

June 25, 2019

BCVMC
Public Accountability Reporting (PARP) Project
2019 Report to the BCFIRB
‘State of the Sector’

Issued: June 25th, 2019

Contents

INTRODUCTION 1

BCVMC PROJECTS 2

Agency Reviews 2

Refreshed BCVMC Website 3

Strategic Planning and Discovery Process 3

Independent Board Member 3

INDUSTRY PERFORMANCE TARGETS 4

GOVERNANCE 4

Board Governance – General 4

Financial Responsibility and Accountability 5

Stakeholders / Producer Consultation and Involvement 6

Sound Decision Making / Sound Marketing Policy 7

INTRODUCTION

The Commission is a regulatory body established under the BC Vegetable Marketing Scheme. It is comprised of producers and it works for producers. However, it is concerned with the collective good of the community of producers within a broader economic context rather than the good of particular individual producers. This points to the core purpose of the Commission, which is to be the fair arbiter of market access and collaboration across all producers such that market failures are minimized.

The overall goal of PARP is *‘to support and demonstrate effective governance and sound leadership of the regulated agriculture sectors’*. This report will inform the reader with a *‘state of the sector’* baseline of the regulated BC Vegetable Industry as it stands today. On reading this document you will discover that the BCMVC has initiated numerous undertakings to clarify foundational building blocks, enhance accountability, and build trust with stakeholders. These undertakings will assist the Commission in determining what changes to the Orderly Marketing framework may need to be adopted in order to maintain an effective, rules-based system.

At this stage the BCMVC has yet to determine and finalize the industry performance targets and will not be in a position to do so until the ongoing projects are completed. We anticipate that we can establish and report on these targets for the 2020 reporting period.

BCVMC PROJECTS

Agency Reviews

As the regulator of the BC Vegetable Scheme, the Commission is responsible for establishing the regulatory environment and policy framework for the marketing of regulated vegetables and monitoring compliance.

Agencies are granted authority by the Commission to market regulated product. The Commission can stipulate conditions on an Agency's mandate and review the designation of any Agency upon any material changes in the conditions giving rise to its initial approval.

An Agency may be a company with its own corporate purpose. It is within an Agency's mandate to set its business objectives and general purposes for their operations. However, as a designated Agency of the BCMVC it must operate in compliance of the authority granted to it. The overarching mandate of an Agency is to represent a group of licensed producers and carry out the marketing duties of regulated vegetables;

- (a) in compliance of the Consolidated General Order;
- (b) in respect of the operating principles of the orderly marketing system;
- (c) for the benefit of its producers;
- (d) in agreement with the interests of the industry.

To ensure Agencies are held accountable to the authorities delegated to them by the Commission under the *Natural Products Marketing (BC) Act* and the *Natural Products Marketing (BC) Act Regulations*, in 2018 the Commission started an in-depth Agency review process. An Agency Audit Guidance Document was developed to provide insight into the audit and assessment methodology and direct the information gathering work to be performed.

The fundamental objectives that guide the Agency review are as follows:

1. Evaluate governance and determine if the Agency is operating according to its core purpose & mandate in carrying out the marketing duties of regulated vegetables;
2. Evaluate Agency performance and regulatory compliance;
3. Ensure trust in industry – The foundation of an orderly market.

The Agency reviews will focus on providing the Commission with a comprehensive understanding of Agency corporate policy and procedures, and further insight on how each Agency performs in relation to regulatory compliance and expectations.

Through the review process the Commission will develop an understanding on how each Agency is currently functioning in accordance to its overarching purpose and mandate, and assess opportunities for improvement in monitoring accountability and Agency performance. It is anticipated that the review process completed by the fall of 2019, with outcomes determined in early 2020.

Moving forward, further discussion, and evaluation will continue to be held with Agency management to benchmark industry best practices and identify specific issues and opportunity that will enhance orderly marketing. An outcome of this process will eventually lead to the establishment of industry specific metrics and reports that provide sufficient transparency to producers, agencies and the Commission on agency performance.

Refreshed BCVMC Website

In early 2019 the BCVMC introduced a refreshed website. The new website provides a greater level of transparency to inform stakeholders and the public about the Orderly Marketing of BC Vegetables, the Legislative and Regulatory Framework, and components of the regulatory system. The website is a work in progress and will continue to be developed to provide additional functionality in support of the operations of the BCVMC.

Strategic Planning and Discovery Process

In April 2019, the BC Vegetable Marketing Commission held its Annual General Meeting. On the Agenda was the formal announcement that the BCVMC had engaged a firm to begin its required Strategic Planning Process.

To be effective the Commission seeks to grow in our discovery and understanding, from the entire collective, including growers, agencies, wholesalers, and associations we represent, of the expectations and what the Commission needs to do to keep at the forefront of our industry, and collectively be committed to leading, influencing and regulating our industry.

The process has set a goal of 65% participation from across the membership and regions and seeks to hear from as many participants as possible. Stakeholders are being encouraged to participate as fully as they can because what they have to say matters, and what we learn is intended to inform and increase the Board's understanding.

The board will be guided by stakeholder input and the independent outside Facilitator / Senior Business Analyst with experience in agriculture. What we learn from the process will be applied to shorter-term planning, (1 to 3 years), the mid-term (from 3 to 5 years from now), and the longer term (actions required to meet the potential needs for 5- 10 years from now).

Independent Board Member

The Commission supports that the addition of one or more "independent" members will promote good governance. A member that originates from outside the industry will bring a different perspective to the Commission structure. A member that is not a commercial producer may also not be subject to the same scheduling hurdles that often arise due to planting and harvesting. The independent position can be structured to be appointed by the Commission and would specify the competencies that the Commission requires. It is also necessary for the Commission to take steps that preserve the trust and confidence of stakeholders and the public in the regulatory system. Designating a voting independent board member to the Commission may also help alleviate perceived conflict of interest that arises from the mere fact that Commission members are commercial producers. The Chair continues to make progress with the necessary steps to have amendments made to the regulation to provide for the addition of an independent Commission member.

INDUSTRY PERFORMANCE TARGETS

The BCVMC needs to ensure that it has a good measure of industry performance as the ultimate measure of the value of the regulatory framework.

Performance can be measured by market share and profitability, which are outcomes. From an input perspective, elements such as product innovation, promotional programs, and logistics efficiency can be compared with other competitors and other regions. Developing these metrics, will be a key part of the strategic planning and ongoing management processes. Having said that, prior to developing the performance targets the BCVMC needs to ensure that the regulatory and accountability framework are functional and clearly defined.

GOVERNANCE

We have grouped measures / indicators as either areas of accomplishment or areas of development. Grouping a measure as an area of development should not be interpreted as not having established the governance tool. If this is the case, it will be noted. On the contrary, governance tools listed under areas of development is an indication that the tool is currently under review.

Board Governance – General

Areas of accomplishment

- *Board responsibilities are clearly defined with job descriptions*
- *Code of ethics/conduct*
- *Director orientation in place – legal, regulatory and public policy basis of governance; principles of accountability, transparency and independence*
- *Communications strategies with industry stakeholders, including crisis management*

-
- *A board of directors' manual is provided to each director upon their election to the Commission. The General Manager and the Chair review the Manual with new directors to ensure that they have an orientation regarding their responsibility as directors.*
 - *Established Conflict of interest policy, code of conduct statement, and signature forms on confidentiality undertaking and disclosure of membership in other organizations to be reviewed yearly and upon election to the board.*
 - *Stakeholder e-mail lists are maintained and utilized in communication strategies, including crisis management, along with the BCVMC website.*
-

Areas of development

- Board composition review and approved board election rules
- *Consolidated orders and other policies published and up to date*
- *Training and professional development plans and programs in place for board and staff*
- *Training and professional development on director responsibilities, mandate and fiduciary duties, role of officers, ethics, confidentiality, privacy, conflict of interest and recusal policies and governance best practices*
- *Performance expectations & evaluations – annual board and director evaluation: board and director effectiveness.*
- *Strategic plan*
- *Annual report*
- *Succession planning/plan for staff and members, as applicable or appropriate*

-
- The BCMVC is progressing with the necessary steps to have amendments made to the regulation to provide for the addition of up to two independent Commission members.
 - Every three years the BC Farm Industry Review Board (BCFIRB) calls for a review of the Commission Election Policy. The Commission will also review Election Policy upon the passing of a motion requesting a review at an Annual General Meeting. Any changes to the Election Policy must be approved by the BCFIRB. The last review was in 2017 and included extensive consultation with stakeholders. We have approved election policy rules in place to 2020.
 - Training and professional development plans for the board and staff have been inconsistent. A structured approach is to be explored, with continuity and succession planning in mind.
 - A board of governance workshop was held in 2018. Board members also attend professional development sessions offered through the Centre for Organizational Governance in Agriculture (COGA).
 - A thorough review of the strategic plan was overdue and is currently in progress.
 - Annual reporting is to be examined and re-structured as directed by the new strategic plan.
 - Staffing resources have constrained our ability to ensure that published policies and other organizational governance controls are up to date. Job descriptions have been created and the search is active.
-

Financial Responsibility and Accountability

Areas of accomplishment

1. Audited annual financial statements, presented in annual reports and at annual general meetings.
2. Auditors appointed in accordance with Scheme requirements.
3. Approved commodity board member remuneration and expense policy consistent with legislation and relevant policies.
4. % Score of Financial and Policy Controls Place:
 - Evidence that the Board engaged senior staff in annual budget development and approval
 - Accounting practices that are in accordance with legislation, regulations, published standards and stakeholder expectations of accountability and transparency

-
- The BCVMC financial statements are audited annually by an appointed auditor.
 - Accounting practices and bookkeeping are overseen by a qualified independent accountant.
 - Approved remuneration and expense policy is in place and currently under review.
 - Annual budgets are developed by the General Manager, reviewed by the Chair and approved by the Commission board. Evidence can be found in the minutes of the meetings held to review and approve the budget.
-

Areas of development

4. % Score of Financial and Policy Controls Place:

- Internal controls and policy checklist defined, in place and published
- Establishing and maintaining appropriate financial accountabilities with producer associations and other organizations that may receive funding from boards to carry out delegated responsibilities under the Natural Products Marketing Act and the schemes. This includes evidence that the Board, in its budget approval process, has satisfied itself that any producer association expenses the board funds are legally authorized and the expenditures are consistent with sound marketing policy.

-
- Internal financial and policy controls are in place. Financial and Policy framework needs to be assessed and are not currently published.
 - Organizations that receive funding report to the Commission. However, further structure around the reporting process needs to be developed.
-

Stakeholders / Producer Consultation and Involvement

Areas of accomplishment

-
- The Vancouver Island Supervisory Review is an excellent example of how the Commission engaged and consulted with all stakeholders / producers to make decisions on the future of regulated marketing on Vancouver Island.
-

Areas of development

1. Stakeholder experience with board operations, processes and policies and communications
2. Stakeholder feedback actioned where appropriate
(e.g., specific initiatives or new policy or program development)

3. Consultation with stakeholders (e.g., producers, other supply chain members, BCFIRB, national agencies, other provincial agencies, Ministry of Agriculture), as deemed appropriate and meaningful by the boards, to address sound marketing and public interest expectations including emerging social, environmental, production and demand issues in BC.

-
- The strategic review process will provide direction on how we can improve upon the stakeholder experience with the BCVMC.
-

Sound Decision Making / Sound Marketing Policy

Areas of accomplishment

2. Demonstrated transparency on significant or major commodity board decisions (e.g., pricing or quota allocation), including process and rationale for decisions or reasons for change. This includes: - clear objectives, goals and outcomes, demonstration of market understanding - articulation of the principles for evidence based decision making - application of SAFETI principles (strategic, accountable, fair, effective, transparent and inclusive)
4. Prompt timing, delivery and disclosure of commodity board decisions.

-
- To assist in the Commission's approach to principles-based decision making to achieve responsive governance, a general guideline has been adopted in the form of assessment questions that are founded on the SAFETI (Strategic, Accountable, Fair, Effective, Transparent, and Inclusive) tool provided by BCFIRB. This guideline is applied systematically to all decisions required in the Commission's position of authority to regulate and enforce regulation based on the SAFETI principles.
 - Starting in 2018 decisions now include a SAFETI analysis summary that validates the decision against the SAFETI principles.
 - Prompt timing, delivery and disclosure of decisions is not easy to gauge. However, the Commission strives to ensure that process and rationale including purpose, objectives, outcomes and market understanding is clearly articulated and transparent in written form.
 - Starting in 2019 when requesting stakeholder input in a decision-making process, all submissions are requested to include a SAFETI principle analysis that validates their submission in the best interest of sound, orderly marketing.
-

Areas of development

1. Type and outcome of appeals to BCFIRB
3. Meeting quorum and other decision-making governance requirements, including management, documentation and disclosure of conflicts of interest and recusals.

4. Copies of all minutes, orders, reports, rules and regulation of every commodity board shall be forwarded as they are made or amended, to BCFIRB (as required by regulation)

-
- Continue to develop protocols specific to decision making that ensure a fair and proper procedure is applied by the decision maker.
 - Ensure that circumstances that could give rise to an appearance of bias or conflict, or, could otherwise undermine the trust of stakeholders and the public in the regulatory system are mitigated or eliminated.
 - The minute taking policy was reviewed in 2018.
 - Submission protocol of documents to BCFIRB needs to be reviewed and revised to ensure compliance. This will be addressed with new staffing.
-

ADDENDUM



BC VEGETABLE MARKETING COMMISSION

Re-drafted: 2019-09-20

Sector Overview

In BC, vegetable production is regulated at the provincial level.

- A person who operates a farm on which one tonne or more of a regulated vegetable has been produced over a year must be registered and licensed as a producer by the Vegetable Commission. This includes a person who is producing a regulated vegetable that is certified as organic.
- A BC grown vegetable becomes regulated if over 70% of Producers representing at least 70% of the tonnage produced or acreage planted of that vegetable vote in favor of regulation.
- The regulated vegetable components for fresh and processing are: Greenhouse Crops: Tomatoes, Cucumbers, Peppers, Lettuce Storage Crops: Beets (tops off), Green Cabbage, Red Cabbage, Carrots (tops off), Parsnips, Potatoes, Rutabaga, White Turnips, Yellow Onions Processing Crops: Beans, Broccoli, Brussels Sprouts, Cauliflower, Corn, Peas, Strawberries
- BC is Canada's second largest greenhouse producer of Tomatoes, Peppers and Cucumbers.
- In 2018 there were 57 licensed greenhouse producers, 78 storage crop producers and 5 processing crop producers in BC. Total production value of regulated vegetables was estimated at \$322 million.