



July 18, 2006

File: 44200-80/VMC REG GRN

DELIVERED BY EMAIL

George Leroux
Chair
British Columbia Vegetable Marketing Commission
207 - 15252 - 32nd Ave
Surrey BC V3S 0R7

Dear Mr. Leroux:

GREENHOUSE SECTOR – REGULATORY REVIEW

On May 17, 2006, the British Columbia Farm Industry Review Board (“BCFIRB”) responded to the recommendations of the British Columbia Vegetable Marketing Commission (“Commission”) for change in the regulation of the B.C. greenhouse sector by acknowledging that the Commission “has made a significant step toward making the regulation of the B.C. greenhouse industry more market responsive. The Commission’s recommendations represent a careful balancing of interests following an intensive review process”.

BCFIRB then directed the Commission to “amend its General Orders in compliance with BCFIRB’s directions and in consultation with industry with respect to any specific administrative requirements”. Subsequently, the Commission was given until July 14, 2006 to submit its draft changes to BCFIRB.

On July 13, 2006, and in response to a public announcement that Hot House Growers Income Fund had executed a Term Sheet with the owners of the United States greenhouse grower, Village Farms, the Commission requested “approval from (BCFIRB) to re-consult with producers and agencies concerning regulatory change”. It is the Commission’s view that the “pending sale, if completed, will materially impact BCHH and the marketing of greenhouse vegetables”.

BCFIRB reviewed the Commission’s request at its July 13, 2006 meeting. In BCFIRB’s view, this potential ownership change further underscores the desirability of a responsive and flexible

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Farm Industry Review Board

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regulatory regime in the B.C. greenhouse industry. As noted in BCFIRB's May 17, 2006 directions, the market should be approached "in a fashion that realizes the best potential benefits for B.C. growers. However, the quota and agency systems should not be managed in ways that impede B.C.'s ability to be market responsive, innovative and competitive".

Nevertheless, BCFIRB does agree with the Commission that the impact of this potential event should be assessed in terms of the proposed changes to the Commission's General Orders.

Accordingly, the Commission is directed to:

1. Submit to BCFIRB forthwith its current draft changes to the Commission's General Orders; and
2. Report to BCFIRB not later than August 31, 2006, advising as to whether any further changes to the current draft General Orders are required.

BCFIRB will provide its final approval of the draft General Orders following receipt of the Commission's report.

Finally, we bring to the Commission's attention the following direction in BCFIRB's May 17, 2006 letter:

As the Commission itself acknowledges, however, these changes only represent the beginning of a "transition" of a regulatory regime from "control to coordination over the next 2-3 years." To that end, we require the Commission to report back to BCFIRB not later than January 31, 2007 with a detailed review of the implementation of the above recommendations and an update on further transitional issues.

Any questions may be directed to the BCFIRB office.

Yours truly,



Richard Bullock
Chair

pc: British Columbia Vegetable Greenhouse Industry Stakeholders