

BC Fruit Growers' Association

Presentation to
Hon. Don McRae
Minister of Agriculture



Kirpal Boparai, President
Glen Lucas, General Manager

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Introduction

The BCFGGA appreciates the opportunity to review progress on initiatives proposed in the Tree Fruit Working Group Report.

The BCFGGA represents 648 tree fruit growers. Our mission is:

*Helping to create a healthy food system
for the long-term prosperity of the tree fruit industry*

The family-owned apple farms in BC produce about 176 million pounds of apples per year.

The tree fruit sector and directly employs 1,500 person years at the growers, packer and processor level. The BC tree fruit industry is known worldwide for its innovation, investment in renewal, and advanced horticultural practices. The industry is more than the farm families that grow fruit – suppliers, research, and services to the industry are important to the local economy.

As an association, we work hard to foster a healthy food system for the long-term prosperity of the tree fruit industry.

Priorities of the Tree Fruit Working Group

We have provided comments on the recommendations for action in the Tree Fruit Working Group report issued last November. If items are in “quotation marks”, this indicates a direct quote from the original Working Group report. Items in *italics* are specific or new requests to the Minister.

Issue 1: Urgent need to modernize packing plant and cold storage infrastructure in order to reduce overall costs and increase returns to growers.

- (a) An application is being prepared to submit to the Innovation Program.
- (b) AgriFlex funding has flowed to packing plants, with the majority directed to OTFC.
- (c) OTFC has completed a business case analysis of the various infrastructure improvement scenarios, but more work is needed on future strategies and how these impact the need for infrastructure improvements.
- (d) Once OTFC has not completed a financing plan for the various alternatives. A significant unresolved issue is the disposal of surplus properties.

(e) The Minister of Agriculture has determined that there are not adequate provincial resources to directly provide funding for infrastructure improvements at the OTFC.

(f) “Notwithstanding that the [AgriFlex] program is fully subscribed, perhaps there is latitude for discussion if the tree fruit sector raises significant capital and the Ministry of Agriculture is making further strategic investments to strengthen the industry”.

Issue 2: The industry needs to dispose of all surplus properties, at fair market value, as quickly as possible in order to eliminate the high carrying costs of these assets and thereby provide higher returns to growers as quickly as possible.

Recommendation 2: (a) *Further consideration of the province for the purchase or facilitating municipal purchase of surplus packinghouse properties is warranted.* The value of the four surplus properties that have been identified in Naramata, Summerland, Kelowna and Oyama is estimated at \$30 million.

(b) OTFC continues to aggressively market the surplus properties with the aim of securing a private buyer as quickly as possible.

Issue 3: Up to 1/3 of current orchard stock needs to be replaced with superior varieties.

Recommendation 3: (a) “The province should consider whether it has the fiscal capacity to support an orchard renewal program.”

(b) “If the province is able to secure and direct some funding for this, they should explore the potential for jointly developing the program under Agri-flex with the Federal Government.”

(c) If a replant program were supported, the program parameters have been developed to ensure maximum benefit to the industry as a whole.

Issue 4: The Tree Fruit Industry Development Fund (TFIDF) has been fully allocated and there is no funding available for its continuance.

Recommendation 4: (a) “The province should consider the value of providing funding to renew the TFIDF program”.

(B) “If a renewed program is established, the BCFGa should review the findings of previous program evaluations and ensure that priorities and allocations both draw upon that experience and are also well aligned with the current priorities and the strategic plan for the sector”.

Issue 5: Promoting the health benefits of fresh fruit in order to increase demand and boost consumer and market interest in BC fruit.

Recommendation 5: (a) A plan needs to be established to investigate the approach taken by the province with respect to its “Wood First” policy, government should assess whether it is possible to develop a proposal for promoting the health benefits and value of eating fresh,

nutritious, high quality BC agricultural products. The Ministry of Agriculture may wish to collaborate with the Ministry of Health to represent government interests.

(b) *The BC Fruit Growers' Association proposes an "on the farm" media event in late August / early September, featuring the Minister of Agriculture and local MLAs and MPs to celebrate and promote the beginning of apple harvest.* OTFC has indicated interest in participating in the event and linking the event to in-store promotions.

Issue 6: Supporting the BC fruit industry to maximize opportunities associated with export markets.

Recommendation 6: (a) "The province should work closely with the tree fruit industry to ensure that export market initiatives provide maximum value to the BC tree fruit industry. This would require close collaboration between the BCFGAs as well as both independent and coop packinghouses."

(b) "The Ministry of Agriculture should consider forming a small working group with the industry to develop a strategy for ensuring that the BC tree fruit industry is considered and involved in trade and marketing opportunities that might arise from any provincial initiatives associated with export markets".

(c) "Internally, the Ministry of Agriculture should work closely with the Ministry of Jobs, Tourism and Innovation to ensure the tree fruit industry interests are recognized and advocated, along with other provincial agricultural interests".

Issue 7: Small lot producers generally have smaller or negative margins as compared to larger producers.

Recommendation 7: (a) "The BCFGAs and the Packinghouses should collaborate and review whether their combined extension services to small lot producers could be improved to address economy of scale challenges".

(b) "Consideration should be given to producing a set of best management practices to assist small lot producers to manage the cost challenges associated with small-scale production".

Issues and Recommendations Associated with Regulatory Interests and Priorities

Issue 8: Need to ensure that the provincial initiative to modernize the Water Act and develop a new Water Sustainability Act properly considers the needs of agriculture

Recommendation 8: (a) "The Ministry of Agriculture maintains close liaison with the agriculture sector in BC, including the BC Tree Fruit Industry to ensure the needs of agriculture are properly reflected in ongoing policy and legislation review initiatives".

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(b) “The Ministry of Agriculture must work closely with the BC Ministry of Environment, Water Stewardship Division as they complete their policy work to ensure the needs and interests of BC Agriculture are understood and reflected in the policy framework”.

(c) “The Ministry of Agriculture should continue its comprehensive analysis and modeling work in the Okanagan basin to ensure that the needs and interests of the BC Tree Fruit Industry, as well as other Okanagan agricultural producers are properly understood, represented to the public, and reflected in local and provincial policy initiatives”.

Issue 9: The carbon tax adds a cost burden to an already marginal sector thereby making it difficult to be competitive with out of province producers and return to profitability

Recommendation 9: The tree fruit sector was not included in the Carbon Tax remission program.

Issue 10: Regulatory burden is an ongoing industry concern and strong emphasis has been placed on the need for a timely product evaluation and registration process for products under the purview of the Canadian Pest Management Regulatory Agency (PMRA).

Recommendation 10: (a) “The Minister of Agriculture should work with the Federal/Provincial/Territorial Ministers of Agriculture to raise the importance of minimizing regulatory burden and in particular to continue to emphasize the importance of an efficient and effective PMRA product review and registration process. Both provincial and federal regulatory processes should be considered in this discussion”.

(b) New regulations in Agriculture Waste Control, Open Burning Smoke Control Regulation and WorkSafe BC are impacting competitiveness. A new program to reduce WorkSafe BC premiums, called COR, is being introduced.

Issue 11: The Province of British Columbia initiated its own Columbia River Treaty 2014 Review process to study the Treaty’s possible continuation, renegotiation or termination. It was suggested in the Phase 1 report that this review may provide an opportunity to develop a new provincial revenue stream that could be used to provide support to BC agriculture.

Recommendation 11: (a) There is concern that the US is more advanced in its preparations for the Columbia River Treaty renewal process.

(b) “If there is a reasonable chance that agriculture might benefit then the Minister of Agriculture should ensure that the interests of BC agriculture are appropriately considered and reflected in the CRT review process. This would require close liaison with the lead provincial agency, the Ministry of Energy and Mines.”

(c) *The BCFGAs requests that the Ministry of Agriculture setting up a Columbia River Treaty working group with the tree fruit and vegetable industries.*

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Issue 12: The national Apple Working Group and the BCFGA are proposing to establish a national apple research and promotion agency. The agency would be funded by a levy on apple production. This is deemed an important step to help unify the industry nationally as it strives to manage its interests and maintain competitiveness.

The BCFGA took forward a proposal for industry consideration in December, but growers did not feel prepared or informed to make a good decision, so a vote is delayed until January 2013. Other provinces are anxious that BC growers make a positive decision.

Recommendation 12: The Minister of Agriculture should ask Ministry staff to work with the BCFGA to develop and bring recommendations to him on the policy implications of the proposal and next steps to be taken, complete with timelines.

Summary

The BCFGA appreciates your support for our tree fruit sector. We look forward to further progress on the Tree Fruit Working Group recommendations.