

# BC Fruit Growers' Association Presentation to



## Hon. Lana Popham, Minister of Agriculture

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### **Introduction**

We appreciate meeting with you today to discuss the future of the tree fruit sector in BC.

First, congratulations on the continuation of your appointment as Minister of Agriculture. We are looking forward to working with you to make progress on several proposals we have tabled previously, as well as taking note of new financial stresses on the industry (apples in particular) as we seek a way forward.

We feel that all of BC agriculture is at a crossroads, and there are important decisions and directions to be set for every agriculture sector this year, 2020. The Ministry of Agriculture will play an important role, if the sector is to weather the storms and continue its ability to create jobs and economic activity in the rural areas of BC.

### **Goals from the Minister's mandate letter (2017, but still in force)**

#### **1. Revitalize the Agriculture Land Reserve and the Agricultural Land Commission.**

Our association and BCAC support the ALR.

We note the report on recent ALR consultations were released on January 9, 2020.

We appreciate and agree with the summary of BCFGA's position paper:

- Protect the ALR from development by those not actively farming.
- Allow those that can prove they are actively and continuously farming to increase the value of their crops with value-added packing and processing and extension of their operations on their property.
- An allowance for Co-operatives to place production and packing facilities on ALR property.
- Eliminate regulatory duplication, expense and delays for farmers.
- Raise agricultural program support above the level of non-ALR provincial jurisdictions.

Coming out of the consultation, the province approved more flexible residential options have been proposed by the BC Ministry of Agriculture, with feedback by April 17, 2020. However, there is still an issue in balancing the need to regulate non-bonafide farmers with encouraging bonafide farmers to continue, intensify and expand their farming of ALR land.

- Many farmers have noted that they understand the restriction of housing to an amount of land; however, they feel treated like second-class citizens when regulators say they cannot build multi-story houses on that land, because it would exceed 5,400 square feet. BCFGAs were able to explain this to the City of Kelowna and get a workable solution, but before the bylaw could be implemented, the province implemented the original, offensive bylaw. Growers feel aggrieved.
- In another example, growers feel under attack due to the extra process and expense of getting necessary worker housing. This housing is required by the Seasonal Agricultural Worker Program (SAWP) to access needed workers - without workers, the farm cannot operate and there is no need for the ALR. The rules have always provided the City with the right to regulate the worker housing (e.g. housing site location, setbacks, buffers, fire protection services, etc). However, a new added requirement in many cities is that the housing must go before a Public Hearing. A public hearing process causes delays (having already met all the city's requirements), adds costs, and puts the essential project into jeopardy due to the well-known NIMBY risk of Public Hearings. If the project is rejected by Council due to the special interest groups at the Public Hearing, then the farm ceases to exist and there is no need for the ALR.

Growers support the ALR, but equally, growers need to be able to farm the ALR. These two regulations are causing a great amount of backlash and resentment towards the ALR, and the housing and Public Hearing processes need to be changed if the support of growers for the ALR is to be secured.

## **2. Establish Grow B.C. to help young farmers access land, and support fruit and nut growers and processors to expand local food production.**

Replant funding for the current program, ending March 31, 2022, has been provided to the satisfaction of industry. However,

- There is a need to direct surplus funds to tree fruit industry objectives, especially in this time of financial distress in the industry.
- The final year of the program's service agreement with the BCFGAs needs to be put in place. A seamless, continuous program administration is needed.

The Finance and Government Services Committee recommended in 2018 that the Replant Program be renewed. We need the Ministry of Agriculture to take action now - the intent of a 7 year program is to provide adequate planning time. Tree fruit growers need 3 planning years prior to establishing new plantings of tree fruit.

- The tree fruit sector needs immediate action on the renewal of the Replant Program, in order to re-instill confidence within the industry during difficult economic times.

Recently, the BCFGAs (through the Canadian Horticultural Council) is seeking to participate in the national tree planting program recently announced by the federal government. If accepted, participation in the national tree planting program will fund growers to plant in areas not previously in tree fruit.

The companion Tree Fruit Competitiveness Fund is appreciated and is making an impact on how the industry does business.

Number	Title	Applicant	Amount	Status	Completion
TFC002	Improving the marketing and sales model for new apple varieties	SVC	58,000	Underway	Spring 2020
TFC004	Mapping IT and Tech Readiness	BCFGA	78,260	Mapping IT Tech Readiness	Spring 2020
TFC005	BCTFC Modern Facilities Development	BCTFC	411,433	Postponed, resubmit	2022
TFC008	BCTFC Governance Study	BCTFC	55,000	Underway	March 2020
TFC009	Program for Reflective Materials to Improve Apple Colour and Quality	NVDC	704,000	Year 1 of 4 complete	2019-2022
TFC010	Sustainable Control Practices for Apple Pests in Canada (Leaf Midge, etc)	BCFGA	25,871	Year 1 of 4 complete	2019-2022
TFC011	Develop New Markets for Ambrosia apple	NVDC	225,000	Underway	Spring 2020
TFC012	Right Strategy, Right Focus, Right Tools for a Renewed Sales and Marketing Program at BCTFC	BCTFC	240,000	Underway	February 2020, with follow-up training
<b>Total committed projects</b>			<b>1,797,564</b>		

The Columbia River Treaty review is continuing, which is a longer-term possibility in funding renewal in the BC tree fruit and vegetable sectors. There is no deadline for the negotiations; however, important changes to flood control occur in about 5 years time. Since the existing change to the flood control provisions are not desirable to the US, the countdown to this change will probably accelerate negotiations, especially after the Presidential election in the US.

- We propose a higher level of engagement by the Ministry of Agriculture in the CRT process. Impacted industries include the tree fruit and potato & vegetable grower associations.

### 3. **Initiate Feed B.C. to increase the use of B.C.-grown and -processed foods in hospitals, schools, and other government facilities.**

The BCFGAs support and offers to participate in the development of the Feed BC initiative.

- The BCFGAs met February 3 with the local Summerland Food Hub organizers to establish ways of participating in the initiative. The BCFGAs will be writing a letter of support for the funding of the Food Hub. BCFGAs will also develop a proposal to supply applesauce in individual serving

containers, which are food-safe and provide labour savings to the Interior Health Authority, while avoiding the IHA's low-margin food distributor.

#### 4. **Bring back an enhanced Buy B.C. marketing program**

The Buy BC program has been re-introduced. At this time, uptake by the BC tree fruit sector has been slowed by current financial challenges.

### **Current State of the Industry**

The industry is under high and in some cases extreme financial stress. There are several major factors:

1. Breakdown of fruit in storage - related to the weakening of fruit due to extreme and unusual weather - is leading to increased culls and spoilage.
  - Industry will seek to lead a more ambitious storage research program, as well as establish better ways of maintaining weather stations and communicating the current weather information and recommendations to mitigate impacts.
2. The largest packer of apples (as well as a significant packer of cherries), BC Tree Fruit Cooperative needs to improve its operations and marketing. Some progress is being made under a new CEO and President; however, continued defections of members is causing uncertainty as some of the progress as plans get undermined.
  - BCTFC is finalizing marketing and governance restructuring studies. Decisions are expected to be made and implemented in the short-term.
3. Many small packinghouses have entered the market and, due to lack of knowledge and market information, these small packing houses sometimes sell fruit at very low prices, disrupting the market. As one (established) independent packer recently wrote to us: *"All these independents popping up are making things worse, not better"*.
  - BCFGA will develop a proposal and hold industry consultations on establishing a Commission under the Natural Products Marketing Act of BC. The purpose of the Commission will be to collect apple production and acreage information, as well as storage and sales information for apples (and possibly cherries) that will compel reporting to enable better planning, and fund market promotion and research if approved by growers in a vote.

### **Proposals for Consideration**

For a third consecutive year, growers are facing declining returns. Costs are now below the cash cost of production. Input costs have risen, including labour, crop protection, fertilizer, fuel and equipment. There is concern that many apple growers do not have the resources to pay for inputs such as pruning, thinning, as well as fertilizer and nutrients. This will lead to a downgrade in quality of fruit, and place the industry in a more precarious position.

What alternatives are available?

1. Provincial Mandated Change to AgriStability:
  - i. increase to 85% coverage of margin decline.
  - ii. publicize the recent announced increase in payment calculation from 70% of shortfall to 80% of margin coverage.
  - iii. allow non-arm's length labour.
2. PST exemption / rebate for agriculture.
3. 50% provincial rebate on irrigation water fees.
4. For 2020, rebate the SIR acreage fee as an IPM project through the Competitiveness Fund.
5. Provide provincial guarantees and interest free grower operating loans.
6. Purchase (for provincial use or eventual re-sale) some BCTFC packinghouse properties to provide greater liquidity to the packinghouse.
7. Increase purchases of lower grade, smaller sizes of apples by institutions.
8. Put together an emergency apple export team to establish and expand off-shore markets.
9. Other innovative ideas.

### **Conclusion**

Thank you for meeting with us today.

The tree fruit sector is at a crossroads, where structural changes are happening now, due to the extreme stress in the apple industry and the introduction of new stresses in the cherry sector.

We look forward to working with you and your Ministry's leadership and staff to save our sector.