



August 2011 NEWSLETTER

Presidents Report

On July 18th the strawberry season came to an end in Cedar Hill. The strawberry crop varied greatly in Eastern Ontario with heavy rains causing significant damage early in the harvest. The raspberry crop is unbelievable this year with the main problem being to sell as much fruit as possible before it ends up on the ground. Extreme heat is ripening the crop more quickly than it can be harvested. Sweet corn planted on plastic is producing very well with the demand very strong as always for early corn.

A big challenge this season for the Ottawa Valley for strawberry growers was the attitude of many chain stores in the area. One example was Freshco offering one pound clamshell of U.S. strawberries for \$.99 during our peak season. At our farm we were marketing one litre for \$ 4. It would appear that .99/lb. is below cost of production . Sales at our farm and stands were very slow during the Freshco sale. This is a problem which we should once again address during the winter months. The big chains all pay lip service to being supportive of local produce, but it appeared this year that they were promoting American berries during our peak June season. Vegetables are becoming a huge draw at both satellite stands and farm markets. This is nothing really new, but it is worth mentioning that farms with a wide variety of crops to offer have a significant advantage over those with only strawberries and raspberries. A shopper is more likely to patronize a farm or market that offers multiple vegetables as well as berries.

Hope to see you all at the twilight meeting on September 14th at Jennen Family Farm Market. You never fail to pick up valuable information when you are able to visit another farm during the working season. The effort to attend pays big dividends.

All the best for a rewarding season.

Sincerely,
Paul Ralph

From OBGH Headquarters

There has been a tremendous effort put into the new website layout. Most people I have spoken too are very impressed with the new website and layout. As with most new sites there were a lot of challenges along the way but the end result is quite impressive and easy to work with.

Promotion in general has been a focus this summer as we are in the last year of our Ontario Market Investment Fund program. We quickly sold 200,000 OBGH bags and 3500 plus reusable strawberry bags, as well as thousands of recipes. We once again sponsored the Foodland Ontario Display Contest as well as doing both print advertising and online advertising. Thanks to all who took part in the promotions. Hopefully we will be able to access more funds next year to build on our past marketing.

As many of you are aware the Ontario Fruit and Vegetable Convention is moving to Niagara Falls next year and we will be following them having our meeting the day prior to the start of the convention. More details will be coming soon but if you have any suggestions of topics that you would like to see covered please feel free to contact me.

Lastly I want to invite everyone to join us at Jennen's Farm near Thamesville on September 14th for our annual Twilight Meeting. These are great meetings with plenty to share and learn from the past growing season. Feel free to call me or drop me a line to confirm your attendance

Kevin



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R.R. #2 Simcoe, ON Canada N3Y 4K1
Phone: 1-519-426-3099 Fax: 1-519-426-2573
www.strawberrytyme.com

Achene Report

The summer is busy for our members and although the Achene committee has not met since early April, members of this committee are still active. As part of the plant propagation program both strawberry and raspberry plants from the program are planted and evaluated each year.

These are what is referred to as the Verification Trials and a group of dedicated individuals meet in June for strawberries and then again in July to observe and evaluate these plantings. The plants are examined to make sure they are true to type (the correct variety) and to look for any abnormalities such as virus or genetic variability. The

results are in and there were no problems with the plants that were evaluated.

I would like to thank everyone that took part in these evaluations and we were fortunate that we had two growers (Brian Murphy and Bryan Durst) who took time out of their busy schedule to participate in these meetings.

Sincerely,
Paul Watson
Achene Committee Chair

Membership

If you receive a membership reminder, please send in your membership dues for the 2011 year. If your membership is not paid we will have to remove you from the website and our other mailing lists. If you are unsure of your status feel free to contact the OBGA office.

OBGA Website

The OBGA's website has recently been revamped with a whole new look. The site provides a variety of resources for both farmers and customers to use at their own disposal. There are three videos on the home page; one each about blueberries, strawberries and raspberries. The website also has a whole section that provides recipes for strawberries, raspberries, blueberries, currants, cranberries, saskatoons and gooseberries. Ontario Berries has also joined onto Facebook and Twitter, and both of these accounts can be accessed by clicking on the icons on the right hand side of the homepage. You can also go directly to the Facebook page at www.facebook.com/ontarioberries or follow us on twitter @OntarioBerries I highly recommend that you go and check out your farm's section on the website, as well as liking us and following us on Facebook & Twitter.

New Regulation 119/11-Produce, Honey and Maple Products under the Food Safety and Quality Act, 2001

For Ontario's Fruit, Vegetable, Nut, Peanut and Mushroom Industries

Replaces Regulations 378, 384, and 386

REGULATION 119/11 REPLACES, MODERNIZES AND CONSOLIDATES THREE REGULATIONS

On July 1, 2011, Ontario introduced a new regulation regarding fruit, vegetables, honey and maple products. Regulation 119/11 falls under the *Food Safety and Quality Act, 2001*. It replaces three regulations in the *Farm Products Grades and Sales Act*: Regulations 378 - Grades, Fruit and Vegetables, 384 - Honey and 386 - Maple Products which have been revoked.

Regulation 119/11 applies to fresh fruit and vegetables, honey and maple products. It also includes sprouts, fresh culinary herbs, in-shell nuts and peanuts and edible fungi, not subject to the federal *Canada Agricultural Products Act*. This provincial regulation reflects current industry needs and practices and removes barriers to innovation while promoting food safety.

Labelling requirements are in addition to any federal requirements that may apply under the *Consumer Packaging and Labelling Act (Canada)* and the *Food and Drugs Act (Canada)*. Refer to federal government requirements to ensure compliance.

This document notes several important changes for farmers and packers. An official copy of the *Food Safety and Quality Act, 2001* and Regulation 119/11 - Produce, Honey and Maple Products can be accessed on the Ontario

government e-laws website, under Current Consolidated Law at <http://www.e-laws.gov.on.ca>.

FRUITS AND VEGETABLES

What is Covered

This regulation applies to any produce that can be commercially grown or harvested in Canada. This includes fresh fruit and vegetables and, for the first time, sprouts, fresh culinary herbs, nuts and peanuts in the shell, and edible fungi.

This regulation does not apply to:

- produce grown and harvested for personal use and consumption,
- minimally processed fruit or vegetable products, for example sliced mushrooms, fruit or vegetable trays or apple cider. Please refer to Regulation 119/11 for a comprehensive list because this is new,
- any produce imported from outside Canada that is not commercially grown or harvested anywhere in Canada
- any fruit or vegetable grown for the purpose of seed production,
- and for the first time, in-shell nuts and peanuts harvested for any purpose other than for human consumption. Please note this is new.

Regulation 119/11 prohibits harvesting, selling, packing or transporting contaminated produce.

Grade Standards

Produce, other than potatoes, no longer needs to be sold by grade as of July 1, 2011—this is new in this regulation. As requested by industry, grade standards still apply to potatoes until July 1, 2016.

Packaging and Containers

This regulation now allows produce, other than potatoes, to be packed in any suitable package of any size. Between July 1, 2011 and July 1, 2016 potatoes are required to be packed in the package sizes specified in the regulation.

Advertising and Display

In the previous regulation, advertising rules applied to “print” materials only. Regulation 119/11 advertising and display guidelines apply to any “media” (for example: print, electronic, digital) after June 30, 2011. The regulation requires the product’s origin, the net quantity for packaged produce and in the case of potatoes, their grade.

To help consumers, signs are required for displays of produce at retail outlets and farmer’s markets. After June 30, 2011, the signs must include these elements:

- The origin of the produce.
- The price per unit of weight, if sold by weight.
- The word “sweet” or “hot” for peppers, as appropriate.

The print on a retail display sign must be readily discernible and of a size reasonable in proportion to the size of the sign.

Product Labelling

Regulation 119/11 requires produce packages or master containers to be labelled with the packer’s name and full address (or that of the person for whom it is packed). The label must also identify the country or province of origin of the produce. The print size required is the same as that required under the *Fresh Fruit and Vegetables Regulations* under the *Canada Agricultural Products Act*.

If labels on produce contained in master containers are easily and clearly discernable, the same information need

not be applied to the master container.

If the produce is packed in such a way that it is not readily visible, the common name of the produce must be indicated.

If labels on previously used packages or master containers do not meet the new regulation’s labelling requirements, they must be completely removed or obliterated and replaced with new labels.

Packages of nuts, peanuts and edible fungi must now comply with origin labelling requirements by July 1, 2013. Unlike the previous regulation, labelling is not required on field-packed packages of raspberries and strawberries that have a capacity of 1.14L (1 quart) or less. Packages of peppers need to state whether they are “hot” or “sweet”.

Potato packages must be labelled with the grade of the potatoes (until July 1, 2016). Packages of yellow flesh potatoes are required to indicate that the contents are “yellow fleshed potatoes”. Packages of apples, pears and Yukon Gold potatoes no longer need to be labelled with the varietal name.

Regulation Prohibits Misrepresentation

Regulation 119/11 also protects farmers, packers and consumers from misrepresentation. The Regulation outlines specific requirements prohibiting false or misleading information on labels, packaging and containers, or master containers. In particular, it prohibits the misrepresentation of: the name and full address of the packer of any produce or the person for whom it was packed the place where produce was grown or harvested the amount of produce in a package any grade of potatoes established in the regulation.

Information Sessions for Ontario's New Risk Management Program

Ontario's new Self-Directed Risk Management Program (SDRM) for Edible Horticulture helps Ontario farmers deal with risks that are beyond their control. With this program in place, farmers can focus on what they do best; growing good things in Ontario.

Here are the dates and locations for information sessions for the new Self-Directed Risk Management Program. Presentations by experts from the Ontario Ministry of Agriculture, Food and Rural Affairs and Agricorp will provide an overview of how the program works and what you need to do to participate. The meetings run from 7:00 p.m. – 9:00 p.m.

Wednesday, August 31, 2011
Red Pine Inn & Conference Center
497 Victoria St. E.
Alliston

Monday, September 6, 2011
Travelodge
555 Bloomfield Rd.
Chatham

Tuesday, September 7, 2011
Knights of Columbus Hall
307 Main St
Delhi

Wednesday, September 8, 2011
Prudhommes Inn
3305 North Service Road
Vineland

Staff from OMAFRA will also be available to answer your questions about the Self-Directed Risk Management Program for Edible Horticulture at the following trade shows:

Hastings Plowing Match, August 17-18,
Tweed

Canada's Fruit and Veg Tech X-
Change, September 1-3, Norfolk

Canada's Outdoor Farm Show,
September 13-15, Woodstock

International Plowing Match, September
20-24, Hawkesbury

More information on SDRM: Edible Horticulture is also available by visiting www.ontario.ca/rmp or by calling 1-877-424-1300.

Make Smart Phones Work for Your Farm

Do you now carry a Smart Phone? Have you downloaded "apps" to your phones?

Well, the industry tells us that before the end of the year over 50% of cell phone users will be carrying this new type of phone. A phone that will access the Internet, link to your email, send text messages, take photos to share and much more.

One of the most recent technology "apps" that some farms have begun to embrace this year are called QR codes (an abbreviation for Quick Response). These codes are used on printed materials and look like square patterns instead of the parallel bar codes seen at the grocery store. You probably have started seeing them on signs, flyers, movie posters, in-store display, coupons etc. The codes will provide a direct link to your website, special content or video. The code above will connect you to my website Farm Webdesign.

Of course, the big companies have been using them awhile, like Best Buy and Fox TV. Now, farms such as [Tweite Pumpkin Patch](#), [Lewis Farm Market](#) and [Tulley's Farm](#) in the U.K., have

also jumped on this new technology. They have added these codes to newspaper ads, restaurant place-mats, corn maze paths and more.

Another way to get on board with this technology if you are an apple grower, is to contact Hugh McPherson who has made it easy for you. Hugh has created 15 different apple variety signs using QR codes that you can place in your orchard or retail market. Just go to his website [Interactive Orchard](#) to learn more about what he offers.

QR codes are for the marketing "early adopters" - the people who always want to lead the pack with new ideas. However, I believe as QR codes become mainstream and more folks have Smart Phones, you will be seeing many more farms jumping aboard this technology.

Ontariofresh.ca

Registration is now open for **Ontariofresh.ca**, the new free website and online community that is being created to expand the market for buyers and sellers of local Ontario food. Our aim is to make connections across the food service value chain, linking bulk buyers, chefs, restaurants, caterers and distributors as well as growers and producers. Register for a profile today, and let **Ontariofresh.ca** help get your business connected.

This groundbreaking site will provide buyers, both inside and outside of broader public sector institutions, with the opportunity to find new local food sources that are right for their business. At the same time, farmers will be able to make new business connections with buyers who are interested in the products they raise and/or grow. The marketplace feature will allow users to make requests for items or product

offerings that may be available at a moment's notice.

Throughout the spring and summer, information will be collected and profiles built to prepare for the full **Ontariofresh.ca** launch in September.

You can register your business' profile at **Ontariofresh.ca** or by calling 1-888-249-9399 or 647-426-8420

North American Strawberry Growers Association

2011 Summer Tour

Tuesday/Wednesday, August 16-17, 2011

The tour will be based out of the Hotel Tria in Cambridge, Massachusetts. www.hoteltria.com

Tour highlights include innovative growers and fabulous farm markets. Massachusetts has one of the highest on-farm market sales in America.

Day 1
Marini's Farm, Ipswich
Cider Hill Farm, Amesbury
Parlee Farms, Tyngsboro
Verrill Farm, Concord

Day 2
Ward's Berry Farm, Sharon
Spring Rain Farm, Taunton
Four Town Farm, Seekonk
Foppema's Farm, Northbridge

For more information, please visit www.nasga.org or call Kevin Schooley at 613.258.4587.



Research Update

The OBGGA was successful in accessing research funding through the Canadian Agricultural Adaptation Program (CAAP) to continue research on the development of Glyphosate resistant strawberries. Adam Dale at University of Guelph, Simcoe has done some initial screening and will do some traditional breeding to develop strawberry plants that are resistant to Glyphosate but which also have favorable horticultural characteristics.

This work is being done using traditional breeding methods unlike the genetically modified crops such as corn and soybeans. Weeds continue to be one of our biggest challenges and hopefully we

will see some varieties out soon where growers can use.

This is a three year project valued at \$117,000. The OBGA will be contributing \$30,000 in cash and in kind contributions. The OBGA would like to thank The Agricultural Adaptation Council for supporting this project and Agriculture and AgriFood Canada for the financial support.

OBGA Annual Twilight Meeting

**Wednesday September 14th, 4:00pm
Jennen Family Farm Market
11775 Baseline Rd. Thamesville, ON
Cost \$10.00-\$15.00**

Ellen and Peter Jennen and their family will be our hosts for this event.

The Jennen's have been long time vegetable growers growing a variety of vegetables for the processing market. Over the past 5 years they have started growing berries mostly under tunnels. Jennen's are now growing strawberries and raspberries as well as some vegetable crops under cover and have more than 10 acres of tunnels.

The twilight meeting is always a popular outing to visit with fellow OBGA members and discuss the trials of the past growing season.

Confirm your attendance by calling Kevin Schooley at 613-258-4587 or emailing at info@ontarioberries.com

Directions can be found at Jennen's website www.jennenfarmmarket.com or give the OBGA office a call

School Delivery Program

The OBGA is looking for a small number of farms to deliver strawberries and/or raspberries to schools in September and early October. This program is part of

our Ontario Market Investment Fund project. The OBGA has funds to help support this initiative as well as marketing materials aimed at elementary students. If you are interested or want to know more contact the OBGA office.

Innovative Funding for the Ontario Berry Growers Association

Adam Dale¹ and Elliott Currie²
Department of Plant Agriculture and
School of Business
University of Guelph

Over the last twenty years there has been increasingly less funding given to berry research in Ontario. There have been many reasons for this.

Governments have moved to a matching funding model, prices for berries are low, and growers have traditionally relied on government to provide funding for research.

Governments in Canada now encourage private organizations and industry groups to invest in agricultural research through matching funds and tax credits. However, these could be used more by the berry growers and the Ontario Berry Growers Association to access more capital for their research

Also, the present agenda for berry research is driven largely by government as they provide almost all the funding for public research. This sometimes causes conflict as government agendas may differ from those of the industry. However, governments have made great efforts to involve industry in priority-setting, and now release funds through agencies such as the Agricultural Adaptation Council for the industry to control.

We are proposing a model which has the potential to provide long-term, stable

funding to the berry growers. This model suggests an organizational model and then uses three funding streams provide the research funding.

While matching grant and tax credits are well researched, less effort has been put into generating the initial funding from the berry growers. Here, we are suggesting an innovative approach to finding the initial 'cash' needed to obtain the matching funding.

The Ontario Berry Growers Association have traditionally funded most of their share of research funds from their current account, not from investments. We are suggesting that they consider changing their philosophy to fund their share from investments

The essence of our proposal can be encapsulated in the statement 'A small Canadian Controlled Private Corporation (CCPC) can, for a \$100,000 up front initial investment, generate \$250,000 in Research Dollars in Perpetuity.'

Governance model

A small, for-profit, Canadian Controlled Private Corporation (CCPC) is defined as a corporation with less than \$500,000 in taxable income, and less than \$15 million taxable capital, and it appears that it cannot have more than fifty individual shareholders. It also appears that non-profit Corporations, such as the Ontario Berry Growers Association, can hold shares in for-profit Corporations. So our suggested governance model is a Holding Corporation which owns at least two CCPCs, one for investment and research, and one for operations.

Funding

1. Matching Grants

There are matching grants or contracts available which can provide up to half of the eligible funding for research projects to corporations. These include National Science and Engineering Research

Council (NSERC), Ontario Adaptation Council, Industrial Research and Assistance Program of the National Research Council (IRAP) Ontario and the Ontario Centres of Excellence. They usually provide funds for 1-3 years and long term projects need repeat applications to fund their continuation.

2. Tax credits

According to the Ontario Investment and Trade Centre (Research and Development in Ontario, Ontario Canada, 2009), research that is conducted at an eligible Ontario research institute, for a Canadian Controlled Private Corporation (CCPC) is eligible for three different Ontario tax credits of 34.5% of research expenditures, a federal investment tax of 35%, plus Federal and Provincial tax deductions of 16.5%. This means that the after tax cost of \$100 expenditure would be \$36.28. Also, these tax credits can be flowed through a non-profit corporation such as the Ontario Berry Growers Association to their member growers.

3. Private Capital

After matching grants (\$500,000) and tax credits (\$318,600), a berry organization would need to find \$181,400 annually to fund \$1 million of research. At accepted interest rates, these Ontario Berry Growers Association would need to hold \$1-2 million to give the required funding or ask their members to fund this amount as a check-off each year. Not the easiest of concepts to sell to berry growers.

We are suggesting an alternative funding model which uses the capital markets and requires only an initial investment and can generate 30-60% each year.

It uses an options strategy which works whether the stock markets are rising or falling, and relies on the fact that options

which expire in a long time, lose value less rapidly than ones which expire in a short time.

The options strategy uses index options and is a diagonal put spread where an in-the-money put is bought which expires in 1 ½ to 2 years and out-of-the-money put is sold which expires in one month

This strategy has been tested over more than two years. Between 13 May 2008 and 17 Dec 2010, one of us, traded series of puts for a net gain of 36% annually.

This approach is one example where the berry growers could find annual funding with a single influx of funds. This should make it easier for a berry corporation or association to raise the capital needed without repeatedly asking their members for funds. For example, an initial investment of \$4-500,000 could be raised by the Ontario Berry Growers Association with a \$2,000-\$2,500 'donation' from each of its 200 members.

Conclusion

While we consider that the approach is feasible and financially sound, there are details that need to be investigated further. These include: financial up-front costs and timing of funding, efficiencies of the options strategies, attitudes and perspectives of funding (private vs not for profit), the attitudes and knowledge of the investors, tax accounting for the income and investments, research structure, succession and research planning, research goals/objectives and legal issues of trust or non-profit ownership in a CCPC.

However, we must emphasize that governments will no longer fund berry research without a significant cash contribution from the industry. And in

the long-term the industry will be able to fund their contribution more cheaply, if they work with invested capital rather than with current account capital.

The directors of the Ontario Berry Growers Association are now starting to consider their research strategy for the future. If innovative ways to fund that research are considered, a strong, financially sound, research program can be put in place. This would give the industry the tools needed to enable it to compete effectively in the marketplace.



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Representing a \$5 value OFF adult gate admission, valid for one
admission/person, one per day. Valid through September 1, 2, 3 2011