



ISLAND VEGETABLE COOPERATIVE ASSOCIATION

BC Farm Industry Review Board

August 24, 2020

PO Box 9129 Stn Prov. Govt.

Victoria, B.C., V8W 9B5

Attention Wanda Gorsuch

2019 – 2020 Vegetable Supervisory Review

We are appreciative and thankful of the opportunity to comment further on the matter of the Vegetable Supervisory Review being conducted by BCFIRB. This process has been a worthy and worthwhile exercise as we have had the privilege to voice our concerns and thoughts regarding the BCVMC. We do stipulate that there is work to be done with regards to Commission and Agency accountability, protocols and processes, but there appears to be a general consensus from the Industry that together we are fundamentally working towards developing processes that are leading to overall good decision making for the Industry.

#1. COMMISSION STRUCTURE & GOVERNANCE

Confidence and trust in BCVMC to make timely decisions is something that we are all trying to work towards. Implementing Advisory Committees to inject knowledge, transparency and expertise to assist in decisions and improve the understanding of Industry processes should help tremendously and somewhat expedite decisions that are time sensitive through this communication process.

We think that a lot of the problems attributed to the Commission , ie...grey areas in General Orders, slow decision making processes, issues with D.A.(management, compliance, Agency accountability, etc...) are because the Commission is under resourced to meet all demands and expectations that are currently being placed on it. We do not know if all of those expectations are clear and/or concise for them to be able to even achieve in a timely manner. The thought process from our Agency Members is that our Industry has to take a step back, look at all the issues our B.C. Vegetable Industry is facing, how should it be regulated, and what type of Commission is needed to effectively move forward. It appears that right now we are focusing on current problems rather than taking a step back to look at the big picture. If we are wanting to maintain that regulation and

effectiveness in governance by the Commission be effective, then we should make sure that the Commission is budgeted accordingly. This includes staffing resources to do the research and data analysis required to support D.A. decisions, New Entrant decisions, pricing decisions, report monitoring, etc...

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There is a general consensus that having the Commission Board at 5 – 7 members is good as too large of a Board could have the potential to become too cumbersome. Regarding the conflict issue, whether perceived or real, it undermines the credibility and effectiveness of the Commission for decisions that have the potential to negatively or positively affect any particular Agency. Some of our Agency Members do not agree with Agencies being represented on the Commission, and should be at arm's length, which in reality some are not at this point in time. An example that was put forward was possibly a 7 member Board – 3 Independents, including the Chair, and 4 producers representing sectors or regions in some format. This would allow a Producer majority, which would make sense for decisions that pertain to their best interest. This idea could be supported with the Advisory Committees providing expertise and advice from Producers and Agencies to inform Commission decision making, but it would not be as conflicted as it is now. There would potentially be less chance for Agencies to influence Independents. Still very difficult decisions, but the theory is if you have credible governance you would have a lesser chance of any kind of litigation brought on to challenge and potentially a lesser chance of any successful litigation period. Effectively closing the door on any question of bias. The Chair should remain a Cabinet appointment, but other Independents can be appointed by the Commission or Industry process. Apparently the Egg Board, Milk Board and Cranberry Commission all have formal appointment processes already. The Independents should be subject to the same terms as Producer members.

Going through what IVCA has gone through the last 3 years, we are very adamant that it is not a process we are interested in repeating. So any positive ideas surrounding Commission decision making, perceived bias and the processes involved in making sure no Agency has to endure scrutiny to this level are high on our priority list. Even though we followed procedure as best as we knew how with the tools we felt we had in our toolbox at that time, we were told at the time, that the Commission had our back and there would be no punitive measures brought forward. We were even applauded by the Commission and other Agencies for having the intestinal fortitude to turn in one of our growers as every Agency is aware of what that type of situation this presents in the way of scrutiny from all regulatory levels. In the end, it was apparent that punitive actions not taken against IVCA

at the time by the Commission, even though we were transparent about our rogue grower. It was re-decided by BCFIRB to over-turn the Commission's original decision and present this Agency(IVCA) with punitive sanctions. It is not an easy process for an Agency to turn in a rogue grower to the Commission, so moving forward there must be clear directions for an Agency to follow when and if this situation arises again. There should definitely not be any punitive measures brought forward against any Agency 3+ years after the fact, especially when the Commission was involved in the situation almost from the beginning of when the issues with this grower started. The Commission needs to be able to make decisions in a timely manner and BCFIRB has to stand behind the Commission on those decisions. If there needs to be punitive sanctions brought forward to any Agency, it should be done at the time the situation with the grower or any issue has to be dealt with. BUT...the rules and the processes for any Agency have to be clearly spelled out so there are no grey areas when an Agency has a grower that doesn't feel the rules apply to them or a regulatory issue, for all Agencies to follow. We all need to be playing with the same set of rules, guidelines and regulations in all aspects of dealing with Regulated Product, Regulated Growers and Administrative Orders.

#2. DESIGNATED AGENCY ACCOUNTABILITY

Although we agree that all Agencies need to be communicative, accountable and transparent to some degree, there is concern about the argument that as Agencies we operate Companies/businesses, and to what degree does transparency begin and end without disclosing confidential information about our business? We are also at a competitive disadvantage within the marketplace when all of our information is public knowledge and our competitors have full access to it. While trying to protect and encourage sales of B.C. Grown product, this is not a level playing field and opens the BC marketplace up to more imports arriving across BC borders for those competitors of ours that are strictly price driven and do not care about origin. So although we need to have some level of public transparency, especially for Producers, it is a slippery slope opening up our business/companies to the public – even though the regulated system operates under public legislation. This has to be carefully considered by BCFIRB when making decisions on this particular matter about Agency accountability.

IVCA is an Agency of the Vegetable Marketing Commission and has a very good working relationship with all other licensed Agencies in the purview of the VMC. We also have a very good working relationship with BCVMC and always comply on time with reports, and documentation that is required and asked for, at all times without question. We also comply with all protocols and processes that are put forth in the BCVMC General Orders with transparency and accuracy.

We are agreed that if an Agency is not performing in the best interest of their growers, there has to be process and remedies for producers that are readily accessible to them. The Agencies are a critical part of regulatory infrastructure, so it is important that we are shown to be an effective and accountable entity within this framework. This is where we are hopeful that the Agency accountability processes through Independent Audits will show where improvements to our Agency processes and protocols need to be made for the best interest of producers. There needs to be checks and balances that are applied to all Agencies to ensure that every grower receives maximum return on investment, and we are all playing with the same set of rules.

If this means that process within an Agency has to change to achieve this goal – so be it, but there would have to be much council involved to make sure there is no negative backlash between existing and proposed changes!! As an Agency it is our job and number one responsibility and priority to look after our growers best interest within the framework set out in the BCVMC General Orders. A problem that may potentially complicate this issue is the business model of some Agencies that are Private Companies. The focus that could be perceived, is that maintaining the Companies bottom line to satisfy shareholders, rather than producers, is the priority. This would have to be proven without a doubt though. The BCVMC has a right to demand how regulated production is managed, but every Agency has a diverse list of non-regulated product that they are marketing as well. Changing a business model has major ramifications beyond the regulated marketing. Every Agency markets it's product in a different manner as we all deal with a different demographic, so there has to be flexibility in the way we conduct business. A "one size fits all" model for all Agencies would be detrimental to the BC Agriculture Regulated Industry. However; it is the BCVMC's supervisory responsibility to review Agency performance and set the standards that we all aspire to reach, and hold the Agencies accountable. The role of BCFIRB is to hold the BCVMC accountable for their performance in the supervisory capacity. There is no reason for BCFIRB to extend beyond that threshold without creating the sense of regulatory interference, and the sense of micro management from a bureaucratic level.

#3. STORAGE CROP DELIVERY ALLOCATION

This is already being pursued by Agencies and Advisory Committees, so we believe this is a great starting point to start eliminating grey areas related to interpretation. We do feel that it is very important the BCFIRB is kept abreast of all work accomplished by Advisory Committee meetings so they know that Industry solutions are still possible where D.A. is involved. To make this happen we see the importance and need for an effective, resourced Commission that is able to manage this at the Provincial level. This is an important piece of the puzzle even if every Agency does a good job with D.A.

An Agency on its own is one matter, how it fits into an effective regulated system is an entirely different matter. Each Agency manages their regulated supply within their group of growers. DA is a way for each Agency to manage their inventory of supply when supply within

their grower group's exceeds demand. This ensures that each grower has the best opportunity to maximize their return on production. D.A. means money to producers, so they use the DA system to plan their production acreage and as a tool to manage potential cash flow during the growing season and the storage crop season.

A Commission that has the capacity to govern effectively is most important. Better information management by the Commission could reduce the workload on Agencies staff, which has the potential to give return on this investment. The Commission needs tools to manage and oversee the volumes and production flow of regulated product across the entire industry, so that Agencies are not over-producing and depressing pricing for BC producers. One of the issues when managing D.A. is that in any period, in any growing season, there could be significant positive or negative shifts in yields per acre. This could be for any number of reasons from better seed, newer technology, weather, pests, soils, to name just a few. So we have to be careful when trying to suppress the management of D.A. when defining surplus as unmanaged over-production.

The Industry needs to be able to have some flexibility to expand production and increase D.A., whether as a New Entrant, or an existing Grower. This needs to be done in a strategic fashion and applications for New D.A. need to have earlier deadlines so the Commission, along with Industry, have time to evaluate and decide whether the marketplace can absorb any extra production of that particular item and what amount of D.A. per period would be allowable without creating disruption within the marketplace.

There needs to be growth in the Agriculture Industry and there needs to be excitement in the next generation of growers to continue the practice of Food production and sustainability in BC. Moving forward this may be our biggest obstacle, although we need to increase our Grower capacity and production acreage, we have to be mindful that in a marketplace reliant on export that we do not undervalue our returns from domestic or export sales.

IVCA supports BCVMC's regulatory system and acknowledges that it is an ever evolving system that requires the Industry to keep dialogue and communication open minded as we endeavor to keep evaluating ways for industry growth and maximizing return on investment for our Growers.

Thank you for considering our comments and allowing us the opportunity to address and be part of the solutions that will make our Industry stronger.

Sincerely

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