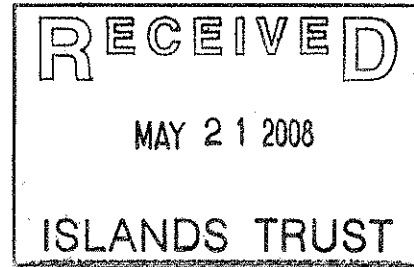


EC



MAY 20 2008

173232

Kim Benson
Chair, Islands Trust Council
200 – 1627 Fort Street
Victoria, British Columbia
V8R 1H8

Dear Kim Benson:

Thank you for your letter of April 30, 2008, regarding a sustainable approach to farm tax assessment in the Islands Trust area. Thank you also for your support for the Farm Assessment Review initiative, which I announced in December 2007.

Government recognizes the important contribution of the agriculture industry to the provincial economy and to the fabric of our communities. I appreciate a clear and supportive farm assessment and property tax regime is especially important for the scale of farm operations throughout the Islands Trust Area.

The Farm Assessment Review Panel will be reviewing all issues regarding farm assessment policy as specified by the project's Terms of Reference, which I have enclosed for your reference. I can assure you the issues of income thresholds and productive area will be an important part of the review process. The panel may also be interested in learning more about the Islands Trust's program providing tax incentives for land conservation.

As you may know, the BC Agriculture Plan, released in February 2008, includes a number of policy initiatives to support and help build a stronger farm economy in the province. The Farm Assessment Review is mandated to develop recommendations that are consistent with the goals of the BC Agriculture Plan. One of the major goals of the Plan is to emphasize the importance of small holding farms and to adapt related provincial policies to recognize the challenges for these operations.

I am pleased to advise you the Farm Assessment Review Panel has had their first meeting and will be scheduling public meetings and focused meetings with stakeholders in the near future. Public meeting dates will be posted on the Ministry of Small Business and Revenue website: go to <http://www.gov.bc.ca/sbr/> and click on "Farm Assessment Review." I encourage you to participate in the review process.



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Ministry of
Small Business and Revenue
and Minister Responsible
for Regulatory Reform

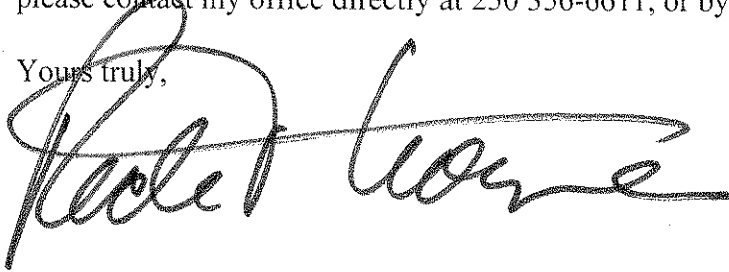
Office of the
Minister

Mailing Address:
PO Box 9065 Stn Prov Govt
Victoria BC V8W 9E2
Telephone: 250 356-6611
Facsimile: 250 356-8294

Location:
Room 124
Parliament Buildings, Victoria
website:
www.sbr.gov.bc.ca

I would like to thank you again for taking the time to write. If I can be of further assistance, please contact my office directly at 250 356-6611, or by email at sbr.minister@gov.bc.ca.

Yours truly,

A handwritten signature in black ink, appearing to read "Rick Thorpe". The signature is written in a cursive style with a large, sweeping initial "R".

Rick Thorpe, CMA, FCMA
Minister

Enclosure

cc: Blair Lekstrom, MLA
Peace River South
Co-chair, Farm Assessment Review

His Worship Mayor Frank Leonard
District of Saanich
Co-chair, Farm Assessment Review



TERMS OF REFERENCE FOR FARM ASSESSMENT REVIEW

Review Objective

To review the farm classification process and regulations with a focus on simplifying and streamlining the regulations, while at the same time ensuring the property assessment system is fair, equitable, enhances competitiveness and supports innovation and the British Columbia Agriculture Plan and a healthy future for British Columbia families and communities.

Context

- The government recognizes the important contributions all our farming operations and the agriculture industry make to our communities and the fabric of British Columbia. Government supports initiatives encouraging the public to be aware of approaches to address Climate Action and Green Communities, such as the 100 Mile Diet concept.
- Government recognizes there are important property tax benefits to owners of farm land, and must ensure these benefits are effectively provided to land that meets the agricultural production requirements.
- It is important for government to ensure the property assessment process is fair and equitable to all property owners and farm assessment policy and regulations are applied in a streamlined and simplified manner and are consistent with and complement the strategies identified in the BC Agriculture Plan.



Mandate

The review will include a comprehensive review and analysis of the farm assessment regulations with a focus on simplifying and streamlining the regulations, while at the same time ensuring they are fair, equitable and transparent. The review will include, but is not limited to, the following:

- process for obtaining farm classification for assessment purposes, the requirements to maintain the classification and the measures used to ensure compliance with the regulatory requirements;
- income thresholds to classify land as farm for assessment purposes;
- a cross-jurisdictional review to identify best practices in farm assessment policy and process to ensure British Columbia's farming community is competitive and vibrant;
- the Review Panel may identify and bring forward interim recommendations for consideration by the Minister; and
- consider options to streamline and enhance innovation and the competitiveness of the British Columbia agriculture community.

The following broader agriculture policy issues are not included in the mandate of this review and will not be examined at this time:

- definitions of "Farm" and the list of activities which constitute "Primary Agricultural Production" for the purposes of meeting income thresholds; and
- exemptions applicable to properties classified as farm, which may or may not be in the Agricultural Land Reserve.

Process

- The Review Panel will consist of elected local government officials, a cross section of British Columbia's agriculture community, government, the Board of BC Assessment and others.
- Members of the Review Panel will undertake a comprehensive consultation with local government, British Columbia's agriculture community and other stakeholders in all regions of the province.



- The Review Panel will be co-chaired by His Worship Mayor Frank Leonard and Blair Lekstrom, MLA, who will jointly report to the Minister.
- The Review Panel will be supported by a Secretariat consisting of staff from the Ministry of Small Business and Revenue, Ministry of Agriculture and Lands, Ministry of Community Services, Ministry of Finance, the Union of British Columbia Municipalities (UBCM) and BC Assessment.
- The attachment provides details on Review Panel members.

Timeframe

- Consideration will be given to tabling interim recommendations if determined appropriate by the Co-chairs and Review Panel.
- The Review Panel will provide government with a report and recommendations by July 31, 2009, for consideration for the 2010 Assessment Roll.

