

The Path Forward:
A BLUEPRINT FOR B.C.'S
TREE FRUIT INDUSTRY

REPORT + RECOMMENDATIONS 2021



Ministry of
Agriculture, Food
and Fisheries

Minister Message



It is my pleasure to present The Path Forward: A Blueprint for B.C.'s Tree Fruit Industry. This plan reflects my commitment to the lasting sustainability of tree fruit and grape production in British Columbia. Tree fruit and grape farmers play a key role in British Columbia's food system, and this contribution to our local food security is greatly appreciated.

It is no secret that tree fruit production, most notably apple production, has had its share of challenges. It is apparent these challenges have compounded over a number of years and have been exacerbated recently by the COVID-19 pandemic and climate change related events, resulting in many farmers experiencing financial difficulty.

Despite the significant investment of over \$67 million dollars from Government since I became Minister, and a lengthy history of incentive programs to increase competitiveness and overcome challenges, tree fruit farmers today are struggling to achieve a profitable return on their considerable investment of effort.

In February 2021, I announced the launch of the Tree Fruit Industry Stabilization project - a whole-hearted response to these widely held concerns. The premise of this project is to change the trajectory of the tree fruit industry.

The Path Forward: A Blueprint for B.C.'s Tree Fruit Industry reflects the insights gathered through direct consultation with farmers and packing houses and guidance from industry representatives through our External Advisory Group. This plan addresses the current state of the industry and the circumstances leading to it, and a set of principle-based recommendations to guide our next steps. The Plan has been unanimously endorsed by the industry members of the Advisory Group, which has confirmed implementation of the recommendations in this Plan would have a significant positive impact on B.C.'s iconic tree fruit industry. This plan shows that we can all improve our effort, and our efforts are more meaningful when we work together.

Through The Path Forward: A Blueprint for B.C.'s Tree Fruit Industry the B.C. government will continue to support farmers and the vital role they play in B.C.'s food security and economy. This plan will require commitment to the demanding work ahead and a dedicated approach and collaboration from industry and Government.

I hope you will join me in thinking of the future of B.C. based tree fruit products as you read this plan and as we collectively apply our efforts to implement the recommendations it proposes.

In good health,

A handwritten signature in blue ink that reads "Lana Popham".

The Honourable Lana Popham
Minister of Agriculture, Food and Fisheries



The Path Forward: A Blueprint for B.C.'s Tree Fruit Industry

The Path Forward: A Blueprint for B.C.'s Tree Fruit Industry (Tree Fruit Industry Stabilization Plan or the Plan) was developed in response to extensive consultations with B.C.'s tree fruit industry (producers, packers, organizations, and associations). The consultations resulted in near consensus views on the challenges and opportunities in the sector.

An External Advisory Group of industry stakeholders considered what was said during the consultations with industry and how best to respond to those challenges. This Plan reflects the extensive and thoughtful contributions of the members of the External Advisory Group through 20 discussions. The Plan has been informed by staff from Agriculture and Agri-Food Canada (who provided information and expertise on relevant AAFC policies and program) and staff from the Agricultural Land Commission (to ensure the content and recommendations that related to the Commission were appropriate and the Commission's independence was not compromised).

The Plan has been unanimously endorsed by the industry members of the Advisory Group, which confirmed implementation of the recommendations in this Plan would have a significant positive impact on B.C.'s iconic tree fruit industry.

The Plan represents the ideal path forward for improving the circumstances of B.C.'s tree fruit sector. The Advisory Group (potentially with additional organizations being represented) will now support informing the implementation of the Plan. This next phase will include prioritization of the recommendations, determining specific actions to achieve the intent of the recommendations, assessing the feasibility of specific actions, assigning roles and responsibilities among organizations, identifying resources required to implement specific actions, an implementation schedule, and tracking and reporting on progress. The Advisory Group (expanded) will serve as the interim steering committee, until such a point a new organization is established, per recommendation #1.



Attributions



The Ministry of Agriculture, Food and Fisheries acknowledges the partnership with Inner Harbour Consulting in the development of the Tree Fruit Industry Stabilization Plan.

Inner Harbour Consulting Inc. (IHC) is a Victoria based management consulting company providing services to the public, private and not for profit sectors.

IHC's services include strategic planning and communications, project and business planning, project management, program review, organizational design and change, stakeholder engagement, and regulatory and legislative review.

Derek Sturko is the CEO of IHC and a former BC Deputy Minister who had significant leadership responsibilities in the social, natural resources and economic/public safety sectors.

Core Project Team

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Context

British Columbia's tree fruit sector includes a variety of tree fruit commodities concentrated in the Okanagan, Similkameen, and Creston valleys, with an estimated 800 growers farming approximately 14,000 acres planted in apples and cherries and 10,000 acres planted in grapes.

Results from an "[*Economic Contribution Study of British Columbia's Tree Fruit Sector*](#)" conducted by the Ministry of Agriculture, Food and Fisheries (the Ministry) indicate the sector contributed \$201 M to B.C.'s GDP in 2019, of which \$114 M was labour income that sustained 2,500 jobs across B.C. The preliminary results also suggest that economic activity generated \$27 M in provincial taxes and \$6 M in local government taxes.

Despite this significant economic activity, B.C.'s tree fruit industry is facing considerable challenges which are currently most apparent in the apple industry. These challenges have been compounding for some time and many farmers are experiencing financial difficulties.

The challenges, documented in recent reviews of the sector, are summarized in [Appendix A](#).

The Ministry is concerned that the current challenges facing apple farmers will expand to impact B.C.'s cherry and wine grape farmers and potentially other crops as apple farmers remove their apple trees and replace them with cherries and/or wine grapes (a reflection of the success of those commodities). This could negatively impact B.C.'s reputation as a leading exporter of tree fruit. If these challenges continue, declines in export and domestic sales are likely, which would negatively impact the provincial economy.

The financial circumstances of many farmers together with the lack of a comprehensive plan for the sector (as summarized in [Appendix A](#)) support the need for a review of the tree fruit sector and the development of a systematic, targeted stabilization plan. This plan emphasizes a renewed approach to industry leadership, with a focus on fruit quality, while also acknowledging the economic challenges farmers face in rising land prices and increasing cost of production.

The Path Forward: A Blueprint for B.C.'s Tree Fruit Industry / Tree Fruit Industry Stabilization Plan (the Plan) is intended to understand and evaluate:

- The factors that led to the circumstances currently faced by the B.C. tree fruit industry, with a focus on the apple sector.
- The roles and responsibilities of various organizations in the sector.
- The opportunities for a renewed approach and leadership within the industry.
- The future economic viability of the industry.

To ensure a full and objective process, the Ministry opted for a fresh look at all aspects of the industry, with no preconceived conclusions or anticipated outcomes. The comprehensive process to develop the *Tree Fruit Industry Stabilization Plan* is reflected in the following documents:

- [Industry Engagement Strategy](#)
- [Analysis and Audit of Organizations](#)
- [Report on Stakeholder Engagement \(Summary\)](#)
- [Report on Stakeholder Engagement \(Detailed\)](#)

The project has four phases:		
Phase 1	Development of Industry Engagement Strategy : project planning, assessment of current activities, context gathering	February to March 2021
Phase 2	Implementation of Industry Engagement Strategy : Industry engagement, consideration of options, and development of a report on Stakeholder engagement	April to June 2021
Phase 3	<i>Development of Tree Fruit Industry Stabilization Plan for B.C.: recommendations and decision-making</i>	June to November 2021
Phase 4	Implementation Coordination, Support and Monitoring	December 2021 to March 2022



What has Informed this Plan

- A review of previous studies of the tree fruit sector.
- The creation of an *External Advisory Group* composed of all key industry stakeholders, established to ensure the approach was relevant, comprehensive, and representative.
- The participation of approximately 80 Ministry employees whose roles intersect with the industry.
- Orientation sessions for organizations in B.C.'s industry.
- A review of apple and cherry industries in other jurisdictions.
- Analysis of the roles, responsibilities, and self-declared mandates of organizations in B.C.'s industry.
- The Ministry's engagement and consultation with farmers, packers, key industry organizations, associations, and other relevant groups (e.g.: financial institutions).

The comprehensive engagement sessions coupled with the review of previous industry studies have highlighted some of the critical issues impacting the tree fruit sector. The [Report on Stakeholder Engagement](#) provides the full details of all feedback that was received. While there were rarely unanimous views on any topics, there was a strong majority view on most topics.

[Appendix A](#) provides a summary of the issues identified by the tree fruit industry (farmers, packers, organizations, and associations) during the engagement and consultation process for which recommendations are provided.

[Appendix B](#) provides a summary of factors raised during the consultations for which no actions are recommended. Each factor was subject to analysis and was determined to be

unsupported. Further, each of these topics was discussed with the project's External Advisory Group, which did not support the need for actions on any of these matters.

[Appendix C](#) provides a list of the membership and participation in the project's External Advisory Group.

[Appendix D](#) provides a list of organization acronyms.



Recommendations

LEADERSHIP, GOVERNANCE AND DIRECTION

The consultation process identified significant challenges with leadership and governance in the sector which have impacted planning, cooperation, collaboration, and success (especially for apple growers).

Response: *Investment in improving the governance of, and leadership capacity within, the tree fruit industry.*

- 1) It is recommended a new industry agency be established to provide leadership, governance, and planning for the industry. The agency should be governed by board members appointed from key industry organizations and independent members with relevant skills and experience identified by the Ministry of Agriculture, Food and Fisheries.**

The agency's authority should include:

- a) Long-term strategic planning for and stability of the sector.
- b) Representation of all commodities (i.e.: cherry, soft fruit, pome fruit, and grape farmers and processors) and all growing regions of the province.
- c) Inter-agency coordination and facilitation of the realignment of roles and responsibilities of existing organizations in the sector.
- d) Encouraging collaboration among packing houses by facilitating cooperation on research and marketing/market access initiatives.
- e) Leading and/or participating in the implementation of recommendations in the Industry Stabilization Plan.

As the organization responsible for representing all commodities and regions, this agency would represent the entire sector as a member of the BC Agriculture Council and could encourage coordination and cooperation with other parts of the agriculture industry (including awareness of and access to emerging entities such as food hubs, innovation centres and emerging technologies and businesses).

The agency would be positioned to collect and distribute the accurate, reliable, current information necessary for decision-making, and coordinate and/or assume responsibility for efforts within the industry to address certain cross-commodity issues.

Efforts to realign the roles and responsibilities of remaining organizations should be made with the following considerations:

- Collaboration with the BCFGa to realign its mandate to the apple sector (e.g.: apple related research and market access) and modernize its governance structure. This would reflect a greater emphasis on lobbying and/or current challenges, such as labour and housing availability, that are facing the sector. Alternatively, a new apple centric organization would need to be instituted, to represent apples at the same level as cherries and grapes.
- Creation of an organization that is responsible for marketing apples as part of an industry marketing and sales strategy. The possible authorities (e.g.: quality standards, minimum pricing, designation, and licensing of sales agencies, etc.) of the organization could align with those proposed by the New Tree Fruit Varieties Development Council (NTFVDC). Alternatively, this responsibility could be vested with the new agency or an existing organization.
- "Winding-down" the NTFVDC.
- The possibility of the Summerland Varieties Corporation (SVC) becoming an independent agency, representing all commodities with governance distinct from the BCFGa.

Other key organizations will be instrumental to the success of these efforts.

DATA STRATEGY

The consultation process identified the need for accurate, comprehensive data to assist with industry planning and resource initiatives.

Response: *investment in a comprehensive data strategy to ensure timely and reliable data.*

2) It is recommended the Ministry of Agriculture, Food and Fisheries facilitate the development and implementation of a data strategy for the tree fruit sector.

High-quality data is needed to inform operational and business decisions, government program and policy development, and support the development and realignment of current and future Ministry programs. Comprehensive data would also assist government in setting benchmarks to measure the success of new policies or programs introduced to the tree fruit sector.

A strategy could include:

- Innovating to the process in which Ministry data is collected and analyzed. For example, paper-based applications for ministry services/funding could be moved to an online format, and data shared across relevant program areas to conduct more comprehensive data analyses.
- Increasing ministry data analysis to support farmers' decision-making through annual reports on exports and imports, local sales, consumer purchasing behaviors/preferences and market conditions at the commodity level, and by updating reports and documents on the ministry website.
- Improving data collection and sharing with industry by working with AAFC to understand the protocols surrounding data collection and dissemination by the federal government.
- Working with industry groups to improve data collection strategies in order to increase quality and quantity of data available for industry and Ministry use.

As part of the strategy, the Ministry could initially utilize existing data (e.g.: regarding trade and market, Business Risk Management, Labour) more comprehensively to inform decisions.

Subsequently, the Ministry should explore the feasibility of formalizing a relationship with AAFC to share data, research, and information, and the feasibility of creating an inter-ministry working group to define data needs. Additionally, opportunities to work with B.C. Stats should be explored.

This initiative will serve as a model for a pan-agriculture industry data strategy.

LABOUR SUPPLY AND HOUSING CHALLENGES

The consultation process confirmed the sector's strong reliance on foreign labour, the absence of a concrete plan for, or coordination of, labour requirements, and the challenges associated with navigating Temporary Foreign Worker programs. Many farms require year-round workers, as well as seasonal workers.

Response: *coordination of various government agencies' work concerning access to labour and the housing of workers through an industry labour strategy.*

3) It is recommended the Ministry of Agriculture, Food and Fisheries develop a comprehensive agriculture-centric labour strategy, make its expertise more accessible to industry and decision makers, and support the industry's efforts to access labour pools.

This should include:

- f) Working with other agencies to develop a domestic labour strategy, which investigates opportunities to access more domestic labour and incentives to recruit and retain domestic farm workers. Working with industry to build capacity and ensure effective human resource management practices is critical in this strategy.
- g) Working with other agencies to facilitate inter-agency coordination re: access to, retention of, and housing for foreign workers.

The tree fruit industry has difficulties finding domestic labour. As a result, growers utilize Temporary Foreign Workers (TFWs) extensively.

A comprehensive agriculture labour strategy should focus on system-wide improvements to housing and working conditions and contribute to addressing labour shortages through a variety of approaches (e.g.: student bursaries, training and skills development, employer HR improvements, adoption of labour-saving practices and technologies, etc.).

The Ministry should continue to advance multi-Ministry perspectives on mandatory minimum housing requirements for TFWs based on consultations being led by the federal government. A streamlined housing inspection model should be put in place to consolidate agency powers and reduce the number of individuals and inspections required on farms, which currently includes both pre- and mid-season inspections.



Other seasonal industries (e.g.: ski hills, tree planting) can access workers for part of the year, consistent with their seasons. Some of those workers might want to stay employed during the off seasons of their industries as part of a holiday or long-term tourist experience. Some of B.C.'s tree fruit sector accesses domestic labour, often from Quebec.

As part of this work, the Ministry should investigate whether a range of seasonal industries (e.g.: tree planting, aquaculture, berry and tree fruit harvest, ski hills) could coordinate their efforts for labour and capitalize on the benefits of differing seasonal needs. Efforts should be incorporated into Work B.C.

Further, the Ministry could work with Destination B.C. or other appropriate agencies to determine the viability of a promotional campaign to attract workers.

The supply of potential labour could be improved by increasing the number of countries from which workers can be accessed, and by creating permanent pathways to citizenship for long-term workers.

TFW processes could be improved by the following:

- Coordination of processes (e.g.: audits, longer periods between certification inspections).
- Reduced paperwork for applicants to access, retain, and house workers.
- Increased flexibility to facilitate the transfer of TFWs between farms and commodities consistent with crop seasons.

The inconsistent approach of local governments concerning farm labour and housing (e.g.: different requirements), could be standardized and made more consistent by modernizing and strengthening the relevant Minister's Bylaw Standard or through the introduction of a toolkit similar to the [Green Bylaws Toolkit for Conserving Sensitive Ecosystems and Green Infrastructure](#) (developed by a consortium of organizations (including the Province of British Columbia) and intended to guide local governments).

EXTENSION SERVICES

The consultation process identified that the instability and eventual loss of extension and horticulture services had negative impacts on knowledge transfer, relationship and network building, coordination among farmers, researchers, and government, and the ability of farmers to keep up with quality standards and other requirements necessary to stay competitive.

Response: *restoration and enhancement of horticulture and extension services in support of farmers.*

- 4) It is recommended the Ministry of Agriculture, Food and Fisheries enhance its support of, and contribution to, horticulture and extension services.**

The Ministry is currently renewing its extension services and related capacity and can build on this work and utilize the tree fruit sector to demonstrate the benefits.

The Ministry should also engage relevant post-secondary institutions to support targeted horticultural training and certification.

These efforts should consider the restoration of extension and horticultural services provided from within the industry and the introduction of these services at larger private packing houses to determine how appropriate and effective those services are in supporting farmers and the needs of farmers.

DEVELOPMENT OF NEW VARIETIES

During the consultation process, participants suggested that B.C. has been left behind in adopting and accessing new apple cultivars. It is apparent that there is confusion about the process for developing and commercializing new varieties that support BC industry development/competitiveness.

Response: *improve the coordination and effectiveness of efforts to research, develop, and commercialize new varieties, and ensure efforts support, and are informed by, all relevant commodities.*

5) It is recommended that industry leadership collectively establish a comprehensive process to support the acquisition, development, commercialization, and marketing of new varieties and new value-added products.

There is a need to establish formal and consistent processes to assess which varieties and marketing approaches to pursue. This could be addressed either through the mandate of the proposed new agency or through formation of a variety council.

There are currently effective processes to commercialize fruit but not to market varieties that are produced.

Ongoing assessment of market and consumer interests should occur, accompanied by a plan for the introduction of distinct varieties with significant investments in marketing and quality

control, more data collection of planting trends on B.C. farms, and the removal of all old varieties that provide minimal returns to farmers.

Other considerations should include climactic suitability, and quality parameters specific to each variety.

A quality program (e.g.: a VQA type program) could promote achieving consistent quality of fruit.

MARKETING, SALES, AND THE POWER OF RETAILERS

The consultation process indicated that:

- Farmers are often unaware of marketplace or consumer preferences.
- The small number of large retailers have set low prices and retain substantial profits, maintaining farmers as “price takers”.

The New Tree Fruit Varieties Development Council has proposed the development of an Apple Marketing Commission [under the [Natural Products Marketing \(BC\) Act](#)] with a broad mandate for B.C. apples, including licensing agencies (packers, farmers, growers) , quality standards, minimum pricing, information collection in support of marketing, collecting levies, export and domestic marketing campaigns.

Response: *address the need for coordinated and effective marketing, accessing additional domestic and export markets, and reasonable restrictions on retail pricing for B.C.'s tree fruit.*

6) It is recommended that Ministry of Agriculture, Food and Fisheries work with industry to develop and implement a coordinated 5-to-10-year Market Development Strategy for B.C. produced tree fruit(s). This strategy would identify priority markets for market access, development, and maintenance and include a rolling 2-3-year industry marketing and sales plan.

This should include:

- a) The Ministry continuing to undertake market analysis to identify domestic and international market opportunities for B.C.'s apple sector that could be targeted through this market development strategy.
- b) Investigating how the presence of tree fruit could be enhanced in B.C. public institutions as part of the [Feed BC](#) program.

- c) A decision concerning the proposed Apple Marketing Commission and, if appropriate, creating the Commission with an established mandate.



To be effective, such a plan must be in place for 10 years to reflect the time it takes to bring new varieties into production. There are examples internationally (e.g.: Cosmic Crisp from Washington State and multiple Enza varieties from New Zealand) that demonstrate the benefits of this approach. The strategy must connect growers with retailers, either directly or indirectly, to cultivate an understanding of the marketplace and consumer preferences.

As noted, there are currently effective processes to commercialize fruit, but not to market varieties. The emphasis needs to shift to a market driven approach, rather than the current practice of seeking out markets to sell varieties after they are developed.

The work should be done in cooperation with Summerland Varieties Corporation (SVC) to utilize consumer preferences to inform the production and marketing strategy from the beginning of a new variety release. The Washington State Apple Commission may be a reasonable model or guide for this work.

The Ministry has already begun enhancing the presence of apples in the Ministry's local marketing [Buy BC](#) Program and campaigns (e.g.: province-wide Buy BC ads on TV/bus shelters/social media; retail promotion of local tree fruits). This effort has the potential to increase shelf space for B.C. products, and the Buy BC Partnership Program provides cost-shared funding to support industry-led marketing activities to promote B.C. tree-fruit within the province. Support is also available through the Ministry to support export market diversification and development.

The [Feed BC](#) program has had success connecting B.C. food farmers and processors with public institutions in the province (e.g.: post-secondary institutions). This program could be expanded to have a targeted focus on tree fruits if factors such as supply, quality, cost-point, and supply of desired processed products are met.

- 7) It is recommended the Ministry of Agriculture, Food and Fisheries continue to work with its federal, provincial, and territorial counterparts to implement a retail code of practice.**

A national retailer code of practice signed by all large retailers would require adherence to certain rules of fairness, and better balance the obligations of suppliers and retailers.

In July 2021, Canada's Federal-Provincial-Territorial (FPT) Ministers of Agriculture reviewed the findings of the [FPT Working Group on Retail Fees](#). Ministers called on industry to collaborate and develop consensus for a proposal to improve transparency, predictability, and respect for fair dealing. They directed the Working Group to continue the work (e.g.: monitor the issue of fees imposed by grocery retailers to suppliers) and support industry in its efforts. This is an important first step in a national code of practice.

FRUIT QUALITY VERSUS QUANTITY

Participants in the consultation process expressed that the overall quality of B.C. apples has declined, which has reduced returns to farmers of high-quality fruit and diminished the reputation of B.C.'s apple industry and sales in domestic and international markets.

Response: *a coordinated approach to ensuring the highest quality tree fruit is grown in B.C.*

- 8) It is recommended that globally competitive and consistent fruit quality standards and criteria be developed by industry, with a supporting marketing strategy.**

Responsibility for the strategy could be vested with the proposed new agency or in a separate organization (see recommendation #1). The approach should guard B.C.'s reputation as a high-quality fruit producer and ensure that no poor-quality fruit is sent to lucrative markets. It will help ensure a single agency or person serves as spokesperson for the topic of fruit quality.

New Zealand and Nova Scotia offer examples or models which B.C. could consider. The B.C. VQA model used to ensure strict quality for B.C. wines should also be considered.

INCREASED USE OF INNOVATION AND TECHNOLOGY

Participants in the consultation process noted the availability of technologies that can support BC farmers and packers, including the ability to reduce reliance on labour (which is difficult to access), and support picking, sorting, and packing.

Response: *investigating available technologies to support B.C. farmers and packers.*

9) It is recommended the industry determine and act on ways that innovation and technology can support the sector.

There are several forms of innovation and technology that could support the sector. These include updated infrastructure at packing facilities, a B.C. agri-tech campaign, the adoption of agri-tech on farms, consideration of agri-tech hubs (like B.C. food hubs), and the [BC Decision Aid System](#) (BC DAS).

ADDRESSING PESTS IMPACTING B.C. APPLES

[Okanagan-Kootenay Sterile Insect Release Program](#) (OKSIR) has served B.C. farmers well, as the cost of dealing with codling moth is shared among all apple and pear farmers and with local governments and local taxpayers (to address this pest in residential, non-commercial settings). For example, OKSIR manages [BC DAS](#), an Integrated Pest Management decision support system which collects daily weather data from the local Okanagan weather network along with forecast data to create insect and disease population charts linked with management and pesticide recommendations.

The increasing focus on exports enhances the need for OKSIR. However, with the number of apple farmers removing their apple trees and replacing them with cherries and/or wine grapes, the Program is facing financial challenges.

Response: *address the future of B.C.'s Sterile Insect Release Program.*

10) It is recommended an assessment of the Okanagan-Kootenay Sterile Insect Release Program be conducted to determine the value the Program provides to the apple industry. If the Program is determined to be critical to the success of the industry and its viability is at risk, funding models that could be put in place to support the producer portion of Program costs should be considered.

As roles and responsibilities are realigned within the sector, OKSIR's functions should be examined to assess whether there is an opportunity and need to provide OKSIR with more flexibility to support the full sector (e.g.: by supporting cherry farmers) and whether any additional technologies might be available to support OKSIR in their program delivery.

ADDRESSING THE IMPACT OF CLIMATE CHANGE

Discussions with industry have highlighted the negative impacts that climate change is having on the tree fruit sector, particularly the need for local irrigation systems and modern infrastructure.

Response: *coordinated support for farmers with on-farm irrigation challenges.*

11) It is recommended the Ministry of Agriculture, Food and Fisheries, in partnership with other agencies, develop a program to support the development of local irrigation systems to accommodate the impact of drought, climate change, and water shortages on B.C.'s agriculture industry (including the tree fruit sector).

Potential partners to support this recommendation are the federal government, the Canada Infrastructure Bank, or other B.C. ministries (e.g.: Environment & Climate Change Strategy, Municipal Affairs; Transportation and Infrastructure; Jobs, Economic Recovery, and Innovation). The Ministry should pursue this opportunity with its federal, provincial, and territorial counterparts.

B.C. GOVERNMENT FINANCIAL SUPPORT

While some parts of the sector (especially the BCFGa) have requested that the Provincial Government pay apple farmers a subsidy to alleviate some of the difference between returns and cost of production, many participants in the consultation process believe funding from government is unfairly distributed and supports the production of low-quality fruit.

Response: *one-time support to address immediate producer challenges but long-term emphasis on supporting only farmers and programs with sound business practices.*

12) It is recommended the Ministry of Agriculture, Food and Fisheries investigate opportunities to respond to requests from some organizations in the B.C. tree fruit sector to provide one-time support to producers experiencing difficult financial circumstances.

13) It is recommended the Ministry of Agriculture, Food and Fisheries realign the way it provides financial contributions to the tree fruit industry or individual farmers in support of sound business management practices.

- a) Direct financial contributions should only be provided to farmers who demonstrate reasonable and sound business management practices.

At a minimum, reasonable, and sound business management practices would include having an Environmental Farm Plan, having a well-structured Business Plan, being enrolled in the BRM insurance programs [Production Insurance, AgriStability, AgriInvest], and having or actively pursuing WorkSafe B.C.'s core certification for farm and worker safety. It would not include the impact of unforeseen circumstances (e.g.: extreme weather).

Consideration of new entrants and/or young farmers should be contemplated. The Ministry's ongoing support of health and safety programs, such as on/off farm food safety or traceability programs for farmers, would not be held to the same level of cross-compliance scrutiny.

- b) Financial support to the industry through an organization or association should only be provided to programs that have a sound business rationale.

At a minimum, a sound business rationale would include a business case, objectives that benefit the competitiveness of the full industry or a specific commodity. It would indicate proposed outcomes that are measurable, metrics and a method to track success, and provide clear accountability to achieve the stated desired outcomes.

Programs that benefit the competitiveness of the industry would demonstrate principles such as proactive industry leadership, and market informed investments in research and technology.

14) It is recommended the Ministry of Agriculture, Food and Fisheries ensure any expenditures from the Tree Fruit Competitiveness Program (TFCP) reflect key elements of the *Tree Fruit Industry Stabilization Plan*. Financial contributions from the Fund should support initiatives that have sound business rationale (as defined above) and whole sector benefits.

The Ministry's recent [performance assessment](#) of the TFCP creates the opportunity to reprioritize how the Program is used to support the sector. As the Ministry assesses how to proceed, future expenditures from the TFCP will be consistent with the intent of this Plan.



For instance, enhancing awareness of available services and programs that support the competitiveness of the industry and increase or expand exports to markets that represent significant and reasonable opportunities for B.C. farmers will be prioritized.

Support should go to programs with capacity, sound business management practices, clear accountability for achieving established goals, and a demonstrated commitment to ensuring the transfer of knowledge gained.

15) It is recommended the Ministry of Agriculture, Food and Fisheries consider some form of program focused on supporting industry efforts to plant commodities that are commercially viable and include modern varieties, proven to grow well under local climactic conditions and offer significant and reasonable market opportunities for B.C. farmers.

A replant program should:

- a) Consider tree or vine removal and chipping as an eligible program activity to regenerate slowing or aged orchards and mitigate pest and pathogen risk.
- b) Consider integration with other commodity replant program(s) to facilitate diversification and orchard regeneration.
- c) Be established, maintained, and monitored based on industry competitiveness and benefit to business-oriented farmers.

If such a program is established, the Ministry should ensure any expenditures or supported activities are consistent with the intent of this Plan.

B.C. GOVERNMENT ONGOING PROGRAMS

The consultation process identified a range of views on some Ministry programs (e.g.: Tree Fruit Replant Program and the [Business Risk Management program suite](#)).

Response: *Ministry financial and program support focused on results, understandable by all farmers, and targeted to incent strong leadership and good business practices.*

16) It is recommended the Ministry of Agriculture, Food and Fisheries improve understanding and application of several Ministry programs that will benefit the full agriculture industry.

This should include:

- a) Redirecting program resources such as the [B.C. Agri-business Business Planning](#) to support business-oriented farmers.
- b) Considering piloting the [LEAN program](#) in the tree fruit sector to help improve and streamline farmers' business operations.
- c) Reviewing the Business Risk Management (BRM) program materials (e.g.: AgriStability, Crop Insurance) to make them easy to understand and inclusive (e.g.: program descriptions, application materials, translation, etc.).
- d) Ongoing review, evaluation, and modification of provincial and national program responses to events which negatively impact the tree fruit industry. This may involve adjusting existing programs consistent with provincial authority and/or negotiating with provincial, territorial, and federal counterparts to make meaningful changes to programs and agreements. For example, in AgriStability work can be done to create a better customer service model, use alternate data sources to speed up benefit payments and create processes to increase transparency.

Some tree fruit farmers are not aware of, and many do not access, these programs to improve their practices.

The current LEAN program offered by the Ministry is available only to agriculture processors. A pilot of this service in the tree fruit sector may be useful in addressing the large range in business acumen among farmers and help those who with incomplete business practices improve (e.g.: hiring practices, record keeping, training of staff, spraying schedules, field scouting). This would also provide a valuable test of the capacity to expand the program to all farmers in the agriculture industry.



The Ministry can improve the characteristics of the BRM programs without compromising their essence, their consistency with other provinces and territories, and the federal government cost-share contribution of 60% of their cost.

An important challenge to be addressed is how to respond to the increasing occurrences of extreme weather (e.g.: lengthy and extreme heat) which do not result in total crop loss but rather result in crops of lesser value due to partial damage (i.e.: loss in sizing and quality).

ENCOURAGING SUPPORT FOR BONA FIDE FARMERS

Inherent in the discussions about the way local governments, the Agricultural Land Commission (ALC), and the Ministry liaise with the agriculture industry is the notion that, in many cases, all owners of agricultural land are treated the same by those organizations and get the same benefits. In effect, farmers that produce food for consumption and contribute to the province's food security are treated the same as those that are simply landowners.

Response: *distinguish bona fide farmers for potential preferred consideration.*

17) It is recommended the Ministry of Agriculture, Food and Fisheries establish a method to distinguish persons who are actively farming and producing agricultural products from persons who own land which is generally used for non-agriculture purposes (especially as it relates to land in the Agricultural Land Reserve (ALR)).

This might include defining the term “bona fide farmer” (or some similar term) through a policy, a Minister’s Bylaw Standard, or some similar approach that provides certainty of the Ministry’s policy intentions.

This should help:

- a) Inform how such farmers are treated (e.g.: as it relates to discussions with local governments and applications being considered by the ALC).
- b) Provide preferred access to Ministry funding programs.
- c) Complement the criteria used at present (e.g.: a minimum value of sales of agriculture products) to enhance the existing farm tax benefits available to such farmers and potentially additional tax incentives.



AGRICULTURAL LAND RESERVE AND AGRICULTURAL LAND COMMISSION

Participants expressed a positive view on the ALR overall. However, they felt the ALC's emphasis on protecting agricultural land, as opposed to agriculture and farmers, does not reflect a viable, long-term approach to supporting farmers. In effect, the agriculture industry is in competition with non-agriculture activities for the use of the land in the ALR

The ALR and ALC have been the subject of several recent reviews, which have resulted in changes, which include revised commission organization and decision-making, and changing criteria to support decisions.

Through those reviews, the Commission's mandate has remained unchanged. Under [section 6\(1\)](#) of the [Agricultural Land Commission Act](#), the purposes of the commission are:

- To preserve the agricultural land reserve.
- To encourage farming of land within the agricultural land reserve in collaboration with other communities of interest.
- To encourage local governments, first nations, the government, and its agents to enable and accommodate farm use of land within the agricultural land reserve and uses compatible with agriculture in their plans, bylaws, and policies.

Under [Section 6\(2\)](#) of the Act, one of the things the commission must give priority to when fulfilling its mandate is the use of the agricultural land reserve for farm use.

Response: *Continue to protect agricultural land but enhance opportunities for farmers to be financially viable.*

18) It is recommended that the Ministry of Agriculture, Food and Fisheries work with the Agricultural Land Commission to achieve the Commission's stated objective to ensure agricultural production remains the primary use of the Agricultural Land Reserve while supporting economic opportunities for farmers to be financially viable.

This should include:

- a) Defining “bona fide” farmers, as outlined in recommendation 17, to distinguish persons who are actively farming and producing agricultural products from persons who own land which is generally used for non-agriculture purposes. This could be done through policy, a Minister’s Bylaw Standard, or some similar approach that provides certainty of the Ministry’s policy intentions.
- b) Consideration of implementing the intent of Recommendation 23 of the December 14, 2018, report “[Revitalizing the Agricultural Land Reserve and the Agricultural Land Commission](#)”. This recommendation proposed increasing the income threshold for farm properties qualifying for the [BC Assessment Farm Class](#) to be more consistent with other Canadian jurisdictions.
- c) Once the changes to increase [residential flexibility on the ALR](#) announced on July 12, 2021 come into effect (December 31, 2021), assess whether the housing opportunities allowed on the ALR (including the recent changes) support the ability of farmers to have an appropriate supply of farm labour housing, and that the recent changes did not actually increase residential speculation by non-farmers.
- d) Implementing communications and awareness for farmers, local governments, and others (coordinated and delivered by the Ministry and the ALC) regarding the activities that bona fide farmers can undertake on their land in the ALR to legitimately support their economic viability, including the features described in a through d above.



Recommendation 23 from “[Revitalizing the Agricultural Land Reserve and the Agricultural Land Commission](#)” report proposed increasing the income threshold for farm properties qualifying for the BC Assessment Farm Class to be more consistent with other Canadian jurisdictions. It suggested the low thresholds support speculation and idling of land (e.g.: lifestyle estates with large houses and minimal agricultural production). The ALC supported Recommendation 23.

The [ALR Land Use Regulation residential amendments](#) announced on July 12, 2021, are intended to increase housing flexibility on the ALR and allowed a variety of housing options (e.g.: guest houses, manufactured homes, etc.) without an

application to the ALC for both farmers and non-farmers. It will be important to monitor and assess if the changes have the intended impact (e.g.: support agritourism accommodation, housing for farm labour, etc.) to the extent necessary for farming operations or if further adjustments should be considered.

It is clear there is not a consistent and comprehensive understanding about types of activities allowed on the ALR, to what extent, and which require an application to, and decision by, the ALC. Over time, the legislation that informs permitted uses, the application process, and ALC decision-making have become complicated. An effective and sustained communications/education effort would assist both farmers and local governments to better understand the related processes, requirements, and opportunities.

LOCAL GOVERNMENTS

Participants in the consultations felt local governments were inconsistent in how they dealt with farmers, and that their actions and processes were inconsistent with their expressed support for farming.

Response: *Encourage supportive and consistent practices by local governments as it relates to B.C.'s tree fruit sector and provide more support to bona fide farmers (defined as persons who are actively farming and producing agricultural products as opposed to persons who own land which is generally used for non-agriculture purposes).*

19) It is recommended the Ministry of Agriculture, Food and Fisheries work with local governments to coordinate approaches to the industry.

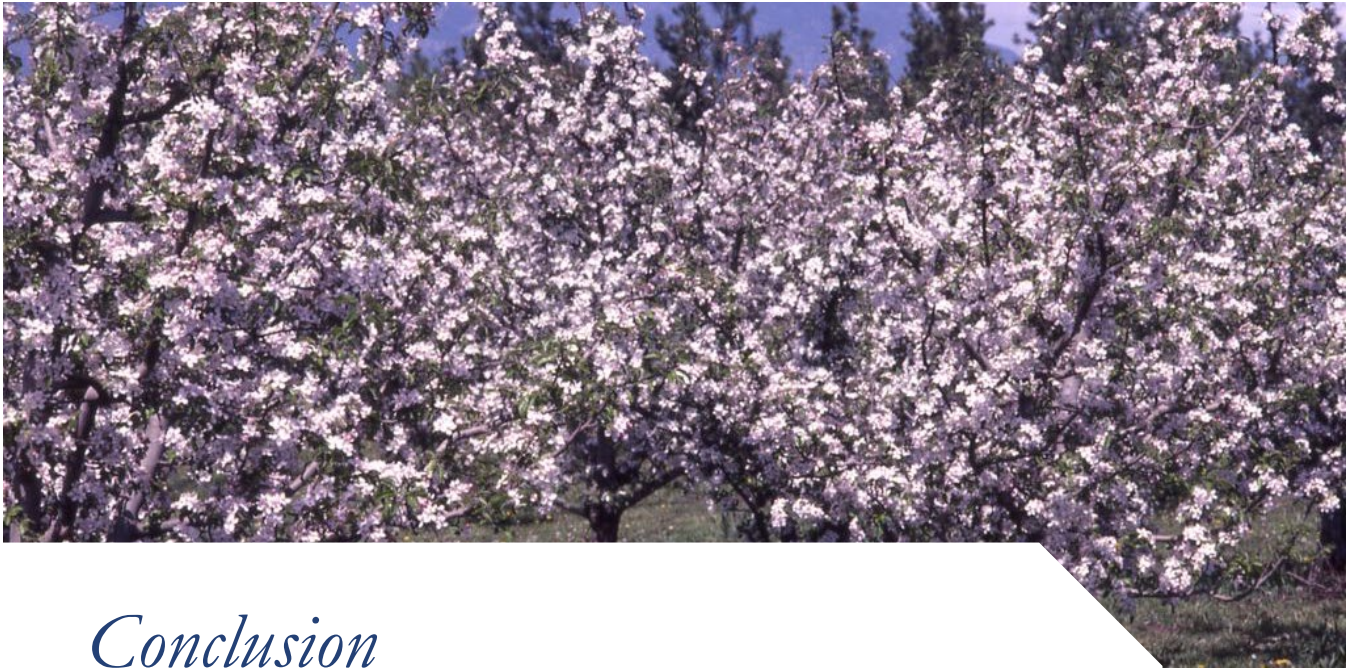
This could include:

- a) One or more Minister's Bylaw Standards, including updating the [Temporary Foreign Worker Housing Minister's Bylaw Standard](#).
- b) The Ministry of Agriculture, Food and Fisheries providing a list of principles for local government decision-making related to agriculture (e.g.: ensure continuity of, and support to, agriculture).
- c) Enhancing continuity of local government institutional knowledge regarding agriculture.
- d) Strengthening the role of local agriculture advisory committees to support their role in educating and recommending policy options to their Council and local government staff and ensuring membership includes bona fide farmers.
- e) Encouraging local governments to consider all applications supporting agricultural production received from bona fide farmers and the recommendations from their local agriculture advisory committees concerning those applications.
- f) Encouraging local governments to forward all applications supporting agricultural production received from bona fide farmers which have been endorsed by their local agriculture advisory committees to the ALC for consideration.
- g) Changing the Ministry of Agriculture, Food and Fisheries' approach to supporting local governments (requiring local governments to demonstrate they have done their work and due diligence prior to referring a matter to the Ministry).

The Minister of Agriculture, Food and Fisheries is responsible for ensuring that local government bylaws respect the provincial interest in agriculture and aquaculture. [Minister's Bylaw Standards](#) have been created to promote consistency among local governments in their treatment of

farming activities and to minimize conflict around agricultural uses. They are intended to guide the development of local government bylaws in farming areas.

In consultation with local governments, the Ministry should consider amending existing Bylaw Standards or issuing new ones to ensure consistency (e.g.: the length of approval processes, rules and requirements around housing, and inspection regimes such as for housing).



Conclusion

Previous studies and recent consultations with B.C.'s tree fruit sector have identified challenges that are emphasized in the production of apples, for which there is no plan to address the issues and no organization providing the leadership or impetus for the necessary actions.

The consultations identified several problems that, when considered collectively, pose significant risks to the livelihood of many farmers and, to some degree, the full sector.

The *Tree Fruit Industry Stabilization Plan* recommends several actions to address the leadership and governance of the sector, enhance its competitiveness, and build on the support provided by the B.C. government and other entities.

In the absence of action being taken in response to the recommendations in this plan, it is unlikely B.C.'s tree fruit industry (and particularly the apple sector) will survive at the same scale as it currently exists.

Progressive and business-oriented farmers will manage to weather the challenges and thrive. However, it is likely that many farmers will not be successful in the long-term in this increasingly competitive market.

The *Tree Fruit Industry Stabilization Plan* sets a new course in a positive direction and ensures collective interest, collaboration, and cooperation in the immediate and future-state of the industry.

Appendix A

ISSUES IDENTIFIED BY TREE FRUIT INDUSTRY PARTICIPANTS

Appendix A provides a high-level summary of the issues Identified by the tree fruit industry (farmers, packers, organizations, and associations) during the engagement and consultation process for which recommendations are provided.

See the [Report on Stakeholder Engagement](#) for a full description of that process and the findings.

Leadership and Governance

- Leadership is challenged by overlapping roles, responsibilities and competing priorities and mandates amongst industry associations. No one industry association owns or has developed a strategic vision, and related strategy implementation for the sector.
- Competing views and groups posturing for influential industry positions has resulted in fragmentation of the apple industry with reduced collaboration and considerable infighting. Consequently, the apple sector has been unable to effectively coordinate the development of new varieties, expand, access new markets, etc.
- Many apple farmers and some packing houses base their economic decisions on quantity of fruit produced/packed, over quality of fruit.
- Some apple farmers are reliant on perpetual government support for their businesses.
- Variability in the business acumen of B.C.'s apple industry has limited economic opportunities in the sector. For example, the cherry industry has utilized new varieties to create export opportunities for their sector. Collectively, apple farmers and their supporting leadership structure have not harnessed similar opportunities.

Data Strategy

- There is an urgent need for accurate, comprehensive data to assist with industry planning and resource initiatives. Well-informed data is required to ensure the fair and accurate administration of funding and other programs, and to track, assess, and demonstrate the effectiveness of initiatives.
- Farmers are not able to access sufficient data to make informed business decisions (e.g.: best commodities and varieties to plant).
- The Province of B.C. could better support its decision making with ongoing comprehensive and current information.

Extension Services

- Extension services are required to assist growers in making sound agronomic choices (e.g.: whether to introduce new varieties, beneficial management practices, etc.), to transfer knowledge to the next generation, and to support new entrants to the industry.
- Export quality fruit is needed to pursue premium returns in export markets. The small size of orchards in B.C. means there will always be farms needing help to achieve consistent fruit quality.
- Several organizations (including the Ministry and the Cooperative) have not been able to sustain extension/field services, much to the detriment of some farmers.
- The restructuring and subsequent loss of field service at the Cooperative negatively impacted farmers. The money saved for each grower on field service fees was much lower than the negative impact on grower returns.

The loss of these services has negatively impacted the direct link to production/spray (BMP) recommendations, knowledge transfer, relationship and network building, coordination among farmers, researchers and government, and the ability of farmers to keep up with the quality and other requirements necessary to stay competitive.

Development of New Varieties

- Competing views and interests among industry associations, and the absence of an industry-wide strategic vision has left B.C. behind in adopting and accessing new apple cultivars.
- It is unclear which organization has the responsibility of providing guidance to farmers about which varieties to plant. Many respondents felt marketing and salespeople familiar with consumer preferences are best qualified to do so.
- There is a need for access to a greater diversity of varieties (harvest times, flavor profiles, etc.), and protection of local varieties.
- Some farmers felt B.C. should focus on more niche varieties and get into some club varieties.
- The Ministry's Tree Fruit Replant Program should shift to only supporting the right varieties planted in the right areas. For example, the Pink Lady apple should only be planted in the South Okanagan, as it matures late and often freezes prior to picking in the North Okanagan.
- Industry needs better tracking of what is planted (acres by location, commodities, and varieties).
- There is confusion regarding SVC managed varieties and levies/royalties.

- There is concern that SVC managed varieties and accompanying promotion strategies may never compete with multi-million-dollar marketing campaigns of global competitors (e.g.: Cosmic Crisp).
- B.C. needs to grow more export quality fruit and capture premium markets with premium varieties.
- There is concern that not enough farmers have the quality necessary to develop premium export markets.

Much of the world has shifted to proprietary “club varieties” but B.C. has been unable to acquire licenses to grow those varieties and many B.C. farmers are unwilling to pay to be part of that trend. A plan and marketing support for new varieties from the industry is needed and cues can be taken from other Canadian examples of strong leadership (e.g.: Scotian Gold packinghouse in Nova Scotia).

Fruit Quality versus Quantity

- Many respondents suggested there are too many farmers producing sub-standard quality fruit.
- Most respondents felt the overall quality of B.C. apples has declined. This reduces returns to farmers of better-quality fruit and diminishes the reputation of B.C.’s apple industry and sales.
- Respondents noted the absence of quality standards.
- A few respondents indicated the overall quality of B.C.’s apples have not declined or has improved, and the problem is the marketplace does not understand quality.
- Marketing, Sales, and the Power of Retailers
- The small number of large retailers and large number of packing houses competing for the domestic market have allowed retailers to set low prices from which retailers retain substantial profits.
- Packers need to find ways to be more efficient to help increase grower returns. Quality fruit increases packing efficiency and reduces the amount of lower quality fruit getting to market.
- Farmers are often unaware of marketplace or consumer preferences.
- There is a desire for a trusted third party to help understand pricing and improve collaboration.
- Because farmers are the last parties paid in the production line (after retailers, marketers, packers, etc.), they receive minimal returns and are “price takers”.
- Government support should help reduce input costs, not serve as “handouts”, and provide incentives to grow quality fruit.

It was noted:

- The Ministry's BuyBC program is already enhancing the presence of apples in its campaigns.
- The BC Fruit Growers' Association (BCFGA) and the Canadian Horticulture Council are communicating with other provinces about using AAFC support to pursue China as an export market.
- The role of the Washington State Apple Commission (advertising, promotion, education, and market development for the Washington fresh apple crop) could serve as a model for B.C.
- Government Programs and Support
- A Financial "Lifeline" or Bridge
- In the past, the BCFGGA has requested a subsidy from the Provincial Government to make up some of the difference between the returns apple farmers receive and their Cost of Production (COP). The BCFGGA suggests this will offset the advantage Washington State farmers have from the subsidy from their US Department of Agriculture but will be temporary (ending once the industry "rebounds").
- This request was repeated by some individual apple farmers during the engagement sessions.
- Not all farmers are supportive. Some believe funding from government is unfairly distributed and supports the production of low-quality fruit.

Labour Supply and Housing Challenges

- A plan to help farmers coordinate labour requirements is needed.
- There is strong reliance on foreign labour as the number of domestic farm workers is limited.
- The process to access Temporary Foreign Workers (TFWs) is arduous and time-consuming (e.g.: application process, housing inspections, consulate contact, etc.).
- The TFW program would be more beneficial to farmers if made more flexible, and allowed for inter-farm transfers of foreign workers, shared housing for domestic and foreign workers, etc.
- There are variable rules/by-laws at different levels of government regarding TFWs. Local government (LG) regulations are thought of as "out of step" with agricultural needs.
- Changes in TFW regulations are costly for farmers and require retrofitting of previously approved housing.
- The limits on high occupancy housing set by the Agricultural Land Commission (ALC) on the Agricultural Land Reserve (ALR) reduces the number of units available for workers.

It was noted human resource planning and HR management skills are lacking on many farms, there is a need to be able to transition workers between commodities and share workers more effectively, and the logistics re: housing, payments, insurance etc. required by some government agencies to share workers between farmers are complex.

B.C. Government Programs

- Some participants suggested that the replant program was initially effective but had diminishing benefits overtime due to outdated and/or non-strategic program criteria and policies (e.g.: wrong types of replant activities being supported, program only supports farmers that provided fruit to the Cooperative).
- There was a similar range of views concerning the Ministry's suite of business risk management programs. Some felt the program and its benefits were appropriate while others expressed concern that the programs and the supporting documentation were too onerous, and the criteria excluded some farmers.

Agricultural Land Reserve (ALR) and Agricultural Land Commission (ALC)

- Participants had a positive view about the ALR in principle as a social and economic policy tool, however, many expressed concerns that the ALC's decision-making places restrictions on "real farmers" through emphasis on protection of agricultural land (as opposed to agriculture and farmers).
- Many suggested that by placing unreasonable restrictions on the use of ALR land for farming (e.g.: restrictions on farm worker housing and secondary activities like food processing, etc.), the ALC is not supporting farm uses

Local Governments

- Local governments were portrayed as inconsistent in how they dealt with farmers.
- There was concern that the support for agriculture articulated by some local governments has not been backed up by action. Examples of this included lengthy approval processes for farm businesses compared to other businesses, restrictive and onerous rules and requirements around housing, extensive and costly inspection regimes such as for housing, and lack of support for farmers' applications to the ALC.

Appendix B

OTHER TOPICS IDENTIFIED BY TREE FRUIT INDUSTRY PARTICIPANTS

Appendix B provides a summary of factors raised during the consultations for which no actions are recommended. In each case, these factors were subject to analysis (outlined below) which did not support the comments provided during the consultations. Further, each of these topics was discussed with the project's External Advisory Group, which did not support the need for actions on any of these matters.

See the [Report on Stakeholder Engagement](#) for a full description of that process and the findings.

Cost of Production

- Some participants in the consultations felt the average returns paid to apple farmers has been lower than the cost of production.
- However, there was a range of views on the factors that cause some apple farmers to have low returns.
- The absence of well-informed data has made it difficult to demonstrate the scale of this situation.

Analysis by the Ministry's Business Risk Management (BRM) Branch suggests:

- Most tree fruit farms are profitable most years (over 70% of observations).
- Small farms are profitable less often than larger farms. For example, farms generating \$250,000 or more in revenue are almost always profitable.
- Revenue is the key driver of profitability, not cost of production.
- Farms which produce only apples are profitable less often than diversified farms and those which produce other crops.
- Farms which produce apples and other crops are profitable more often than farms just producing apples.
- The profitability of apple farmers is largely driven by the price per pound achieved. Quality, variety and marketing all impact value per pound.
- Direct production costs (sprays, fertilizer, machinery repairs and operation, labour) very seldom exceed revenue.

The External Advisory Group reviewed the industry feedback and BRM's analysis on July 29, 2021. Members confirmed trying to reduce the cost of production for farmers would not be productive. Rather, efforts should focus on ways to increase grower revenue (e.g.: successful and efficient packing houses, marketing, etc.).

Because of these findings, no specific action is recommended regarding the cost of production. However, other recommendations (e.g.: providing increased funding/support to the Ministry's business planning program available to farmers, agri-tech, and the Sterile Insect Release Program) will serve to reduce farmers' cost of production.

The Cost of Running a Business

- Some farmers indicated the factors affecting their costs included the price of land, labour, water, and irrigation infrastructure and suggested these costs were much lower for their major competitors in Washington State.
- Some farmers suggest the important role they play in providing food and food security to British Columbians warrants that special consideration.

It was observed that:

- Land and housing prices and wages in B.C. reflect the cost of living and quality of life experienced in B.C. These factors affect every B.C. citizen and business.
- These costs are not going to go down and will remain a permanent feature of living in B.C. and running a business in the province (including growing tree fruit).
- Changes to these costs to help farmers improve their returns would require significant special consideration.

The External Advisory Group reviewed the industry feedback and observations on July 29, 2021. Members confirmed that trying to reduce the costs (e.g.: price of land) related to running a tree fruit business would not be productive. Instead, efforts should focus on ways to help farmers diversify and increase their revenue (e.g.: agri-tourism).

Because of these findings, no action is recommended regarding the cost of living in British Columbia.

Columbia River Treaty and Columbia River Basin Trust

- Several participants felt the 1964 Columbia River Treaty provided increased opportunity to Washington State agriculture. The treaty allowed Washington State to capitalize on the agreement by subsidizing primary production, and funding water and irrigation infrastructure in the state.

- Participants indicated similar opportunities were not available to British Columbia agriculture.

The Columbia River Treaty and Columbia River Basin Trust provide benefits to all British Columbians. The Columbia River Basin Trust provides some benefits to agriculture activities within the Basin. A shift on the way those benefits are applied is unlikely.

Analysis by the Ministry's Market Development and Trade Unit indicates:

- When the Columbia River Treaty was ratified in 1964, Canada pre-sold the benefits to the US for \$254 million (returned to B.C. in 2003).
- In the 1990's, residents of the Columbia River Basin negotiated the Columbia River Basin Trust (CRBT) with the province.
- All British Columbians (including B.C.'s industry) benefit through \$202 million annually, increased power generation and storage, and the lowest electricity costs in a major North American city.
- Industry outside the Basin cannot access the CRBT.

The External Advisory Group reviewed the industry feedback and MDTU's analysis on July 29, 2021. The Group had further discussions on September 9, 2021, at which time members felt this was not the reason for the industry's problems and the small size of any financial benefits that might be acquired would not make a significant difference to grower returns.

Because of these findings, no action is recommended regarding the Columbia River Treaty and Columbia River Basin Trust.

Competition from Washington State

- Some participants felt competition from Washington State apple farmers is undermining B.C.'s industry and this competition was unfair. They believed Washington State farmers were "dumping" apples into B.C.
- Some farmers and packers suggested this was an excuse by some members of the B.C. industry for poor quality apples, poor business practices, and ineffective leadership.

Analysis by the Ministry's Market Development and Trade Unit indicates:

- Although the quantity of apples imported from Washington State to B.C. has increased year over year, import quantity and values from August to December 2020 do not deviate from previous years' trends.
- The ongoing \$0.05/lb subsidy from the US Department of Agriculture (USDA) that Washington State apple farmers started receiving in July 2020 did not have any direct

impact on the quantity or purchase value of apples imported to B.C. from Washington State in 2020.

- There is no agreement among provinces about the possibility of dumping (exporting at a price below the domestic cost of production) of US apples in Canada, however dumping is not likely happening.
- Feedback from the B.C. industry is that action could worsen the situation for the B.C. Industry, given the US' recent appetite for tariff retaliation and investigations.

The External Advisory Group reviewed the industry feedback and MDTU's analysis on July 29, 2021. Members confirmed B.C. farmers cannot compete head-to-head with Washington State farmers because of orchard size and other factors. Instead, B.C.'s industry needs to find ways to distinguish itself.

Because of these findings, no action is recommended regarding Washington State.

Appendix C

EXTERNAL ADVISORY GROUP COMPOSITION

B.C. Ministry of Agriculture, Food and Fisheries

Executive Sponsor: Arif Lalani, Assistant Deputy Minister, Business Development Division

Name	Title
Mark Raymond	Executive Director, Extension Services and Support Branch
Georgina Beyers	Director, Industry Development Unit
Adrian Arts	Industry Specialist, Tree Fruit and Grapes
Lindsay Hainstock	Industry Advisor, Horticulture
Lindsay King	Coop, Tree Fruit and Grape support
Derek Sturko	CEO, Inner Harbour Consulting Inc.

Note: Many other Ministry officials participated in the External Advisory Group's discussions on a topic specific basis.

Members and Advisors

Name	Title	Organization
Dr. Rachid El Hadid	Director, Research and Development – BC	Agriculture and Agri-Food Canada (AAFC) – See Note
Dr. Nidhi Sharma	Senior Policy Advisor	
Andrea Wenham	Deputy Director, NW Regional Office	
Jesse MacDonald	Knowledge and Technology Transfer Specialist	
Jeet Dhukia	Vice-President	BC Fruit Growers' Association
Avi Gill	Board Member	
Sukhpaul Bal	President	BC Cherry Association
Madeleine van Roechoudt	Vice-Chair	New Tree Fruit Varieties Development Council
Melissa Tesche	General Manager	Sterile Insect Release Program
Amy Richards	Board Member	BC Grapegrowers Association

Note: Representatives of Agriculture and Agri-Food Canada participated in the External Advisory Group process in a support manner. AAFC supported the development of this Plan by providing information and expertise on relevant AAFC policies and programming.

Appendix D

LIST OF ACRONYMS

AAFC	Agriculture and Agri-Food Canada
AFF	B.C. Ministry of Agriculture, Food and Fisheries
ALC	Agricultural Land Commission
ALR	Agricultural Land Reserve
BCAC	BC Agriculture Council
BCCA	BC Cherry Association
BCDAS	BC Decision Aid System
BCFGA	BC Fruit Growers' Association
BCGA	BC Grapegrowers Association
OKSIR	Okanagan-Kootenay Sterile Insect Release Program
BCTF	BC Tree Fruit Cooperative
BRM	Business Risk Management (insurance) programs
FPT	Federal-Provincial-Territorial Ministers of Agriculture
LEAN	Lean methodology to optimize an organization's people, resources, effort, and energy
NTFVCD	New Tree Fruit Varieties Development Council
SVC	Summerland Varieties Corporation
TFW	Temporary Foreign Workers
VQA	Vintners Quality Alliance (the appellation of origin and quality standard for BC)