



September 2, 2009

File: 44200-70 TMB NEP

DELIVERED BY EMAIL

Ron Charles, Chair
British Columbia Turkey Marketing Board
108 – 19329 Enterprise Way
Surrey BC V3S 6J8

Dear Mr. Charles:

CHANGE TO QUOTA TRANSFER ASSESSMENT FOR NEW ENTRANT PROGRAM

I write in reply to your letter of August 4, 2009, which the BC Farm Industry Review Board (BCFIRB) considered at its August 19, 2009 meeting. The BC Turkey Marketing Board (Turkey Board) has requested that its quota transfer assessment be changed from a “deemed” or “pooled” calculation – where quota is assessed against the overall allocation based on an averaging of quota transfers – to a “direct transfer” calculation imposed specifically on the transferor of quota. Certain exemptions to direct transfer assessments will apply for direct family members, businesses and partnerships.

Background

In its December 2004 policy framework, the Ministry of Agriculture proposed that quota transfer assessments be used by all BC supply managed boards in support of new entrant programs. In its September 2005 Specialty Review Directions, BCFIRB agreed and settled on the five percent figure (already used by the BC Milk Marketing Board) after consultation with the boards and industry. BCFIRB supported direct transfer assessments.

On April 12, 2006, the Turkey Board asked if it could use a deemed transfer assessment:

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

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

**British Columbia
Farm Industry Review Board**

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BCFIRB's July 20, 2006 letter agreed to the Turkey Board using a deemed transfer assessment.

At a meeting on April 9, 2008, the Turkey Board requested a return to the direct transfer assessment model. On May 20, 2008, the Turkey Board was advised that in order to be consistent with a similar request made by the BC Chicken Growers' Association regarding the BC Chicken Marketing Board's deemed transfer assessment, BCFIRB would not approve the change pending a review of the 2009 review of all specialty programs. BCFIRB left it open for the Turkey Board to reapply beforehand if it had other rationale for changing the assessment.

In its letter of August 4, 2009, the Turkey Board indicated that due to delays in starting the 2009 review, it was repeating its request for the change:

...The "deemed" assessment system is not working for our industry. There are a number of reasons why this system is not working but the major issue is that most of our new entrants are not shipping their product to processors. Most of our new entrants are either Organic producers or their farms are located far from the existing processors. BC Turkey Marketing Board is of the view that asking these new entrants to deliver product to lower mainland processors would not be consistent with the spirit of the New Entrant Program.

The loss of production for the primary processors is one issue that we are facing but further, this loss is coming out of a "pooled" assessment as opposed to a direct assessment. This makes it very difficult to manage our allocation of production to the processors.

A direct assessment would clearly indicate to the purchaser of the quota, the seller in the case of a partial sale and to his processor, how much production will be delivered to his chosen plant.

Our intentions are not to decrease the pool of quota available to new entrants. Rather we wish to bring certainty and clarify as to where the quota is coming from and we wish to stop eroding the pool of quota available to the processors and growers who are not re-organising or selling their quota.

As there is no intent to amount of quota that will be available to new entrants and the assessment will apply to all quota transfers (except for authorized exemptions) I can advise you that BCFIRB has no objection to the Turkey Board changing to a direct transfer assessment.

As contemplated in my July 20, 2006 letter – but now only upon request – BCFIRB continues to expect the Turkey Board will be able to provide "details of quotas transferred, assessments levied, exemptions authorized and the actual and/or planned distribution of quota realized from assessment."

Please to not hesitate to contact the BCFIRB office if you have any questions.

Yours truly,



Jim Collins
General Manager

pc: Website