

September 17, 2024

To: All Regulated Greenhouse Crop Producers

Re: Suspension of Payments to the BCGGA

I am writing to inform you that the BC Vegetable Marketing Commission (BCVMC) has made the decision to suspend payments to the BC Greenhouse Growers' Association (BCGGA) until the BCVMC is satisfied that funds are being used appropriately and not used to undermine the purposes of the BCVMC as established by the provincial government.

This decision was not taken lightly by the BCVMC and was a consequence of actions taken by the BCGGA, described in more detail below.

Under the stewardship and governance of the Commission, sales of regulated greenhouse vegetable crops have grown to be one of the top five regulated agricultural products in British Columbia.

For many years, the Commission has provided benefits to BC's vegetable producers, including:

- Improved sales of regulated greenhouse vegetable crops.
- A coordinated, centralized approach to marketing across the supply chain to maximize returns to growers.
- Managed growth and stability of the industry by limiting the number of agencies, limiting the competition among agencies on price and managing production volumes.
- The capacity to better negotiate with retailers and improve returns to growers.
- Protection and equitable opportunities for producers through a designated agency.
- A more cost-effective approach to market and sell storage crop and greenhouse vegetables.
- Promoting innovation in the industry to improve efficiency, reduce costs and improve market access.
- Facilitating the ability of the BCGGA (and other organizations) to add extra value to the industry by funding research and development activities through levies gathered by BCVMC.

The BCGGA's Actions

The BCGGA is actively trying to remove greenhouse vegetables from BCVMC's regulatory authority and have those vegetables regulated under a separate structure. It appears the regulatory model of most interest to the BCGGA would be like the Ontario Greenhouse Vegetable Growers (OGVG) structure, which provides less protection to growers and would be inconsistent with how commodities are regulated in BC.

Given what could be a significant cost to BC greenhouse growers, it is not clear what problem the BCGGA is trying to solve with the establishment of a separate greenhouse commission.

The BCGGA's pursuit of a separate commission for greenhouse vegetables is fundamentally in conflict with the BCVMC's goals and the current provincial structure, which already provides for the regulation of greenhouse vegetables.

As a result of the BCGGA's actions and their unwillingness to effectively engage to resolve the matter, the BCVMC has had to suspend payments to the BCGGA. The BCVMC suspension of payments will be in place until the BCGGA provides the BCVMC with sufficient information and documentation that satisfies the BCVMC as to how funds are being expended and that none of the funds provided by it are being used, directly or indirectly, to further the BCGGA's stated aim of no longer being part of the BCVMC.

In the event the BCGGA is unable to provide the required documentation on how BCVMC funds are being used, the BCVMC will ensure the promotion of the greenhouse sector is supported by appropriate research grants and/or other funding by inviting interested persons to apply for such grants or funding. We will also consider returning the levies we currently hold back to greenhouse growers.

How We Got to This Point

The key actions that have informed this decision include (see [LINK](#) for supporting documentation):

- In 2022, BCGGA wrote to the Minister of Agriculture and Food advocating for a new commodity board premised partly on bad faith allegations raised in part by a BCGGA Executive member. The BC Farm Industry Review Board (BCFIRB) determined there was no evidence to substantiate those unfounded allegations. The BCFIRB expressed conflict of interest concerns with Armand Vander Meulen (Chair of the BCGGA, then an elected BCVMC Commissioner, and signatory of the letter) for lobbying the Ministry directly for a separate greenhouse regulatory body. As a result, the BCVMC recused Mr. Vander Meulen from BCVMC activities and decision-making.
- In May 2024, the BCVMC advised the BCGGA that levies established by the BCVMC under the 2007 Research and Industry Development Agreement to fund the program of the BCGGA cannot be used to establish a separate regulatory organization. The BCVMC emphasized that such efforts are not aligned with BCVMC's interests, and levy proceeds collected by the BCVMC cannot be used to fund an MNP Marketing Study. Consistent with directions from the BCFIRB, it is the BCVMC's view there is no circumstance in which Commission funds could be used to undermine the BCVMC's authority. The BCGGA indicated that no funds received from the Commission were used for that purpose.
- In July 2024, the BCVMC wrote to the BCFIRB to apprise them of the activities of the BCGGA and their efforts to remove greenhouse vegetables from the regulatory authority of the BCVMC. In this letter, the BCVMC provided a review and analysis of the context of the BCGGA proposal. This letter was also provided to the BCGGA.
- In July 2024, representatives of the BCVMC and BCGGA met and agreed there are some issues with the current Research and Industry Development Agreement. The BCVMC expressed its intention to improve the existing funding process and provide better oversight and control over levies imposed

by the BCVMC. Both parties agreed to meet in September to resolve any agreement shortcomings. On September 9, 2024, the BCGGA advised that, despite that agreement, the BCGGA would no longer meet to discuss ways BCVMC could exercise better oversight and control of the proceeds.

- On September 9, 2024, the BCGGA advised the BCVMC that its Executive was unwavering in its pursuit of separate greenhouse vegetable commission, despite advising it had not heard the views of producers and industry stakeholders.

The BCVMC considered the BCGGA's actions, including:

- The BCGGA's stated intention to proceed with a separate commission despite not having heard the views of producers.
- Release of a Marketing Study informed by only five greenhouse producers (all of whom are BCGGA Executive members).
- The launch of a survey (which appears to be designed to elicit favorable responses) regarding the Marketing Study, which was to close on August 23, but remains open to date, presumably because of insufficient interest and response.
- Refusal to engage further on the 2007 Research and Industry Development Agreement, which does not provide for sufficient Commission oversight and control over the expenditure of proceeds from levies imposed by the Commission.

The position of the BCGGA to proceed with a separate commission, coupled with their unwillingness to address the shortcomings in the current Research and Industry Development Agreement, have increased the risk that funds being provided by the BCVMC will be used for purposes not permitted under the Commission's authority. It appears to the BCVMC this initiative could not proceed past the current survey stage without using funds received from the BCVMC. Consistent with directions provided by the BCFIRB, such a use would be inappropriate.

Beyond the governance issues with what the BCGGA is proposing, there would be significant costs associated with establishing and maintaining two distinct regulatory entities (two groups of commissioners, staff, offices, legal and other costs, etc.). These costs would not only impact greenhouse producers but also storage crop producers also regulated by the BCVMC. It is likely growers would still want a "grower association" to represent them on other issues and provide separation from the regulator, which would also increase greenhouse grower costs.

Further, a change in the regulation model as proposed by the BCGGA is unnecessary and could have a destabilizing and negative impact on both the greenhouse and storage crop sectors.

The Commission is committed to ensuring the long-term viability and sustainability of BC's greenhouse agriculture sector. Our efforts focus on promoting a regulatory environment that enables growth, innovation, and equitable opportunities for all stakeholders involved in the regulated vegetable industry.

I encourage you to reach out to me or any of the Commissioners if you have any questions or want to discuss this matter further.

Sincerely,

A handwritten signature in black ink, appearing to read 'Derek Sturko', written over a light grey rectangular background.

Derek Sturko,
Chair

Cc: Peter Donkers, Chair
BC Farm Industry Review Board

BCVMC Commissioners