



March 26, 2009

TO: ALL LICENSED STORAGE CROP PRODUCERS

ALL DESIGNATED AGENCIES

RE: DECISION OF THE BRITISH COLUMBIA VEGETABLE MARKETING COMMISSION REGARDING DISTRICT POLICY

1. Consistent with the 2004 Provincial Government decision to amend the BC Vegetable Scheme where "Districts" was removed, in its May 17, 2006 correspondence the BC Farm Industry Review Board ("FIRB") questioned why the BC Vegetable Marketing Commission ("Commission") had not removed districts for marketing purposes when it was addressing other regulatory matters. The referenced letter directed the Commission to reconsider and advise on this issue by January 31, 2007.
2. Following regional consultations that occurred during January and February 2007 the Commission reached a decision regarding District Policy. On February 14, 2007 the Commission reached a decision to remove district boundaries from the General Order other than for electoral purposes, including providing for a two-year transition period before changes were to come into effect in early 2009.
3. On February 27, 2007 the Commission directed correspondence to FIRB for the purpose of complying with the May 17, 2006 directive for the Commission to report to FIRB by January 31, 2007. On March 31, 2007 the Commission further informed FIRB of its District Policy decision, including providing for a two-year transition period before the changes were to take effect. The April 2007 edition of the Commission newsletter communicated the decision.
4. During the two-year transition period managers of storage crop Designated Agencies were periodically informed of pending District Policy changes; when they would come into effect; and that agencies give consideration to what the changes meant for them and their producers.
5. With the approach of the Commission implementing the change in District Policy on December 16, 2008 it determined that a Hearing be held on January 28 and, if necessary, 29, 2009 in Delta for the purpose of receiving information and comment from producers, stakeholders and interested parties regarding District Policy.

6. During the hearing the Commission received information and comments, both oral and in writing, about District Policy change. Producer and management representatives from each of the five Designated Agencies attended the hearing. Also, a number of sector stakeholders and interested parties attended the Hearing.
7. From the representations received the Commission finds there is a measure of concern remaining for some, but not all District Policy changes.
8. The Commission finds the matters that remain of concern should district boundaries for marketing be removed to be: a.) the potential for unintended de-regulation or re-regulation of certain crops; b.) the potential for different administration by each storage crop agency of Delivery Allocation and how this might affect producer market access and agency aggregate supply; 3.) the potential for producer prices to decrease due to changes in current minimum pricing practices; and d.) levies now not paid by some producers would become payable because current exclusions would no longer exist.
9. The Commission finds the matters that are not of concern should district boundaries for marketing be removed to be: a.) the transfer of Delivery Allocation throughout the regulated area occur so long as an oversupply situation does not develop where it can disrupt orderly marketing leading to decreasing producer prices; b.) manifest sales not be geographically limited; and c.) an agency should be able to receive for delivery and represent a producer's regulated product regardless of farm or agency location.
10. The elements of the Commission decision are set out below.
 - a.) That the February 12, 2007 Commission decision pertaining to District Policy is not changed.
 - b.) Having regard to those matters the Commission has found not to be of concern (see below) it will proceed to make changes to the General Order for coming into effect on April 1, 2009.
 - c.) Having regard to those matters the Commission has found to be of concern no changes will be made to the General Order until such time further consultation occurs during a period of time ending February 19, 2010.
 - d.) Effective April 1, 2009 Section 8 of Part XVI – *Production and Delivery Allocations – General* – of the General Order is to be repealed.
 - e.) Effective April 1, 2009 Commission approval for transfer of delivery allocation requests where there is a migration of regulated product volume from one agency to another will require the transferor to provide a signed undertaking acceptable to the Commission providing assurance that the full or partial production cessation of regulated product production occurs and is sustained for two crop years. Further, the involved agencies are to inform the Commission that they are aware of transfer of Delivery Allocation request and support the transfer to the extent that orderly marketing is not disrupted.

- f.) Effective April 1, 2009 Section 13 of Part XX – *Direct Manifest Sales* – of the General Order is to be repealed.
- g.) Effective April 1, 2009 and from time to time thereafter all Designated Agencies having a direct manifest sales program are to provide to the Commission the names of agency customers with whom producers selling regulated product under direct manifest sale are not to transact sales of regulated product.
- h.) Effective August 1, 2010 a producer of regulated storage crops will be able to affiliate with only one storage crop agency regardless of farm and agency location. Further, an agency must be prepared to represent a producers entire regulated product crop volume regardless of crop type and for the purpose of maintaining orderly marketing the Commission is to require the involved agencies be provided by the producer one year’s advance notice regarding a change in agency and during the waiting period the producer is to continue to delivery all regulated storage crops in the normal course.

11. The Commission will issue a decision with reasons by no later than April 21, 2009.

Issued this 26th day of March 2009 at Surrey, British Columbia

ORIGINAL SIGNED BY:

David Taylor, Chair

BRITISH COLUMBIA VEGETABLE MARKETING COMMISSION

BRITISH COLUMBIA VEGETABLE MARKETING COMMISSION

MEETING OF A PANEL OF THE COMMISSION REGARDING DISTRICT POLICY MARCH 26, 2009

MATTERS BEFORE THE VMC THAT MAY BE ADDRESSED AT THIS TIME

Of the matters before the VMC resulting from the January 28, 2009 Hearing that form the District Policy those listed below are thought ones that can be auctioned at this time.

Two of the three matters that can be actioned because concern about them was not vocal while the third matter, which is of concern to producers and agencies, can be auctioned so long as a future effective date is established.

The below changes can be accomplished through selective amendment of the General Order.

1. Allow the transfer of storage crop delivery allocation throughout the regulated area effective April 1, 2009 so long as the migration of regulated product volume is not disruptive to orderly marketing; agencies are supportive of the transfer; and the producer provides assurances to the Commission to cease production of regulated producer commensurate with the transfer volumes.
2. Allow manifest sales to occur throughout the regulated area and not be geographically bound as is now the case. Agencies are to supply to the Commission for disclosure to all storage crop agencies and producers actively engaged in manifest sales programs the names of customers who are not to be offered regulated product.
3. Announced now, but with a one-year waiting period for full effect to occur, start the clock ticking for storage crop producers to give notice to current agency of record for transfer to another agency so long as the involved agencies are fully aware of the producers request for agency change and all of producers regulated product is to be represented by the "new" agency. A producer may only be affiliated with one agency.

MATTERS BEFORE THE VMC THAT SHOULD AWAIT ACTION UNTIL FURTHER CONSULTATION

The matters below are problematic in their implementation because they do not lend themselves to selective amendment of the General Order.

It is thought best that further consultation be undertaken for bringing clarity to the issues before the Commission and permitting producers to learn more about District Policy changes that remain of concern.

4. District boundaries to remain so as not to change the current method for determining what crops are regulated product in different geographic locations.

5. There are a number of questions regarding delivery allocation administration should the Commission allow agencies to represent regulated products regardless of farm and agency location. Although delay on this matter is linked to taking an interim action (number 3 above) with the attendant one-year waiting period for full policy effect the interim period will permit further consultation on a number of questions pertaining to delivery allocation administration and aggregate agency supply in equilibrium with agency sales.

6. How price difference is currently created for districts in the current minimum pricing setting mechanism is to remain until further consultation can occur. The consultation hopefully will dispel concerns about producer prices decreasing in areas other than the Fraser Valley and the notion that there will be a heightened degree of competition among storage crop agencies.

7. Currently, levies fixed and imposed on storage crop producers is uniform throughout the regulated area. This is not the case for greenhouse producers where district boundaries are relied upon for insulating some producers from the Research & Industry Development Act. There are other ways for fixing and imposing levies on greenhouse producers so the current situation is replicated in the absence of district boundaries. With district boundaries remaining in place for the time being at this time Schedule IV need not be changed as to its form. A change could come into effect at almost anytime should there be agreement on how the current exclusions for greenhouse producers can be maintained using other means for doing so. One method is to establish a square metre threshold where as today those below it would not be obligated to pay the greenhouse vegetable Research & Industry Development Levy. Presently, all producers are obligated to pay and do pay the Administration Levy based on a square metre threshold – greater than 5,000 m² = \$0.95/m² and less than 5,000 m² = \$0.75/m².

