

# **ANNUAL REPORT**

**2003**

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## Report of the President

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To Members of the  
Canadian Horticultural Council:

Once again, the Canadian Horticultural Council has had a very busy year. Many things seemed to be put on hold due to the anticipated change in the government and now again because of an expected spring election.

During these past ten months no politician or government worker has been prepared to make any policy for fear of the backlash that could arise from a decision. One example of this is the new APF Program. A great deal of industry energy has gone into this program and we still do not have the final version. As we know, details are everything.

I will only briefly speak on some of the main issues as most of them will be fully reported on at the committee level by their capable chairpersons.

Food Safety has evolved this year into something that can be delivered to the farm and we are continuing to work toward a technical review of the guidelines by the CFIA. We will now have to come up with a delivery process that is supported by membership. The provincial governments must also support these initiatives.

Crop protection has been continuing along with its process that has been worked at over the last couple of years. We congratulate Agriculture and Agri-Food Canada on the establishment of the Pest Management Centre and encourage the PMRA to continue to work toward the changes that we so desperately need to achieve a true harmonization with our chief trading partner.

Trade has been an interesting issue this year. The United States Country of Origin Labeling Legislation and the Department of Health and Human Services' Food and Drug Administration (FDA) under the *[US] Public Health Security and Bioterrorism Preparedness and Response Act of 2002* (Bioterrorism Act) requiring close attention. As well, several key activities relating to the WTO were of concern. We expect agriculture will take a more prominent role in upcoming WTO discussions and negotiations.

Human resources continue to be an issue of major importance to all of us and we need to prepare ourselves for a presentation to the Prime Minister's Task Force on Seasonal Work.

We moved into our new offices last winter and over the past summer and fall the final decorating and landscaping phases have been completed. We are proud to say that three quarters of the project cost has been raised through the generosity of our members and

other contributors. The remainder has been covered by our operating account and we have been fortunate to be in a position to be mortgage-free.

This new building is co-owned with the CPMA. I think this has brought the two associations closer together, which is of great importance in this time of uncertainty in the industry. The Executives of both organizations continue to meet on a semi-annual basis.

During the past year, the CPMA struck two new committees as part of changes made within their organization. The first is a Grower/Shipper Tack Force; the CHC will have representation of this committee. The second is the North American Trade Task Force. CHC will have an opportunity to participate in this activity as well.

CHC has asked CPMA to appoint a representative from the retail sector to sit on our Food Safety Committee as it is critical that we work closely on this issue. Agriculture and Agri-Food Canada has established a Horticulture Value Chain Roundtable for the industry and CPMA's Past President, Leo Baribeau, will serve as chair. The presence of and active participation by representatives from both CHC and CPMA in these initiatives should help to foster understanding between us for the betterment of all.

Fund raising and sustaining an organization is a continuous worry but seems to be under control at this point. I hope that our tractor ticket sales can be improved upon in coming years so as to be a source of much needed income that will enable us to address the ever increasing needs of the industry. It is through activities such as this that we will be able to keep membership fees increases to a minimum.

I would like to thank the grower members for giving me this opportunity over this past year. The experience gained and the friendships made have been greater than any financial reward I could have received.

In closing I would like to thank the national staff for their dedication and hard work. The work you perform and the representation of the industry is outstanding.

Respectfully submitted,

A handwritten signature in blue ink that reads "Doug Connery". The signature is written in a cursive, flowing style.

Doug Connery  
2003 President  
Canadian Horticultural Council  
March 11, 2004

# Report of the Executive Vice-President



## Annual Report to Members

The past year has been, as have many others, hectic and fraught with files and issues which are increasingly complex, time intensive and bear huge impact on our industry and your individual business. Many things have changed since this organization began representing the collective interests of Canadian horticulture producers in 1922. Throughout the years our mission statement has been revisited on several occasions and has remained relatively unchanged: *a commitment to advancing the growth and economic viability of horticulture by encouraging cooperation and understanding to build national consensus on key issues.*

Horticulture is a \$4.2 billion industry representing 14.2% of agriculture, a workforce in excess of 300,000 persons and farm cash receipts greater than grains and oilseeds crops in 7 of 10 provinces. Horticulture is a highly diversified production which includes fruit, vegetables, floral and ornamental plants.

Membership remains relatively static, with only minor changes in the past 12 months. The CHC is comprised of 108 members in total from Nova Scotia to British Columbia, with active, associate and provincial government representation; there are also two associate members from the United States.

WHO we are...				
February 28, 2004				
Area	Membership Category			
	Active	Associate	Gov	All
Nova Scotia	5	1	1	7
PEI	8	2	1	11
New Brunswick	4	0	1	5
Québec	9	6	0	15
Ontario	9	5	0	14
Manitoba	7	5	1	13
Saskatchewan	4	1	1	6
Alberta	4	1	1	6
BC	17	0	0	17
Sub total	67	21	6	94
National	4	8	0	12
International		2		2
<b>Total</b>	<b>71</b>	<b>31</b>	<b>6</b>	<b>108</b>

Figure 1

ACTIVE Members Represent								
	Potato	Apple	Fruit	Veg	Grnhse	Floral	Other	Gov
NS	1		2	1				1
PE	5		1	1				1
NB	3	1						1
QC	1	1	1	3		1	1	
ON	1		3	3	1			1
MB	2		1	3			1	1
SK	1		1	1	1			1
AB	2			2				1
BC			3	9	1		3	
Subtotal	17	2	12	21	3	1	8	6
National						2	1	
<b>Total</b>	<b>17</b>	<b>2</b>	<b>12</b>	<b>21</b>	<b>3</b>	<b>3</b>	<b>9</b>	<b>6</b>

Figure 2

While there are limited opportunities to increase the number of active members there are many opportunities for each of us to recruit associate members. We all know service providers and allied industry entities that benefit greatly from our industry. Three new associate members per province would generate additional revenue of over thirty thousand dollars. Financial stability of our organization, and indeed our member organizations, is critical to an ability to manage and advance issues of importance. Over the years we have addressed fiscal constraints through decisions to increase membership fees, enter into a joint agreement with the Canadian Produce Marketing Association to invest in permanent

office facilities and reduce expenses in all areas as much as possible. We have also sought project contracts which enable us to address member needs. This past year we managed or partnered in 11 projects which also contributed to added stability; our most recent financial statement reflects these actions. We would not be in a position to do this without the commitment and outstanding dedication of the staff.

The CHC's mandate and resource focus is guided by members and a strategic plan that is reviewed and updated periodically. In a 2003 member survey respondents were asked to identify their top ten issues from a list of 46 possible issues. The top four issues identified by the membership as being key priorities are:

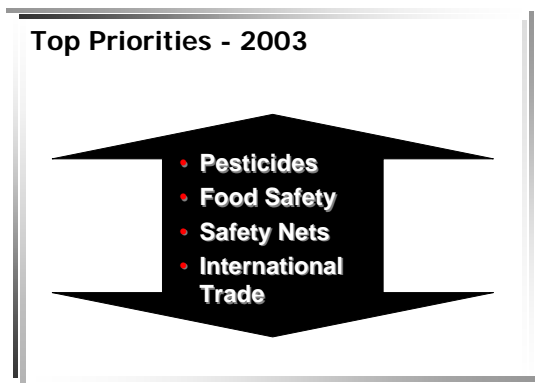


Figure 3

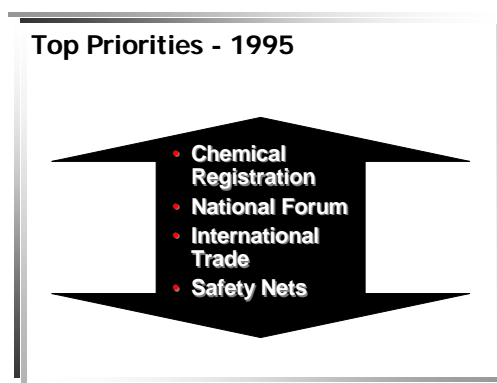


Figure 4

Research and Human Resource issues were also well positioned on the 2003 list. Key comments captured as part of the survey are noted below.

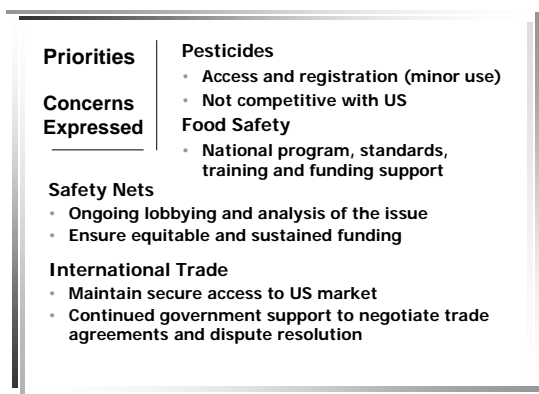


Figure 5

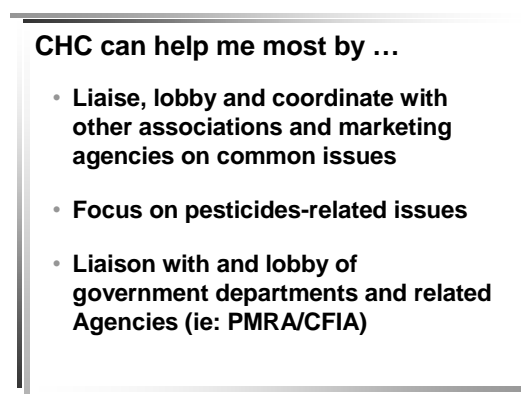


Figure 6

## 1. Crop Protection

The past two years have resulted in a number of changes in crop protection, particularly in the realm of minor use. *Crop Protection - A Better Future for Canada*, released by the CHC in November 2001 set out numerous recommendations for progress and improvements to the pesticides registration process. These were resoundingly validated by the current Minister in his Prime Minister's Caucus Task Force on Future Opportunities in Farming Interim Report (April 2002). Since that time Agriculture and Agri-Food Canada and Health Canada/PMRA

have taken action to address many of the concerns raised; however, some remain unresolved. As a result the gap in access to products by Canadian producers relative to their counterparts in the United States and other countries continues to widen. This is unacceptable.

The CHC has maintained an active role in the pesticide forum since 1975 through activities such as:

- participation in the 1989-1990 review process
- engaging in a working relationship with the US IR-4 Program since 1996
- monitoring United States Food Quality Protection Act and its impact
- facilitation of the minor use prioritization process
- being widely recognized as the face and voice of minor use in Canada

More recently, our initiatives have been focused on:

- National Integrated Fruit Production Guidelines for Apples
- Smart Fresh™ (1-MCP)
- Crop Profiles
- Reduced Risk Strategies
- Liaison and lobby activities
- Other

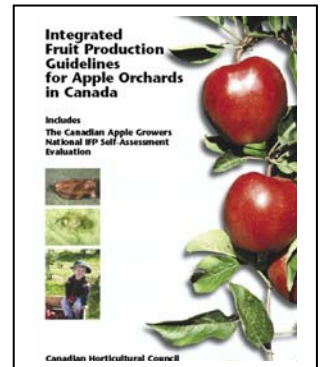


Figure 7

Agriculture and Agri-Food Canada's initiative to establish a minor use center in Canada has resulted in changing roles for many stakeholders including the CHC, AAFC, PMRA, US IR-4 and others. AAFC is to be commended for their efforts over the past year and we continue to be committed to working with them and other stakeholders to ensure the success of minor use initiatives. With change, there are challenges and we all must address the challenges presented by the changes. AAFC's newly created Pest Management Centre continues to take shape and now has several key staff in place, including the CHC's former Policy Affairs Coordinator, Shirley Archambault as Coordinator, Canada/IR-4 Research Projects. An advisory committee is in place and CHC's Dean Thomson is the chair of this committee. Bill Boddis was named Executive Director of the Centre early in 2004.

The following points summarize some of the issues/situations we have and continue to face relative to specific products and projects:

### ***1-MCP***

**Product:** SmartFresh™, active ingredient 1-methylcyclopropene (1-MCP), inhibitor of ethylene action, slows fruit ripening, softening, etc.

**Background:** SmartFresh™ has been approved for use on apples in the United States, United Kingdom, New Zealand, South Africa, Mexico, Chile, Costa Rica, Argentina, and Israel. Unfortunately, full registration is still pending in Canada. In response to letters received by grower/shippers from export buyers (UK) requesting SmartFresh™ be used on their apples (or cancel orders) and in order to prevent loss of market share to competitors (US), CHC intervened and assisted industry in attaining a research permit (PMRA 66-RP-03) to allow treatment at 5 commercial apple storages in Canada for the 2003 harvest season. Treatment is limited to a maximum of 20 rooms for all sites, and a maximum total of 6500 tonnes of apples (all sites). All treated apples must be exported. The CHC's Apple Working Group determined that four of the locations would be in Ontario (17 treated rooms) and one in Nova Scotia (1 treated room), based on export volume.

**Objective:** Demonstrate efficacy of commercial applications on apples in Canada.

**Summary:** This project is a cooperative effort (involving the PMRA, CHC, AAFC, OMAF, the grower co-ops and Agro Fresh Inc.) which hopefully will generate the required data and reports to allow a regulatory decision for use on the 2004 crop. Why not use the reviews of competent, internationally recognized professionals? How do we explain to Canadian buyers it is ok/safe for them to buy Washington State apples treated with MCP? It is difficult for us to respond to these questions.

### **Crop Profiles – Phase I**

For many years CHC has advocated the critical necessity for crop profiles as a much needed tool to help identify areas where pesticide use or the impacts on the environment can be reduced. Pest management strategies encourage the adoption of integrated pest management practices and assist governments and producers in forward planning and thinking regarding risk reduction and integrated pest management strategies. In early 2003 CHC and CFA were contracted by AAFC to oversee the development of national crop profiles; CHC completed the crops noted below while CFA was involved with grain/pulse crops.

**Objective:** to provide a complete pest management story for a specific crop by documenting the range of pests, chemical controls available, pesticide usage data, cultural practices and new advancements. The end product will provide the baseline information needed to help identify gaps in pest management, prioritize pest control needs, and develop risk reduction strategies for commodities. Crop profiles will serve to facilitate emergency registrations and reduced risk registrations and may also have valuable linkages to other initiatives related to environmental farm plans and food safety.

Apples	Asparagus	Beans, snap
Blueberries, high bush	Blueberries, wild	Broccoli
Cabbage	Carrots	Cauliflower
Celery	Cherries, sour	Cherries, sweet
Cucumbers	Ginseng	Grapes
Onions, dry	Onions, green	Peaches
Pears	Peppers, bell	Plums
Potatoes	Raspberries	Rutabagas
Spinach	Squash	Strawberries
Tomatoes, field	Tomatoes, greenhouse	

Figure 8

Apples *	Asparagus	Beans, snap
Blueberries, high bush	Blueberries, wild*	Broccoli *
Cabbage *	Carrots *	Cauliflower
Celery	Cherries, sour	Cherries, sweet
Cucumbers	Ginseng	Grapes
Onions, dry	Onions, green	Peaches
Pears	Peppers, bell	Plums
Potatoes *	Raspberries	Rutabagas *
Spinach	Squash	Strawberries *
Tomatoes, field	Tomatoes, greenhouse *	

Figure 9

\* Priority crop – to be completed 2004; others TBD

### **Crop Profiles – Phase II**

Phase 1 crop profiles were completed late spring 2003, however, it was clear additional work was required to fully complete the information packages. Recommendations for completion were submitted with each one; and late in 2003 CHC began coordinating the completion of the packages. For the most part, the researchers who developed the packages are completing them. Phase II is again a CHC-AAFC joint initiative. The crop profile documents will be completed in strict accordance to the revised crop profile template provided. In addition to collaboration with CHC project coordinator, Dave Pearen, the crop profile documents are being completed through consultation with agricultural, agro-economic, statistical professionals and resources, and CHC members. Ultimately, the completed profiles will assist growers, registrants and governments to identify and prioritize pesticide research requirements. The regulatory review system will benefit from the

availability of the profiles as they will provide a clear picture of the pest management practices for a particular crop and will contribute to risk assessments.

### **Access to Minor Use Products**

As noted, there continues to be gaps in the availability/access to minor use programs. Despite the progress which has been made Canadian producers remain at a disadvantage. We do not accept the continued argument and finger pointing that “the registrant is to blame”; “so and so didn’t do this” or “now they want that”. This does not accomplish common objectives and in fact is a waste of precious resources.

The gap in technology is widening:

- nine new active ingredients (AI's) in Canada in the past two years (not minor use - total) and 25<sup>+</sup> in the United States;
- 130<sup>+</sup> actives available in the United States which are not available in Canada in spite of Canadian producer needs for these products;
- the impact of re-registration is greater here than in the United States;
- proposed legislative changes to the default MRL legislation is a beginning, not closure; will not resolve the problems;
- The Commissioner of the Environment Report released in October 2003 is, for the most part, a huge step backward and a major disappointment as there are missed opportunities.

### **Product Specific Issues:**

Avuant: New product registered in the United States in March 2002; not registered in Canada yet; registrant recently withdrew product from registration process;

Fipronil: Not registered in Canada despite long term use in the United States. Canadian producers need it as it is critical for cabbage maggot control;

Streptomycin: Reviewed and cleared for use by the US EPA. PMRA has access to all the supporting documentation, yet only allows one year extension here despite clean bill of health in the US. This is the only effective control for fireblight of apples and pears;

1-MCP: competitiveness issues of high value to Canadian apple industry and other storage crop users; some application for floral and ornamental as well. Producers in the United States and others countries enjoy its use at the production level and have effectively taken advantage of it as a marketing tool;

Admire/Provado: The US EPA has granted 103 new uses for this active without data;

Surround: Three years of research permits in Canada; and again this year there was a big delay; we (and others) anticipated registration as it is simply Kaolin Clay (dust) particles. The United States waived most data needs and determined it to be basically benign.

These are just some examples.

The Crop Protection Advisory Committee met several times during the year and CHC participated in the NAFTA Technical Working Group on Pesticides meeting in Vancouver. Our counterparts in both the United States and particularly Mexico face some of the same challenges we do.

There is no question there are some “dots to connect”. From our experience, we see the same issues, and/or patterns repeatedly. There are others. Overall, there is need to scratch beneath the surface to resolve key issues. We continue to press for a joint meeting with the Ministers of Agriculture and Health.

## **2. Food Safety**

Food safety at the farm level continues to be an area of priority for the CHC and its members. As it relates to this all-important issue, the CHC's commitment is to:

- produce the safest and finest quality crops in the world;
- adopt and promote production practices that support these objectives and the environment;
- ensure the availability of affordable and credible food safety programs to meet the needs of members and buyers, and
- continue to meet these objectives and remain competitive.

The CHC's Food Safety Committee and its working groups, Potato OFFS Task Group and Apple OFFS Task Group have been very active since the Niagara Falls annual general meeting. Over the past number of months the CHC's generic guidelines have been reviewed and the hazard analysis and prerequisites updated. The CHC has also undertaken the development of commodity-specific subsets of the guidelines. At this time, manuals for tree fruit and potatoes are nearly complete as a result of working groups established for these commodities. The manuals will be suitable for adaptation to other commodities. The Guelph Food Technology Centre has acted as technical advisor to the project. The CHC is currently in the queue for CFIA technical review of its On-Farm Food Safety Guidelines for Fresh Fruit and Vegetables in Canada.

CHC's Food Safety Committee met in January 2004 to discuss, develop, refine and recommend direction and an implementation and delivery strategy for horticulture for recommendation to the Executive and Finance Committee and presentation and ratification by membership at the upcoming annual general meeting.

The much-anticipated Canadian Food Safety and Quality Program (CFSQP) has recently been announced. We do have concerns over some of the elements of the program. The caps currently proposed for several of the various phases are not adequate. There is no provision for conducting much needed baseline research to measure the impact of on farm food safety programs as they are being implemented. Furthermore, there is little clarity as to how provincial initiatives might link with national ones and associated funding.

We look forward to developing and submitting a funding application for multi-year funding to further on-farm food safety within horticulture.

The CHC continues to be an active member of the Canadian On-Farm Food Safety Working Group (COFFSWG), a group which has played an important role in bringing producer groups together to discuss issues of mutual interest and to develop common tools and elements for the on-farm programs. The mandate of the COFFSWG is to deal with technical issues where industry sees benefits in mutual collaboration. This group continues to be industry-led, provides input to government, and has undertaken many collaborative initiatives in relation to on farm food safety. Paul LeBlanc represents the CHC on this committee.

## **3. Safety Nets**

The availability of effective and affordable safety nets continues to be a priority for producers. The Business Risk Management Program is a key component of the Agricultural Policy Framework and is certainly the one which has received the most attention. The overall intent of the APF is good and it is very difficult to take exception with the pillars of this

framework, including business risk management. However there are many concerns with this pillar from all sectors of agriculture. The common position has been that the proposed package of safety nets has not been developed to the point that it is ready to be implemented. The proposed package does not address all commodities across Canada, and some elements are, at this point, not effective for horticulture. Specific details are long overdue and after the fact. As of mid-February outstanding issues relating to business risk management and the new Canadian Agriculture Income Stabilization Program (CAISP) included:

- Process for participants to verify the reference margin calculations for their farm as to be able to entertain discussions with CAISP where differences in production margin calculation occur; that is, discrepancy between what a participant believes the new margins should be versus the CAISP estimate;
- Availability of forms to file for crop year 2003 for the new CAISP to be out and available for use;
- Clear policy for covering negative margins;
- Determination of the final amounts a grower must deposit? (i.e.: 1/3, 30% or another amount);
- Clarity as to the treatment of year end inventory (i.e.: method for determining value); the value could vary significantly depending on the methodology utilized.

These issues are particularly time sensitive as producers need to make business decisions as they prepare to plant crops in 2004.

The National Safety Nets Advisory Committee (NSNAC), the advisory committee to the Minister, has experienced frustration at every turn since our last annual general meeting. We will continue to monitor this file closely and bring forward your concerns at every possible opportunity.

#### **4. International Trade**

The CHC has followed with great interest the progress of supporting regulations being developed by the United States Department of Health and Human Services' Food and Drug Administration (FDA) in support of the *[US] Public Health Security and Bioterrorism Preparedness and Response Act of 2002* (Bioterrorism Act).

Several aspects of the proposed regulations - scheduled for implementation on December 12, 2003 had a significant impact on the way in which our members do business, most notably with respect to the requirements relating to prior notice and the differentiation between an "article of food" versus "shipment of food". The CHC submitted comments to the United States on the proposed regulations and communicated extensively with members. Many questions remain unanswered, particularly a clear and final definition of a "farm" as it relates to registration exemption.

We continue to be the liaison between AAFC's International Trade Policy Directorate and our members in terms of consultation on specific trade agreements as they are being developed.

#### **5. Special Projects**

**Apple IFP:** In 2001 the Apple Working Group of the CHC undertook a project to develop

Integrated Fruit Production (IFP) guidelines for the Canadian apple industry. The goals of the project were to:

- (1) enhance the economic viability of the sector by meeting international standards, producing high quality fruit economically, and assisting the industry in providing an alternative marketing tool for Canadian apples;
- (2) minimize negative impacts on the environment (air, water, soil and wildlife) by reducing reliance on pesticides and implementing IPM programs; and
- (3) enhance grower awareness, acceptance and adoption of sustainable apple production practices through education, opportunity and incentive. The purpose of the National Apple IFP Guidelines are to provide a uniform minimum standard for apple production, which will form the framework for individual provinces developing their own, more region specific IFP protocols and eco-label marketing ventures.

In 2002 a draft of the National IFP Guidelines and a grower self-assessment was distributed to 45 apple producers across the country as a pilot project. Responses from the self-evaluation were generally positive and indicated the Canadian apple industry is at various levels of the IFP continuum. A national IFP conference, hosting 110 participants was held in February 2003 to launch the National IFP Guidelines and the final, published guidelines were distributed to apple producers across Canada in March 2003. Work progressed through the season on developing a method to measure IFP adoption in Canadian apple production and establishing a baseline and benchmarks.

Phase II of the project was initiated in April 2003 with funding from Agriculture and Agri-Food Canada's CARD funding program. Projects include:

1. Development of a grower toolkit to accompany the National IFP Guidelines.
2. Development and distribution of a brochure for retailers and consumers on the efforts of the Canadian apple industry in environmental sustainability and on-farm food safety through IFP.
3. Delivery of IFP workshops in all major apple-growing provinces in the winter of 2004.

***Needs analysis and feasibility study for the seed potato industry:***

The CHC received Year 5 CARD funding for the completion of a needs analysis and feasibility study for the seed potato industry. This study will enable the industry and the Fruit and Vegetable Dispute Resolution Corporation (DRC) to make decisions surrounding the inclusion of seed potatoes under the DRC. Seed potatoes are not currently covered under the DRC, and the industry approached the DRC to request access to the same benefits that other commodities receive.

The main components of, and issues included in the feasibility study will be:

- Identification of industry needs;
- Identification of existing trading standards on a trilateral basis (Canada, United States and Mexico);
- Determination of trading standards and default tolerances;
- Identification of modifications that may be required to DRC standards and guidelines should seed potatoes be added;
- Inventory of inspection services and the role of CFIA;
- Determination of availability of qualified arbitrators to adjudicate on disputes, or training thereof;

- Determination of anticipated participation in the DRC by the Canadian seed potato industry including growers and grower-shippers;
- Analysis of costs/benefits;
- Determination of anticipated impact on DRC operations (membership and services); and
- Exploration of potential for a bilateral pilot program (Canada-US) including the establishment of default standards that would apply in the absence of an explicit contract, with provision to expand to Mexico.

Consultations have been underway since July 2003 with industry members, the DRC board of directors, the federal government, the National Potato Council (U.S.) and the U.S. Department of Agriculture. It is hoped that meetings with representatives of the Mexican seed potato industry and government will also be possible. The first draft of the needs analysis and feasibility was presented to Canadian industry in early November. Consultations on the results of the study will continue, with a decision to be taken in the spring of 2004.

### ***Roundtable discussions on human resources issues and strategic plan for horticulture***

As previously noted members ranked human resources high on their list of priorities. In response to recent annual general meeting resolutions on this subject, we have become engaged in a project with a small industry task group and Human Resources Development Canada with the objective of developing a clearly defined human resources strategy for the horticulture sector in Canada. Various labour issues were identified in the major human resource study of the Canada's horticultural industry undertaken by HRDC in partnership with the Canadian Horticultural Council (CHC) in the early 1990's. These issues included:

- Lack of labour force
- Seasonal labour and its implication
- Difficulties to attract employees
- Need to develop ways to retain and stabilize the labour force
- Need to enhance human resource management at the farm level
- Problems related to the underground economy (i.e.: black market employment)
- Job opportunities and career awareness
- Certification programs and loss of recognition
- Continuing education

The majority of these continue to be pertinent a decade later. Specifically, this project will involve the gathering of input and views from various stakeholders and CHC members as to the challenges and issues facing the industry. These views were collated and brought forward at two Round Table meetings in November 2003 and January 2004. The first round table session defined the key strategic issues and began the development of a strategic HR plan. The second session further refined the elements of a strategic plan and implementation issues. An interim report will be presented during the AGM with a final report to be submitted to HRDC in early April.

## **6. Commodities**

### **• *Apples:***

Apple producers from across Canada have continued to develop a strategy to address the crucial issue that growing apples in Canada has become unsustainable. Several initiatives and interventions have been made at many levels to convey the message through a

*Recommendations for Renewal* briefing document. In summary, three key priority areas have been identified to focus government and industry efforts on achieving the goals of the Agricultural Policy Framework and renew Canadian apple production:

- **Renewal – Replant:** Replant 5% per year of the 50,000 acres of the current production. Full renewal of the existing production base would take twenty years with proposed three-way cost-sharing (federal-provincial-industry) at one third each.
- **IFP: Food Safety – Traceability – Environmental Issues:** Sustained funding over three years (minimum) is needed for roll-out/implementation of On-Farm Food Safety for apples. Growers need trained field people to work with farmers, assistance for capital costs (e.g. pesticide storage sheds), and possible tax/financing breaks. We recommend establishing an industry-government working group tasked with studying the implications of OFFS/environmental issues on industry.
- **Research – Science – Technology:** Investment is needed in primary production research. The research budget at AAFC may be growing, but a shrinking proportion is going towards primary production. Missing elements include technical advice, technical support, and assistance to better manage the crop. Research fits well with other APF and industry priorities (food safety, renewal, i.e. new varieties). The industry is working to develop a national priority list identifying the top research needs.

- **Potatoes:**

The potato sector, through the CHC as well as through the potato association members contributed to the “Review of Potato Breeding and Germplasm Enhancement Research Within AAFC” exercise. Industry concerns were well articulated in the submissions to the review and we look forward to additional opportunities to provide input.

The Canada-US Potato Committee continues to meet on an annual basis, with the 2003 meeting completed in Ottawa on November 4, 2003. Several of the initiatives of this group, particularly the grade standards harmonization exercise, will serve as a template for other commodities such as apples and tomatoes. In fact, the CHC will be coordinating such an initiative with Canada and the United States beginning in January 2004.

- **Tomatoes:**

The CHC will be working with Canadian tomato sector representatives to coordinate an initiative to meet with representatives from the US sector to begin discussions which could potentially lead to a harmonization of North American grade and good delivery standards. This exercise would follow a procedure similar to that used successfully in the potato industry. The initial meeting was held in Ottawa early in 2004.

## **7. CHC/CARC/Research**

The CHC is very interested in the Development of a Sectoral Strategy for Horticultural Based Research and Technology Transfer. While a focus is yet to be determined, there is interest and CHC representatives had an opportunity to discuss options with CARC in mid-September.

While it is anticipated that industry would take the lead on a sector strategy with support provided from others, the CHC is not currently in a position to allocate resources to such a project. We suggest that the issue and further options be pursued through discussions via a specific agenda item and the Research Committee meeting at the 2004 Annual Meeting.

This would work well as discussions with CARC indicate the timing for a project should aim for roundtable discussions and development of a strategy in fiscal year 2004-05 earliest. The success and direction will depend on appointment of a champion to move the initiative forward and the appropriate financial resources will be made for the project.

## **8. Partnerships**

We continue to maintain many strategic partnerships with key organizations along the value chain. These include the Canadian Council of Grocery Distributors, other national and international agricultural organizations and of course the CPMA. We look forward to participating in two new initiatives being undertaken by CPMA. First is a Grower Shipper Task Force that will address issues such as grower/shipper marketing information, enhanced marketing of fresh fruits and vegetables, work upon regulations that are negatively affecting the sector and commerce and enhancing dialogue with customers. The second is a North American Trade Task Force, created with the objective of addressing:

- fair and ethical trade practices;
- standardization and harmonization or acceptance of equivalency in trade regulation, and customs practices;
- enhancing effective border measures, without administratively complex or unpragmatic and punitive regulatory measures; and
- harmonized or equivalent, pragmatic food safety and security systems across the fresh vegetable and fruit supply chain.

The Chair is John Anderson, The Oppenheimer Group and Bruce Peterson, Wal-Mart, serves as Vice-Chair.

## **9. National Office**

Our long-standing administrative services contract with the CPMA relating to co-shared staff changed significantly a few months ago. Both organizations have experienced increased demands on staff and services required by members. As such two key positions, finance and accounting / membership are no longer co-shared. These positions were previously co-shared at 50% and 20% respectively. The CHC now employs a full time administrative coordinator and a financial controller. We will also be filling the position previously held by Shirley Archambault in the near future.

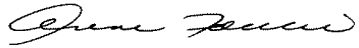
## **10. Conclusion**

This report is an attempt to provide an overview of CHC activities and is by no means all-inclusive. As we look ahead to the coming year it is clear that our theme this year, Growing Challenges, is indeed an appropriate one.

I take this opportunity to publicly thank all of you for your support, active participation and contribution to the Canadian Horticultural Council. On behalf of the staff in the national office, I extend a special thanks to Doug Connery, our outgoing president, and the members of the Executive and Finance Committee and those of you who have been responsible for our various committees through they year - you make our work easier. I look forward to working with our new president, André Turenne.

At this time I especially want to thank the team in Ottawa: Heather Gale, Patti Proulx, Amy Argentino, Andrew Wilson, Dave Pearen and Stéphane Landreville.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Anne Fowlie".

Anne Fowlie  
Executive Vice President  
March 11, 2004