



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

November 29<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 - BCFRESH/VIFP SUB AGENCY-

VIP FINAL COMMENTS SUBMISSION REQUESTED BY FIRB

As directed in the November 15<sup>th</sup> correspondence FIRB requested we make submissions that outlined why the agency/sub agency proposal does or does not represent sound marketing policy that will “best serve the strategic interests of regulated vegetable industry on the island in the long term.

Secondly we were asked to provide replies to the November 22 submissions. Please find our responses below.

**VIFP:**

Being that VIFP had originally gained its interim agency status through undue process we believe that their silence should not be overlooked. The agency/sub agency proposal they have brought forward as their answer to the Jan 7<sup>th</sup> FIRB directive is a contradiction to their December submissions to FIRB stating that they were viable and understood governance. They were confident enough in their stability at that time to reject the idea of a similar proposal presented by BCfresh at the December 2012 hearing.

In our opinion their silence is disrespectful to everyone who has jumped many hoops, including several changes in regulatory wording, to accommodate VIFP up to this point. This includes FIRB who based a January 7<sup>th</sup> decision on much of what VIFP presented to them about viability, growth etc. and the fact that VIFP dismissed the idea of BCfresh proposal presented in December. In the January 7<sup>th</sup> review FIRB very clearly pointed out that a dispute among growers is not a suitable reason to create a new agency. It is obvious by the reaction of the other two Vancouver Island agencies that VIFP is once again displaying their lack of interest in working with others on the Island.

The BCfresh submission characterizes them to be remaining as a standalone agency/company, that others will be able to join; so why is it that we have not received submissions directly from their management/board. The Nov 15<sup>th</sup>, 2013 FIRB request was very clear and it is only fair to others who were asked for submissions that all parties take the time to share their opinions. Intervenors believe that it is important to receive submissions from all interested parties and since the agency/sub agency has yet to be approved by FIRB that would include VIFP as a standalone submission. We would like to hear how VIFP would describe the benefits to not only themselves but the balance of growers associated with other agencies on and off Vancouver Island.

It appears that VIFP is so secure in their knowledge of the outcome that they need not comment on their alliance and partnership with BCfresh, an alliance that they openly dismissed as unnecessary at the December 2012 hearing. Vancouver Island Produce would like to know what has changed?

\*What regulatory policy and process apply to that change, is it a review by the BCVMC?

\*Should the BCVMC have relied on the original contingency?

\*What is the fair process for reviewing an agency that has become unviable in their own admission and that has previously gained their original status through a flawed process.

\*Should the VIFP agency that is currently being governed by someone who ignored the BCVMC letter of February 2012, directing Vancouver Island Produce members to resolve ongoing issues and invite the BCVMC to attend, be allowed to continue their operations without review. Had Mr. Seiffert, the past president of VIP, followed the instructions and addressed the concerns expressed in the BCVMC letter of February 2012, this very expensive exercise to destroy the agency that had provided the best returns in BC to Vancouver Island growers for 25 years would have been avoided.

It is apparent to all other Vancouver Island growers that VIFP chooses to continue working with mainland agencies that may be able to provide the outside pressure needed to pursue an outcome that favours their short term agenda with little regard to the effects it has on others and on everyone in the long-term.

VIFP was certainly not silent when they intervened in a submission of April 2013 regarding IVCA greenhouse licencing and presented that their agency interest should be protected, this seems contradictory to what they are now proposing for the rest of Vancouver Island producers.

### **BCfresh**

The manager and CEO of BCfresh has presented a few facts and analysis' that we concur with unfortunately under the hostile circumstance that exist on Vancouver Island the proposal that has been presented reads as nothing more than a strategic plan to take advantage of VIFP growers in order to advance and expand their own business model.

BC fresh commented at the August 29<sup>th</sup> hearing that in the corporate world this proposal would be a done deal, our answer to that is in a corporate environment without regulation they would not be propping up a unviable competing company without some type of compensation or benefit. They would take it over completely or absorb it. BCfresh has resubmitted its original proposal as the best strategy for the immediate future of VIFP growers and has again failed to touch on how they see their plan effecting IVCA growers, VIP growers and new entrant growers,

It is our opinion that BCfresh must have had prior knowledge of an outcome to justify moving forward and investing growers financial resources into new packaging that included VIFP logoing. These actions must have been taken prior to the August 29<sup>th</sup> hearing since they have been marketing their Fraser Valley products through VIFP branded labeling since as early as September 18<sup>th</sup>. It normally takes 4 to 6 weeks to organize changes and receive actual labeled material for marketing. FIRB cannot ignore the fact that this proposed arrangement was implemented well before the hearing was held on August 29<sup>th</sup>.

We are perplexed by the BCfresh comments regarding # 50 of the hearing decision and also query his observations that suggest the VMC has succumbed to outside pressure. They go further to suggest that the content was merely untimely. In our opinion his comments are suggesting a future outcome of a decision of the BCVMC.

The BCfresh/VIFP proposal has not addressed anything that would be beneficial or encourage growth of Vancouver Island production at this time. If given approval the proposal will eliminate any future possibility of all growers working towards a common goal on Vancouver Island, one that is in the publics best interest.

## **BCVMC**

The BCVMC continues to ignore a fact that there are growers associated with Vancouver Island Produce and their responsibility to them. Contrary to their submission stating the benefits for “Central Vancouver Island Growers” our growers, Echo Valley Farm and Vancouver Island Cranberry Company, are central Vancouver Island growers who will not be benefiting from the commission decision to go forward with the BCFresh/VIFP joint application for agency/sub agency status.

We do appreciate that the BCVMC has finally let us know the timeline for what they plan to do in response to the FIRB recommendations. However, it seems that the timeline set out should have and could have been followed with both VIP and VIFP in 2013. Instead they’ve chosen not to take action until February 2014 when the FIRB directive was issued in January of 2013. In postponing their audit and then approving this agency/sub agency submission they have avoided having to do any sort of investigation into operations at VIFP, a task they were specifically directed to do by FIRB.

The timeline set out is completely insensitive to the planning of our growers. The BCVMC specifically expedited the Aug 29<sup>th</sup> hearing to accommodate VIFP greenhouse grower’s timelines for planning the 2014/2015 growing season. The timeline they have laid out for auditing VIP and deciding on agency status would mean that the growers represented by VIP would have to plan and purchase everything required for the 2014/2015 growing season to be planted in May only to be told in April that they no longer have an agency.

The livelihoods of many growers have been in the balance since March of 2012 and it is embarrassing and shameful that the BCVMC continues to postpone and avoid making any kind of long-term decision or plan. Even in the current submission they declare that the approval of the agency/sub agency proposal is only a solution in the “interim”. Vancouver Island Produce growers are exhausted by the constant influx of Band-Aid or interim solutions that do not look at long-term effects or consequences.

The BCVMC has recommended FIRB approve a proposal that BCFresh/VIFP have presented as a business proposal that they claim will be beneficial for both VIFP and BCFresh. They acknowledge that these are the only two parties that will benefit and they claim that the market of others on Vancouver Island will be unchanged. Vancouver Island Produce has already experienced and seen changes in our market as a result of this partnership. This business proposal is not a solution to the ongoing issues on Vancouver Island in the long-term or the short-term. The Jan 7<sup>th</sup> FIRB recommendations tasked the BCVMC with creating a long-term vision for the future of Vancouver Island and providing recommendations on the agency framework that would complement that vision. Instead the BCVMC has allowed companies to take advantage of a fractured system to further their own business opportunities. If FIRB was looking for the recommendations of BCFresh on the future of Vancouver Island they were readily available at the December 2012 hearing,

The rationale the BCVMC applies to the decision based on numbers of growers is inconsistent with well-established practices other agency growers subscribe with

the approval of the BCVMC. FIRB only has to indulge themselves in the registered growers list of each district to find that the BCVMC is inconsistent in its application in formulating rational. In our opinion the weighting should only be referring to Vancouver Island growers who are associated with Vancouver Island agencies and should take that number in combination with regulated grower allotment (a factual history of production) to come up with a true rational.

A new entrant grower made a very clear choice to join a mainland agency for their own reasons and they are now bound by the contractual agreements they have signed with BCfresh. The allotment granted to this grower was based on the ability of BCfresh to market their product on the mainland and so in the interest of fairness this grower should only be considered as part of Vancouver Island allotment on expiry of those previous agreements.

The BCVMC would then remain consistent with its conditions of this grower's license and not allow BCfresh proposal to use unproven production as a wedge to decide an important issue. This grower is not bound by the supervisory January 7<sup>th</sup> decision and therefore should remain bound by the initial conditions the BCVMC set out when they approved his growers license including the choice of BCfresh as their agency.

We refer once again to the January 7<sup>th</sup> FIRB comments to the BCVMC that grower disputes are not a reason to license the operation of a new agency. It appears that the reason VIFP gave for not joining forces with IVCA is predominantly because IVCA hired a new manager instead of choosing to essentially join VIFP and work with their management and sales team. Did IVCA make a tactical error by being transparent in making a condition that VIP growers would have to be included in any proposal that was going to bring unanimity to the Vancouver Island grower base? This just shows that it is personal issues that continue to cloud the judgement of VIFP representatives. It appears to us that the personal tension is still present and should not be tolerated or even considered by the BCVMC, there is more than one option but the BCVMC failed to provide an appropriate forum for all parties to participate in developing a solution.

Key questions we have about other agencies marketing practices have not been answered by the BCVMC:

\*How much product is BCfresh importing and reselling and how is it effecting local production including Vancouver Island?

\*Many wholesalers have made comments that suggest they believe BCfresh is unfairly operating beyond its mandate within the regulatory environment that they are also required to operate in. Will BCfresh be required to apply for a wholesale license for the product they are importing?

\*Why does BCfresh seem to be threatened by new wholesalers becoming licensed customers? Is it not positive for all agencies to have more marketing opportunities?

**IVCA's written submission:**

IVCA's input as interveners in the April 2012 hearing and the August 2013 hearing has been impartial but very insightful. The growers of IVCA recognize the value of

what we have her on Vancouver Island. They understand the financial constraints, marketing challenges and the importance of the loyal Vancouver Island customers. Many of their members represent generations of farmers and experience farming on Vancouver Island. Although latecomers to this central island issue their thoughts are very accurate if not correct. Until this issue is repaired from the top down any changes will be short lived.

**VIP further comments**

In receipt of the November 28<sup>th</sup> direction or suggestion we find it unusual that we are required to provide evidence that is readily available at the BCVMC office. Over the past several months VIP has forwarded almost all correspondence to the FIRB office. It was our understanding that the decision that the BCVMC has come to was outside the parameters set by FIRB and the action plan the VMC had implied they were going to implement.

We find it unfair that an interim agency that has admitted to being unviable without the help of others would gain agency status without being subjected to the same auditing process that is being done on an already established agency that is simply being reviewed. Given the circumstances on Vancouver Island it is difficult to understand why any consideration would be made for a plan which will further eroded marketing stability on Vancouver Island.

Over the past year the island has lost two major growers that were operating within the governance and management of VIFP. The vegetable industry is a very small margined environment and if agency management becomes entrenched in their personal agenda large growers that are the core mechanism supporting agencies can become unviable very quickly.

Vancouver Island Produce is in support of working with the other two Vancouver Island agencies providing we are able to create a marketing plan that would include marketing direct to store and accommodate the marketing practices of all three agencies. The growers of Vancouver Island have built their businesses around different marketing approaches so it is important that we consider that when discussing any kind of merger.

We do not wish to simply ignore the presentations BCfresh has worked hard to present, there are opportunities that could be beneficial in a non-hostile environment but it will take time to repair what is broken. We believe that repair needs to start at the top to have any meaningful effect. We certainly do not question the business acumen of BC Fresh as they make it appear. We only raise concerns about what they are doing and if it has the potential cause financial risk to others that are regulated. Is that not why we have a regulator that is supposed to be impartial?

Regards,

John Walsh  
*President*  
Vancouver Island Produce

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

Sarah Potter  
*General Manager*  
Vancouver Island Produce