



Ontario Tender Fruit Producers' Marketing Board

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2009 Crop Update – Sales through Dealer-Shippers

A preliminary summary of the 2009 crop volumes marketed through our dealer-shippers is included on page 7 of this newsletter. Highlights are as follows:

Fresh Peaches – For the most part, even though the crop was up 7% and the largest crop in recent years (maybe ever), the 2009 crop was marketed in an orderly fashion. More fruit was stored in bulk and packed closer to time of sale. This allowed the dealers to extend the season and provide good quality fruit throughout.

Was the season perfect – No! Was there some fruit lost due to the lack of storage space – Yes! Were there consumer complaints – Yes! Are there still too many clingstone peaches being sold on the fresh market – Absolutely! That's where most of the consumer complaints come from! Do these comments from consumers sound familiar? "The peaches looked great but were hard and didn't ripen"; "They rotted before they ripened"; "They were not freestone as advertised on the handle"; "The skin didn't come off, you had to peel them like an apple"; "What happened to the nice ripe juicy peaches we used to buy" and the worst one "I'll never buy another basket of Ontario peaches". In each case, the Board replied to the consumer and sent them \$10 to use towards their next purchase of Ontario fruit.

As stated earlier, the volume was up 7% to 1.534 million 25 lb. equivalents (1.425 – 2008). This was the largest fresh peach crop in recent years (maybe ever) and is likely a precursor of things to come. Why?

1. There were 165,000 trees (800 acres) removed under the voluntary PPV removal program in 2006. Most of these were replanted to peaches in 2007 (some growers switched to other crops but mostly to fresh market peaches). These will start to hit the market in 2010.
2. There were about 800 acres of clingstone peaches removed after the CanGro plant closed in 2008. About 50% of these were removed by producers outside of Niagara and were not replanted to tree fruit (some were). The other 50% were replanted in spring 2008 and/or 2009 (again, some went to other crops but mostly to peaches). These will start hitting the market in 2011/12.

Marketing and handling strategies must be developed to deal with the expected increases in volume. This will include exploring additional distribution channels (including export), storage capacity, quality and size standards, packaging and packing technologies. The good news is that most of the recent plantings have been to new varieties that produce fruit both earlier and later in the season and are of excellent quality, colour and size. Well managed, this will present an opportunity, not just a challenge. Why? The retailers continue to handle imported peaches well into October as long as they are of good quality. We just need to convince them that we can do the job and demonstrate to them that we actually can. But first, we have to have the consumers on side. We cannot afford to lose their trust.

Pears – The Bartlett crop came in well short of estimate due to spring frost and other issues. The Bosc crop is also expected to come in at 1,100 tons, down 17% from 2008, due to smaller fruit sizes.

Plums & Prunes – Surprisingly, the plum and prune crop volumes were close to the large crop volumes of 2008. All plums were successfully marketed although at somewhat reduced prices.

Fresh Grapes – The volume marketed was up about 1% to 255,000 masters (252,000 – 2008). The Fresh Grape Board estimates that about 20,000 masters were not harvested due to lack of sales.

Fresh Peach Licence Fees Adjusted Downward

You will recall that the fresh peach licence fee rates were increased by 20¢ per master to provide support for expanding the sales of 25 lb. cartons of fresh peaches in order to capture a greater percentage of the pound sale market which had been supplied by imports. As a result, peach sales in 25 lb. cartons increased 65% to 140,000 cartons in 2009 (85,000 – 2008). This was all new business and contributed to the success in marketing the 2009 crop.

The additional 20¢ per master generated about \$300,000 of which about \$90,000 was actually required (90,000 25 lb. cartons at \$1) for this initiative. Therefore, the Board has reduced the peach fee rates accordingly and will provide a rebate to the shippers of 14¢ per 6x3 equivalents. The shippers, in turn, will provide rebates to their growers. Be sure to check your payments from dealers to ensure you receive the rebate.

A breakdown of the peach fee rebate by container type is as follows:

Container Type	Original Rate	Rebate	Revised Fee
6x3, 8x2, 10x1.5, 3x5 L and 25 lb.	73¢	14¢	59¢
3x7 L	87¢	15¢	72¢
20 lb. Panta Pack	58¢	11¢	47¢
6 qt., 7 L and 10 lb.	29¢	5¢	24¢
5 lb. pack	12¢	3¢	12¢

For growers who marketed otherwise than through an appointed dealer-shipper, the fee rates have been adjusted downward as well and only the revised rates will be charged.

PPV Eradication Program

Following several meetings and conference calls with CFIA, AAFC and OMAFRA regarding the 2009 PPV Eradication Program and tree removal protocols, we have been advised as follows:

1. **Threshold for Removal** - The threshold for removal has been reduced from 1% in a block to 0.5%. Results from the 2008/2009 winter survey and results from the 2009 summer survey will be combined to calculate the threshold for block removal. If this yields a percent infection of 0.5% or greater, the entire block will be removed.

2. **Definition of a Block** - A block will be defined as the entire block OR all trees within 20 metres of the affected tree. The 20 metre buffer is an option to full block removal. In order to qualify for this option all trees within the 20 metre buffer must be in care and control of the grower. This option is only available for those blocks that are mandatory removals because they have met the 0.5% threshold.

3. **Ongoing Three-Year Removals** - If a block that was planted prior to 2007 has a positive detection in the summer or winter survey of 2009 and a positive in two or more of the last 5 years (2004 - 2008), the entire block will be ordered removed.

4. **Three Year Removal of Newly Planted Blocks** - If a block was planted in 2007 or after and has a positive detection in three consecutive years, the entire block will be ordered removed.

5. **Reversion from Positive to Negative Status** - Any block that has tested negative for 3 consecutive years will revert to negative status.

6. **Highly Affected Growers** - Growers who are highly affected i.e. have been ordered to remove more than 10% of their trees (cumulative - 2004 - 2009) will receive additional compensation for asset loss. These higher rates will apply for 2009 removals. They will also apply for 2010 removals provided the total cost of the 2010 removals does not exceed their \$4 million budget for financial loss assistance. The higher rates will not be retroactive.

Please note that if you were not listed as a highly affected grower in 2008 but you are in 2009, those trees removed below the first 10% will receive remuneration based on the existing rates and those trees over 10% will receive the higher rates. If you are uncertain as to your status, please call Agricorp. For information purposes, about 90% of the 27,000 plus trees that will/were ordered removed this fall were/will be removed by growers that are considered highly affected.

The Board was adamant that all growers receive the higher rates regardless of the percentage of their trees ordered removed regardless of the level of affection. Government disagreed noting that the higher rates are intended to help highly affected producers (i.e., those who had to remove more than 10% of their trees) and to deal with the impacts of the end of the deferral policy for full block removals in 2009. The Board also requested assurance that the new rates for highly affected growers will definitely apply for 2010. While this is the intent, the final rates will depend on the number of trees that are ordered removed following 2010 surveys

7. **Blocks Ordered Removed for the Second Time** – While there are producers who will be receiving second time removal notices in 2009, all these growers qualify as highly affected producers and will receive the new rates for their 2009 tree removals that exceed 10% of their trees. The Board has requested that all growers who are ordered to remove a block for a second time should receive at least the same level of compensation as growers who are highly affected. The government has provided assurances that this issue will be revisited in 2010 if needed.

8. **CFIA Compensation Rates for Removals and Replanting** - Based on recent studies on the cost of establishing an orchard, the CFIA rates for removals and replanting are far too low. The Board has requested reconsideration of these rates but their recommendation was rejected as it would take a regulation change in order to do so.

9. **Voluntary Removals** - In winter 2009, growers who had a positive tree in a block during the summer 2008 testing, were given the option of removing the block voluntarily with compensation. Although this has yet to be confirmed, the Board expects that this will be allowed again but it will depend on the amount of funding remaining after mandatory removals have been made. If you are in this situation, I would suggest you let CFIA know and ask them to put your name on a list in case this option is available again.

Agri-Flexibility Program Update

The Board has submitted the industry's proposal for funding under the Agri-Flexibility Program. This request is currently under review by AAFC. If accepted, the Board will prepare a formal application on behalf of those who have indicated their intent to participate.

If approved, the process will be roughly as follows:

1. An independent panel will be struck to review and evaluation the projects to determine which of them meet the government's eligibility criteria.
2. Finalize the application and submit to AAFC. This will require further collaboration with the participants including more comprehensive details on their projects including budgets and time frames.
3. If accepted, applicants will be given the go ahead to proceed and will be required to submit receipts for approved expenditures in order to obtain reimbursement.
4. Project completions will be verified prior to making the disbursements,

To date, the Board has received letters from approximately 60 potential participants (growers, packers, dealers and processors) who collectively have submitted projects valued at about \$11.5 million which, if accepted, would be eligible for grants of about \$4.5 million.

Let me be very clear, this isn't a done deal until AAFC says so.

OVTP Nearing Funding Limit for 2009

The following message was received from Agricorp on September 29, 2009:

"The Orchards and Vineyards Transition Program (OVTP) is nearing its allocated funding limit for 2009, the second year of the three-year program. Grower applications that cannot be funded this year will be placed in priority sequence for funding in 2010. Interested growers who have not yet applied should consider submitting an application to get in the queue for funding.

As Agricorp processes applications, they will send letters to growers either confirming their acceptance in the 2009 program year, or placing them on a priority list for 2010. Growers on the priority list for 2010 funding should wait for formal acceptance from Agricorp before removing trees or vines. Funding cannot be guaranteed for growers who pull-out before receiving formal acceptance from Agricorp.

The total funding allocated for all three years is approximately \$18 million, enough to cover the removal of approximately 11,000 acres. As of September 9, 2009, Agricorp has received more than 1,100 applications to the program and verified 8,918 acres as being removed for a total of \$14.4 million in funding."

Food Safety and Traceability Initiative (FSTI)

Most growers have now been informed that they have been either accepted or rejected for FSTI funding. Some were rejected because they didn't meet the eligibility criteria while others were told that the program had run out of this year's funding allotment. Growers who were not accepted were advised to reapply next year (starting April 1, 2010). They were also told that their current application will not be acceptable for the next round and that they will be required to reapply under the new criteria (whatever that will be). This makes little sense but you are advised to do what they say if you want to participate in the next round.

Nectarine Vote Update

Based on the 2009 Tree Fruit Survey, Ontario has 104 nectarine producers (all of which also produce other tender fruit crops) and 576 acres of nectarines. 52 of those growers representing 531 acres (92% of the total) signed a petition to have nectarines included in Tender Fruit Board's mandate. The remaining 52 growers collectively represent 45 acres of nectarines production and, for the most part, market directly to consumers (fruit stands and farmers markets). As is the case with all other tender fruit crops under the Board's mandate, direct sales by growers to consumers are exempt from the Board's mandate and are not required to pay fees.

Board representatives will meet with the Ontario Farm Products Marketing Commission on October 22, 2009 to review the proposal. If accepted, the Commission will make a recommendation to Minister Dombrowski to allow the vote. If she agrees, the Commission will conduct the vote and present the results to the Minister. If the vote is successful i.e. has sufficient grower support, it will be up to the Minister to implement the necessary legislation. A decision is expected prior to the 2010 season.

Farm Innovation Program (FIP)

The Board is eligible for approximately \$26,000 per year for four years from the FIP Program. Please refer to the article below for more details. The Board was advised of this program in mid-September and applications had to be in by October . Due to the short time frame, we were only able to discuss options for the use of the first year's funding with the directors and the appointed dealer-shippers in order to meet the deadline. Based on these discussions, an application was submitted to lease new and innovative packing equipment during the 2010 season which may deliver reduced packaging, packing and labour costs as well as address food safety improvements as well as concerns regarding shrink at retail. If you have ideas for future projects, please submit them to the Board (remember, the budget is limited) and the project must address industry concerns, not just your individual concerns.

Have an Innovative Idea for the Farm Innovation Program

Funding is available for:

- Research projects that address industry needs and are intended to lead to the adoption of innovative on-farm technologies;
- Demonstration of innovative on-farm technologies resulting from research and/or demonstration of innovative technologies from other jurisdictions under Ontario on-farm conditions; and
- Projects that otherwise support the adoption of innovative on-farm technologies.

The Farm Innovation Program is funded through *Growing Forward*, a federal-provincial-territorial initiative. The Agricultural Adaptation Council assists in the delivery of *Growing Forward* programs in Ontario. For more information please visit the Agricultural Adaptation Council website at [.adaptcouncil](http://www.adaptcouncil.ca).

VRIC Receives \$15.6M Boost

October 17 – On behalf of Ag Minister Gerry Ritz, parliamentary secretary Pierre Lemieux announced a \$15.6 million investment in the Vineland Research & Innovation Centre. “The money will be used for research to advance the horticulture and landscape industries and is part of an overall \$50 million public-private sector partnership to rejuvenate the former Vineland Research Station and move it one step closer to self-sustainability by 2012” stated Jim Brandle, CEO of the Research Centre.

Chester and the Giant Peach

Vineland fruit grower and market operator Chester Kowalik found a Canadian Harmony peach in his orchard that weighed in at 22.5 ounces as well as a PF 24-007 peach that weighted 21.5 ounces. They may not be the largest peaches ever recorded but he thinks it's the largest ever found in Ontario. The Guinness Book of World Records lists the world's largest peach at 26.5 ounces. Chester challenges all other peach growers in Ontario to find and verify their largest peach next season. He believes it may be a lot of fun and will help promote the Ontario peach industry. We could have Ken Slingerland verify each entry at an official weight in.

Yours truly,



Adrian Huisman
Manager



Kelly Ciceran
Assistant

Sarah Marshall
New Project Coordinator

Enclosures

**Fresh Fruit Sales Through Ontario Dealer-Shippers
2009 Preliminary Crop Estimate**

Crop	2004	2005	2006	2007	2008	Prelim.	Change
	tons	tons	tons	tons	tons	2009	% +/-
						tons	
Peaches	16012	13583	17490	14737	17850	19185	+ 7%
Pears							
Clapp	100	84	115	84	77	60	- 22%
Bartlett	1380	1206	1914	1362	2400	1650	- 31%
Bosc	1750	1775	2218	1159	1330	1100	- 17%
Pears Combined	3230	3065	4247	2605	3807	2810	- 16%
Plums & Prunes							
Early Golden	379	589	1420	65	1500	1400	- 7%
Shiro	397	661	644	362	500	600	+ 20%
Total Yellow Plums	776	1250	2064	427	2000	2000	0%
Reds	25	23	20	15	30	30	0%
Blue Plums & Prunes	485	721	699	494	564	525	- 7%
Plums & Prunes Combined	1286	1994	2783	936	2594	2555	- 2%
Grapes							
Coronation - Premium	1610	1295	1920	2015	2055	2100	+ 2%
Other Blue Grapes	650	785	500	195	110	100	-
Grapes Combined	2260	2080	2420	2210	2165	2200	+ 2%
Sweet Cherries	400	525	500	750	420	300	- 29%
Nectarines	3200	2400	3500	3010	2600	2300	- 10%
TOTAL FRESH	26388	23647	30940	24248	29436	29350	+ 0%
PROCESSING							
Clingstone Peaches	6828	4668	6126	5613	2756	2587	- 6%
Bartlett Pears	3817	2340	3677	1529	0	0	-
Tart Cherries	4165	7940	3157	7864	6140	6989	+ 14%
Sweet Cherries	593	208	421	50	80	60	- 25%
TOTAL PROCESSING	15403	15156	13381	15056	8976	9636	+ 7%
TOTAL COMBINED	41791	38803	44321	39304	38412	38986	+ 1%