



# BC Farm Industry Review Board

## 2019-20 VEGETABLE SUPERVISORY REVIEW

### *Supervisory Review Topics for Consultation*

April 3, 2020

#### **TO ALL REGULATED VEGETABLE PRODUCERS AND STAKEHOLDERS**

The BCFIRB supervisory panel<sup>1</sup> is asking for your feedback on three proposed Supervisory Review objectives and your ideas on how you would like to be consulted by April 30, 2020.

After receiving your feedback, the panel will finalize and communicate the Supervisory Review topics to the BC Vegetable Marketing Commission (Commission) and industry stakeholders.

#### **Why is BCFIRB doing a Supervisory Review?**

BCFIRB started this supervisory review to help the Commission with its work on governance, agencies, and storage crop industry policies and rules. This work, in part, comes out of a recent series of appeals and industry issues.

This supervisory review also relates to a Commission decision place a moratorium on agency and producer-shipper applications (for an unstated period of time) pending completion of its strategic planning and agency accountability projects.

See also BCFIRB's Supervisory Review web page [here](#).

#### **Your Opportunity for Input on Proposed Review Topics and Consultation**

Please send us your written comments on the following proposed topics and how you would like to be consulted as part of the Supervisory Review process. In providing your feedback, please think about the following questions and read the background information in the Appendices.

***Please send your written comments to [Wanda.Gorsuch@gov.bc.ca](mailto:Wanda.Gorsuch@gov.bc.ca) and copied to [firb@gov.bc.ca](mailto:firb@gov.bc.ca) by April 30, 2020.***

A summary of all comments received will be posted to BCFIRB's Vegetable Supervisory Review web site [here](#).

If, in your opinion, your comments include confidential personal or business information, it is your responsibility to identify that information to Ms. Gorsuch when you send your comments.

---

<sup>1</sup> Daphne Stancil, Tamara Leigh, Dennis Lapierre

## **Proposed Review Topics**

### **1. Commission Structure**

The panel proposes working with the Commission to assess the effectiveness of the Commission's structure, and to consider if changes are needed.

Further background information is in Appendix A.

*Do you think the current structure of the Commission enables it to make effective and strategic decisions to support the production and marketing of BC vegetables for the benefit of producers, value chain members and the public?*

*Do you think the current Commission structure allows it to effectively, fairly and accountably manage potential conflict of interest and apprehension of bias in its decision making?*

*Why or why not?*

### **2. Designated Agency Accountability**

The panel proposes working with the Commission to finalize an agency accountability framework and process. Agency accountability is about having a requirement for a structure that allows agencies to show their producers, the Commission and others that they are meeting their obligations.

Further background information is in Appendix B.

*Do you think the development of a framework (including criteria) to support agency accountability is an effective investment in building industry strength? (agency accountability with the Commission, producers, supply chain, BCFIRB and the public for their policy and regulatory responsibilities).*

*Why or why not?*

### **3. Storage Crop Delivery Allocation**

The panel proposes working with the Commission to evaluate if market access is being managed effectively and strategically for storage crop producers through delivery allocation, and to consider if changes are needed.

Further background information is in Appendix C.

*Do you think an evaluation of market access management and delivery allocation at this time is an effective investment in the future of the storage crop industry?*

*Why or why not?*

## Next Steps

### 1. *Establishing the Supervisory Review Topics*

The panel will review and consider your written comments in finalizing the Supervisory Review topics.

The panel will also be considering input from the Commission, recent appeals, industry context and other background information.

Once the panel finalizes the Supervisory Review topics, the topics will be communicated to the Commission, stakeholders and posted to BCFIRB's web site.

### 2. *Supervisory Review process*

The panel will work with the Commission to establish and communicate the Supervisory Review process and timeline.

The process will include opportunities for you to provide in-depth comments on the topics that interest you. There will be the opportunity for written submissions and/or individual presentations to the supervisory panel depending on the topic and specific information required.

Given the restrictions on in-person meetings due to COVID-19, presentations to the panel will be by teleconference or video conference (e.g. Skype). If the COVID-19 restrictions are lifted, the panel and Commission will reconsider further consultations options.

The process and consultation timeline will take into consideration your production schedules to the degree possible.

The review process will also consider and establish a timeline for removal of the Commission moratorium on agency and producer-shipper applications.

At the close of the Supervisory Review, the panel anticipates that the Commission will update its General Orders as necessary to reflect outcomes.

## Appendix A – Commission Structure Background

### Purpose

The Commission is a regulatory body. It is established by the BC government under the BC Vegetable Scheme.<sup>2</sup>

The overall purpose of regulating vegetable production is to benefit producers and the public. Some of the specific objectives of regulation can be summarized as:

- Improving and stabilizing producer incomes;
- Improving the stability of and predictability of commodity prices;
- Promoting and encouraging farm economic viability;
- Equitable market access (including regional considerations).

### Powers

The Commission is granted powers to promote and regulate the production, storage and marketing of vegetables grown in BC (including potatoes and strawberries for processing)<sup>3</sup>.

The powers given to the Commission mean the Commission has to make sure that these powers are used with good governance and deliver sound marketing policy in the public interest.

### Funding

Commission operations are funded through licence fees and levies.

### Commission Structure

The Commission's structure is established by the BC Vegetable Scheme as follows:

- One Chair, independent of the industry and appointed by the provincial government;
- Eight registered producers who are elected by registered producers.

The eight registered member positions represent the following crops and Districts as per the Commissions' Election Rules Policy:

Storage Crops (District I)	Greenhouse Tomatoes (District I, II, III)
Storage Crops (District II)	Greenhouse Peppers (District I, II, III)
Storage Crops (Districts I, II, III)	Greenhouse Vegetables, any regulated crop (District I, II, III)
	Processing Crop (District I, II, III)

---

<sup>2</sup> [British Columbia Vegetable Scheme](#)

<sup>3</sup> At this time storage, greenhouse and processing crops, as defined in the Commission's General Orders, are regulated "south of the 53rd parallel north, including Vancouver Island and the Gulf Islands [and Okanagan and Fraser Valley] and excluding the Queen Charlotte Islands".

The Commission's current structure was evaluated:

- 2019 Prokam and Thomas Fresh v BCVMC – BCFIRB found conflict of interest to be an issue with Commission decision making.
- 2016-17 Election Rules Review –the Commission determined not to make changes to its structure following consultation (the addition of independent member and region representation were considerations at that time).
- 2014-17 VI Future of Regulated Marketing –Stakeholder feedback on structure.
- 2014-16 Strategic Plan -- the Commission identified a review of its structure as a strategic priority in relation to the removal of Districts.
- 2013 Vancouver Island Supervisory Review.

## **Appendix B – Designated Agencies Background**

The Commission relies on agencies to help regulate vegetable production and marketing for the benefit of producers and the public. Agencies are set up and delegated regulatory powers so that they can harness the collective power of producers to develop and maintain market access for BC products. One of the front line-roles of an agency is to ensure that marketing is conducted in an orderly fashion according to the Commission’s Consolidated General Order. Orderly marketing provides fair market access for all registered producers.

Without agencies, producers would be left to market independently. This would be contrary to their interests and the interests of the regulated industry, producers included. It follows that, to achieve their intended purposes, agencies must operate strategically, effectively and inclusively in a transparent and accountable manner.

Given the powers they are granted and their responsibilities to producers, agencies need to ensure they operate within their legal authority, in accordance with the Commission’s Consolidated General Orders, and with good governance to deliver sound marketing policy in the interests of producers and the public interest. Both the Commission, in the first instance, and BCFIRB, play an oversight role.

Questions and activities related to agency accountability have been raised over time. For example:

- 2017-19 Agency Review – the Commission surveyed and interviewed agencies to collect baseline information on operations.
- 2014-17 VI Future of Regulated Marketing—Workshop Report recommendation agency performance be audited.
- 2014-16 Strategic Plan – the Commission identified enhanced agency accountability as a strategic priority
- 2013 Vancouver Island Supervisory Review – BCFIRB direction that the Commission review agency accountability requirements and to report on agency accountability.

Although agency accountability is identified as important for producers, the Commission and BCFIRB, a defined framework, including its criteria and reporting requirements (internal and public) remains outstanding.

## **Appendix C – Storage Crop Delivery Allocation Background**

The Commission uses delivery allocation to help ensure all storage crop producers have shared market access opportunities. The Commission’s stated purposes of delivery allocation include:

- Preservation of market access for producers who have served the market over time;
- Provision of access for new entrants;
- Creation and maintenance of long-term, sustainable, food safe, farming and greenhouse operations;
- Provision of opportunity for industry growth; and,
- Provision of an orderly marketing system.

In 2004, when government was considering whether regulation of vegetable production should continue, a report noted that “[there] is a fine line between managing and controlling market access. Rights and obligations granted to business entities by designation can, in the absence of progressive management, restrict access and may serve to limit entrepreneurship and innovation.”

Delivery allocation rules have remained relatively unchanged since Districts (geographic areas within which production and marketing were managed) were removed in 2009. Two specific additions since 2009 included addition of producer-shipper licence category and new entrant program.

Factors, such as a very competitive marketplace and increasing retail consolidation, are raising questions about the effectiveness of current delivery allocation rules in achieving shared market access by producers and agencies.