance	total of	30%
Between 3 & 4 years of issuance	total of	40%
Between 4 & 5 years of issuance	total of	50%
Between 5 & 6 years of issuance	total of	60%
Between 6 & 7 years of issuance	total of	70%
Between 7 & 8 years of issuance	total of	80%
Between 8 & 9 years of issuance	total of	20%
Between 9 & 10 years of issuance	total of	10%
Between 10 & 11 years of issuance		10%

At the 11 year mark, New Entrants Quota shall be converted to commercial Quota. At this time, all regulations pertaining to commercial Quota shall come into effect.

95. For the purpose of 94. above the quota being transferred shall be deemed to be last quota acquired by the transferor.

The Board, at its discretion, may exempt any person(s) of any of the sections of this Regulation upon an application by such a person and due consideration of the matter including consultation with any other person(s) who might be affected by such an exemption.

THE BRITISH COLUMBIA TURKEY MARKETING BOARD pursuant to  
The NATURAL PRODUCTS MARKETING (BC) ACT (The Act) and  
the BRITISH COLUMBIA TURKEY MARKETING SCHEME (The Scheme)

This regulation shall be known as the "Quota Regulation" and shall come into force on the 30<sup>th</sup> day of ~~April~~ 2017 and may be amended from time to time.

**QUOTA**

1. Quota shall be categorized as Primary Quota or Secondary Quota and a grower may hold multiple categories and types of quota.

Types of quota issued under the following programmes shall be categorized as Primary Quota:

Commercial Quota  
~~Certified Organic Quota~~  
New Entrant Quota  
Marketing Levy Quota

Types of quota issued under the following programmes shall be categorized as Secondary Quota:

Multiplier Breeder Quota,  
Breeder By-Product Quota,  
Export Regrow Quota, and  
Incentive Quota

2. Direct Vendor (small lot) allowances are not quota of any category or type.
3. Personal consumption allowances are not quota of any category or type.
4. Secondary quota, Direct Vendor (small lot) allowances and personal consumption allowances shall not be transferred nor leased.

**COMMERCIAL QUOTA**

6. Commercial quota and new entrant quota issued to a licensed grower may be used to produce any class or size of turkey ~~except~~ Growers wishing to grow certified organic turkey ~~unless must be in possession of a valid and current certification from a Board approved Organic certifying body specifically authorized by the Board.~~
7. ~~The Board will consider applications to produce certified organic turkey by growers holding commercial quota or new entrant quota providing there is a demonstrated~~

- ~~8. In the event that the Board approves the production of certified organic turkey by a grower holding commercial quota or new entrant quota, the Board will issue a three (3) year renewable approval to the grower in a defined amount of production. The grower will be required to produce the defined amount of certified organic turkey for a minimum of three (3) years before being permitted to convert the approved production volume back to commercial turkey or new entrant turkey. Applications to renew for a further three (3) years must be made on/or before the 2<sup>nd</sup> anniversary of the approval or the approval may terminate at the third anniversary.~~
- ~~9. Commercial growers approved to produce certified organic turkey pursuant to 8. above shall be provided adequate time to have their facilities and production practices certified by an accredited agency before the start of the three (3) year approval.~~

#### **CERTIFIED ORGANIC QUOTA**

- ~~10. Certified Organic quota issued to a licensed grower may be used to produce only organic turkey certified as such by an accredited third party agency approved by the Board.~~
- ~~11. In the event a licensed grower holding Certified Organic quota is unable to market a turkey flock as certified organic due to temporary production conditions resulting in the suspension or lack of certification for that flock, the grower must apply to the Board for approval to market the turkey as commercial turkey. Any such application must be accompanied by a plan demonstrating that future flocks will be certified organic. Failure to make application, including submission of a corrective action plan, may result in suspension or cancellation of some or all of the grower's quota.~~
- ~~12. Failure to maintain certification or the inability to certify three (3) successive flocks may result in the suspension or cancellation of some or all of the grower's Certified Organic quota.~~
- ~~13. Future increases in allocation to licensed certified organic growers will be subject to the Board's allocation policies and decisions.~~

#### **MULTIPLIER BREEDER QUOTA**

- ~~10.8.~~ Upon application by a breeder, the Board may issue Multiplier Breeder Quota for the marketing of breeder toms and hens as mature turkeys.
- ~~11.9.~~ The issuance of Multiplier Breeder Quota is conditional upon the placement of multiplier breeder hens and toms in accordance with the national agency's Multiplier Breeder Policy. The Board may suspend or revoke the Multiplier Breeder Quota of a breeder that fails to operate in accordance with that policy.

~~12.10.~~ Multiplier Breeder Quota is subject to all regulations that apply to quota generally, including, without limitation, the payment of licensing fees, levies and dues, both provincial and national, over-marketing fees as well as any other regulations and orders issued by the Board.

~~13.11.~~ Each breeder shall apply to the Board on a yearly basis for Multiplier Breeder Quota and for a conditional allocation for the marketing of spent breeder turkeys in accordance with the national agency's Multiplier Breeder Policy.

~~14.12.~~ If a breeder to whom Multiplier Breeder Quota has been issued downsizes or discontinues its breeder operation, the Multiplier Breeder Quota issued to it shall revert to the Board.

#### **BREEDER BY-PRODUCT QUOTA**

~~15.13.~~ Upon application by a breeder, the Board may issue Breeder By-product Quota for the marketing of the "off-line" toms and culled breeder hens as young turkeys.

~~16.14.~~ The issuance of Breeder By-product Quota is conditional upon the placement of multiplier breeder hens by the breeder in accordance with the national agency's Multiplier Breeder Policy. The Breeder By-product Quota issued to a breeder shall be equal to 10 kilograms of young turkey marketings for each multiplier breeder hen placed by the breeder in a quota year.

~~17.15.~~ Breeder By-product Quota is subject to all regulations that apply to quota generally, including, without limitation, the payment of licensing fees, levies and dues, both provincial and national, over-marketing fees as well as any other regulations and orders issued by the Board.

~~18.16.~~ Each breeder shall apply to the Board on a yearly basis for Breeder By-Product Quota.

~~19.17.~~ If a breeder to whom Breeder By-product Quota has been issued downsizes or discontinues its breeder operation, the Breeder By-product Quota issued to it shall revert to the Board.

#### **EXPORT REGROW QUOTA**

24. An exporter who has fulfilled all of the conditions set by the national Agency's and the Provincial Board's Export Policy may apply to the Board for turkeys to be grown to replace turkeys or turkey parts exported in accordance with that policy.

25. The Board may issue quota to fulfill these requirements, which shall be known as Export Regrow Quota.

26. Export Regrow Quota shall be issued to growers based on the volume of regulated product shipped to the exporter.
27. Export Regrow Quota is subject to all regulations that apply to quota generally, including, without limitation, payment of levies and dues both provincial and national, over marketing fees as well as any other regulations of the Board.

#### **SHORT TERM QUOTA LEASE**

A short term quota lease is a lease between two registered growers where the length of the lease is for duration of less than 12 months. The Board at its discretion may also allow the use of short term quota leases in situations whereby no fault of their own; a grower may have inadvertently over or under produced their allocation. In these circumstances, the Board may grant a short term quota lease in order to allow the affected grower's production to fall within his production sleeve.

28. With the exception of short term quota leases granted by the Board, any grower who leases out any of its Quota shall not be eligible to apply for Export Regrow Quota for the quota year of the lease.

#### **INCENTIVE QUOTA**

29. The Board may, in response to exceptional circumstances within the British Columbia turkey industry, issue additional quota to growers to be known as Incentive Quota.

#### **ALLOCATION**

30. An allocation as a percentage of each type of quota on issue in the Province will be fixed by the Board for each quota year, and may be varied by the Board from time to time during a quota year, in accordance with the market as estimated by the Board and its various advisors from time to time.
31. The allocation percentage set in accordance with s30. above will be applied pro-rata to all holders of that type of quota.

~~32. The Board shall prepare and submit to BCFIRB for prior approval all proposed quota allocations of each type or category of quota, including its rationale for the allocation to each type of quota.~~

#### **ALLOCATION RULES**

- ~~33.~~32. If a grower, regardless of license class, markets more than 95% but less than 100% of that grower's allocation in a quota year, that grower's allocation for the next quota year

shall increase by the number of kilograms of the shortfall or 25,000 kilograms, whichever is less.

~~34.~~33. If a grower regardless of a license class, markets less than 95% but more than 80% of that grower's allocation in a quota year, that grower's allocation for the next quota year shall increase by 5% of the grower's allocation for the quota year of the shortfall or 25,000 kilograms, whichever is less.

~~35.~~34. If a grower markets regulated product that exceeds the grower's total allocation in a quota year;

- a) if the excess is 5% or less of the grower's total allocation and 25,000 kilograms or less, the grower's allocation for the next quota year shall be reduced by the amount of the excess;
- b) if the excess is more than 5% of the grower's allocation or more than 25,000 kilograms, the grower's allocation for the next quota year shall be reduced by the lesser of 5% of the grower's allocation or 25,000 kilograms, plus twice the number of kilograms by which the excess exceeded 5% of the grower's allocation or 25,000 kilograms in the quota year; and
- c) a grower to whom "b" applies shall pay an increased levy equal to 37.4 cents per kilogram live weight plus applicable tax on production that exceeds the total of his allowable allocation plus the lesser of 5% of his allocation or 25,000 kilograms.

#### **LEASING OF ALLOCATION**

36. A prospective lessor of allocation shall file with the Board a notice of intention for each proposed lease of allocation, which notice shall include:

- a) the name of the prospective lessor;
- b) the name of the contact person for the prospective lessor;
- c) the address, telephone number, fax number and e-mail address of the contact person;
- d) the name and contact information of the prospective lessee (if known);
- e) the number of kilograms of allocation to be leased; and
- f) the proposed effective date of the lease, which shall be at least 28 days after the day on which the notice is filed with the Board. Section 36 f) does not apply to short term quota leases

37. At the request of the lessor, The Board shall circulate a copy of the notice to all growers and as well as post it on the Board's website. Any person who wishes to lease the allocation derived from their commercial quota must contact the lessor directly for purposes of entering into negotiations for a lease.

38. Following successful negotiations, the proposed lessor and lessee(s) shall each apply to the Board in a form prescribed by the Board for approval of the lease. The applications must be filed at least 14 days prior to the date poults are to be placed on the leased allocation. The required fees shall accompany the applications. Section 38) does not apply to short term quota leases.
39. Each lessee of allocation must be a licensed grower at the effective date of the lease.
40. The regulated product grown on the lease must be marketed to the processor or turkey broker to whom the lessor was contracted or directed to market the regulated product. Section 40) does not apply to short term quota leases.
41. Maximum and minimum quota restrictions set out in this regulation and the BCTMB General Order 2016 shall apply to the lessor and the lessee.
42. The right to produce under the Direct Vendor grower program is not considered to be quota, and may not be leased.

#### **SALE OF EXCESS REGULATED PRODUCT BY THE BOARD**

43. As a condition of the assignment of quota by the Board to a grower, the grower will make available to the Board or its agent all regulated product grown in excess of the grower's assigned allocation at a price not exceeding the difference, if any, between the price realized by the Board or its agent on the marketing of such regulated product and the Board's expenses related to such marketing.

#### **NEW ENTRANT GROWERS PROGRAM**

44. The Board has established a New Entrant Growers Program which shall include the provision of a one-time issuance of up to ~~15,000~~17,500 kg Primary Quota to each successful new entrant subject to the procedures set out below.
45. Quota to fund the issuance of Primary Quota to successful new entrants will be provided from transfer assessments ~~and from increases in provincial allocation from the Turkey Farmers of Canada and if required, from general allocation.~~ The Board will offer new entrant quota ~~amounts issuances in multiples of up to 15,000-17,500 kgs. kg to the extent quota is available in the pool established by the transfer assessments.~~ ~~Notwithstanding the amount provided to the new entrant pool from the transfer assessments, the Board will annually make available a minimum of 30,000 kgs of quota to the New Entrant Growers Program.~~
46. ~~The minimum New Entry Quota allocation shall be subject to there being at least 30,000 kg available from the sum of increased allocation received from the TFC for the~~

~~upcoming quota year plus any amounts of quota realized from transfer assessments and not previously issued and allocated through the New Entrant Growers Program.~~

47.46. Persons wishing to apply for consideration as a new entry grower shall be required to make application to the Board in a form acceptable to the Board.

48.47. Only persons being residents of British Columbia over the age of 19 years and who currently own land suitable for raising turkeys shall be eligible to apply as a new entry grower.

49.48. That no person who owns or has previously held quota in one of the SM5 sectors (milk, eggs, turkey, chicken, broiler hatching eggs) is eligible to apply for or receive new entrant quota.

1. That for the purposes of the above requirement:
  - a. "person" included that person in their own name, any partnership in which that person is or was a partner, or any company or limited partnership in which that person holds or has held shares; and
  - b. "person" includes spouse. A spousal relationship is a relationship in which persons (i) are married or (ii) are cohabiting in a conjugal relationship, having so cohabited for a continuous period of at least one year.
2. That to be eligible to remain on/or be added to the waitlist, every applicant is required to file with the Board a sworn or notarized document:
  - a. Making full disclosure with regard to Items 1a and 1b and undertaking that the applicant will promptly notify the Board of any new information or developments pertaining to required disclosures at any time while the person remains on the waiting list.
  - b. Undertaking that the applicant understands and is prepared to comply with all the requirements of the new entrant program as they exist from time to time, including the requirement to operate any quota granted under the program as an independent production unit, and be involved in the day-to-day operations of the farm.
  - c. Confirming that all the rights and privileges subsequently obtained under the new entrant program including quota subsequently granted, may be revoked without compensation if it is determined that the applicant(s) has provided false or misleading information, or has failed to comply with the conditions or requirements of the program.
  - d. Confirming that the applicant understands and agrees to the publication of that person's name on the waitlist, or that person's name as a successful applicant, as required by participation in the new entrant program.

~~50.49.~~ All applications will be placed on the appropriate wait list in the order in which they are received. The list is comprised of:

~~Priority 1: 4 New Entrant Applications for New Innovative Specialty Products;  
Priority 2: 4 New Entrant Applications for Organic Turkey providing there is a market demand;~~

Priority ~~3~~1: 4 New Entrant Applications for Regional Markets outside the Lower Fraser Valley; and

Priority ~~4~~2: 4 New Entrant Applications to produce Commercial Turkey anywhere in BC.

Any new openings on the waiting list will be posted on the board's website at which time any interested parties can make an application in the appropriate form to be put on the new entrant wait list. The opening will be posted for ninety (90) days following which a draw will be held to determine the successful applicant.

~~51.50.~~ For those on the waitlist, a \$100 plus applicable taxes non-refundable application fee payable to the Board shall accompany all applications.

~~52.51.~~ All applications shall be subject to annual renewal, and the non-refundable annual renewal fee shall be \$50 plus applicable taxes.

~~53.52.~~ Waiting lists will be published on the Board's website, and will be updated semi-annually at a minimum.

~~54.53.~~ Invitations to become a new entry grower will be offered annually by the Board in accordance with the following priorities:

~~1<sup>st</sup> to persons indicating a plan to produce and direct market new, innovative specialty turkey products;~~

~~2<sup>nd</sup> to persons indicating a plan to produce certified organic turkey, providing there is a market demand for increased production of certified organic turkey;~~

~~1<sup>st</sup> 3<sup>rd</sup> to persons planning to produce and market locally for regional markets outside the Lower Fraser Valley region; and,~~

~~2<sup>nd</sup> 4<sup>th</sup> to persons planning to produce commercial turkey anywhere in BC.~~

~~55. Invitation priorities pursuant to s.54 above will be considered additive insofar as an applicant fulfilling two or more of the priorities may be offered a new entrant opportunity ahead of applicants fulfilling only one of the priority criteria.~~

~~56.54.~~ Persons receiving invitations shall have 60 days to complete and or agree to the following:

- a. Submit a business plan containing at a minimum projected financial statements, details concerning the intended production facility and a detailed marketing plan together with an undertaking to comply with the Board's regulations as amended from time to time. The production facility details will include at a minimum, schematics of any existing or proposed new construction and pictures of existing facilities where the turkeys will be grown.
- b. Agree to have the Board's auditor physically inspect the proposed production facility (facilities) before new entrant quota is granted.
- c. Agree to have their names published on the Board's website for a minimum of 30 days in order to allow the public a chance to voice any objections they may have to the new entrant invitation.

~~57.55.~~ Business plans must be submitted together with a \$5,000 deposit, such deposit to be refundable upon the first placement of poults by the new entry grower. In the event the new entry grower fails to place poults within 12 months of licensing by the Board, the fee shall be forfeited and the new entrant invitation withdrawn.

~~58.~~ Prospective new entry growers undertaking to produce certified organic turkey must include either their certification as an organic grower or the schedule upon which they will become certified. ~~Failure to become certified within the intended and approved timeframe will cause the new entrant's license and quota allocation to be suspended or cancelled.~~

~~59.~~

~~60.56.~~ Upon ~~approval~~successful review of the applicant's business plan by the Board, the applicant shall be licensed as a new entry grower.

~~61.57.~~ New entry growers ~~planning to produce certified organic turkey shall be issued up to a total of 15,000 kilograms of Certified Organic Quota. All other new entrants shall be issued up to a total of 15,000~~ 17,500 kilograms of Commercial Quota.

~~62.58.~~ New entry growers, ~~whether producing innovative new products or certified organic products,~~ serving local or regional markets by direct marketing, or supplying the commercial market through processors or turkey brokers, shall be obligated to comply with the provisions of the Board's General Order and Regulations.

~~63.59.~~ Quota issued by the Board to a new entry grower that is not utilized for two (2) consecutive years will be withdrawn by the Board and made available for re-issuance by the Board through the New Entry Grower Program.

~~64.60.~~ Notwithstanding the Board's offer of up to ~~15,000~~17,500 kg of quota, new entry growers may acquire additional quota by transfer from other growers, as approved by the Board.

~~65.61.~~ Regulated product issued under the new entrant program must be shipped and marketed as per the marketing plan submitted by the applicant in s56. above. Failure to do so ~~can~~will cause the new entrant's license and quota allocation to be suspended or cancelled.

~~66.62.~~ There is permitted to be a maximum of one New Entry quota per person, or entity per property. No other supply managed quota is allowed to be grown on the same premises unless it has been leased or purchased subsequently by the new entrant.

~~67.63.~~ A person seeking to participate in the New Entrant Growers' Program must have a genuine intention to be actively engaged in turkey production. The Board will determine, in its sole discretion, whether an entrant is actively engaged in turkey production for the purposes of the New Entrant Growers' Program. Without limiting the generality of the foregoing, the Board will have regard to the following factors:

- a) whether the New Entrant Grower Quota is being used for the benefit of the new entrant;
- b) whether the entrant is active in the day-to-day affairs of the production unit, including matters of animal husbandry;
- c) whether the entrant operates and controls the production unit;
- d) whether the entrant owns, leases or rents the production unit;
- e) whether the entrant pays for feed and other farm supplies utilized on the production unit; and
- f) whether the entrant enjoys the chance of profit and bears the risk of loss in relation to the operations of the production unit.

Failing to fulfill any of the requirements listed above may result in the immediate suspension or cancellation of the New Entrant's quota.

#### Marketing Quota and Special Marketing Levy

64. Marketing Quota and the special marketing levy associated with it, is available to NE growers and small commercial growers (with up to 35,000 kgs of Quota) seeking an opportunity to grow more turkey production. Up to 17,500 kgs of quota is available to new entrants and small commercial growers in good standing and on the condition that they pay a predetermined special marketing levy on a yearly basis for 10 years.

65. NE growers and small commercial growers seeking an opportunity to grow more production can grow up to 17,500 kgs of Marketing quota. Qualified growers must be in good standing and on the condition that they pay a predetermined special marketing levy on a yearly basis for 10 years.

- I. The levy will be set at the commencement of the commitment period and the amount would be determined after consultation with three banking enterprises and the NE and Specialty Advisory Committee. This yearly amount will be based on the current conditions in the industry
- II. Section 94 and 95 apply to the Marketing Quota.
- III. This program is available to current New Entrants and small commercial growers until such time as their total amount of quota on the farms has not exceeded 35,000 kgs of total Quota
- IV. Prior to the allotment taking effect, the grower would have to provide the Board with a letter from their processor of choice indicating that this extra production can be processed on a suitably satisfactory date and that this new volume will not negatively impact other turkey growers currently processing their turkeys at their facility.
- V. This levy will be offered yearly in the fall and will be finalised after the grower program filing deadline has passed.
- VI. The Board will offer up to 17,500 kgs of new marketing Quota on a yearly basis. If the sum of the requests are higher than this amount, then it will be distributed on a pro-rata basis.
- VII. All levy's collected from this program will go toward augmenting the Board's turkey marketing efforts within the Province. The goal would be to help increase turkey consumption and demand.

#### NEW ENTRANT QUOTA EXCHANGE

66. The Board will operate a Quota Exchange for New Entrant growers wishing to transfer quota before they have been converted to commercial growers.
67. This exchange would only be open to members of the public currently not holding turkey quota, New Entrants and commercial growers with less than 35,000 kgs of quota.
68. If suitable offers have not been presented within 3 months of the posting, the New Entrant grower could then proceed to offer the quota for transfer to all interested parties.

#### **FARM GATE SALES**

- ~~68-69.~~ Commercial Quota, New Entrant Quota and Certified Organic Quota holders who engage in "farm gate sales" direct to the consumer must report such marketings and pay the applicable levies.
- ~~69-70.~~ All direct "farm gate sales" will be considered production as part of the grower's quota allocation.

## **DIRECT VENDOR ALLOWANCE**

~~70.~~71. An allowance, not considered to be quota, will be allowed to Direct Vendor growers who are permitted to place no more than 300 poult (regulated product) in one quota year.

~~71.~~72. A Direct Vendor grower shall not market any regulated product, other than at the farm gate, at a farmer's market, through an independent butcher, or through an independent restaurant, to any person who is not the end consumer of the regulated product. A Direct Vendor grower shall not market any regulated product to any other grower, wholesaler or broker, to any processor or turkey broker, or to any retail grocery or commercial foodservice chain.

~~72.~~73. Direct Vendor Allowances shall not be permitted on property that is either owned or leased by a licensed Commercial, New Entrant or Organic Turkey Grower.

## **PERSONAL CONSUMPTION ALLOWANCE**

~~73.~~74. An allowance, not considered to be quota, will be allowed to any person for personal consumption and consumption of the family. Personal consumption growers are permitted to place no more than 50 poult (regulated product) per quota year per family or farm production unit or legal land description.

~~74.~~75. No personal consumption grower shall market any regulated product to any other person, or to any other grower, any butcher shop or meat market, any wholesaler or broker, or to any processor or turkey broker.

## **MAXIMUM QUOTA HOLDINGS**

~~75.~~76. Associated growers are considered to be one grower for purposes of this regulation.

~~76.~~77. No grower or group of associated growers shall hold or control quota, excluding Export Regrow Quota, in excess of 5% of the total quota (commercial and certified organic combined), on issue to growers in British Columbia (maximum allowable quota).

~~77.~~78. The Board may issue two or more quotas to the same person provided that the combined total quota on issue to that person plus the total quota on issue to any associated grower(s) does not exceed the maximum allowable quota for that type or class of quota.

~~78.~~79. When a grower is a bona fide partnership or corporation, the Board may issue a separate quota to each partner or voting shareholder proportionate to their

partnership interest or voting shareholding provided that the total of the quota issued to the partners or voting shareholders shall not exceed the maximum allowable quota.

~~79-80.~~ Quota issued to new entry growers pursuant to the New Entrant Grower Program is restricted to a total of no more than 15,000 kilograms per family, farm production unit or legal land description.

~~80-81.~~ Direct Vendor allowances are restricted to placements of no more than 300 turkey poults (regulated product) per year per family, farm production unit or legal land description, and are not defined as quota.

#### **TRANSFER OF OWNERSHIP**

82. The Board may suspend or cancel a quota in whole or in part:
- a) Upon the sale, transfer or lease of a turkey production unit or an interest therein by a grower,
  - b) Upon the sale, transfer, or other disposition of the controlling interest in a grower that is a corporation,
  - c) Upon the creation of any trust, agreement or scheme whereby control of the corporation is sold, transferred or otherwise disposed of.

#### **QUOTA TRANSFER**

82. A grower may transfer quota with the written approval of the Board.
83. The board will upon request of the transferor circulate a notice to all growers and post the notice to transfer quota on the board's website.
84. The proposed transferor and transferee(s) shall each apply to the Board in a form prescribed by the Board for approval of the transfer.
85. No application for transfer of quota will be accepted unless the transferor is in good standing with the Board, with respect to all fees, penalties, or other debts that are due and payable to the Board.
86. Any transfers will be posted on the Board's website for 30 days following approval of the transfer.
87. The required fees shall accompany the applications of both the transferor and the transferee.
88. The Board shall assess the applications and may approve the quota transfer where the following criteria have been satisfied:

- a) the business plan of the proposed transferee is acceptable to the Board;
- b) the proposed transferee is a licensed grower or will be qualified to be licensed as a grower at the effective date of the transfer;
- c) the proposed transferee can satisfy the minimum space requirements set out in the Board's Farm Practices Regulation; and
- d) the proposed transferee shall not obtain a loan, a guarantee or other financial assistance from a person other than the transferor, a savings institution or a person who, in the opinion of the Board, has no financial interest in the turkey industry.

~~89.~~ 89. Anyone who transfers quota either new entrant or commercial will not be eligible to apply for a Direct Vendor permit at any future date.

~~90.~~ Subject to section 91, which shall apply in all circumstances, growers transferring Quota other than ~~With the exception of~~ quota issued under Section 95 of these regulations, ~~growers transferring quota shall~~ will have: no assessment on the first 20,000 kgs of quota transferred within a quota year. Following this, they shall have a 5% assessment for the first 100,000 kgs of quota transferred. The next 100,000 kgs would be assessed at 4% and the next 100,000 kgs transferred would be assessed at 3%. The next 100,000 kgs transferred would be assessed at 2%. The next 100,000 kgs transferred would be assessed at 1%. As a result, the maximum assessment any grower can have in a quota year is 15,000 kgs. The maximum would be reached if the grower transfers 520,000 kgs or more within a quota year.

~~90.91.~~ ~~In addition to Sec.91~~ The Board will withhold from the transfer of quota a percentage of the amount transferred in accordance with the length of time elapsed since the transferor acquired the quota, as set out below:

Within one year of acquisition	30%
Between 1 and 2 years of acquisition	20%
Between 2 and 3 years of acquisition	10%
Over three years of acquisition	0%

For the purpose of this section, the quota being transferred shall be deemed to be the first quota acquired by the transferor.

~~91.92.~~ When the majority voting shares of a grower corporation, which holds quota, are to be sold or otherwise disposed of, the grower must notify the Board of the transfer of ownership by supplying a copy of the share register of the corporation. The quota of the corporation may be revoked or cancelled upon order of the Board if it is found that

such a change in the ownership contravenes this or any other regulation or the Board's General Order.

~~92.93.~~ Section ~~910~~, Section ~~921~~ and the provisions of section ~~95~~ pertaining to New Primary Quota shall not apply to commercial growers:

- a. Where the transferee is a direct family member defined as spouse, child and child's spouse;
- b. Where a transfer occurs among siblings for reasons related to succession planning, and where the quota amount being transferred is and will remain attached to the "family farm" in question. Any transfer to a sibling, for any purpose, that results in quota being moved off the "farm" will require a transfer assessment;
- c. Where two or more growers enter into an agreement of partnership and the partnership interest of such grower is proportionate to the quota registered in that grower's name;
- d. Where the amount of quota deemed to have been allotted to a grower having an interest in a partnership remains registered in the grower's name upon dissolution of the partnership.

~~d-e.~~ Where there is a whole farm transfer from one grower to another. A whole farm transfer will include land, improvements and Quota.

~~93.94.~~ Subject to section 94, growers transferring New Primary Quota (including Commercial Quota and Certified Organic Quota) issued after May 1, 2007, and g Growers transferring New Entrant Quota issued at any time, will have an assessment withheld from the quota transferred as follows:

Within the first year of issuance	Total of	<u>100%</u>
Between 1 & 2 years of issuance	Total of	<u>910%</u>
Between 2 & 3 years of issuance	<del>Another 10%</del> total of	<u>230%</u>
Between 3 & 4 years of issuance	<del>Another 10%</del> total of	<u>430%</u>
Between 4 & 5 years of issuance	<del>Another 10%</del> total of	<u>450%</u>
Between 5 & 6 years of issuance	<del>Another 10%</del> total of	<u>650%</u>
Between 6 & 7 years of issuance	<del>Another 10%</del> total of	<u>670%</u>
Between 7 & 8 years of issuance	<del>Another 10%</del> total of	<u>870%</u>
Between 8 & 9 years of issuance	<del>Another 10%</del> total of	<u>820%</u>
Between 9 & 10 years of issuance	<del>Another 10%</del> total of	<u>910%</u>
<u>After 10 years from issuance-Between 10 &amp; 11 years of issuance</u>	Total of	<u>90% 10%</u>

At the 11 year mark, New Entrants Quota shall be converted to commercial Quota. At this time, all regulations pertaining to commercial Quota shall come into effect.

94.95. For the purpose of 954. above the quota being transferred shall be deemed to be last quota acquired by the transferor.

The Board, at its discretion, may exempt any person(s) of any of the sections of this Regulation upon an application by such a person and due consideration of the matter including consultation with any other person(s) who might be affected by such an exemption.