

# Ontario Processing Vegetable Growers

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## NEWSLETTER

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### NEGOTIATION UPDATE:

#### TOMATOES

An Agreement has now been reached with the H.J. Heinz Company of Canada Ltd. resulting in a 9% increase over 2005 prices for tomatoes for paste and a revised provision dealing with early/late contracts as follows:

*The processor shall pay a premium of \$5.00 per contracted ton under all contract options on November 15<sup>th</sup> on all tomatoes designated as early or late whether delivered or not. Early or late contracts shall be defined as tomatoes not subject to regular weekly quota as specified in clause 9 (a). The processor shall be required to commence scheduling the delivery of tonnage contracted under a late contract no later than 56 days after the processor's opening date. Late contract tonnage shall be subject to a minimum daily quota of 25%.*

Offers to Sun-Brite and CanGro were rejected and arbitration dates will be scheduled likely for mid April. The final offers of the parties remain:

	<u>Processor</u>	<u>Growers</u>
CanGro Foods Inc.	+ 5%	+ 11%
Sun-Brite Canning Limited	+ 5%	+ 11%

Negotiations have also been completed with all other Ontario tomato processors having elected to either sign Agreements at +9% or opt on to the decision of the arbitrator in one of the two pending arbitrations. The following chart depicts the current status of 2006 crop pricing:

#### 2006 TOMATO AGREEMENTS

	<u>Juice</u>	<u>Whole Peel</u>	<u>Paste</u>
CanGro Foods Inc.	N/A	+3%	Arbitration
Countryside Cannery Co. Ltd.	N/A	+3%	Opt On - Sun-Brite
Harvest-Pac Products Inc.	+3%	+3%	+9%
H.J. Heinz Company of Canada Ltd.	+3%	N/A	+9%
Jema International Food Products	N/A	N/A	+9%
Klassen Canning Inc.	N/A	+3%	N/A
Lassonde Juices Inc.	+3%	+3%	N/A
Nation Wide Canning Limited	N/A	+3%	Opt On - CanGro
Sun-Brite Canning Limited	N/A	+3%	Arbitration
Thomas Canning (Maidstone) Limited	+3%	+3%	+9%
Weil's Food Processing Ltd.	N/A	+3%	+9%

\* N/A: Not Applicable

#### CUCUMBERS

On Monday, March 13<sup>th</sup> agreement was reached with Smucker Foods of Canada and Strub Brothers Ltd., at last years price. The seed price is reduced from \$1.98/m to \$1.91/m.

#### PEPPERS

Agreement has also been reached with Smucker Foods of Canada Co. and Strub Brothers Limited on hot banana peppers at the grower final offer of \$360/ton.

**LIMA BEANS**

Agreement was reached with Carriere Foods (Ontario) Inc., at \$448/ton for the first 1.25 tons/acre. All additional tonnage shall be paid at the rate of 90% of the base price, f.o.b. the field.

**CAULIFLOWER**

Agreement has been reached on both tied and untied cauliflower for 2006. The price for No.1 cauliflower remained the same while the price of No. 2 cauliflower declined by 4.6%. Prices per ton are outlined as follows:

	<u>Grade No. 1</u>	<u>Grade No. 2</u>
Tied	\$416.00	\$185.00
Untied	\$345.97	\$141.58

There were no other changes to the Agreement.

**SQUASH**

Agreement has been reached with Carriere Foods (Ontario) Inc. and Omstead Foods Limited for butternut squash. Prices are \$96.50/ton for hand harvest and \$93.50/ton for machine harvest. Machine harvest growers may choose to harvest by hand and shall be paid the hand harvest price if they do so.

**RED BEETS**

Agreement has been reached on red beets with CanGro Foods Inc. and Smucker Foods of Canada Co. with no changes in price for the 2006 crop year.

**GREEN AND WAX BEANS**

Green and wax bean negotiations with Carriere Foods have concluded without an Agreement.

The processor offer seeks to reinstate their ability to deduct tare, something which has not been in the Agreement since it was negotiated out in 1991. In exchange, Carriere is offering to increase the price paid on net weight by 4%, with a provision that if, in 2006, average tare exceeds 5%, all growers with harvested tonnage will receive an additional payment of the difference between the actual average tare and 5%.

Note however that Carriere representatives also stated that it was their intention to use 2006 actual average tare figures to confirm a cost for tare in the Agreement (4% in their 2006 final offer) and make a one-time price adjustment to the 2007 Agreement on that basis. Subsequently, (2007 and beyond) they would remove the additional payment clause and simply deduct tare.

The processor offer goes on to define tare as follows:

7. (a) Tare shall consist of leaves, stems, vines over 1" on the bean, dirt, stones, foreign objects and beans which do not meet the minimum grade requirements.
- (b) The minimum grade requirements for undersize, severely mis-shapen, shrivelling, disease, insect damage and other defects are as follows:
  1. Size - individual beans must not be less than No. 1 Sieve size (7/32" in diameter) with no length or maximum size requirements.
  2. Shape - individual beans must not be seriously mis-shapen as described in chart "A" 1990.
  3. Shrivelling - each bean must not be soft, flabby, or rubbery such that it may be bent parallel to itself without snapping.
  4. Disease - each bean must be free from mold, anthracnose, decay and blight.
  5. Insects and Insect Damage - each bean must be free from insects and insect damage.
  6. Other Defects - individual beans in the sample may be affected by scarring, rust, scab and/or other defects up to a total aggregate surface area of 1/4" in diameter.

Tare to be determined by the processor, taking a total of 15 pounds sample. If grower disagrees with the tare, grower has the option to call in a third party. Cost of the grower appeal to be split between grower and processor.

The grower offer is -1% across all price categories with no other changes to the Agreement.