

VMC-BCFIRB Supervisory Review of Regulated Vegetable Production on Vancouver Island  
**AGENCY APPLICATION PROCESS**  
2017 Crop Year

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## **INTRODUCTION**

“Designated agencies” can be a critical component for those regulatory boards or commissions in BC that choose to use them to achieve sound policy objectives. In the case of the BC Vegetable Marketing Commission (the Commission), they provide regulated vegetable producers with an effective vehicle for supplying quality product to meet market demands and compete against regional competitors.

Under the [Natural Products Marketing \(BC\) Act \(NPMA\)](#), the Commission can delegate specific legislative authorities to designated agencies to support the purposes of regulated marketing. The BC Farm Industry Review Board (BCFIRB) is required to prior approve this delegation of authorities. Agencies are accountable for the regulatory authorities and responsibilities delegated to them.

This *Agency Application Process* is both an outcome of, and a next step in, the *Supervisory Review of Regulated Vegetable Production on Vancouver Island*.

## **BACKGROUND**

On October 10, 2014, BCFIRB initiated the *Supervisory Review of Regulated Vegetable Production on Vancouver Island*. The Commission is leading the review.

Beginning on November 6, 2015, the Commission led an extensive stakeholder consultation process. The objective of this process was to define a clear, shared vision for the regulated vegetable sector on Vancouver Island and explore the strategies available to achieve it. The vision specific to Vancouver Island that emerged from this consultation is:

*Continued growth in all sectors of regulated vegetables for islanders to continue to move forward in their ability to feed themselves.*

*All growers, both regulated and non-regulated, are a significant and essential part of strategic growth for the agriculture industry on Vancouver Island. The vision is that of a united group of growers committed to producing a variety of premium-quality products while receiving fair returns, allowing for re-investment in farms, infrastructure, and production capabilities. We want agriculture to continue to survive and flourish on Vancouver Island.*

After considering all the information it received, the Commission presented its initial decisions and recommendations to BCFIRB on June 8, 2016 (see [Supervisory Review: The Future of Regulated Marketing on Vancouver Island Decision and Recommendations](#)).

On June 15, 2016, BCFIRB issued its initial decision. BCFIRB accepted the Commission’s recommendation that regulation of the Vancouver Island vegetable industry continues to represent sound marketing policy, with no further review required. BCFIRB directed the Commission to conduct a transparent, inclusive, and fair application process for the Commission to determine “in the first instance as a matter of sound marketing policy”:

- 1) the appropriate number of Vancouver Island agencies;
- 2) the identity of the Vancouver Island agency or agencies; and,
- 3) Whether any existing Vancouver Island agency licences should be revoked.

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Given a timely and final resolution of the agency structure on Vancouver Island is a matter of sound marketing policy, the Commission was instructed by BCFIRB to submit its recommendations to BCFIRB for final supervisory review and decision. All decisions that are an outcome of this supervisory review are intended to move the industry in a strategic direction that fosters industry collaboration, enhances accountability, and supports opportunity for growth through sound business planning.

**AGENCY APPLICATION PROCESS**

This Agency Application Process has been carefully designed to determine the agency structure on Vancouver Island that will be the most effective at meeting the market demands on the Island and in achieving the strategic vision for this region. Upon completion of the Vancouver Island Review, agencies on the BC Mainland will undergo a similar review by the Commission to ensure effectiveness and accountability.

The objective of this agency application process for Vancouver Island is to determine:

1. The appropriate number of Vancouver Island agencies;
2. The identity of the Vancouver Island agency or agencies; and,
3. Whether any existing Vancouver Island agency licenses should be revoked.

The Chair of the Commission has designated a five-member panel of the Commission (Panel) to evaluate Agency applications and provide recommendations to the Commission. This panel will consist of the four greenhouse Commissioners and the storage crop Commissioner representing Districts II & III.

**WHO CAN SUBMIT AN APPLICATION?**

All agencies currently located on Vancouver Island that desire a continuation of their agency status for the 2017 Crop Year are required to participate in the Agency Application Process.

If current Vancouver Island agencies chose not to submit an application, their licence will be revoked on June 30<sup>th</sup>, 2017 (at the end of the 2016/17 Crop Year).

The application process is also open to any grower, or group of growers, who wish to submit an application.

**REVIEW PROCEDURE INCLUDING KEY DATES**

- Any questions about the Agency Application Process, in advance of submitting the application, must be directed to Andre Solymosi, General Manager, via email at [asolymosi@bcveg.com](mailto:asolymosi@bcveg.com). Any new information given to one applicant will be sent to all applicants (including the information request). Requests and responses must be in writing, to maintain transparency.
- All applications are to be submitted to the BC Vegetable Marketing Commission office **via courier or registered mail by 5pm Friday September 2<sup>nd</sup>, 2016**. Late applications will not be accepted. The General Manager will provide confirmation that the application has been received.
- Commission staff will copy all applications to BCFIRB.

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- The Panel will review each application to determine whether it meets Minimum Criteria set out in this document. To qualify for further evaluation, each application **must** meet these Minimum Criteria. The Commission will notify those that do not meet minimum criteria. Rationale will also be provided. There will be no opportunity to amend an application that does not meet Minimum Criteria.

**If you are currently a licensed Agency and your application does not meet the minimum criteria as laid out in this process, your licence will be revoked for the 2017/18 Crop Year.**

**As per PART XIV section 15 of the General Order:**

*The designation of an Agency is a privilege under the Act. It is non-transferable and it is not an approval in perpetuity. The designation of any Agency may be reviewed by the Commission upon any material changes in the conditions given rise to its initial approval.*

- As part of a transparent process, the Commission will publish, on its web site, the Executive Summary of each application that meets minimum criteria (“qualified applicant”). Therefore, each applicant needs to prepare an Executive Summary of their application containing the information that the applicant acknowledges can be publically disclosed. The Executive Summary of applications that did not meet the minimum criteria will also be published, along with the rationale on how the application did not meet the minimum criteria.
- In the week of September 12<sup>th</sup>, 2016, the Panel will schedule an interview with each qualified applicant to discuss the Agency application. BCFIRB staff will be present to collect information for decision making. Applicants need to come to the interview prepared to defend their applications and explain how their agency proposal fits within the strategic vision for the regulated vegetable industry on Vancouver Island.
- For each qualified applicant, Panel members will review the written application and its interview with the applicant against the Evaluation Criteria set out in this document.
- After all the written application and interviews are evaluated, the Panel will submit its recommendations and rationale to the Commission. The recommendations will address the following questions:
  1. The appropriate number of Vancouver Island agencies;
  2. The identity of the Vancouver Island agency or agencies; and,
  3. Whether any existing Vancouver Island agency licences should be revoked.
- The Commission’s recommendations and rationale will be circulated with stakeholders, published on the Commission’s web site, and submitted to BCFIRB by September 30, 2016.
- BCFIRB will make a supervisory decision(s) following its own review and assessment of the Commission’s recommendation and stakeholder submissions by October 31, 2016.

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<b>Fri. Sep. 2, 2016</b>	<ul style="list-style-type: none"><li>• All applications are to be submitted to the Commission office by courier or registered mail and must be received by 5:00PM (close of business).</li><li>• Late applications will not be accepted.</li></ul>
<b>Week of Sep. 5, 2016</b>	<ul style="list-style-type: none"><li>• As part of a transparent process, the Commission will publish, on its web site, the applicant's Executive Summary of its application that meets minimum criteria. These proposals represent the "qualified applicants".</li></ul>
<b>Week of Sep. 12, 2016</b>	<ul style="list-style-type: none"><li>• Qualified applicants present their proposals to the Panel. This provides an opportunity for panel members to ask questions about the application.</li></ul>
<b>By Sept 30, 2016</b>	<ul style="list-style-type: none"><li>• The Panel reviews the applications and provides a recommendation and rationale to the Commission for approval. The recommendation and rationale is published and submitted to BCFIRB.</li></ul>
<b>By Oct 31 2016</b>	<ul style="list-style-type: none"><li>• BCFIRB makes a supervisory decision(s) following its own review and assessment of the Commission's recommendation and stakeholder submissions.</li></ul>

**APPLICATION REQUIREMENTS**

**Applications must meet all minimum criteria to proceed to further consideration/evaluation**

Written applications are to be considered as stand-alone documents and not be submitted with the intention that new information would be provided if the applicant is selected to proceed to the Panel interview.

Written applications must address and meet all of the minimum criteria set out below in order to be proceed to an interview with the Panel. Applications that are not complete or that do not address or meet the minimum criteria set out below will not be considered further.

Applications must focus prospectively on how the agency intends to meet the strategic vision for Vancouver Island as opposed to past performance.

Applications are to be addressed to the Commission's General Manager and delivered by Courier or registered mail to the Commission office by **5:00 PM on (Friday) September 2, 2016.**

Attention to: **Andre Solymosi, General Manager**

BCVMC Office Address: **BC Vegetable Marketing Commission**  
**#207, 15252 – 32<sup>nd</sup> Avenue, Surrey BC V3Z 0R7**

**APPLICATION MINIMUM CRITERIA**

The minimum criteria are based on the requirements in Part XIV<sup>1</sup> of the General Order, except for the additional information required in section 5.

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<sup>1</sup> Originally incorrectly referenced in document approved June 8, 2016 as Part IV.

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**1. Executive Summary**

Provide a condensed overview of the document, which includes:

- A brief outline of the company's purpose and goals
- A brief description of products and services
- A description of the marketing Plan
- A high-level justification for the viability of the proposal , including competitive advantage in meeting market demands and strengthening competitive position in the Vancouver Island region
- A snapshot of growth potential

**2. Economic and Financial Considerations**

Provide a detailed business plan outlining the following considerations:

- a. short and long term goals;
- b. the rationale for establishing the Agency including such factors as:
  - i. an indication of marketplace requirements and potential requirements that the Agency will address, including customer and Producer support;
  - ii. a description of the benefits to the primary producers of Marketing the Regulated Product through the Agency;
  - iii. anticipated benefits to the industry as a whole;
  - iv. possible consequences, beneficial or adverse, to other existing Agencies.
- c. the Regulated Product(s) intended to be marketed;
- d. *(if the Agency is new)* the commencement date of the Agency;
- e. the method and time limits for existing Producers to transfer to the Agency;
- f. steps taken to meet with, and seek the cooperation of, existing Agencies;
- g. the identities of the principals of the Agency;
- h. the identities of all shareholders and/or individuals with a financial interest in the Agency;
- i. letters of commitment from Producers who wish to market Regulated Product through the Agency / a list of producers committed to shipping regulated product through this Agency;
- j. a statement of financial worth, along with a forecast of the anticipated earnings, cash flow and sales forecasts to indicate the fiscal viability of the Agency's operations;
- k. The Agency should be otherwise legally entitled to carry on the proposed agency business (for example, be in possession of a business licence).

**3. Marketing Plan**

Provide a detailed marketing plan outlining the following considerations:

- a. an assessment of market supply and demand in areas where the Agency wishes to market the Regulated Product;
- b. the names of customers who wish to purchase product / letters of commitment from customers who market Regulated Product from the Agency;
- c. *(if the Agency is new)* letters of reference from financial institutions which support the establishment of the Agency;
- d. details of a contingency plan which addresses how Producers would be paid for their product if the Agency encounters financial difficulties. This contingency plan may include the posting of a bond, a letter of credit or other security; and
- e. details of a label or product identification system whose objective is not to create confusion with other Agencies or product identifications.

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**4. Facilities, Food Safety and Staffing**

Provide information that addresses the following:

- a. The Agency is required to maintain appropriate facilities such as office(s), warehouse(s), etc., on a site or sites approved by the Commission. The Agency is also to provide proof that:
  - i. the facilities out of which the Agency will operate, including any office, warehouse or other facility meet necessary standards set by all level of government (federal, provincial, municipal or regional) for the proper and legal operation of the venture;
- b. the steps the Agency wishes to take in relation to quality assurance, particularly with respect to such matters as:
  1. food safety including an acceptable trace-back and recall system for Regulated Product sold;
  2. grade compliance;
  3. handling and distribution;
  4. record keeping;
  5. legal requirements;
- c. Information on the management and staff complement of the Agency, including the marketing experience and skill level of management and staff.

**5. ADDITIONAL REQUIRED INFORMATION**

Provide information that addresses the following:

- a. Rationale that the agency applicant believes is relevant towards the Commission assessment and determination of the appropriate number of Vancouver Island agencies. This rationale should be based on relevant market factors and conditions that would support sound marketing policy decisions.
- b. Demonstrated capacity to manage and resolve inter- and intra-agency conflicts to ensure stability and functionality among all potential agencies within a regulated vegetable marketing system on Vancouver Island.

**EVALUATION CRITERIA**

The following sets out the Evaluation Criteria that will be used by the Panel in assessing the written applications and interview information in order to reach its recommendations on:

- 1) the appropriate number of Vancouver Island agencies;
- 2) the identity of the Vancouver Island agency or agencies; and,
- 3) whether any existing Vancouver Island agency licences should be revoked.

Overall, the Applications will be assessed on how well they:

- Contribute to the vision for regulated vegetables on Vancouver Island
- Promote collaboration among industry members towards achieving sound marketing policy objectives and the vision for Vancouver Island
- Demonstrate good governance and ability and capacity to meet all requirements in the Agency Accountability Framework (see Appendix)
- Carry out sound business planning and show opportunities for potential future growth
- Demonstrate how they meet market demands and strengthen competitive position in the Vancouver Island region

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The number of agencies, which the Commission will recommend to BCFIRB after conclusion of this review process, will be determined through the evaluation of all qualified applications in light of what is required to achieve sound marketing policy, including the vision for regulated vegetables on Vancouver Island.

Specific criteria that will be used to evaluate the applications are as follows:

**1. Vision & Strategic Direction**

The application:

- Explains how it helps achieve the vision for Vancouver Island and BC (see Appendix)
- Contains a marketing plan that clearly and effectively supports development of a Vancouver Island brand and the expansion of Island-grown production

**2. Management Expectations**

The application:

- Demonstrates that it has a seasoned management team in place and a sales force with experience in the vegetable industry
- Is founded on principles-based management (see SAFETI principles in Appendix)
- Demonstrates Results-Based Management as defined in the Agency Accountability Framework:
  - *Financial Viability*
  - *Robust management functions to delivery on agreed-upon results and operational accountability to its stakeholders*
  - *Agency operates in manner consistent with the principles of orderly marketing and in support of broader industry interests*
  - *Informed decision making for the benefit of the industry as a whole*
- Demonstrates an understanding of the regulated vegetable marketing structure and its Operating Principles (See Appendix)
- Demonstrates capacity to manage and resolve inter- and intra-agency conflicts

**3. Operational Considerations**

The application:

- Demonstrates that the applicant has access to a mix of regulated products
- Demonstrates that the proposed agency has the ability to supply a mix of quality local product to the market over the complete production year
- Describes a shareholder structure that represents the interests of an agency's producers
- Explains the processes for operational reporting competence to comply with regulatory requirements (Price Pooling, Delivery Allocation management, Manifest Sales Reporting, Minimum Pricing, Issuing Delivery / Transport Orders)
- Demonstrates that the proposed agency can operate in an efficient, effective, and organized manner to satisfy market and regulatory demands

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## **APPENDIX**

### **Commission Strategic Plan**

#### Vision

*BC grown fruits and vegetables are recognized for the highest quality in the market place (1998)*

#### Mission Statement

*The BC Vegetable Marketing Commission is committed to creating an environment to enable its producers to provide high quality produce that will sustain viable and expanding B.C. Agri-business*

#### Operating Principles

*The BC Vegetable Marketing Commission is dedicated to providing leadership in the advancement of the province's vegetable industry through (2009):*

- *Promoting safe, high quality, nutritious vegetables that exceed standards of the global market place;*
- *Committing to an orderly marketing scheme that encourages adequate supply, is efficiently bringing products to market and attracting industry wide support;*
- *Representing growers' interests to the consumer, the distributive trade and regulatory bodies;*
- *Operating at a high standard of transparent governance that fairly balances financial and administrative accountability with the confidential needs of individual stakeholders;*
- *Teamwork amongst the Commission, designated agencies, and growers working together to provide a planned approach in adjusting to competitive forces and changing market demands.*

### **Vancouver Island Vision**

*Continued growth in all sectors of regulated vegetables for islanders to continue to move forward in their ability to feed themselves.*

*All growers, both regulated and non-regulated, are a significant and essential part of strategic growth for the agriculture industry on Vancouver Island. The vision is that of a united group of growers committed to producing a variety of premium-quality products while receiving fair returns, allowing for re-investment in farms, infrastructure, and production capabilities. We want agriculture to continue to survive and flourish on Vancouver Island.*

### **Agency Accountability Requirements - as established by the Commission**

#### Purpose

*The purpose of an agency is to ensure that producer-based marketing groups have the critical mass to compete against regional competitors.*

#### Agency Mandate

*The mandate of an agency is to represent a group of producers and carry out the marketing duties of the Commission in compliance of the Consolidated General Order, in respect of the operating principles of the orderly marketing system, and for the benefit of its producers and that of the industry. The*

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*Commission has the authority to stipulate conditions on an agency's mandate. Any changes require approval by FIRB.*

**Agency Accountability Framework**

This Agency Accountability Framework is taken from the [Supervisory Review: The Future of Regulated Marketing on Vancouver Island – Decisions & Recommendations](#) document (which minor changes).

*Agency accountability requirements are developed on a framework designed to support the Commission's orderly marketing approach, whereby delegated responsibility, authority and accountability exist in a decentralized environment. Performance of agencies and applicants are to be assessed against this accountability framework. This is consistent with the Commission fulfilling and recommitting to its role as first instance regulator.*

*The Agency Accountability Framework is as follows:*

a) Governance

- *Compliance with an agency's purpose and mandate*
- *Changes to Agency governance and shareholder structure are reported to the Commission*

b) Results-Based Management

- *Financial Viability*
- *Robust management functions to delivery on agreed-upon results and operational accountability to its stakeholders*
- *Agency operates in manner consistent with the principles of orderly marketing and in support of broader industry interests*
- *Informed decision making for the benefit of the industry as a whole*

c) Regulatory Compliance

- *Agency reporting responsibilities in the General Order and as directed by the Commission*

d) Assurance Mechanisms

- *External audits – pooling, fees charged, minimum pricing compliance (storage crops)*
- *Storage Crops - Monitoring shipments to DA and approved business plan*
- *Review of financial statements*
- *Attending agency AGM*
- *Review of business and marketing plans that they are in compliance with agency licensing conditions and PART XV of the General Order*
- *Agency score card*
- *Enforcement of Risk Management protocols*

**SAFETI Principles**

<b>Strategic</b>	<i>Identify key opportunities and systemic challenges and plan for actions to effectively manage risks and take advantage of future opportunities.</i>
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<b>Accountable</b>	<i>Maintain legitimacy and integrity through understanding and discharging responsibilities and reporting performance.</i>
<b>Fair</b>	<i>Ensure procedural fairness in processes and decision making.</i>
<b>Effective</b>	<i>Ensure clearly defined outcomes with appropriate processes and measures.</i>
<b>Transparent</b>	<i>Ensure that processes, practices, procedures, and reporting on how the mandate is exercised are open, accessible and fully informed.</i>
<b>Inclusive</b>	<i>Ensure that appropriate interests, including the public interest, are considered.</i>