NEWSLETTER

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Producers to Decide Future of Apple Commission

In February 2001, Ontario's apple growers will decide the future of their marketing board. They will cast mail-in ballots in response to a direct question about the Ontario Apple Marketing Commission.

The question facing growers will read as follows: "Are you in favour of the termination of the Ontario Apple Marketing Commission?"

The vote process was presented at the Apple Commission's annual meeting in Mississauga on July 25, 2000. The Chair of the Ontario Farm Products Marketing Commission (OFPMC), Rod Stork, was on hand to go over the details and answer questions.

In addition to conducting the vote and ensuring voter confidentiality, OFPMC's obligation to the process is to remain neutral and ensure fairness for all growers.

The outcome of the vote will be measured against a standard involving both producers and production. If 66 2/3% of eligible producers casting ballots say they don't want an Apple Marketing Commission any more and those same voters account for at least 50% of the production represented by ballots cast, then the outcome is clear.

As well as watching these numbers, OFPMC also looks at voter participation. It has to be high enough to confidently conclude that the ballots represent the will of the industry. Historically, at least 70% of eligible voters tend to participate which is much higher than most municipal, provincial or federal elections.

By setting out the terms of a Producer Expression of Opinion Vote, OFPMC has set in motion a pre-vote process. Grower information meetings are currently being organized by the Ontario Apple Marketing Commission. At the time of the vote, information packages and ballots will be mailed by OFPMC to each and every eligible grower. Voters will have at least two weeks to consider the question and return the ballot.

After the ballots are counted, OFPMC will recommend a course of action to the Minister who makes the final decision on the outcome of Producer Expression of Opinion Votes.

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VQA Becomes Law

Ontario's wine industry just became stricter. In so doing, it probably got a lot stronger.

According to Elizabeth Andreen, Secretary-Manager of the Ontario Grape Growers' Marketing Board, "this move makes VQA a more credible wine standard on par with other wine producing countries. In other countries, wine-producing standards are law. Ontario has now caught up and come of age. This enhances our image as a bona fide wine producing country and that is significant."

By making VQA standards law, Ontario has moved up to the quality assurance levels imposed by appellation of origin systems in other countries. These standards affect every stage of production from vine to glass. They dictate grape varieties and labeling standards as well as subjecting the wine to discriminating taste testing.

Grape growers and wineries welcome the move alike. It seems essential to those wishing to break through the trade barriers that rim the EU. The trade disparity to date is significant. At present, Canadian wine exports to the EU sit at about $1/2 million while Canadian consumers will buy $1/2 billion of wine imported from the EU.

Making the standards law has little to do with violations and everything to do with reputation. Ontario's wineries have long realized that adherence to quality standards is their ticket to market share domestically and internationally. The whole industry has worked hard to shake the poor quality reputation that predominated until the late 1980s.

Since the Vintners' Quality Alliance introduced voluntary winemaking standards in 1988, consumers have been able to easily recognize high quality wines from Ontario.

VQA wines benefit growers tremendously. All VQA wines are made entirely from Ontario-grown grapes. By comparison, Ontario wines not bearing the VQA symbol may contain as little as 30% Ontario grapes and the remainder of the contents is imported. While there is a market for both grades of wine, the clear winner for wineries and growers in Ontario is labeled VQA.

In addition to regulations entrenched in law, the industry must also have enforcement efforts in place. Elizabeth Andreen says the budget to run all aspects of the VQA organization has been pegged at $900,000 in 2000. The Ontario Grape Growers' Marketing Board is contributing $75,000 toward this year's budget.

Reflecting on the success of the VQA program for Ontario's grape growers and wineries, one might draw comparisons to efforts of other marketing boards in the area of Identity Preserve systems. They offer the buyer information on the source and process the food or beverage has been through. According to Lynn Leger, food enterprise leader for DuPont Canada, these programs are a good idea. She believes that, "bulk commodities are losing position as today's marketplace shifts emphasis to specific crops with specific characteristics for specific markets."

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OFPMC Summer Update:

New Dairy Class

The dairy industry in Canada is making adjustments in order to have a WTO-compliant export system. The adjustments include new provincial export mechanisms and changing the way surplus milk is handled. It was the surplus or over-quota milk normally directed to processors for the production of cheese, butter, and other products for the export market that formed the basis of the WTO challenge regarding subsidies for exports.

In the new Ontario export model, producers and processors will form contracts through a single market mechanism for a specific volume of milk. The contract milk will be the first milk out of the tank, meaning that the export contract commitment will be met before the producer's domestic quota is filled.

As of August 1, 2000, surplus milk is marketed domestically rather than exported. In that light, OFPMC recently approved a request by Dairy Farmers of Ontario (DFO) and Ontario Dairy Council (ODC) to implement a new class through which this surplus milk will be priced. The new class is identified as Class 4m under Ontario Regulation 753. Other provinces will be taking similar action. The term '4m' stands for 'marginal' milk. At the present time, it is anticipated that most surplus milk will be sold as an input for livestock feeds.

Under this new designation, the price producers receive for production that is in excess of their quotas but not contracted for export, will be reduced from about $20/hectolitre currently to about $10/hectolitre or even less. This is expected to encourage producers to reduce overproduction and help Ontario comply with the aim of the Canadian Milk Supply Management Committee.

Wheat Discussions

The Commission was a third party to discussions between the Ontario Wheat Producers' Marketing Board and Ontario's Flour Millers with regard to the Board's 2000 Crop Processor Pricing Policy. At the heart of discussions was the stability of domestic wheat supply to Ontario millers. The Board recognizes the importance of both developing offshore sales and supplying the needs of domestic buyers.

Soybean Growers Review

The Ontario Soybean Growers met with the Commission for a bi-annual review of operations.
The Board reported contract negotiations went smoothly again this year. It appears that efforts made in 1998 to restructure the negotiation process are continuing to pay off for all parties involved.

Chair, Ken Bee, said they "try hard to cultivate relations…to resolve potential problems before they become problems and we spend more time now with other commodity groups since we recognize common issues are better tackled together."

In new developments, the Commission discussed the board's efforts to initiate an e-commerce system for tracking sales and shipments. Working in co-operation with Ontario Wheat Producers' Marketing Board and the Ontario Corn Producers, the Ontario Soybean Growers are working on ways to improve efficiency in business transactions.

Recent market development efforts are looking at the potential commercial use of 'biodiesel.' It has the potential to be a non-toxic fuel and lubricant. If just 5% were added to diesel fuel much the same way that ethanol is added to gasoline, the impact for soybean growers, elevators and crushers would be substantial.

The board also reported on its position vis-à-vis pressure on GMO ingredients in some markets. In 2000, approximately 25% of Ontario's soybeans will be GMO. While the herbicide-resistent variety is producing a much cleaner product to the end user, the industry is also maintaining a very effective identity preservation system to be able to cater to buyer needs and desires.

Greenhouse Vegetable Review

The Ontario Greenhouse Vegetable Producers' Marketing Board met with the Commission for a bi-annual review of operations.

To assist grower efforts to establish produce uniformity, the Board has developed the "OnQ" quality assurance program. Using computer software, growers can determine week-to-week how their quality is improving. The Board also reports that this software can be used for any commodity.

Mexico is ripening as a competitor for the U.S. market according to the Board, but Ontario has an established market presence. The Board is increasing its promotion and education to consumers to keep ahead of their competitors.

Labour requirements continue to challenge the industry despite the collective efforts of growers. The Board has hired a Labour Co-ordinator to recruit workers as well as piloting programs aimed at easing the shortage of workers.

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