

Canadian Ornamental Horticulture Alliance

Alliance canadienne de l'horticulture ornementale

The Ornamental Horticulture Industry: A Strong and Growing Partnership with the Government of Canada

A Pre-Budgetary Consultation Brief to the House of Commons Standing Committee on Finance

Presentation by

Andy Kuyvonhoven, President, président

Pierre Cadieux, Executive Director/Directeur général

Submitted to the Clerk of the House of Commons Standing Committee on Finance
Ottawa, August 12, 2011

1.0 Context and Overview of the Ornamental Horticulture Industry

The Canadian Ornamental Horticulture Alliance (COHA) is the national body representing the ornamental horticulture industry. It was recently incorporated in 2008 by three founding members: The Canadian Nursery Landscape Association; Flowers Canada Growers Inc; and, La Fédération interdisciplinaire de l'horticulture ornementale du Québec.

Through its member associations COHA represents 3600 ornamental greenhouse growers (cut flowers, potted plants, bedding plants, etc.) and 3800 nursery farms, including turf farms and Christmas tree farms. COHA also represents the wholesale and most of the retail components of our industry such as garden centres, landscaping design and maintenance services, arborists and environmental solutions.

The total economic contribution of the ornamental horticulture sector/industry in 2007 was \$14.5 billion. For that same year it provided 332,700 full-time jobs to Canadians. This makes our sector the second largest production employer in all of Canadian agriculture (after cattle ranch farmers). Ornamental crops also have the highest value crop per hectare in Canadian agriculture. Bottom line is that we are a much more important agricultural and economic sector than most people think and it is incumbent in our view that Parliamentarians be the first to acknowledge these facts and consequently help support the future vitality of our industry in crucial moments such as in this pre-budgetary consultation process.

With growth in real terms of 2.1 per cent a year (2002-2007) ornamental horticulture can be seen as a growth sector as well as an economic opportunity. This was indeed reiterated by a 2009 study conducted for COHA by management consulting firm Deloitte&Touche LLP, which stated that “*Canada’s ornamental horticulture sector has a major economic impact in Canada and significant potential to develop and expand*”.

It is precisely this potential to develop and expand which is at the heart of our strategic vision as an industry alliance. However, to move ahead in this direction we need to identify the key drivers and success factors that are related to the future growth of our industry. For the purposes of our presentation, we will focus on those three recommendations that we deem important for the Minister of Finance take into consideration as critical enabling factors to leveraging a *strong and growing partnership with the Government of Canada*.

2.0 The Government of Canada as a key strategic partner to the Canadian ornamental horticulture industry

On June 3, 2011, the Speech from the Throne reiterated continued support for the agriculture sector in looking for ways to support innovation, productivity and competitiveness. It is a well known fact that support for science and technology is mainly driven by the federal government through its research institutions and granting agencies. Key programs for our industry can be found for example at Agriculture and Agri-Food Canada (AAFC), the National Research Council (NRC), Human Resources and Skills Development Canada and Environment Canada through its Sustainable Technology Development Fund.

However, the main Department that logically champions our industry is Agriculture and Agri-Food Canada. This past July the federal, provincial and territorial Ministers of Agriculture produced what is called the *Saint Andrews Statement* in the context of the *Growing Forward 2 Framework* towards creating an adaptable and profitable sector. This declaration clearly underscores the importance that the future of an industry such as ornamental horticulture is reliant on the premise that a “*Continued partnership between governments and industry will be key in positioning the sector to compete profitably and sustainably in 2020.*”

We wholeheartedly agree with the overarching principles of the Statement that identifies that “*Collaboration and partnership are key factors in success*”. Under *Growing Forward 1*, we already have initiated two important collaborations under the Canada Agricultural Adaptation Program and the Canadian Ornamental Horticulture Research and Innovation Cluster. These two programs have helped our industry to attain a clear strategic focus on market driven innovations.

It is in this context that we are formulating the following three recommendations based on our partnership commitments and expectations with the Government of Canada, and its key Departments and granting agencies.

3.0 Partnering on three key Recommendations

3.1 Recommendation 1

That the Canada Agricultural Adaptation (CAAP) Program be renewed with our industry under the *Growing Forward 2 Framework* so as to allow for a more sustained effort at branding and promoting Canadian ornamental horticulture products and further educating Canadians on the benefits of ornamental horticulture as a healthy way of life. This is logically in line with key socio-demographic findings of the Deloitte and Touche report showing the economic effects of this evolving trend line. “*Baby Boomers are approaching retirement and are expected to spend between \$7.8 Billion and \$14.4 Billion annually on gardening between 2011 and 2021.*” This is the main potential market for our industry that should result in maximum direct benefits to our economy with minimal external leakages.

In this context, we believe that a \$1.5 million contribution for the next round of financing of the CAAP Program should enable our industry to partner so as to increase sales and develop stronger market shares of Canadian ornamental horticulture products and services. This will be done as we grow our markets internally in Canada and externally with our exports that will be competing in an growing economic environment of freer trade zones.

3.2 Recommendation 2

That the Canadian Agricultural Science Cluster Initiative be renewed in partnership with our industry so that funding of the Canadian Ornamental Horticulture Research and Innovation Cluster be allowed to reach a new level of \$10 million.

Bold vision for our industry is perfectly in line with the stated objectives of the *Growing Forward 2 Saint Andrews Statement* that to be truly innovative our industry needs to be ‘*A sector that continuously develops and adopts new products and practices to remain competitive and sustainable through: Sustained commitment to public research and development; improved collaboration/partnerships among key institutions (governments, universities and industry) and; increased private sector leadership and investment.*’

With the renewed and increased funding of our Research Cluster, our partnership with the Government of Canada would enable more targeted innovations to be developed through pan-Canadian industry collaborations with universities and research centres. This would certainly bring stronger collaborative ties with all interested stakeholders that could eventually lead to the creation of the first ever *Canada Research Chair in Ornamental Horticulture*. Enabling this unique initiative with the Canada Research Chairs program would help strengthen our university/industry ties so that we would also join in standing ‘*..at the centre of a national strategy to make Canada one of the world's top countries in research and development*’. The ‘brain gain’ benefits would come from Canada’s newly found capacity to train and retain those world-class scientists that we desperately need to remain competitive at the international level. This is how we would protect and grow Canadian jobs and drive technological advancement in ornamental horticulture.

The greening of our economy is a much desired objective that is creating many opportunities to develop new green technologies. Ornamental horticulture is poised to become a major player in this area. Ornamental horticulture can provide environmental solutions by the adoption of plant and tree based technologies that can purify water and air and induce energy savings. It is our vision to become the leaders in the creation of a formidable Green Infrastructure in Canada. Indeed, a unique ornamental horticulture green infrastructure based technology partnership could arise where industry stakeholders, research institutions such as Vineland Research and Innovation Centre, The National Research Council, The Networks of Centres of Excellence of Canada, Canadian Universities and Sustainable Technology Development Canada would join forces to lead the charge into the future of green ornamental horticulture technologies. With this kind of initiative our industry would be aiming at creating new plant and tree based green technologies that would be in line with the *Growing Forward 2* principles of ‘*Competitiveness in domestic and international markets; Adaptability and Sustainability for (our) Industry; Innovation; and, Institutional and Physical Infrastructure.*’

3.3 Recommendation 3

The Canadian ornamental horticulture industry is the only agricultural sector that generates retail sales taxes. We estimate that on a yearly basis the government receives \$1 billion in retail sales taxes as a result of our industry’s economic activity. By having a stronger and more competitive ornamental horticulture industry, we sustain a virtuous circle of reinvestment in government programs that encourage our industry partnerships and initiatives that in turn create jobs and sustain innovation. A case in point was the targeted home renovation tax credit program that included in its definition the role of ornamental horticulture and as a result was very successful in directly benefiting our industry.

Another commendable program by the Government of Canada is certainly Canada Revenue Agency's Scientific Research and Experimental Development Tax Incentive Program (SR&ED). As an industry we can only add our voice to those who support this program by emphasizing that it has served Canadian industry well but that it is now in need of being re-examined and revamped. We also agree that Canada needs to do more to encourage and enable private sector companies to venture into critical areas of research and development activities that can bring those innovations to market that are truly Canadian in nature.

However, the SR&ED program is not perfect and we welcome the creation of the expert panel called *Review of Federal Support to Research and Development* which was initiated earlier this year and we look forward to reading the recommendations that will be contained in the panel's report due to become public sometime in October 2011. Although our industry did not submit a formal brief to this review panel, our position is very much in line with that of the Canadian Council of Chief Executives and we would encourage your Committee to take into consideration the guiding principle of their brief to the Panel which is to create a stronger innovation culture among Canadian companies with the support and partnership of the Government of Canada.

4.0 Conclusion

The Canadian Ornamental Horticulture Alliance hopes that these brief recommendations to the House of Commons Standing Committee on Finance have proven to be useful in allowing for a better understanding of our industry and of our vision of a strong leadership position for Canada in this sector. As indicated in our opening remarks Canada's ornamental horticulture sector has a major economic impact and significant potential to develop and expand. It is our strong view that we can leverage this great opportunity by creating the right combination of stakeholder partnerships in the process and we know that a strong growing partnership with the Government of Canada is the main key to our success.

We hope that these recommendations are well received by all Parliamentarians on this Committee as we have economic activities in most of your ridings and consequently we hope that the support for our industry will be extended to all political parties sitting in the House of Commons.

We wish to thank the Committee members and the Committee Officers for having given us the opportunity to appear in front of you to make our presentation and we will be happy to answer all of your questions in both official languages.

Thank you/Merci.