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DELIVERED BY EMAIL

Bruce Cook, Chair
British Columbia Broiler Hatching Egg Commission

Ron Kilmury, Chair
British Columbia Chicken Marketing Board

David Taylor, Chair
British Columbia Egg Marketing Board

Blaine Gorrell, Chair
British Columbia Milk Marketing Board

Ron Charles, Chair
British Columbia Turkey Marketing Board

Dear Sirs:

**REVIEW OF SPECIALTY PRODUCTION AND NEW ENTRANT PROGRAMS –
IMPROVING ACCESS TO THE SUPPLY MANAGEMENT SYSTEM – EXEMPTION
OF SIBLINGS FROM QUOTA TRANSFER ASSESSMENTS**

This amendment to the September 1, 2005 Directions of the BC Farm Industry Review Board (BCFIRB) concerning exemptions from quota transfer assessments is provided following consultation with the BC Egg Marketing Board (Egg Board) and the BC Milk Marketing Board (Milk Board).

On September 1, 2005, BCFIRB made the following direction under 5.8 Transfer Assessments:

3. In the cases where direct assessment has been proposed, exception to assessment are to be limited to direct family members only – these being defined as spouse, sons and daughters – and for business reorganization where the ownership percentages do not change.

Subsequently, the BC Chicken Marketing Board and the BC Turkey Marketing Board were authorized to utilize a “deemed transfer assessment” methodology under which a five-percent

British Columbia
Farm Industry Review Board

Mailing Address:
PO Box 9129 Stn Prov Govt
Victoria BC V8W 9B5
Telephone: 250 356-8945
Facsimile: 250 356-5131

Location:
3rd Floor, 1007 Fort Street
Victoria BC V8V 3K5
Email: firb@gov.bc.ca
Website: www.firb.gov.bc.ca/

assessment is calculated on all quota transfers in the previous three years. BCFIRB has required that these calculations do not take into account any quota transfer exemptions.

Direct assessments on quota transfers are imposed by the BC Broiler Hatching Egg Commission, the Egg Board and the Milk Board. Authority was also given to the Milk Board to provide for an additional exemption for “quota swaps where each party to the swap begins and ends with the same amount of quota and the swap is solely for the purpose of balancing annual production within quota.”

The Egg Board and the Milk Board have both requested that BCFIRB amend its September 2005 Direction to allow exemptions for quota transfers between siblings. The rationale for both requests was laid out in an October 6, 2006 letter from the Milk Board:

As you will recall, the Milk Board has requested this exemption to address continuity of the family farm and succession planning matters. It is our opinion that in the absence of the surrender exemption, the family farm will face undue hardship as succession plans are implemented.

BCFIRB later had meetings with both boards to further discuss the matter and it was mutually agreed that an exemption for quota transfers between siblings would be approved under one condition. This condition is that the exemption is limited to transfers between 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”, except to a person exempted in accordance with BCFIRB’s original September 2005 Direction, will require a transfer assessment to be imposed.

This further exemption applies to all boards when using direct assessments on quota transfers.

Yours truly,

A handwritten signature in black ink, appearing to read "Richard Bullock", written over a light-colored rectangular background.

Richard Bullock
Chair

pc: BCFIRB Website