

Greenhouse Research & Industry Development Levy Increase

Attention: Greenhouse Producers of Regulated Vegetables

At the BC Greenhouse Growers Association (BCGGA) Annual General Meeting held June 25, 2024, the greenhouse growers in attendance passed a motion to approve the BCGGA's 2024 proposed budget. The budget was premised on an annual statement of work (the Program) to be conducted by the BCGGA, and to be approved by the BCVMC. The BCGGA budget that was approved by the greenhouse growers in attendance was also premised on an anticipated increase of the Commission's current GH R&D Levy of \$0.15 to \$0.20 per m² of greenhouse production area (33% increase), and an assumption that the proceeds from that increase would be provided to the BCGGA.

The Commission has assessed and approved the BCGGA's 2024 Program. In the circumstances, the Commission has determined that it is within the scope of the Commission's authority to fund the Program. Further, the Commission has decided to increase its GH R&D Levy by \$0.05 bringing the total levy to \$0.20 per m² of greenhouse production for 2024 only. This increase will be effective September 3, 2024. Attached to this bulletin is a letter issued to the BCGGA that provides additional information.

The Commission's intent is to improve the existing process for funding third parties (including, but not limited to, the BCGGA) to provide for better oversight and control of the expenditure of funds derived from Commission-imposed levies. This will help to ensure that levies are justified, and that funds from levies are expended only for authorized purposes that benefit stakeholders and promote the objectives of the Scheme. Information or answers to questions concerning the contents of this bulletin can be attained by contacting the Commission directly. Please direct inquiries to the General Manager.

Attachment: 2024.09.03 LT to the BCGGA

BCVMC
#207 - 15252 32nd Ave
Surrey BC, V3Z 0R7
Tel: (604) 542-9734, Toll Free in BC: 1-800-663-1461
E-mail: info@bcveg.com

September 3, 2024

DELIVERED BY EMAIL

Linda Delli Santi
Executive Director
BC Greenhouse Growers Association

CC: Armand Vander Meulen, BCGGA President/Chair
Ray VanMarrewyk, BCGGA Treasurer/Secretary
Derek Sturko, BCVMC Chair
Craig Evans, BCVMC Vice Chair

Dear Ms. Delli Santi:

RE: Follow-Up to July 24,2024 Meeting

Thank you for meeting with us on July 24, 2024, and attached to this letter are our notes from this meeting.

At the BC Greenhouse Growers Association (BCGGA) Annual General Meeting held June 25, 2024, the greenhouse growers in attendance passed a motion to approve the BCGGA's 2024 budget. Accompanying this budget, as per the Greenhouse Research & Industry Development Levy (GH R&D Levy) was an annual statement of work, hereinafter referred to as the "Program", for which funding is sought from the BC Vegetable Marketing Commission (BCVMC).

The BCVMC has assessed and approved the BCGGA's 2024 Program. In the circumstances, the Commission has determined that it is within the scope of the Commission's authority to fund the Program. This was confirmed with the BCGGA shortly after the Commission meeting held on July 26, 2024, and certain funds were provided by the BCVMC to the BCGGA to partially fund the Program. The Commission anticipates that the additional funds necessary to fulfil the Program will be provided once sufficient levy proceeds have been collected by the BCVMC.

At the July meeting we also agreed that there are some issues with the current Research and Industry Development Agreement. The Commission's intent is to improve the existing process for funding third parties (including, but not limited to, the BCGGA) to provide for better oversight and control of the expenditure of funds derived from Commission-imposed levies. This will help to ensure that levies are justified, and that funds from levies are expended only for authorized purposes that benefit stakeholders and promote the objectives of the Scheme. We agreed to meet in September to discuss the existing R&D agreement, and we propose to meet in the week of September 23 – 27th, 2024. Our Administrative Coordinator, Diana Milligan, will reach out to you to schedule this meeting.

Yours truly,



Andre Solymosi, General Manager

Attached:

2024-07-24 BCGGA Meeting - WWH Document.pdf

WHAT WE HEARD

BC Vegetable Marketing Commission | BC Greenhouse Growers Association Meeting– July 24 | 3 – 4 PM | Teams Call

Attendees:	BCGGA Board: Armand Vander Meulen Ray VanMarrewyk Staff: Linda Deli Santi	BCVMC Board: Derek Sturko Craig Evans Staff: Andre Solymosi
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PURPOSE

- Resolve what is required from the BCGGA in order for the Commission to advance funds to cover the 2024 budget.
 - Outline the budget information and reporting requirements needed by the Commission to advance funds to the BCGGA.
 - Ensure that the Commission is operating within its regulatory authority.
- Gain an understanding of the BCGGA producer membership, which is not a requirement of holding a production licence from the Commission.
- Discuss the obligations, issues and challenges with the current Research and Industry Development Agreement between the BCVMC and BCGGA.
- Open up direct communications and develop a closer working relationship with the BCGGA.

WHAT WE HEARD

Key Themes Discussed

1. Membership and Representation

- The BCGGA confirmed that, in previous communication with the Commission, they incorrectly referred to regulated licensed producers as their members.
- It was emphasized by the Commission and understood by the BCGGA that, under the *Societies Act*, membership in the association is voluntary and not a condition of holding a license issued by the Commission.

2. BCGGA Budget

- The Commission is required to review and approve the BCGGA’s annual workplan activities, the proposed budget to complete these activities, determine the levy required to support the program budget it has authorized, and ensure the funds provided to the BCGGA are being used consistent with the Commission’s authority and approvals.
- Upon reflection afterwards, the Commission believes there has been some confusion with the term budget and what the BCVMC needs to approve. The BCVMC, through the 2007 Research and Industry Development Agreement, needs to approve the BCGGA’s program budget necessary to deliver the workplan approved by the BCVMC under this agreement. In other words, the Commission will review, consider, and approve only that portion of the BCGGA budget (the “program budget”) and not the overall budget.

3. R&D Levy Collected by the Commission

- Historically an R&D levy has been established on regulated greenhouse products and incorrectly referred to as the BCGGA fee.
- Consistent with the Commission's authority, the BC Vegetable Scheme, and the R&D Development Agreement, annually the Commission, at its own discretion, may:
 - Consider a workplan and program budget proposed by the BCGGA.
 - Approve some or all of that workplan and program budget.
 - Establish an annual levy to cover the costs of the eligible workplan and the program budget it has approved.
- The timing of workplan and program budget review and approval by the Commission and the BCGGA is awkward. There was general agreement that the wording in paragraph 6 of the R&D Agreement is ambiguous.
- The BCGGA indicated it is unaware of any instance in the past where they have been asked to present the workplan and program budget for review and approval by the Commission prior to the AGM.
- The BCGGA provided the Commission with a detailed overview of the BCGGA's proposed 2024 Budget and Workplan presented at the BCGGA AGM. Given the time of year and commitment to alter the process for 2025, the BCVMC determined (for 2024 only) to:
 - Consider the proposed program budget at the July Commission meeting.
 - If the program budget is approved as proposed, pay the levy proceeds collected to date and issue a supplemental levy notice (the Commission noted that licensed producers' in attendance at the BCGGA AGM unanimously endorsed the proposed BCGGA budget).

4. Research and Industry Development Agreement

- The 2007 Research and Industry Development Agreement is over 17 years old. It was agreed to review the agreement before the next budget cycle with a view to potential changes to requirements and timelines. Specifically, the intention is to:
 - Identify current challenges with the Agreement and possible solutions.
 - Review and fix dates for workplan and program budget submissions, review, approval, collection, disbursements, and reporting.
 - Other conditions that should be reviewed or included.
- Agreed to meet in September to discuss and exchange perspectives on the Agreement in advance.
- The BCGGA proposed the BCVMC consider the application of financial consequences. (e.g.: interest payments) for the late payment of levies from agencies.