

The OFPMC 10th Annual Fall Seminar & 1st Christmas Reception

"Consolidation in the agri-food industry - what are the opportunities?"

Tuesday, December 11, 2001
Elmhurst Inn, Ingersoll, Ontario

Is it "eat" or "be eaten"? Consolidation is taking place over a wide range of agricultural and food industries, and has implications for all those involved. OFPMC is gathering a variety of experts to speak on the subject of consolidation from each of their points-of-view in the 'food chain'. The discussions during this one-day event will focus on the state of the industry as well as the opportunities.

► **\$50 per person** includes lunch and networking reception

Speakers and panel participants include:

- **Peter Twynstra**, *President, Great Canadian Bean Company*
- **John Pigott**, *President, Morrison Lamothe Inc.*
- **James Jensen**, *President, CherrCo Inc.*
- **Steve Crawford & Joe Lusito**, *Produce Specialists, Serca Foodservice Inc.*
- **John Scott**, *President, Canadian Federation of Independent Grocers*
- Moderated by **Dr. William Stevens**

OFPMC Fall Seminar Registration Form

Board/Association: _____

Address: _____

City: _____ Province: _____ Postal Code: _____

Phone: _____ Fax: _____

Contact Person: _____

E-Mail: _____

Names of Registrants

1.	5.
2.	6.
3.	7.
4.	8.

► Please make cheques payable to the Ontario Ministry of Agriculture, Food and Rural Affairs

► Forward your registration and payment no later than November 16, 2001 to:

Lousie Kani, Ontario Farm Products Marketing Commission
1 Stone Road West, 5th Floor SW, Guelph, Ontario N1G 4Y2
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For more information about this newsletter please email us at dpost@omafra.gov.on.ca

This newsletter is available on our website <www.gov.on.ca/OMAFRA/english/farmproducts/index.html>



Consolidation: Opportunities & Challenges

Consolidation seems to be occurring everywhere. It started in the retail and food service sectors. Now you are seeing more and more processors concentrating their resources. Processors are even consolidating their brands into 'mega-brands'. The primary agriculture industry has also seen its fair share of large operations buying smaller operations. Is it "eat" or "be eaten"?

Consolidation has been occurring in other industries too, e.g. software. There is tremendous pressure for those in the retail sector to acquire the economies of scale by concentrating and consolidating their resources. As the buyers become fewer so do the sellers. Each level of the 'food-chain' is trying to keep up with the

next link in the chain. The result is a market that can be challenging for suppliers and retailers.

Many are overwhelmed by the idea of consolidation. In response, the Educational Advisory Committee of the Ontario Farm Products

Marketing Commission has decided to focus its 10th annual fall seminar on

consolidation in the agri-food industry. This day-long seminar will feature speakers from throughout the 'food chain': farmers, processors, retailers, food service operators and more.

Discussions will focus on the state of the industry as well as the opportunities in the changing markets. The event will also feature an open panel discussion with all of the speakers and, for the first time, a networking reception with the speakers and Commission members.

Twynstra – Great Canadian Bean Company

Peter Twynstra, President and Founder of the Great Canadian Bean Company, promises to 'tell it like it is'. Having farmed in Kent County for close to 30 years, Peter knows the industry. In 1978 he saw an opportunity to start his own export business that focused on

responsibility; responsibility to his land, to his customers, and to his children. Today, the Great Canadian Bean Company is a fully integrated growing, processing, marketing and distribution company with customers in the USA, UK, Europe, Middle East, Africa, Central

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America, and the Pacific Rim. Despite his beans going global he knows and understands his business is based on the soil in which he plants and grows. Peter will share his views on consolidation in the Canadian primary agricultural scene and beyond.

Jensen – CherrCo, Inc.

Jim Jensen, President of CherrCo, Inc., understands the phrase 'life is a bowl of cherries'. CherrCo, Inc. is a 'super-cooperative' with 28 member cooperatives representing approximately 75% of the tart cherry production in the states of Michigan, New York, Utah, Washington and Wisconsin as well as here in Ontario. CherrCo has developed its own solution to market forces including consolidation. All CherrCo members are required to sign a uniform Membership & Marketing Agreement. This

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The Ontario Farm Products Marketing Commission welcomes its newest member, Don Bonter. Don has a broad range

of knowledge in the agricultural field. He owned/managed a 450-acre fruit & vegetable farm for over 25 years. Don has served on numerous boards and associations including the Canadian Horticultural Council. Plus, Don is a former President of the Ontario Fruit and Vegetable Growers' Association and former Director of the Ontario Apple Marketing Commission.

Don wishes to bring his experience to the Commission table. "With the experiences I have had both as a producer and a board member, I understand the challenges and opportunities Ontario farmers face in the regulated system. I look forward to working with my fellow Commission members in contributing to the growth and prosperity of the Ontario agri-food industry."

As a graduate of the Ontario Agricultural College, Don has been helping his neighbours for many years. He has not only served on numerous boards but also as a hockey coach and on the advisory committee to the University of Guelph. Over the years Don has traveled across Canada and the United States representing the Ontario agri-food industry. ■

agreement appoints CherrCo as the exclusive marketing agent for all frozen, water pack, concentrated and miscellaneous other tart cherry products. The cooperative's primary directive is to establish minimum prices for its member producers for various grades and packs of frozen and hot-pack tart cherries. Once a minimum price is set, individual members select sales agents, all of whom are licensed by the cooperative. Sales agents can represent more than one member.

Crawford & Lusito – Serca Foodservice Inc.

Stephen Crawford and Joe Lusito have a combined total of 42 years experience in the produce industry. This wealth of knowledge includes experience in produce wholesale, procurement, marketing, sales and warehousing. In addition to an in-depth knowledge of the foodservice industry, Joe and Stephen were active participants in the consolidation of Serca Foodservice Inc., the largest foodservice consolidation in Canadian history. Stephen & Joe have seen consolidation from the inside.

Pigott – Morrison Lamothe Inc.

John Pigott wasn't allowed to join the family business, Morrison Lamothe, after finishing school. "I was told to go make my mistakes with somebody else's company", laments John. "I spent a few years working for Xerox Canada before coming back home. I made a few mistakes and learned a lot." Now John heads the Ottawa-based firm, Morrison Lamothe Inc. a leading manufacturer of frozen meat pies and a major supplier of frozen dinners, entrées and desserts under its own brand names as well as well-known private labels. The company has a staff of 300 and annual

sales in excess of \$72 million. It is also a partner in the Frozen Network Inc., a joint venture of four independent family owned frozen food processors. The Frozen Network's subsidiary, the Coming Home Foods Company, markets a range of premium frozen prepared food products to retail grocers in the United States. Through this collaborative venture, Morrison Lamothe offers its American clients

premium hors d'oeuvres, entrées and meat pies under the Coming Home, Simply Sensational and Private Labels.

Scott – Canadian Federation of Independent Grocers

John Scott is President of the Canadian Federation of Independent Grocers (CFIG). CFIG is a non-profit trade association founded in 1962 with the

purpose of furthering the unique interests of Canada's independently owned and franchised supermarkets. John's enthusiasm and passion for the retail food industry has helped lead CFIG to play a prominent part in the major issues challenging the Canadian food industry. John has promised to bring the perspective of the independent food retailer to the discussions.

Moderator – Dr. William Stevens

During the course of the day, the assembled group of speakers will provide their perspectives on the future of the industry and how organizations can adapt to these challenges. William Stevens, President of Stevens Associates, will be the moderator for the day. William is well known for his work in various agricultural commodities as well as the food processing industry. His balanced knowledge shall give overall continuity to the subject matter. ■



**Moderator –
Dr. William Stevens**

Newfoundland joins the National Milk Marketing Plan

On August 1, 2001 Newfoundland joined the National Milk Marketing Plan and P9 Agreement (Special Class Pooling). Newfoundland's entry into the national plan makes the plan truly 'national' with all 10 provinces as part of the plan.

As part of the national plan, Newfoundland will be given an initial (and protected) base volume of industrial quota that can increase by a specific maximum amount each year for the next 15 years. Newfoundland can request the specific volume each year in advance of the dairy year. A limiting factor for Newfoundland's growth will likely be the development of an industrial processing industry. Newfoundland's allocation may fluctuate with changes in Canadian requirements. This quota will be taken from other provinces on a Market Sharing Quota (MSQ) pro rata basis. Newfoundland

will respect all provisions of the national plan, including sharing the costs of funding Special Class sales (lower priced milk sold as ingredients for further processing).

Even if Newfoundland achieves its maximum expectations at the end of 15 years, the cost to Ontario producers is estimated at less than 0.5% of all quotas. Processor losses would be somewhat lower due to P9 provisions.

For Ontario and other eastern provinces, an important part of the agreement is that negotiations toward joining the P6 will begin within a year. This ultimately will mean that Newfoundland will share all the revenues and costs, and also in the growth, of all fluid and industrial milk markets, with the other eastern provinces.

Ginseng Association Now Official

The Ontario Ginseng Growers' Association has been officially designated as the representative association for all ginseng

growers in Ontario under Section 12 of the Farm Products Marketing Act effective August 30, 2001, announced Brian Coburn, Ontario Minister of Agriculture, Food and Rural Affairs. Ginseng growers with one-quarter acre or more of ginseng will be required to pay license fees of \$50 per acre to the Association.

Association President, Ken Spriet said, "I am pleased that such a significant number of ginseng growers see the value in having an organization represent their interests. The Association will now be in a position to represent the interests of all ginseng growers in Ontario, and showcase Ontario as the premiere source of ginseng in the world."

There are approximately 264 ginseng growers in Ontario producing an estimated 4,800 acres of ginseng with a farm gate value of about \$70 million annually. ■

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