

March 31, 2007

VIA FACSIMILE
Facsimile Number: 250-356-5131

Richard Bullock, Chair
British Columbia Farm Industry Review Board
PO Box 9129, Stn. Prov Govt
Victoria, British Columbia
V8W 9B5

Dear Mr. Bullock:

Re: District Policy

The British Columbia Vegetable Marketing Commission (the “Commission”) was directed to report to the British Columbia Farm Industry Review Board (“FIRB”) concerning the applicability of district boundaries in the administration of the B.C. Vegetable Scheme through the Commission’s General Order. Specifically, in its letter of May 17, 2006 FIRB stated that *“It is BCFIRB’s view that districts (other than for electoral purposes) are artificial and ineffective mechanisms in today’s marketing environment. The Commission is to reconsider and advise on this issue.”*

The Commission’s “District Policy” can be summarized as the combination of General Order provisions that together limit a Producer’s marketing options. More specifically, production and delivery allocations are assigned to producers within a District, producers must deliver regulated product through an Agency located within a District, Agencies are limited to marketing regulated products produced in a District, and allocations cannot be transferred outside a District. The specific sections of the General Orders that comprise this “District Policy” are provided at Exhibit 1 attached.

The Commission undertook producer consultation meetings in each of the three Districts defined in the General Order – District I (Lower Mainland), District II (Vancouver Island) and District III (Interior). In general, the matter of District Policy is of greater concern to storage crop producers and agencies than greenhouse or field crop producers.

Producers in Districts II and III were opposed to the removal of district boundaries in the administration of the Scheme. This opposition is related to the perceived inability of agencies in these districts to compete effectively in their local markets if larger agencies from other districts are able to cherry-pick their local district growers thereby limiting their supply and competitive advantage in providing local produce to local markets.

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Producers in District 1 are seeking elimination of the District Policy for several reasons. Foremost are the pressures on agricultural land in the Lower Fraser Valley. Increasing land costs, pressure from other crops such as berries, urban pressures on farming practices, and recently announced planned removals of land from the ALR for the gateway project, aboriginal treaty settlements, and urban development in the Abbotsford area have all caused producers in the Valley to examine producing in other regions to maintain and grow their businesses. The current District Policy prevents them from establishing farming operations in other regions of the province while continuing to market through their current agency, and it prevents them from moving the delivery allocation they have earned over many years to a new operation outside the Valley.

The Commission considered these divergent opinions in light of the retail and foodservice markets served by B.C.'s producers and Agencies. Buyers have varying needs. In some cases they will seek and promote locally produced produce, while in others they seek year-round supply independent of production region. Agencies, being groups of growers marketing together, need to establish marketing strategies targeting specific market segments. Not all Agencies will be successful if they all try to do the same thing. Accordingly, Agencies need greater flexibility to align their supply side with their marketing strategies. In the Commission's opinion, the current District Policy is a constraint to marketers seeking to align the supply chain and may serve to restrict or retard innovation by producers and Agencies.

The Commission has determined to eliminate the District Policy over a 2 year transition period, and to retain Districts solely for the purpose of electoral representation by producers.

During the transition period, the Commission will authorize producers to move their Delivery Allocation to another district while continuing to deliver to their home Agency. Additionally, the Commission will allow producers not presently producing a specific regulated product to choose to deliver that product to an Agency of their choice.

After 2 years (i.e. beginning in 2009), all Allocations will be provincial, regional exemptions will be eliminated, Agencies will be able to market regulated products from any region of the province, Producers will be able to market through any Agency, and levies will be standardized across the province. These changes are not intended to impact other procedures outlined in the General Orders.

The Commission's General Order will be amended upon FIRB's approval of the aforementioned plan in regards to District Policy.

We trust that this plan meets with FIRB's approval.

Yours truly,



George Leroux,
Chair

cc Designated Agencies

Exhibit 1. General Order District Provisions

Reproduced in this Exhibit are sections of the General Orders that refer to Districts. Collectively, these sections comprise the current District Policy.

Part I - Introductory, Section 5 - Interpretation

"District" means any of the three Districts outlined or specified in these Orders, namely:

“District I” means that part of the Province west of the 121st meridian of west longitude and south of the 50th parallel of north latitude, excluding Vancouver Island and the Gulf Islands;

“District II” means Vancouver Island and the Gulf Islands;

“District III” means that part of the Province not in the first or second Districts.

Part V – Agencies

1. Designated Agencies, the Regulated Crops each are authorized to handle, and associated geographic production areas, are listed in Schedule I to these General Orders.

2. An Agency shall maintain an office in one of the Districts in which it is licensed to operate.

9. No Agency or Packing House shall receive any Regulated Product from a Producer that was not grown by that Producer unless expressly authorized by the Commission.

16. No Regulated Product shall be transported from one District to another except as directed by an Agency or unless the Regulated Product is transported by an exempted Producer.

Part XVI – Production and Delivery Allocations – General

8. Delivery or Production Allocations shall not be permitted to be transferred between Districts.

Part XIX – Pricing Procedures

2. Should minimum pricing procedures be implemented, the Commission will consult with the affected Agencies and Producer-Shippers and will establish minimum selling prices as often as necessary for regulated product in each District. Any Regulated Product sold by an Agency to a buyer in another District must be invoiced at a landed price not less than the minimum price established for that other District.

Part XX – Manifest Sales

13. All sales under this Part may only be made in the District in which the Regulated Product is grown.

Schedule I Designated Agencies

1. BC Hothouse Foods Inc. is hereby designated as an Agency through which greenhouse cucumbers, greenhouse tomatoes, and greenhouse peppers grown in District I and District II, may be packed and stored and shall be Marketed unless otherwise ordered by the Commission.
2. Country Fresh Produce Inc. is hereby designated as an Agency through which greenhouse cucumbers, greenhouse tomatoes, and greenhouse peppers grown in District I may be packed and stored and shall be Marketed unless otherwise ordered by the Commission.
3. Fraserland Organics Inc is hereby designated as an Agency through which organic potatoes grown in District I, may be packed and stored and shall be Marketed unless otherwise ordered by the Commission.
4. Global Greenhouse Produce Inc is hereby designated as an Agency through which greenhouse tomatoes and greenhouse peppers grown in District I, may be packed and stored and shall be Marketed unless otherwise ordered by the Commission.
5. Greenhouse Grown Foods Inc is hereby designated as an Agency through which greenhouse tomatoes, greenhouse peppers and greenhouse cucumbers, grown in District I, may be packed and stored and shall be Marketed unless otherwise ordered by the Commission.
6. The Interior Vegetable Marketing Agency is hereby designated as an Agency through which beets (tops off), green cabbage, red cabbage, carrots (tops off), onions, parsnips, potatoes, rutabagas, white turnips, celery, iceberg lettuce, greenhouse cucumbers, greenhouse tomatoes and greenhouse butter lettuce grown in District III, may be packed and stored and shall be Marketed unless otherwise ordered by the Commission.
7. Island Vegetable Co-operative Association, is hereby designated as an Agency through which beets (tops off), red cabbage, green cabbage, carrots (tops off), onions, parsnips, potatoes, rutabagas, white turnips, celery, iceberg lettuce, romaine lettuce and green leaf lettuce grown in District II, south of the line separating the Cowichan Land District and the Shawnigan Land District and extending eastward to the international boundary and westward to the Pacific Ocean, may be packed and stored and shall be Marketed unless otherwise ordered by the Commission.
8. Lower Mainland Vegetable Distributors Inc. is hereby designated as an Agency through which beets (tops off), green cabbage, red cabbage, carrots (tops off), onions, parsnips, potatoes, rutabagas and white turnips grown in District I, may be packed and stored and shall be Marketed unless otherwise ordered by the Commission.
9. Vancouver Island Produce Limited, is hereby designated as an Agency through which beets (tops off), red cabbage, green cabbage, carrots (tops off), onions, parsnips, potatoes, rutabagas, iceberg lettuce, red leaf lettuce, green leaf lettuce, romaine lettuce, greenhouse peppers, greenhouse tomatoes and greenhouse cucumbers, grown in that part of District II, north of the line separating the Cowichan Land District and the Shawnigan Land District and extending eastward to the international boundary and westward to the Pacific Ocean, may be packed and stored and shall be Marketed unless otherwise ordered by the Commission.

10. VF Operations Canada Inc is hereby designated as an Agency through which greenhouse tomatoes, greenhouse peppers and greenhouse cucumbers, grown in District I, may be packed and stored and shall be Marketed unless otherwise ordered by the Commission.

Schedule II Regulated Vegetables

District I (Lower Mainland)

Storable Crops

Beets (tops off); Green Cabbage; Red Cabbage; Carrots (tops off); Onions, (sweet onions only after September 1 annually); Parsnips; Potatoes; Rutabagas and White Turnips

Greenhouse Crops

Cucumbers (all types); Tomatoes (all types); Peppers; (all types); and Butter Lettuce

Processing Crops

Peas, Beans, Corn, Broccoli, Brussels Sprouts, Cauliflower, Potatoes and Strawberries.

District II (Vancouver Island)

Storable Crops

Beets (tops off); Green Cabbage; Red Cabbage; Carrots (tops off); Onions (sweet onions only after September 1 annually); Parsnips; Potatoes; Rutabagas and White Turnips

Perishable Crops

Field Lettuce; and Celery

Greenhouse Crops

Cucumbers (all types); Tomatoes (all types); Peppers; (all types); and Butter Lettuce

District III (Interior)

Storable Crops

Beets (tops off); Green Cabbage; Red Cabbage; Carrots (tops off); Onions, (including Silverskin Onions), (sweet onions only after September 1 annually); Parsnips; Potatoes; Rutabagas and White Turnips

Greenhouse Crops

Cucumbers (all types); and Tomatoes (all types)

Schedule IV BCVMC Levies & Charges

Schedule IV (4) – BCVMC Annual Levies and Charges				Revised March 2007
		Administration Levies		Research & Industry Development
		Volume Based	Area Based	
Greenhouse Crops				
District I				
	Producer under 5,000 sq m	nil	\$0.12 / sq m	\$0.27 / sq m
	Producer over 5,000 sq m	nil	\$0.14 / sq m	\$0.27 / sq m
	Producer-Shipper	nil	\$0.14 / sq m	\$0.27 / sq m
District II & III				
	Producer under 5,000 sq m	nil	\$0.12 / sq m	nil
	Producer over 5,000 sq m	nil	\$0.14 / sq m	nil
	Producer-Shipper	nil	\$0.14 / sq m	nil
Storage Crops				
	All Producers – Fresh Crops except potatoes	\$2.81 / ton	nil	nil
	All Producers – Fresh Potatoes	\$4.56 / ton	nil	nil
	All Producers – Contract Crops Except Potatoes	\$2.26/ton	nil	nil
	All Producers – Contract Potatoes	\$4.01/ton	nil	nil
	All Producers – Cabbage, Rutabagas & Turnips	nil	nil	\$0.50 / ton
Field Crops				
	District II	\$0.88 / case	nil	nil
	All Producers			
Processing Crops				
	All Producers – Broccoli, Brussels Sprouts, Cauliflower	\$3.50 / ton	nil	nil
	All Producers – Peas	\$3.65 / ton	nil	nil
	All Producers – Beans	\$2.97 / ton	nil	nil
	All Producers – Corn	\$1.16 / ton	nil	nil
	All Producers - Strawberries	\$4.13 / ton	nil	nil