

# BC Fruit Growers' Association

Presentation to

Hon. Norm Letnick  
Minister of Agriculture



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## Introduction

The BCFGGA welcomes the opportunity to present recent findings from two Benchmarking studies on the apple sector – one national and one provincial study. Together, these studies provide a wide range of recommendations to stabilize and turn around the apple sector in BC and Canada.

We will identify several areas where the Ministry of Agriculture can help the apple sector recover from the current downturn.

## A Quick Appreciation for Recent Government Actions

The BCFGGA repeats its appreciation for recent actions of the province that support BC agriculture and the tree fruit sector.

1. The provision of \$2 million towards promotion of locally produced agriculture products. We are looking forward to receiving the program criteria.
2. Highway signage to raise public awareness and to help protect tree fruit from invasive pests.



## **BC Apple Industry – Benchmarking Phase 2, completed September, 2012**

The second phase of a strategic “benchmarking” study, to compare the BC apple industry with competitors, is now completed. The report will be circulated to growers and apple industry organizations in BC within about two weeks. Many of the observations on competitiveness are driven by the current shrinkage of our sector compared to the continued growth in Washington State.

### Recommendations of the Benchmarking Phase 2 study:

1. Prioritize actions and implement with dispatch.
2. Address mistrust and adversarial positions between growers and the Okanagan Tree Fruit Cooperative – engage a professional facilitator to assist.
3. Determine premium varieties best suited for commercial development. e.g. identify existing and yet-to-be-released varieties are particularly attractive in the market and for which BC has a competitive advantage in producing, especially with respect to higher quality.
4. Tie forward market planning with new consumer research emphasis and strategies for strengthening the demand for BC apples against competitor’s products.
5. OTFC needs to strategically modernize facilities – risks to solvency need to be addressed and growers need to be consulted on their support for the proposed investment.
6. BCFGAs should consider setting up programs to increase, at the grower level, yields and fruit quality. Recent examples are programs in Great Britain, New Zealand and Australia, where apple sectors have been re-invigorated.
7. Tie replant guidelines to strategy (e.g. variety selection).

### **The National Horticulture Value Chain Roundtable (HVCRT) - Benchmarking Study for Canadian Apples, completed in August 2012.**

The study states that the vast majority of responses in the industry could be summarized into one paragraph:

*The Canadian apple industry is its own worst enemy. The situation in which the Canadian industry finds itself is the outcome of how industry operates. The industry clearly has strengths, though these strengths are not being used to their full advantage. Factors such as climate and land values impact its options and costs of production; however, focusing on subjective social issues rather than making difficult objective decisions has lessened the industry’s competitiveness.*

## Recommendations of the Horticulture Value Chain Roundtable for Canadian Apples

1. Focus on the Domestic Market Ahead of Exports:
  - a. Canadian growers/packers should grow the market for Canadian apples by earnestly marketing them when they are at their best quality (within 9 months of harvest), and developing counter-seasonal relationships with Southern hemisphere suppliers to ensure a consistent higher quality offering to consumers year-round.
  - b. Improved storage capabilities to help elongate the Canadian apple season and improve the quality of stored apples.
2. Establish a National Market and Industry Development Body.
  - a. One industry body as a whole, to develop more consistent and coordinated research, production and marketing practices.
  - b. An industry-led body that focuses on industry development through innovation and leads marketing initiatives.
  - c. An organization that is overseen by a competency-based Board, comprised of producers, packers, retailers, foodservice and researchers that would have the ability to authorize projects.
  - d. Invest in Production and Packing Efficiencies/Effectiveness.
  - e. Investment in Scale/Consolidation.
3. Learn from other jurisdictions (Washington State, United Kingdom):
  - a. Category Management.
  - b. Ability and Motivation to Innovate.
  - c. Consolidation.
  - d. Government Programs / Trade Associations.
  - e. Research and Development.

**BCFGA proposals for immediate Strategic Actions by Government.** The following actions will assist with longer term industry development and strategy and support the Benchmarking Reports' recommendations.

1. Competitive government programs, especially research, extension, and renewal/investment. Work with the federal government to ensure that the new innovation funding is effective and minimizes bureaucracy.
2. State government support for a BC apple research and promotion agency, which will lead to a national capability. A proposal is being developed for an Apple Research and Promotion Agency (ARPA) with the power to raise a levy to fund

matching research and promotion activities – the ARPA proposal needs Ministerial review and approval of its terms prior to launching the vote in January 2013.

3. Help make the case that additional funds should be provided through the Columbia River Treaty for US irrigation, and that part of these new funds be reinvested in affected agriculture sectors. The BC position on renewing the Columbia River Treaty is to be established by the Province in September 2013. Two actions are needed:
  - a. To second a resource economist to industry (BC Fruit Growers' Association, BC Potato Growers Association, and the BC Vegetable Marketing Commission) to establish the value of irrigation provided by the Columbia River Treaty.
  - b. To appoint a senior BC Ministry of Agriculture staff on the Columbia River Review Team in the Ministry of Energy and Mines.

**BCFGA Proposals for Short-Term Government Support.** The following actions will assist industry to be maintain solvency and overcome immediate hurdles, and remain consistent with the Benchmarking Reports' recommendations.

1. Program resources: emergency payments to assist growers remain solvent and assistance with current expenses, structured under programs such as Environmental Farm Plans, Food Safety, the Sterile Insect Release Program, and introduction of new crop protection technology.
2. Engage a facilitator for the cooperative (OTFC).
3. Amend the Replant Program to eliminate the "like-to-like" requirement. This will provide growers with the freedom to select the best varieties to replant on their sties (horticultural considerations) and market conditions. No additional funding is required to eliminate this rule which is universally greeted by incredulity by growers. Variety restrictions and all other terms and conditions remain in place – in accordance with the Benchmarking Reports' recommendations.

## **Conclusion**

Two expert reports on the apple sector, one for BC and one national, have indicated extreme challenges for the industry. A summary of the recommendations from these reports is provided. Proposals for action of the provincial Ministry of Agriculture are put forward for consideration. It is a critical time, after four years of financial loss, to get the industry back on track, "with dispatch". The BCFGGA appreciates the attention and decisive action of the Agriculture Minister to save the apple industry in BC from a potential solvency and economic sustainability crisis.