



# **Economic Impact of the Ontario Apple Industry**



**2019**

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# About the Ontario Apple Growers

The Ontario Apple Growers (OAG) operates under the Farm Products Marketing Act and represents commercial Ontario apple growers with 10 or more acres of apple orchard.

The organization represents more than 200 apple growers and, on their behalf, provides a variety of benefits and services. Our work includes supporting the success of our members through promotion, advocacy, innovation and collaboration.

## Mission

To foster a thriving industry and sustainable farms so that consumers can enjoy a wide variety of fresh, locally grown apples.

## Vision

Ontario apples: The first pick for healthy consumers.

## About this report

The Ontario Apple Growers (OAG) has commissioned JRG Consulting Group to conduct a study evaluating the economic impact of Ontario's apple industry from growing to packing and processing. Completed in November 2019, it also highlights the substantial opportunities and increased economic impacts created by industry expansion.

### **ONTARIO APPLE GROWERS**

PO Box 100 Vineland Station ON L0R2E0

905-688-0990

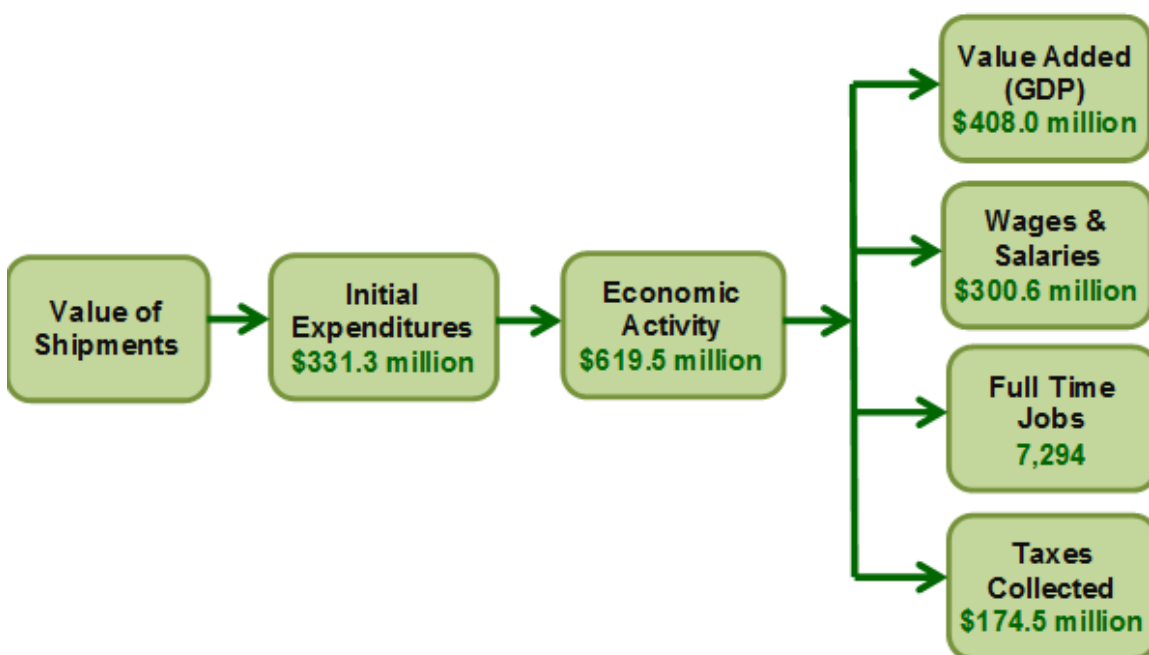
[info@onapples.com](mailto:info@onapples.com)

[www.onapples.com](http://www.onapples.com)

## Introduction

The Ontario apple industry generates overall economic activity of \$619.5 million in the province, resulting in a \$408 million contribution to Ontario's Gross Domestic Product (GDP), and 7,294 full time direct and indirect jobs with associated wages and salaries of \$300.6 million. Every \$10 million in additional output created in the apple sector generates an additional \$18.7 million of economic activity in other parts of the

provincial economy. The overall economic impact of the Ontario apple industry and its value chain cannot be ignored. Ontario is a net importer of apples and apple products with a significant expansion opportunity for the industry to increase its market share. It is estimated that Ontario's apple orchard acreage could increase by at least 650 acres per year over the next two years.

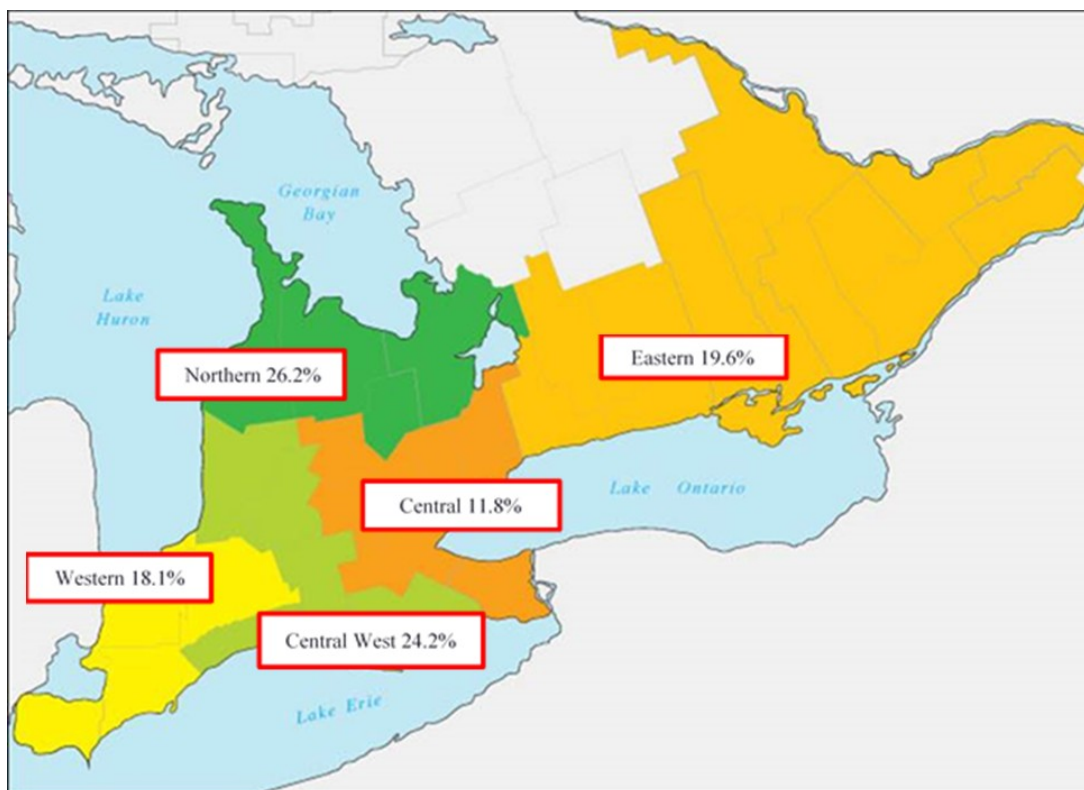


## Ontario apple production and consumption

Ontario's apple industry supplies fresh, locally grown apple and apple products to the Ontario, Canadian and some international markets. Ontario is the largest apple producer in Canada, with approximately 35 per cent of national production volumes, followed by Quebec and British Columbia.

The province's major apple-producing areas are located along the shores of Lake Ontario, Lake Erie, Lake Huron and Georgian Bay, and consist of over 15,500 acres of orchards.

The Ontario Apple Growers represents all Ontario apple growers with 10 or more acres of apple orchard. In 2019, there were 223 OAG grower members across the OAG's five production districts. The image below is the acreage distribution for Ontario's five districts.



Over the last 10 years annual apple production in the province has averaged around 300 million pounds, with an average annual farm gate value of \$85 million. New, high returning apple varieties such as Gala, Honeycrisp and Ambrosia account for over 70 percent of Ontario apple trees less than five years old.

Ontario has two major market categories for apples: fresh and processing. The volume of apples going into fresh markets has been increasing over the last decade, compared to a decrease into processing with the exception of craft cider processing.

On average, approximately 77 percent of Ontario's apple production was sold into fresh markets, which includes food retail, farmers' markets, farm gate sales, and shipments into other provinces and selected export markets. Processing apples fall into two categories: juice (juice, sweet cider and craft cider) or peeler (peeled for sauce, pies, or sliced and diced apple products).

## Disposition of Ontario apples into fresh & processing markets

With an Ontario population of 14.3 million the overall Ontario apple consumption is estimated at 563 million pounds in fresh equivalents. This is equal to over 320 million pounds as fresh apples and over 180

million pounds as apple juice, and the remainder as apple sauce, dried apples, pie filling and other apple products. Ontario grown apples supply approximately 54 percent of all apples consumed in Ontario, either as a fresh market apple or as a processed apple product.

The overall apple supply in Ontario of 514 million pounds is provided by Ontario apple production plus imports of apples and apple shipments of bulk apples from other provinces. Ontario production provides 59 percent of the overall supply. Average apple imports of 184 million pounds include both fresh and processing apples account for 36 percent of all apple supplies and the remaining 5 percent from 24.4 million pounds of bulk apple shipments from other provinces.

The volume of fresh apples consumed in Ontario is estimated at 322.2 million pounds. During the last two crop years, Ontario's major apple packers and marketers supplied an average of 118.4 million pounds or 37 percent of Ontario apples for fresh consumption in the province, and a further 15.3 million pounds or 5 percent were sold through on-farm retail sales, pick-your-own operations, farmers' markets, and direct shipments to smaller food retail outlets. 6 percent of Ontario's fresh apple consumption came from other provinces in bulk shipments, and 52 per cent was imported from other countries.

***This indicates a significant expansion opportunity for Ontario apple growers. Based on the average production years studied, Ontario apple growers would need to produce another 200 million pounds of apples to meet the full current Ontario use; the production deficit is in the range of 40 per cent of overall consumption.***

## **Economic impact of the Ontario apple sector as a whole**

Overall economic activity due from Ontario apples is valued at \$619.5 million. This resulted in a \$408 million to Ontario's GDP, and 7,294 full time direct and indirect jobs with associated wages and salaries of \$300.6 million. Taxes captured by all three levels of government are \$174.5 million annually.

***Every \$10 million in additional output created in the apple sector generates an additional \$18.7 million of economic activity in other parts of the provincial economy.***

Agriculture receives the greatest employment impact from the apple industry with 1,267 full time jobs (17% of all jobs created by Ontario's apple industry), followed by the food and beverage manufacturing sector at 1,196 full time jobs (16%).

Direct and indirect activity creates employment in other sectors too, such as 619 jobs in professional, scientific and technical services and 472 jobs required in the retail and wholesale trade sector as a result of the Ontario apple industry.

### Did you know?

- ✓ Approximately 22 jobs are created for every \$1.0 million in spending by the Ontario apple sector.
- ✓ Each million dollars in output by apple growers generates \$2.03 million of activity throughout the Ontario economy.
- ✓ Every \$10 million spent by apple packers on inputs other than apples results in an additional \$17.7 million in Ontario economy gross output.
- ✓ Every \$10 million spent by apple processors on non-apple inputs creates an additional \$26.2 million in economic activity.

## Economic impact by Ontario apple sector

### Economic impact of the apple production sector

Ontario apple growers' contribution to the provincial economy starts with production – based on an average annual volume of 305.6 million pounds of apples, their apple shipments are worth an average of \$123.1 million annually.

This is linked to \$267.2 million in economy activity province-wide, which requires 3,266 full time direct and indirect jobs worth \$130.1 million in wages and salaries. It also results in \$69.4 million in tax revenue collected by the three levels of government.

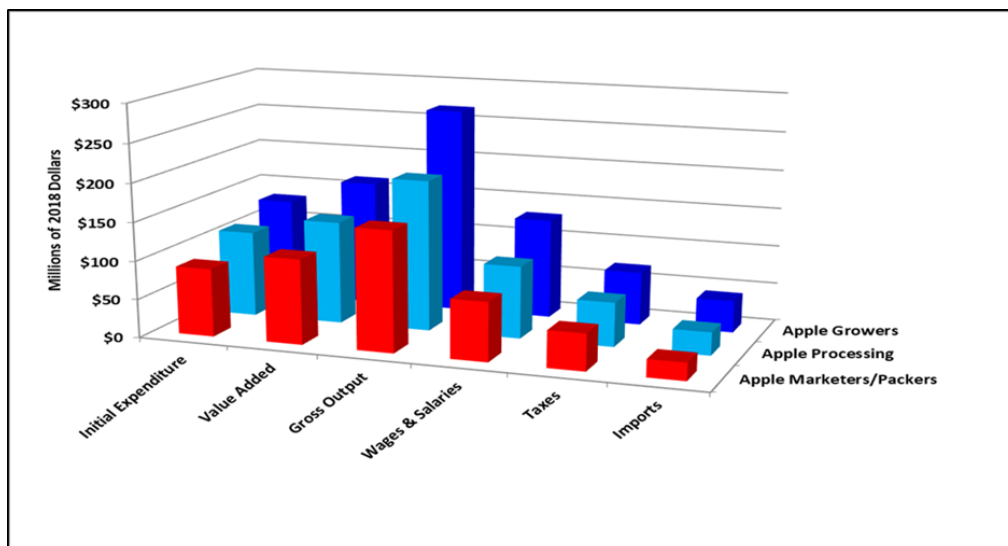
### Economic impact of the apple packing sector

Ontario apple growers ship an average of 229.2 million pounds of apples annually to packing facilities in the province. The apple packing sector provides storage, marketing, packaging, and logistical and distribution services, creating \$156.3 million in economic activity province-wide and 1,781 full time jobs associated with wages and salaries of \$76.3 million. The packing sector adds \$110.5 million to the provincial GDP, and results in tax revenues of \$47.7 million for the three levels of government.

### Economic impact of the apple processing sector

Ontario apple processors use an average of 126 million pounds of apples to manufacture of products like apple juice, apple cider, apple slices, apple pies, apple sauce, and apple chips. Value-added processing creates an additional \$196.1 million in economic activity and 2,247 jobs with wages and salaries of \$94.2 million, and increases provincial GDP by \$133.7 million.

Economic Contribution of Ontario Apples by Impact Area and Sector



## The future of Ontario apples

As a net importer of apples and apple products, Ontario has a significant opportunity to increase local apple production and capture some of that market share.

A 20% expansion in apple production can be realized through investments in both additional acreage or technologies to expand production. A 20% increase in output is equivalent to additional production of 61 million pounds of apples and is estimated to result in:

- ✓ increased overall economic activity of \$90.9 million,
- ✓ additional 1,081 full time jobs with associated wages and salaries \$44.3 million,
- ✓ \$25.4 million of additional tax revenues, and
- ✓ an overall increase in provincial GDP of \$59.3 million in the Ontario.
- ✓

Overall, Ontario's commercial apple growers are in expansion mode and the majority of growers are optimistic about the future of the apple business. In the past year alone, from 2017 to 2018, Ontario's commercial apple acreage increased by more than 250 acres and further increases are anticipated. Growth is expected in all apple growing districts with large planned acreage increases for Gala, Honeycrisp and Ambrosia varieties in particular.



### For more information contact:

Kelly Ciceran  
General Manager  
Ontario Apple Growers  
905-688-0990 or [kciceran@onapples.com](mailto:kciceran@onapples.com)



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