

**B.C. FARM INDUSTRY REVIEW BOARD
SUPERVISORY REVIEW OF B.C. TURKEY MARKETING BOARD
TURKEY ALLOCATION TO B.C. PROCESSORS
SUPPLEMENTAL DECISION**

MARCH 21, 2006

1. Since our decision of January 26, 2006, we have been advised that the Canadian Turkey Marketing Agency (CTMA) will allocate a minimum of 23,017,190 kgs live weight to BC for the 2006/07 quota year. This represents growth for B.C. of approximately 1.82 million kgs live weight. While some growth was expected, this degree of growth was not contemplated by BCFIRB to occur as early as the 2006/07 quota year based on discussions held with the British Columbia Turkey Marketing Board (Turkey Board) and the parties during our supervisory review.
2. We have also subsequently been advised of the Turkey Board's Administration Order #2 which provides for the following live weight allocations in 2006/07:

The British Columbia Turkey Marketing Board pursuant to the British Columbia Turkey Marketing Scheme and the British Columbia Turkey Marketing Board's General Order and Regulations 2005/06 the British Columbia Turkey Marketing Board rules that the market share for each processor broker and/or turkey broker for the 2006/2007 quota year shall be as follows:

Lilydale Inc.	17,906,815 kg
Superior Poultry Processors Ltd.	2,574,868 kg
Sunrise Poultry Processors Ltd.	729,392 kg
J.D. Farms Ltd.	624,019 kg
Farm Fed Processors	43,000 kg
Rosstown Natural Foods Ld.	729,392 kg

Not included in this sharing are slaughters of Export Regrow Quotas, Breeder Quotas and any additional quota granted by the Canadian Turkey Marketing Agency as conditional allocations.

3. BCFIRB understands that this would leave at least 400,000 kgs live weight for allocation to specialty and small lot production commencing in 2006/07.
4. Further, we have received correspondence requesting amendment or clarification of BCFIRB's January 26, 2006 supervisory order. Specifically:
 - A February 10, 2006 letter from Lilydale Inc. (Lilydale) requesting that the Turkey Board "adjust Lilydale's base number by increasing it from 17,152,150 live kg's to 18,578,555 live kg's, an increase of 1,426,405 live kg's."
 - A February 15, 2006 letter from the Turkey Board to Lilydale advising that "it is beyond the powers of (the Turkey Board) to amend" BCFIRB's decision with respect to base allocations.

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- A February 17, 2006 letter from counsel for Rosstown requesting, out of concern that the 2006/07 growth might mean that future growth “will not always be so large”, that BCFIRB consider modifying the base allocations in paragraph 18 of the Supervisory Decision. Alternatively, Rosstown asked for clarification of paragraph 25:

what increase they can expect in their processor allocation for the 2007-2008 quota year, based on the provincial allocation increase which has happened this year. Will it be 25% of the additional 1,458,763 kilograms [evis weight] available, that is, an additional processing allocation of 364,690.75 kilograms? Or will it be 25% of the additional 1,458,763 kilograms available now, **plus** 25% of any increase in provincial production from the CTMA for 2007-2008?
[emphasis in original]

- A February 20, 2006 letter from Superior Poultry Processors Ltd. to the Turkey Board also asking for clarification of how growth is to be allocated in accordance with paragraph 25.
5. As a result of the foregoing BCFIRB has determined it appropriate to issue this supplemental decision,¹ and advise as follows.

Confirmation of the basic principles of the January 26, 2006 decision

6. Our original decision directed that the Turkey Board move forward in a manner that balanced the interests of those processors that supported assurance of supply (i.e. the Turkey Board directing where production must be processed) with those who favoured a system whereby processors would obtain supply through reaching agreements with growers. Our balance involved setting a base allocation for processors that the Turkey Board would allocate to specified processors. However, beyond this base, processors that wish to access production in excess of their base allocation will need to contract with growers to obtain supply. The amount of production that can be processed through such agreements will be limited by some factors. These include those referred to in our original decision (such as the need to account for specialty production or other allocation criteria established by the Turkey Board in accordance with our September 1, 2005 directions to all supply managed boards) and the total production assigned to B.C. at the national level. However, as BCFIRB expects B.C.'s production to increase in the years ahead, this grower sign-up system will be a progressively more important part of the provincial turkey marketing system as the B.C. industry moves forward.

¹ A draft of this supplementary decision was sent on February 24, 2006 to all addressees on the turkey allocation review distribution list for review and comments. Comments were provided by Superior (February 26), Rosstown (February 27), Sunrise (March 3) and the Turkey Board (March 3), with copies of those comments being shared with all other parties. Further, Sunrise (March 6) and Rosstown (March 8) provided responses to the March 3 submission of the Turkey Board, again copied to all other parties.

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Requests to modify the base allocation set out in the January 26, 2006 decision are rejected

7. Since the CTMA approved more production for BC as of 2006/07, some parties have, since our decision of January 26, 2006, requested the Board to modify the base amounts referred to in our original 2006 decision. We decline to do so. Therefore, the Turkey Board's understanding, as outlined in its February 15, 2006 letter, of its authority to amend the base allocations directed by BCFIRB is correct.

Requests for clarification on the application of the base system to Sunrise Poultry Processors Ltd. (Sunrise) / Rosstown Farms Ltd. (Rosstown)

8. The matters in Rosstown's appeal of Turkey Board decisions were subsumed into the supervisory review. Our January 26, 2006 decision contained some specific rules to deal with the particular situation of Sunrise and Rosstown. With respect to Sunrise and Rosstown, we stated at paragraph 25 of our January 26, 2006 decision that these two parties would, owing to their specific circumstances, have an adjustment in their base allocation in future years. These were the only parties for which an increase in *base* share was contemplated. Rosstown's increase is conditional upon Rosstown having a processing plant completed and licensed prior to the 2007-08 quota year.
9. Since our decision, several parties have requested clarification about how the base shares for the parties are to be calculated in the years ahead as further production capacity is granted to B.C., and whether / how the 2006/07 production increases for B.C. should be factored in.
10. In a draft of this supplementary decision we stated in this regard:

Sunrise and Rosstown will each receive 25% of the 2006/07 growth added to their bases effective the 2007/08 quota year. Sunrise and Rosstown will also each receive 25% of any other new growth received in the 2007/08 quota year. Further increases to Sunrise and Rosstown to achieve the extra 676,100 kgs live weight in base allocation as directed by paragraph 25 of the directions will come from new growth given to BC in any given year and not simply from any quota available above the base and specialty allocations
11. Several parties, including the Turkey Board, took strong exception to the suggestion that the 2006/07 production increases should be reconfigured among processors effective 2007/08, arguing that this would have detrimental effects on business relations. By contrast, Rosstown and Sunrise expressed support for the above draft direction.
12. We have given serious consideration to the competing views on this point and our final direction respecting this issue is that Sunrise and Rosstown will not receive effective in the 2007/08 quota year any adjustment in their base allocations to

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reflect the production increased granted to BC effective the 2006/07 year. Increases to the base share of Sunrise and Rosstown in order for each to achieve the extra 676,100 kgs live weight in base allocation as directed by paragraph 25 of the directions in our January 25, 2006 letter will come from new growth provided to B.C. in any given year effective 2007/08 and thereafter. It will not come simply from any quota available above the base and specialty allocations

13. In reaching this conclusion concerning the process for adjustment of base share of Rosstown and Sunrise, we note that nothing prevents those parties from benefiting in future – through grower sign-up – from the growth obtained by B.C. effective in 2006/07. Although the 2006/07 BC increase will not be used to increase the *base* share of Rosstown and Sunrise, it will not be part of the base share of any other party either.

Base allocation of Farm Fed

14. The Turkey Board, in its March 3, 2006 submission respecting the draft supplemental decision, noted that the supervisory decision contained a conversion error made by the Turkey Board and BCFIRB. The Turkey Board explained that the base allocation to Farm Fed should have been 40,000 kgs live weight. Farm Fed did not respond to the Turkey Board's submission.
15. The original base allocation to Farm Fed was established as a result of the transfer of 50,000 kgs of grower quota identified at paragraph 29 of our January 26, 2006 decision. We agree with the Turkey Board that the base allocation should have been adjusted to reflect the 80 percent grower quota utilization level in place at the time (80 percent of 50,000 for a base allocation of 40,000). Accordingly, Farm Fed's allocation of 50,000 kgs live weight at paragraph 18 of our January 26, 2006 decision is amended to a base allocation of 40,000 kgs live weight.

Relationship to appeals

16. To the extent that this supplementary decision modifies our January 26, 2006 decision, it is appropriate to allow Lilydale, Rosstown and J.D. Farms et al an opportunity to make submissions on the question of whether they believe there are any issues outstanding from their appeals. Any such submissions must be provided to BCFIRB by Friday, April 7, 2006.

Moving forward

17. To the extent that this decision and our decision of January 26, 2006 specifically addresses a matter, it is the expectation of BCFIRB that the Turkey Board will accept and implement that decision. If and to the extent there are any issues flowing from this decision which are not expressly addressed, or if there is any ambiguity in our decisions, it is the further expectation of BCFIRB that the Turkey

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Board will address those issues in a manner consistent with the spirit and intent of our decisions.

18. Our supervisory process is now complete and BCFIRB will not be considering any further submissions or requests to amend this decision. Our oversight now reverts to the hearing appeals, unless and until BCFIRB determines it appropriate to initiate a further supervisory review.

BRITISH COLUMBIA FARM INDUSTRY REVIEW BOARD

Per

A handwritten signature in black ink, appearing to read 'Richard Bullock', written over a horizontal line.

Richard Bullock
Chair