

Here are some answers to frequently asked questions:

Why support ARPA?

- A high return on investment. The levy will support research and promotion - the benefits of research and promotion projects are estimated to have a cost-benefit ratio of 4.7 to 9.1 for the Canadian fresh produce sector (Conference Board of Canada, September 30, 2013).
- Accessing Government and Import Levy Funds. ARPA will be able to leverage government research funding, Scientific Research and Experimental Development tax credits, and (when a national levy is in place) a levy on imported apples.
- Enhancing Government Support for the Sector. Industry initiatives to gain government support will be considered in a more favourable light, since the industry is investing the levy funds in its own future, which provides government with increased confidence in the sector which is the basis for any government assistance.
- More Transparency. An independent board, composed primarily of growers, will develop and regularly evaluate and report on effectiveness and on the use of levy funds by researchers and marketers.

Why now?

- There is a current trend for government research funding changing to a matching formula, so industry resources are required to attract government funds for research and marketing projects.
- After several years of discussion, BCFGAs Delegates (at the January 2013 Annual Convention) directed that a proposal be developed.
- A national committee has been formed which includes all apple producing provinces. The group met on January 7 to begin planning for a national levy and a levy on imported apples. BC must have a provincial apple levy to make a national levy and a levy on imports possible.

Is this another tax?

The ARPA levy is not a tax (e.g. controlled by government), it is an industry fund controlled by growers for the benefit of growers.

The ARPA levy will generate other funds for industry research and promotion, including federal-provincial funding for research and promotion projects. The levy stays in the industry and generates additional government funding for the industry.

Will ARPA duplicate current efforts?

ARPA funds will be used for research and to promote consumption of apples. The ARPA Board will seek to eliminate duplication in any projects it approves. We hope that the multitude of research and promotion projects undertaken by various organizations in the tree fruit sector will first come to ARPA to seek funding. ARPA will then approve funding for industry priorities, but also avoid funding duplicate projects. Overall, we hope that ARPA will reduce duplication that may be happening in industry now, without the coordinating effort of ARPA.

What types of projects will be supported?

ARPA will fund research on apple horticulture and storage, as well as funding projects to promote apple consumption. There is limited generic promotion of apple consumption at present – for example, the BCFGGA occasionally supports events which generate interest in BC apples, but this effort is very limited. Effort by brokers are traditional and generally aimed at retailers, and these are linked to brands and specific retail channels. These types of promotions are expected to continue. ARPA promotion projects will seek to increase demand for all BC apples through increased awareness of taste, health and diet benefits directly to consumers. Due to the ‘buy local’ phenomenon, it is expected that increases in apple consumption will disproportionately benefit local growers. The key is to increase apple consumption, which will drive improved demand and pricing.

The research funding that ARPA provides for apple storage and horticultural knowledge will be small in comparison to total industry research. The investment by growers will help to direct research to the highest-returning research: apple storage and crop load management. Also, a process will be put in place to set research priorities and there will be greater transparency in what research is supported by industry, as ARPA will have to report to growers to maintain support for the apple council.

Ambrosia apples are currently levied, for another 3 years. The plan establishes for a rebate of the general levy to Ambrosia growers. It is important to point out the benefits that the Ambrosia variety gained from the Ambrosia Council’s work: storage improvements (Ambrosia went from a ‘December apple’ to one of the best-storing apples on the market), improvements in ripeness testing, and promotion efforts to introduce the apple. These are the types of improvements ARPA will seek for all apples, which will benefit growers by 4.7 to 9.1 times for every dollar invested.

Will ARPA be more bureaucracy?

ARPA will not have its own office or staff. About 10% is allocated to administration – low by government standards and typical for agriculture associations – and use existing organizations for administration.

ARPA will have a public planning session to set priorities. Based on this plan, ARPA will invite industry organizations and individuals to bid on the priorities. ARPA will not conduct projects itself, so administration will be limited to setting priorities, encouraging project applications, selecting projects to fund, and accounting for levy funds.

Who approves ARPA?

If a minimum of 40% of growers vote, and 65% of those voting are in favour of ARPA, then ARPA will be considered for approval by the Minister of Agriculture. The plan can be cancelled by a referendum called by the Minister, with one year’s notice required.

Who sets the levy and for how long?

The levy is established in the plan, for the next 5 years.

The plan is to establish ARPA as an ongoing apple council, with the levy set at \$0.002 per pound, or \$0.08 per 40 pound box for the first 5 years. A typical 15 acre apple orchard will contribute a levy of about \$840 per year and expect a benefit (improved demand and price, reduced cost of production) of \$3,950 to \$7,650 per year, based on the Conference Board of Canada report. Processed apples will be levied at a lower rate, \$.0002 per pound, or \$0.16 per 800 pound bin. After 5 years, the levy rate may be set by ARPA at its Annual Meeting. It is clear that the ongoing support of growers will be needed for ARPA to continue beyond its first five years. This will motivate the ARPA Board to regularly evaluate and report to growers on ARPA effectiveness.