

Notes for Farm Assessment Review Panel, Courtenay Thursday, November 20th, 2008

My name is Colin Springford and I represent Coombs Farmers Institute. Thank you for the opportunity of making this presentation.

Our board believes the main reason we are here today is the Political fallout from the split classification fiasco in Saanich last year. If I have my facts right there were 204 Non-ALR Farm Classifications reviewed 22 lost status and 98 received splits. The consensus of my board is that those receiving the split classification should have been offered to have their land put into the ALR (like the rest of us) so they could then maintain Farm Status. I would wager that not one would have accepted the offer. They want to have their cake and eat it too. When it was pointed out to our board that the main issue was split classification on NON-ALR land there was no sympathy.

That being said we thoroughly believe there are fairer and more equitable ways to deal with the BC Assessment Act and Farm Status.

We believe the income threshold on 8000 M² (\pm 2 ac.) at \$10,000.00 is inequitable and should be done away with. We believe there should be only two classes those under 10 acres and those over. We believe those under should have a \$5000.00 threshold but should be subject to a periodic spot merit inspection. Those greater than 10 acres should have a threshold of \$10,000.00 of Reportable Farm Income based on Canada Revenue Agency definition (Income Tax Act) as per Ontario's lead or \$10,000.00 plus \$150.00/ha as per the Quebec model.

We feel that the word "Primary" should be dropped from 'Agriculture Production' which would then allow a far greater range of qualifying farm income. The Act currently disallows income from value added production from raw product (the sale of jams and jellies for example) but is conflicting by allowing a horse trainer to purchase a horse for \$1000.00, train it for some period of time, then sell it for \$4,000.00 and report a \$3,000.00 income definitely value added. I am told by assessor that as a beef producer I must report the sale of a steer at some hypothetical live weight market price before I have it slaughtered (in a government inspected facility I might add) and not at the value added butchered price.

The current price on fats in Alberta is 87¢ / lb 1200lb steer @ \$.87 = \$1044.00
1200 lb steer dressed @ 60% therefore 720 lb sold @ \$2.80/lb cut, wrapped and frozen \$2016.00
a difference of \$972.00

This year we sold 25 head by the side cut, wrapped and frozen; BCA Farm Gate Value \$26,100.00 CRA Income \$50,400.00 Value Added Price. The Act allows baled forage (Value added) Christmas Trees (Value Added) Forest seedling and seed production allowed. But logs or lumber from farm wood lot not BCA allowed but allowed by CRA. We highly recommend adopting CRA definitions and reportable earnings which would eliminate the need to be constantly monitoring and updating the BCA eligible list. We also submit that if producers were required to provide a copy of their tax return it would eliminate a lot of the 'cash' operators who in fact don't report all eligible revenues but still want to report to BCA qualifying farm gate sales for Farm Status. Legitimate Farmer???

We also respectfully submit that ALR land should never be assessed at the full rural residential rate. We fully concur that Farm Status land should be taxed/assessed at a favourable discounted

rate. But ALR land being held and not actively farmed should be assessed/taxed at a rate somewhere between Farm Status and Rural Residential for a couple of reasons. As the land is still going to be able to be used as farmland at some point in the future and to reflect society's desire to have agricultural land provide it with ecological goods and services without compensation. The current method of taxation is attempting to tax land into production and currently we don't need all ALR land in production but we do need it to be held for the future. We also believe it would be wise to implement a law that would require ALR landowners who are successful in getting ALR lands out of the ALR to pay a "Back Tax Penalty" for possibly a period of five years. This could possibly act as a disincentive to removal. Currently a successful ALR removal is like winning the lottery particularly where marginal revenues are required to keep land in Farm Status and accordingly cheaply held for development. The other side to the current policy of trying to tax land back into production we believe that farmers should not be taxed off their land.

We believe that when a farmer has spent a lifetime on the farm and has retired and is receiving benefits under CPP or OAP but wants to stay on the farm without farming it full tilt then the required farm income should be halved (a similar program is in use in Alberta)

Our final point is BCA staff; we firmly believe that staff need to be better trained in agriculture and agricultural enterprises. We also believe that assessors require more people skills. On our board of six people there were three horror stories of dealing with assessors. The long and the short of it was arrogance on the part of the assessor and their perception that all three of us were only trying to use the system and screw the government. As I have no intimate knowledge of the others I can only speak of my own situation. [Material edited to protect privacy.] I believe I have a constitutional right to pay only the taxes I must and I have the responsibility to pay what is my fair share.

Thank you for the opportunity to address you here today. We trust that the recommendations that you make as a result of your hearings around the province will cause the implementation of changes to qualifying for Farm Status within the act and changes will do nothing but provide fair and equitable policy and regulations that will encourage and support Agriculture in British Columbia.

Thanks

Colin Springford, President Coombs Farmers' Institute