



The British Columbia Fruit Growers' Association

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Senate of Canada Standing Committee on Agriculture and Forestry

Presented by

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Introduction

The BCFGa appreciates the initiative of the Senate Committee on Agriculture and Forestry to study value-added agricultural products, and how the value-added food sector can be more competitive in global markets. Our purpose is to show that sometimes, raw products are value-added.

General Information on the Tree Fruit Sector

Our association represents 485 commercial tree fruit growers in the Okanagan, Similkameen, Shuswap and Creston Valleys. Our mission is:

A Prosperous, Sustainable, Innovative Tree Fruit Sector in BC

that grows products that improve health.

For the most recent Agriculture Census in 2016, the family-owned tree fruit farms in BC generate income of \$118.6 million per year, with a packed value of \$218.8 million, and \$776.6 million of economic activity annually.

Apple Revenue to Growers, by variety and grade

In apples, the best grade is Extra Fancy 1 and Extra Fancy. Fancy grade is a lower grade, having more blemishes or defects and, for red or bicolour apples, less red colour. Extra Fancy and Fancy grades are sold for fresh, out-of-hand consumption - a raw, unprocessed product.

Commercial grade is lower colour and greater defects, and is sold for processing. Processing includes juice, apple slicing for snack packs, and fruit bars.

Pricing, based on world markets, is poor for Commercial grade apples. When packing line charges are deducted from the revenue for Commercial grade apples, the result is a negative price - the grower actually pays to ship this fruit to the packinghouse. In other words, the grower is better off dropping the Commercial grade apple on the ground, rather than shipping it to the packinghouse.

Grade	Price by Variety of Apple (\$'s / pound)			
	Gala	Ambrosia	Honeycrisp	Pink Lady
XFCY1	.288	-	.692	.656
XFCY	.270	.473	.584	.574
FCY	.060	.022	.097	.185
COMM	-.060	-.060	-.060	-.060
CULL	-.100	-.100	-.100	-.100
Overall	.222	.342	.312	.571

Value-added in apples is not turning it into another product, but keeping it as nature's "ready to eat" health food. Product is sold for juice, ciders and slicing, but typically a grower would only expect to lose less by selling product to processors rather than disposing of the apples another way.

A recent exception to this rule is the sale of certain varieties (tart, or high acid apples) to cider makers. Here, due to a tight market for some 'in demand' cider apples, the price of some varieties is higher selling to a cidery and some Fancy fruit is being sold to cider makers at a higher price than the fresh market. But the cider market is small compared to the total apple production of 240 million pounds of apples produced in BC. Another opportunity is apple cider vinegar, currently not produced in BC (or Canada) in commercial volumes.

Cherries

Cherries are not sold by variety, though growers will tell you their favorite! Instead, varieties tend to ripen at different times of the summer and sold generically as “red cherries”. The Agriculture and AgriFood research station at Summerland has successfully developed some early varieties, but is known around the world for its late season cherry varieties. Extending the cherry season has been a successful strategy for the cherry sector, worldwide. Because cherry production in the Okanagan is the latest in the world, our cherries reach the market when there are no other cherries available from other countries, earning BC growers a premium. The value-added is in growing high quality cherries available when there is no other production. There have been some scientific advances in the short-term storage of cherries, again extending the cherry season. Cherries that do not make the grade for eating quality are typically taken to the land fill, though some entrepreneurial growers are making frozen cherries and cherry juice, but these products are ways of avoiding disposal cost (tipping fees) for the lower grades, or producing a small positive revenue for the grower.

Labour

Growers have no value for their product if they are unable to gain adequate harvest labour. The Seasonal Agricultural Worker Program (Mexico and Caribbean Commonwealth Countries) provides labour for larger operations with large labour needs. For smaller operations, which typically have short harvest periods (or harvest periods that are separated in time), such that the smaller grower is unable to fulfill the minimum hourly requirements to hire SAWP workers. Quebecois youth have long provided the labour that fills the gap. But the increasing size of the cherry crop and changing Canadian demographics resulted in a labour shortage in 2018 for smaller farms.

The International Experience Program could provide the labour to harvest our high-value crops grown on smaller parcels, as the IEP work permit holder can move from farm-to-farm, avoiding the gaps in employment that a SAWP worker (restricted to one or two smaller farms) would experience. However, many of the youth who come to Canada do not apply for the IEP work permit prior to arrival in Canada. These potential workers cannot apply for a work permit after arriving in Canada. New Zealand, for example, has a program that allows IEP-like work permits to be issued after the qualifying youth arrive in the country. This ready labour source could help Canadian Farmers avoid crop losses due to a labour shortage, and help increase the volume of value-added tree fruit in the marketplace.

How can we add value to fresh products?

Recent industry strategic discussions have centered on two ideas to increase our value-added fresh product:

Create a sustainability label that assures that pesticide use is minimized. Such label is seen by consumers to be ‘equivalent to organic’.

Develop and adopt new varieties.

BC already has low pesticide use for apples, due to the innovative “Sterile Insect Release Program”, which rears and releases sterile Codling Moth (one of the worst world-wide pests of apples, the proverbial ‘worm in the apple’). We do not have the standard developed that would allow us to market the product as ‘reduced pesticide’; however, a new provincial competitiveness fund may assist in this regard. The role of Agriculture Canada would be to direct financial resources to the development of a scientific standard and sustainable resolutions to pest issues.

For cherries, the ‘zero tolerance’ for any insect larvae means a sustainability program is not currently possible. We need innovative solutions for Spotted Wing Drosophila and invasive pest of cherries. If industry and government develop a non-pesticide solution for Spotted Wing Drosophila, then our industry would implement these solutions for Western Cherry Fruit Fly and combine with new grading technology to achieve the ‘zero tolerance’ requirements at the packing level, rather than in the field. Potentially, this would allow organic production of cherries. One grower estimates that grower revenue would triple - that is value-added.

A risk to any sustainability approach is the introduction of new invasive pests. Agriculture and AgriFood Canada has the expertise, but not the resources to be a world leader in rapid, anticipatory development of innovative, non-chemical pest control solutions. It has done so in the past with Codling Moth, but a focus on developing solutions rapidly as the invasive pest becomes established is a new mindset.

Conclusion

1. Value for tree fruit is reduced when the product is diverted to processing (slicing, mashing or juicing).
2. Value-added for tree fruit is the rapid adoption of new varieties.
3. Value-added for tree fruit is also a credible, ‘sustainable’ label, such as organic or reduced-pesticide.

The BCFGFA recommends that important areas for Agriculture and AgriFood Canada to invest are:

- continuing the development of world-leading apple and cherry varieties at Summerland Research Centre.
- assisting industry to develop, adopt and maintain sustainability/reduced pesticide programs.
- investing significant resources into science for rapid, anticipatory, and innovative pest control for new invasive pests, similar to the successful Sterile Insect Technology (SIT) developed at the Summerland Research Centre. This type of development is not possible with the current level of resource funding for the combat of invasive pests.

In conclusion, we appreciate the effort of the Senate Standing Committee on Agriculture and Forestry in making the tree fruit sector the best it can be. The focus on value-added products as important - the tree fruit sector value-added is an unprocessed, ready-to-eat apple or cherry. Investing wisely in new variety

development and the Sterile Insect Technology for Codling Moth has led to large gains for the Canadian and BC tree fruit industries in a competitive sector. Government has a strong role to play in adding value to fresh fruit, and one which industry alone cannot achieve. New AAFC investments in invasive pests and sustainability programs could result in a many-fold increase in industry revenues - beyond what could be achieved by slicing, mashing and juicing.

Statistics Canada 2016 Agricultural Census - Okanagan Tree Fruit Sector

	Farm Gate (\$ millions)		
	2011	2016	Percentage change
Apples	37.81	50.95	35%
Apricots	0.50	1.30	160%
Cherries, sweet	30.84	52.25	69%
Nectarines	0.87	1.59	83%
Peaches	5.04	7.55	50%
Pears	2.50	3.40	36%
Plums/Prunes	0.88	1.51	72%
Total tree fruit	78.44	118.55	51%
Grapes (table and wine)	41.30	57.00	38%