



**VANCOUVER ISLAND PRODUCE LTD.**  
**FARM FRESH.PREMIUM QUALITY.ISLAND GROWN**

November 20<sup>th</sup>, 2013

ATTN:

BCFIRB Panel  
780 Blanshard Street,  
Victoria, BC V8W 2H1

Tom Demma  
General Manager  
BC Vegetable Marketing Commission  
207 – 15252 – 32 Ave  
Surrey BC V3S 0R7

Murray Driediger  
Chief Executive Officer  
BC Fresh Vegetables Inc.  
4363 King Street  
Delta BC V4K 0A5

Ian Vantreight  
President  
Island Vegetable Cooperative  
Association  
8277 Central Saanich Road  
Saanichton BC V8M 1T7

Lloyd Hiebert  
President  
Vancouver Island Farm Products Inc.  
2550 Quennell Road  
Nanaimo BC V9X 1K4

**RE: OCTOBER 31, 2013 DECISION OF THE BC VEGETABLE MARKETING  
COMMISSION CONCERNING VANCOUVER ISLAND FARM PRODUCTS INC. (VIFP) &  
BCFRESH APPLICATION FOR AGENCY/SUB-AGENCY STATUS**

Vancouver Island Produce would like to thank FIRB for consulting with us on this issue and allowing us to share our concerns regarding the VIFP/BCFresh proposal for an agency/sub-agency structure. As per the Nov 15<sup>th</sup>, 2013 FIRB letter we are submitting our concerns using the SAFETI principles as a guide.

## **Strategic**

It is a fact that Vancouver Island farmers are subject to one of the highest if not the highest costs of production in the country. Vancouver Island farmers are also limited by the availability of agricultural land base so it is rarely an option to increase acreage in order to lower costs. It is because of this increased cost of production, shipping, and storing that it is crucial for Vancouver Island farmers to get a higher return for their product. If that higher return cannot be realized then it will no longer be sustainable to farm on Vancouver Island. Historically Vancouver Island farmers have experienced this higher price due to the loyalty of Vancouver Island consumers who understand the geographical challenges of the island and value sustainability. Alarming is the fact that over 350 acres of potato production has already been lost under VIFP management, why would the BCVMC approve this agency to continue down a path which will effectively push another 400 acre farm out of business. It is our interpretation that the BCVMC is in place to make an environment that is conducive to growth not suppression. Marketing rules and regulations should be used for leveling the field not wiping it out.

Vancouver Island Produce has already received correspondence from a consumer that is confused by the new packaging introduced by VIFP/BCfresh in early September, prior to a BCVMC or FIRB approval, which uses the VIFP logo and rhetoric but also says "Fraser Valley Grown". As an agency representing island growers whose businesses rely on a higher return than mainland growers we are very concerned that this confusion among consumers could lead to the erosion of the loyal Vancouver Island customer base. When the lines become blurred between which product is Vancouver Island grown and which is not, customers will become indifferent and unwilling to pay a higher price for what could be the same product that is available from their warehouse supplier. Vancouver Island Produce is also concerned that increased competitive pressure from the mainland will not only naturally erode pricing but will then discourage growth among existing farmers and deter new entrant farmers.

## **Accountable**

VIP understands that Mr. Jaymie Collins is to be retained as the manager of the new agency/sub-agency model. The VMC and FIRB are both aware of the circumstances that led to litigation being commenced against Mr. Collins for breach of his duties to VIP and to the growers VIP represents. To date, the VMC has conducted itself as if Mr. Collin's actions toward his previous agency and growers are of no significance whatsoever, but in our opinion his actions go to the heart of an agency's relationship with growers and the fact that the agency is acting as a designated agency of the VMC.

To preserve the integrity of the process and of the fiduciary relationship the agency/sub-agency has with the VMC, FIRB and the growers whose livelihoods are at stake, an investigation by FIRB should be conducted to determine whether Mr.

Collins is a suitable representative for them. If he were asked, we would expect Mr. Collins would admit the core allegations made against him by VIP and the VIP growers. To ignore these issues as if they are of no importance is in our view a failure by FIRB to do its due diligence, which we certainly do not expect to happen. A second issue with respect to following the VIFP proposal is that since March 2012 two growers and 300 acres of production have been lost on Vancouver Island. These facts should be viewed in light of reassurances given to FIRB less than one year ago that VIFP was viable and was on the verge of expanding. This speaks directly as on the issue of whether current promises should be believed as well as the competency of that role being played by VIFP and Mr. Collins'

## **Fair**

Fairness is achieved when all parties with equal stake are consulted equally and are given all information of relevance. During the hearing questions were raised to the BCVMC about a contingency plan that VIFP was required to submit with their original application (general orders part 14-S procedures for designation of agencies and #9,E) these questions were not answered in the long term strategic plan. It is our opinion that the BCVMC has failed to provide transparency to the other effected agencies prior to and during the August 29<sup>th</sup> hearing. It has not consulted with Vancouver Island growers through any other forum other than the August 29<sup>th</sup> hearing and we do not feel that the BCVMC considered the financial impact their decision would create short or long term for competing Vancouver Island agencies growers. It seems that the VIFP agency has been granted a second chance from the BCVMC without re-visiting the original 2012 VIFP application that required VIFP to state a solution for them if they failed to be viable.

The VIFP/BC fresh proposal, if approved, will have an effect on all Vancouver Island growers. Current and future growers of VIP and IVCA will have no say in the decisions made by VIFP/BC fresh even though those decisions will directly affect their businesses and their market. For the past 25 years there has been two agencies on the island that were able to co-exist because of their differing marketing schemes and their limited production. Now that we have three agencies, two with identical marketing schemes, the market is becoming much more competitive. If we combine the large production of BC fresh and the volume of products BC fresh brings in from the United States to one of those existing Vancouver Island agencies they will have the power to effectively cause financial harm to the remaining island agencies/growers who continue marketing on Vancouver Island.

Vancouver Island Produce is already experiencing the negative effects of this proposal, BC Fresh product is already (since early September) being brought in from the Fraser Valley and repacked by VIFP, and shipped directly to customers on Vancouver Island but more importantly BCfresh is filling orders taken by VIFP from VIFP customers as proposed in agency/sub-agency proposal and happening prior to a hearing decision. These actions taking place while Island growers still have supply of product. It is our opinion that if VIFP was genuinely committed to growing Vancouver Island production they would be purchasing product from other Island

agencies before bringing product from the mainland when short of their own supply.

### **Effective**

In the proposal put forward by VIFP/BC Fresh they indicate that there will not be any changes to the day to day operations of VIFP. In the hearing held August 29<sup>th</sup>, 2013 by the BCVMC to review this proposal the President of VIFP said that VIFP would not be viable without the approval of the proposal. Vancouver Island Produce has concerns about the sustainability of a proposal that suggests a business that is not viable can continue on business as usual. The proposal did not put forth a long term vision for the Vancouver Island market. It claims to be a solution for the issues present in the central island but the confusion stemming from the similarity in the name of VIFP and VIP will still exist under the agency/sub agency model. The trade, consumers, accounting departments will still be confused.

VIFP was originally created not to benefit the market but because of an internal agency dispute between the shareholders of VIP. There's no evidence that VIFP has benefitted growers or has had a positive effect on the market. It's pretty clear now that the creation of VIFP has not benefitted the market or the growers, and that's why the new concept of a sub-agency has been proposed. VIFP was unnecessary and should never have been created in the first instance, but that's water under the bridge now. The question we now have: how far will BCVMC go to rewrite the rules and change the entire system to accommodate a small group of participants?"

### **Transparent**

Vancouver Island Produce participated as an intervener in the hearing held by the BCVMC to review the VIFP/BC Fresh proposal and we did not feel that all the necessary information regarding the proposal was presented. We believe that the agency/sub agency proposal should be subject to the same application process as a new agency, especially given the interim basis of the VIFP agency license. BC Fresh operates on a corporate structure so the board that is elected by their growers has the authority to approve decisions without consulting with each individual grower. VIFP on the other hand has said that they operate on a hybrid co-op/corporate structure so in order to go forward with a proposal like this they would have to consult with all of their growers. The presentation was absent of this and indicated it was a board decision for both agencies.

The growers of VIP were not contacted about their thoughts on the proposal until the hearing was announced so it is our assumption that the BCVMC did not take the time to consult with any island growers other than the president and directors of VIFP before going ahead with a hearing.

The decision issued Oct 31<sup>st</sup>, 2013 by the BCVMC touched on issues that were not discussed at the hearing or at least were not discussed while interveners were present. One of these issues (see #50 of the Oct 31<sup>st</sup>, 2013 decision) was the limiting of production of Kennebec potatoes on Vancouver Island. Vancouver Island Produce and IVCA are the only two agencies on Vancouver Island that have growers with

supply of Kennebec product so it is unclear why this issue would be addressed in a decision regarding BC Fresh/VIFP, neither of whom are currently growing Kennebec potatoes on Vancouver Island. Interveners were not privy to the discussions or documents that included these items and question the process the BCVMC has used to make orders unrelated to the VIFP/ BC Fresh application part of their decision.

The BCVMC's original April 2012 decision was to issue VIFP a green house only agency license, a decision they reiterated at the December 2012 FIRB supervisory hearing. They did not address this original decision during the August 29<sup>th</sup>, 2013 hearing and we are now confused by the abandonment of their original 2012 decision without explanation or reference to why they may have changed their opinion of what would best serve Vancouver Island growers.

### **Inclusive**

The proposal is not inclusive of all island growers. It proposes a solution for a percentage of growers but does not take into account the outcome the agency/sub-agency structure will have on the majority of root crop growers who are not included in the proposal. If the BCVMC or VIFP/BC Fresh had consulted with consumers, customers and other growers maybe a solution that included everyone could have been achieved. Unfortunately VIFP/BC Fresh were not interested in the opinions of other island growers and created a vision that served only themselves. The fact that VIFP submitted an intervener statement earlier in April 2013 speaking against IVCA being issued a full green house license on the grounds that VIFP was a viable agency that could represent all greenhouse growers on Vancouver Island speaks volumes of their lack of interest in working with others on Vancouver Island.

All three Vancouver Island agencies agree that the unique identity of Vancouver Island is a very important thing to maintain and that the sustainability of island farms hinges on maintaining the loyalty of their limited island customer base. Vancouver Island Produce believes that it is this common goal that should be central to building a sustainable vision for the future of vegetable marketing on Vancouver Island. It is our opinion that Vancouver Island growers will be better served by a single island agency or governance body that is sensitive to the risks and challenges associated with farming and marketing in a geographically limited area.

In conclusion we do not see how a small decrease in production costs for two growers outweighs the negative financial impact the approval of this proposal will have on the nine other registered vegetable growers that will be competing with VIFP/BC Fresh agency. VIFP has already been filling the Vancouver Island market using BC Fresh grown product and has stated now VIFP will also be able to market product 12 months of the year? BC Fresh also wholesales product from other areas of North America 12 months of the year? The BCVMC did not include in their decision any orders that would protect Vancouver Island Produce and IVCA growers from being extinguished by an abundance of BC fresh products repacked in a VIFP branded bags to lead customers and consumers to believe they are supporting Vancouver Island product/growers when they are really supporting a corporate

542 Baylis Rd. Qualicum Beach, B.C. Phone: 250-334-7198 Fax: 250-586-7198

company's business plan that will ultimately destroy what is in the Vancouver Island public best interests.

Sincerely,

John Walsh  
*President*  
Vancouver Island Produce

Sarah Potter  
*General Manager*  
Vancouver Island Produce