

**A Plan To Establish A  
New Variety Development Council  
For Tree Fruit Growers**

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**Final Document  
June 26, 2001**

**Approved as amended by Ambrosia growers  
At Centre Stage Theatre, June 26, 2001**

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## Executive Summary

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### ***Purpose of the Council***

#### **Mission Statement**

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***The Council endeavours to enhance consumer acceptability and enjoyment of new tree fruit varieties by ensuring the highest quality product and by promoting new varieties.***

*It is intended firstly to utilize this framework for Ambrosia apple, although in time other varieties will be incorporated under the Council. Each new variety will have to be approved by those producers growing the new variety. This will be done by formal plebiscite.*

### **Overview of the Council Structure**

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The Council will be composed of eight to nine as follows:

- ◆ Five new variety growers (at least one organic grower)
- ◆ One BCMAFF representative
- ◆ One or two members at large (non producers)
- ◆ One variety owner or representative

The general meeting will elect the grower part of the Council. The Minister upon recommendations of the Council will appoint the other members of the Council.

### **Overview of the Levy**

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The levy, as proposed, will be \$1 per carton collected at first point of sale. The first point of sale will be packinghouses, sales agency, wholesaler, retailer or other first point of sale agency.

### **Budget**

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The budget will be limited to the revenue from the grower levy and the funding programs that the council may be eligible for. The initial 2002 budget is estimated at \$34,000. See page 13 for more details.

## Description of the Industry

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The BC tree fruit industry is composed of about 1,200 commercial growers who farm about 18,250 acres of apples, pears, cherries, peaches, nectarines, apricots and plums. The industry is located in the Okanagan Valley from Salmon Arm in the north to Osoyoos in the south, the Similkameen Valley to the west and the Creston Valley in the Kootenays to the east. The industry has been experiencing poor economic times for a number of years especially for traditional varieties of apples and soft fruit. Better prices for new varieties have resulted in improved returns for growers. The industry has adopted a new variety strategy as a way to compete in the world market. New varieties tend to command a price premium over older varieties. Varieties such as Royal Gala, Fuji and Sunrise have commanded

significant returns at their introduction and continuing for a number of years after. Some cherry varieties such as Lapins and Sweetheart are highly successful but are primarily known as large firm cherries rather than by the variety. The industry is currently replanting to new varieties at the rate of about 600 - 800 acres per year.

<b>Acres planted in the Interior Tree Fruit Industry</b>	
Apples	14,000
Cherries	1,500
Pears	800
Peaches	1,500
Apricots	300
Plums/Prunes	150
<b>Totals</b>	<b>18,250</b>

There are a number of organizations that contribute to the industry as follows:

### 1. BC Fruit Growers Association

This association represents about 600 growers and is the main grower organization for safety net programs, regulation lobbying, grower education and other activities.

### 2. Okanagan Federated Shippers Association

Represents all of the cooperative packinghouses and Westbank Packers in labour relations, storage research, packaging purchasing and other issues that involve the packing industry as a whole.

### 3. Cooperative packinghouses

- ◆ BC Fruit Packers Cooperative – approximately 500 growers in the Kelowna, Summerland and Penticton areas.
- ◆ Okanagan North Cooperative – approximately 150 growers in the Vernon and Lake Country areas.
- ◆ Sun-Fresh Cooperative Growers – 200 growers in the Oliver, Osoyoos, Similkameen and Naramata areas.
- ◆ Okanagan Similkameen Cooperative Growers – 150 growers in the Oliver, Osoyoos, Similkameen and Kaledan areas.

#### **4. Private packinghouses**

- ◆ Westbank Packers – growers from all over the valley
- ◆ Oliver Fruit House – growers from the south
- ◆ Fairview Orchards – growers from the south
- ◆ Many other smaller packers – see industry organization chart

#### **5. Selling Agencies**

- ◆ BC Tree Fruit Ltd – sells fruit for the cooperative packinghouses and is the largest agency for apple sales
- ◆ Pro Fresh International – sells apples for Westbank Packers and Fairview Orchards as well as cherries for many independent growers and packers
- ◆ Nelson Roy Associates – sells apples and cherries for a number of independent houses and growers.

### **Industry Organizational Structure**

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The BC tree fruit industry is composed of 4 major packinghouses that own the major sales agency, BC Tree Fruits Ltd. That sales agency sells fruit for approximately 75% of the apples and about 30% of the soft fruits. Independent packers and farm direct sales pack and market about 25% of the apples and 70% of the soft fruits. Sun Rype Products Ltd. is the processing arm of the industry and processes the majority of the process apples. There is a significant direct sales component of the industry.

<b>Apples and Pears (1,200 growers)*</b>					
<b>75%</b>	<b>25%</b>				
<b>BC Tree Fruits Ltd</b>	<b>Pro-Fresh International</b>	<b>Nelson Roy Associates</b>	<b>CF Fresh Cawston Cold Storage</b>	<b>Direct Organics Plus</b>	<b>Self Marketed</b>
BCFP	Westbank Packers	Kootenay Orchards	Organic growers	Organic growers	Direct Farm sales
SunFresh	Fairview Orchards	Sun Star			Oliver Fruit house
OSC		Desert Produce			Individual growers
OKN		Osoyoos Packers			Fruit Stands
		Gemini Packers			
		Harkers Fruit Ranch			
		Palowma			

<b>Soft Fruits (600 growers)*</b>					
<b>30%</b>	<b>70%</b>				
<b>BC Tree Fruits Ltd</b>	<b>Profresh International</b>	<b>Nelson Roy Associates</b>	<b>CF Fresh/ Cawston Cold Storage</b>	<b>Direct Organics Plus</b>	<b>Self Marketed</b>
OSC	Individual Cherry growers	Kootenay Orchards	Organic growers	Organic growers	Direct sales
SunFresh		Sun Star			Oliver Fruit House
BCFP		Desert Produce			Individual growers
		Osoyoos Packers			
		Gemini Packers			
		Harkers Fruit Ranch			
		Palowma Orchards			

\* Many soft fruit growers are apple growers as well.

## **Current Industry Marketing and Promotion**

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The industry currently promotes new varieties in significant but limited basis. BC Tree Fruits Ltd, the marketing arm of the industry's 4 packing cooperatives spends a fixed price per carton on market development. However that promotion is targeted to the wholesalers and to a lesser extent to the consumer.

Limited promotion of new varieties is also undertaken by the Okanagan Plant Improvement Company (PICO), growers in the industry and the BC Fruit Growers Association. That promotion tends to be limited primarily because of the lack of funding. The other main issue is the lack of a mechanism to fund promotion programs that all growers contribute to. The proposal to organize a new variety council addresses this problem. Individual growers also promote new varieties and BC products at various events. For the recently introduced varieties Gala, Fuji and Braeburn promotion efforts of other countries such as New Zealand have benefited our growers in the introduction of those varieties. Even with that assistance, we are currently having difficulty selling Fujis in North America because consumers are not familiar with Fuji. Currently other countries such as the US are developing clubs and associations to introduce the apple varieties Cameo and Honeycrisp. In general, however, the industry needs to spend more time and money in the promotion of new varieties.

## **Apple and Cherry Breeding Program at the Pacific Agri-Food Research Centre (PARC)**

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There is an active apple and cherry program at the research centre and it is the growers' intent to incorporate other promising new varieties into the variety introduction program within the New Variety council's mandate. This intent is dependent on the willingness of the growers of these varieties to come within the mandate of the Council.

## Purpose of the New Variety Development Council

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### Mission Statement

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***The Council endeavours to enhance consumer acceptability and enjoyment of new tree fruit varieties by ensuring the highest quality product and by promoting new varieties.***

*It is intended firstly to utilize this framework for Ambrosia apple, although in time other varieties will be incorporated under the Council. Each new variety will have to be approved by those producers growing the new variety. This will be done by formal plebiscite.*

### Background

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The tree fruit industry is trying to develop a mechanism to successfully introduce and promote new varieties to the market place. Experience in the past has been limited to such varieties as Spartan, Sunrise and some Gala Splendour crosses. Promotion of new varieties has been limited to funding available. Since the structure of the industry is fragmented, funding from growers has been difficult to obtain when all growers do not participate. Experience in the past has been to rely on the promotion efforts of originating countries such as the US, Japan and New Zealand to introduce new varieties such as Gala, Braeburn, Fuji and others. Furthermore, funding from government sources such as BC Investment Agriculture Foundation and the Tree Fruit Industry Development Fund is dependent on matching grower funding.

The primary focus for the New Variety Development Council is to introduce Ambrosia apple to the consumer and to the wholesale/retail trade. The secondary focus is to incorporate other new BC varieties into the council as the interest develops.

Each variety will have to go through a formal plebiscite to allow the levy collection.

***The council activities will be limited to tree fruit varieties and will be limited to BC production. This limitation will not preclude agreements with other growing areas of the world.***



## Strategies, Actions and Results

	<b>Strategies</b>	<b>Actions</b>	<b>Expected Results</b>
1.	Enhance consumer acceptability of new varieties	<ul style="list-style-type: none"> <li>• Fruit tasting at stores, trade shows, etc</li> <li>• Fruit displays</li> <li>• Pack the variety in consumer friendly packaging</li> <li>• Provide consumer pamphlets, recipes, etc</li> </ul>	Successful introduction of Ambrosia and the willingness of growers to include other new varieties in the Council
2.	Ensure high quality fruit	<ul style="list-style-type: none"> <li>• Develop quality standards that will maintain eating quality</li> <li>• Encourage storage research for new varieties</li> <li>• Develop a quality assurance label</li> <li>• Hire a field coordinator</li> </ul>	<ul style="list-style-type: none"> <li>• High quality fruit in the market</li> <li>• Increase consumer demand as production rises</li> <li>• Standardized product for the retailer/consumer</li> </ul>
3	Promote the fruit of new varieties	<ul style="list-style-type: none"> <li>• Draft and distribute promotional material</li> <li>• Draft point of sale material, posters and other educational pamphlets</li> <li>• Liase with media</li> </ul>	Successful introduction of new varieties
4.	Expand market opportunities for new varieties	<ul style="list-style-type: none"> <li>• To investigate alliances with other growing areas of the world</li> </ul>	<ul style="list-style-type: none"> <li>• Sales of new varieties into the world marketplace</li> <li>• Successful alliances with other countries who are introducing new varieties</li> </ul>
5.	Create an independent mechanism for financial contribution for the support of promotion and marketing of fruit for new varieties.	<ul style="list-style-type: none"> <li>• Establish a grower driven new variety council</li> <li>• Draft a development plan for new commercial varieties using Ambrosia as the initial variety</li> <li>• Establish and collect grower levies</li> <li>• Apply for matching funding from government sources</li> <li>• Maintain grower registry</li> <li>• Develop agreements with variety owners</li> </ul>	<ul style="list-style-type: none"> <li>• Meet the needs of the mission statement</li> <li>• Raise sufficient funds to operate council activities</li> <li>• Optimized grower returns</li> <li>• Introduction of other new varieties to the council</li> </ul>
6.	Enhance communication	<ul style="list-style-type: none"> <li>• To create grower and industry awareness about the council and new commercial variety development</li> <li>• To meet with industry stakeholders to develop a working relationships</li> <li>• Develop effective information links with growers, field service and other industry players</li> </ul>	<ul style="list-style-type: none"> <li>• Support of growers in the council</li> <li>• A coordinated approach to variety market introduction</li> </ul>

## Proposed Actions

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### 1. Enhance Consumer Acceptability Of New Varieties

- ◆ Fruit tasting will be a major effort of the council. In store demos will be done annually in targeted stores, trade shows and fairs.
- ◆ Fruit displays in cooperation with retailers will be another advertising effort.
- ◆ Innovative packaging that will attract the attention of the consumer and the retailer will be developed.
- ◆ Pamphlets and recipes will be another important focus of the Council.
- ◆ The council will develop an uniform marketing strategy in cooperation with all packing organizations and selling agencies.

### 2. Ensure High Quality Fruit

A quality assurance committee has already been at work and has come up with some recommendations for consideration. These recommendations have been summarized as follows:

#### **Harvest Maturity Standards**

Maturity standards should be based on starch levels as the primary maturity indice. Secondary criteria will be pressure and soluble solids.

#### **Grade Standards**

Grade standards should be set with industry input. The primary intent is not to pay growers based on colour. Preferable action will be to have one packinghouse to pack all of the organized industry's Ambrosia to maintain consistent packs.

#### **Orchard Practices**

Recommended actions for orchard practices include moderate nitrogen applications and optimal calcium levels. Growers should be advised to crop trees for quality rather than quantity. Some research into optimal cropping levels should be commissioned.

## **Storage recommendations**

Ambrosia should be stored in controlled atmosphere wherever possible to maintain eating quality. Some storage related research is recommended for soft scald and breakdown.

## **Quality Assurance Label**

The committee recommended that parameters be developed for a Quality Assurance Label for Ambrosia. The committee also recommended that sensory evaluation research be undertaken for the apple particularly in terms of optimal post packing, shipping and display conditions in relation to taste and crispness. **It is critical to maintain quality standards even when crop size increases.**

### **3. Promote New Varieties**

- In store demos will be a major focus of the Council
- Use growers whenever possible since growers have the most knowledge about the apple and have a major stake in the variety
- Press days
- Invite press to a major tour in the early fall to view harvesting and packing
- Provide information, in the form of press release, about the variety and the efforts to grow the variety including pictures, and grower testimonials etc.
- Orchard media tour
- Meet with other successful organizations such as BC Hothouse, etc to obtain advice on effective promotional activities
- Farm to Fridge promotional effort to be developed.

### **4. Expand Market Opportunities for New Varieties**

1. As the crop increases new markets will need to have in store demos and other promotional activities so that demand keeps ahead of production.
2. The key point of the initiative is to promote new varieties that no one else is growing in the world market. The world market is big and good promotion efforts combined with alliances with other growing areas should prove profitable for BC growers.

### **5. Create an independent mechanism for financial contribution for the support of promotion and marketing of fruit for new varieties**

- ◆ intent of the council is to provide a vehicle to obtain funds from all growers in the industry. Since the industry is composed of a number of different packing organizations, selling agencies, independent and industry growers, it is important to develop an independent body that has the ability to undertake promotion and

develop quality assurance standards for all growers regardless of packing and selling ties.

- ◆ The Council will begin with Ambrosia apple as the first variety to be promoted, but it will be structured to allow other varieties to join the Council as the growers see the need for it. Each variety will have to go through the plebiscite procedures to permit it to come under the authority of the Council.
- ◆ The main reason for the lack of variety promotion in the industry is the lack of grower funding which would attract matching federal and provincial funding. The Council will correct that situation.
- ◆ A grower registry will need to be maintained to monitor production trends and acreage being planted.
- ◆ Agreements with variety owners will facilitate the development of a grower registry.

## **6. Enhance Communication**

### **Grower**

- Employ a coordinator/ fieldperson to maintain fruit quality standards and maintain communication with growers and packers.
- Hold field days for growers to reinforce the importance of fruit quality and to pass on market signals.
- Demonstrate to growers how to do the starch test for maturity testing.
- Consider a website, newsletter, etc for Ambrosia growers.

### **Packinghouse**

- Meet with all packinghouses to discuss initiatives of the Council.
- Coordinator to work with packinghouse staff to allow for full communication and needs of both organizations.
- Coordinator will work closely with the field service of each packinghouse to ensure good horticultural practices and harvest timing.

### **Selling Agencies**

- Coordinator will communicate regularly with selling agencies to provide information on promotion efforts, quality assurance label, harvesting

information and other matters relating to the successful marketing of new varieties.

### **Consumer**

- The main focus of the successful introduction of new varieties will be the consumer. Through the promotion programs, the media days and other events of the council will keep the new varieties in the minds of consumers.

### **Retailer/Wholesaler**

- Good communications with the retailers and wholesalers is also key to the success of the council. Working with the selling agencies and their buyers will be an important function of the coordinator.
- Involve wholesalers/buyers in ongoing sensory and marketing evaluations.

## **Structure of the Council**

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The Council will be composed of eight to nine members as follows:

- Five 'new variety' growers (at least one organic grower)
- One BCMAFF representative
- One or two members at large (non producers)
- One variety owner or variety owner representative

### ***Council Meetings / Procedures***

- The Council will meet at least quarterly and will meet annually, before July 1 of each year, with the levy-paying grower membership
- The grower members will be elected at the annual general meeting
- At the first general meeting of council three members will be elected for 3 year terms and two for two year terms. Subsequently, all members will be elected for 3 year terms
- The members will be elected from at large with consideration for adequate representation from growers of all varieties levied by the council
- At least one member must be an organic grower
- Members may appoint interim members to fill vacancies between elections
- The Minister, upon recommendations of the Council, will appoint the non-grower members of the Council

- Officers will be elected by the Council annually at the first members meeting following the annual general meeting.

### ***Interim Council***

The Minister will appoint an interim council for 2001-2002 year only. Five growers will be nominated at the June 26, 2001 meeting of the Ambrosia growers and subsequently recommended for appointment to the interim council by the Minister. In addition, the meeting will provide recommendations to the Minister for appointment of the other members of the interim council. The intention is for the meeting to recommend a representative from PICO to represent the variety owner, the BCMAFF Tree Fruit Specialist to represent the Province, and a consumer, retired retailer or wholesaler to represent non producers.

Upon a successful plebiscite, the steering committee recommends the interim council appointments to the Minister. At the first annual meeting of the council and the levy paying grower membership, before July 1, 2002, an election will be held for all council grower members.

### **Administration**

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The Ambrosia Council will have limited funds to start. However, a coordinator/field person will need to be hired to organize field days, in store demos, fairs and other public events, quality maturity standards. Another main role of the coordinator will be to coordinate efforts of growers, packinghouses, sales agencies and others to ensure that the quality assurance programs are carried out to ensure consistent quality fruit.

### **Committees of the Council**

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It is proposed to have committees who are responsible to the Council executive undertake specific functions. These committees may be as follows:

1. *Quality Assurance Committee* - already functioning, this committee will develop standards for maintaining quality Ambrosia apples in the market and set the standards for the quality assurance label.
2. *Promotion Committee* – a working committee whose responsibility will be to develop programs, organize in store demos, tasting events at fairs, public events etc.
3. *Research Committee/ Horticultural Committee* – considers and evaluates proposals for new varieties, research funding requests, and identifies cultural and technical aspects to new variety developments.
4. *Communication Committee* – will ensure good communication with growers, industry, government and other players in the industry.

## The Levy

The levy will be a mandatory levy that will not be refundable. After the first three years, members can petition the Minister of Agriculture, Food and Fisheries for a review of the council and/or the levy if there is support for a review by 25% of the members.

Initially the Council will be working with a small budget, as the crop will be relatively small in 2001 and 2002. The levy will be \$1 per 40-lb carton (\$.025/lb) collected by the packinghouses, sales agencies, fruitstands, wholesalers or other first point of sale agencies (including independents and industry) and forwarded to the New Variety Development Council. The \$1 per carton levy is intended to be reviewed annually by the Council and be reflective of market conditions. **The Council will endeavour to target the levy from organic fruit to organic fruit promotion and development.** Any administrative fees remain to be negotiated. It is expected that the packinghouses will not have a problem collecting this levy for the grower council as long as it is administratively feasible for them. Some preliminary discussions indicate that the houses may not charge a fee for this service. Similar discussions with independent packers will need to take place, but cooperation is expected as well. The more difficult source of collection will be the small packers, fruit truckers and direct sales. Good cooperation with these point of sale outlets will only be obtained with good communications and the good will of the Council and the grower community.

		Projected Fresh Production in lbs							
	Acres	1996	1997	1998	1999	2000	2001	2002	2003
1996	2		6000	18000	25200	34000	34000	34000	34000
1997	4			12000	36000	50400	68000	68000	68000
1998	8				24000	72000	100800	136000	136000
1999	12					36000	108000	151200	204000
2000	56						168000	504000	705600
2001	100							300000	900000
Total Pounds			6000	30000	85200	192400	478800	1193200	2047600
Cartons			143	714	2029	4581	11400	28410	51190

## Preliminary Budget

Income					2001	2002	2003
levy @ \$1.00/carton					2000	11400	28410
Potential govt matching					*20000	22800	56819
Total funding					22000	34200	85229
<b>Expenses</b>							
In store demos					2000	10000	30000
Wages – coordinator					15000	15000	30000
Travel costs					500	1000	2000
Research fund					1000	5000	5000
Press field days					500	500	1500
Council expenses					1000	1000	1500
Promotion equipment						500	500
Levy collection – 5% of levy						570	1400
Council Establishment costs					2000		
Total Costs					22000	33570	71900
* It is anticipated that an application to Investment Agriculture will be made to apply for some upfront funding which will be matched in years 2, 3 and 4.							

## Strategy and Timeline to Inform Producers

<b><i>New Variety Council Timelines – Ambrosia growers</i></b>			
<b>Step</b>	<b>Activity</b>	<b>Responsibility</b>	<b>Timing</b>
1	Completion of development plan Referral of draft plan to BCMAFF	Plan development committee	April 17, 2001
2	Approval of steering committee of the draft development plan	Steering committee	May 1, 2001
3	Plan reviewed by BCMAFF	BCMAFF	May 11, 2001
4	Mail out draft development plan to growers and notice of general Ambrosia growers meeting	Through BCMAFF based on variety mailing list	May 21, 2001
5	Strategy and plan approval, appointment of auditor, recommended interim council members	Ambrosia growers general meeting	June 26, 2001
6	Ballots will be available for Ambrosia growers to complete at end of general growers meeting	Vote overseen by OVTFA*	June 26, 2001
7	For growers not attending meeting, ballots will be mailed and allowed until July 10 to return their completed ballots	OVTFA*	June 28, 2001
9	Ballots returned and counted  Final ballot count forwarded to Minister	OVTFA *	July 10, 2001  July 15, 2001
10	Plebiscite passes and Minister formally appoints Interim Council	BCMAFF	July 30, 2001

\* The Okanagan Valley Tree Fruit Authority has kindly agreed to oversee the plebiscite. The OVTFA has no other relationship to the proposed council.



## Communication Plan

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Ongoing communications with growers:

1. Newsletter update May 2001
2. Notice of general grower meeting with copy of development plan
3. Finalized New Variety Development Plan mailed out to Ambrosia growers
4. Meetings with industry
  - Fieldmen
  - OFSA
  - BCFGA
  - Independent houses
  - Organic growers

## Conducting the Plebiscite

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The OVTFA or designate will conduct the plebiscite. The following procedures will be followed:

1. A general meeting of all Ambrosia growers will be called to discuss the plan. Each grower will be mailed a meeting agenda and the draft development plan at least two weeks prior to the meeting. Each grower will be allowed to vote on the plan at the end of the meeting. Those growers not attending the meeting will be mailed a ballot subsequent to the meeting.
2. An Ambrosia grower will be defined as any commercial grower who has planted nursery stock of the Ambrosia variety prior to the date of the plebiscite. The variety mailing list will be provided by the variety owners through the Okanagan Plant Improvement Company (PICO).
3. Growers will be given 2 weeks to mail back the ballot.
4. The question on the plebiscite will be as follows:

*Do you support the "Plan To Establish A New Variety Development Council For Tree Fruit Growers", May 2001 as adopted by the general Ambrosia growers meeting June 26, 2001 at Summerland, which includes a mandatory levy on Ambrosia apples? Yes or No.*

## Support level

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The plebiscite will be acceptable if at least 65% of Ambrosia growers return their completed ballot. Of those growers responding, at least 60% must vote in favour for the plebiscite to pass.