



## **Midwest Food Processors Association 2008 Annual Report**

The year 2008 offered challenges for the food processing industry and MWFPA. Commodity costs were on the rise and food safety was on the public's mind. With focused attention from members and in cooperation with related industry groups, we addressed a host of issues and delivered positive results.

We were reminded that persistence pays off as MWFPA members worked with federal representatives and regulators on the federal farm bill, finally getting relief from vegetable growing restrictions put into place in 2002. Compromises in the bill could not have been reached without the professional input and work from the members.

No industry stands alone. In 2008 MWFPA leveraged membership influence by working with other groups on a number of public policy initiatives including water regulations, immigration, civil justice reform and air rules. There is strength in numbers and we've increased our participation in a number of coalitions.

Professional development is part of our mission statement and we delivered in 2008 with new food safety, workplace safety and energy conservation seminars. Our committees continue to identify educational opportunities for MWFPA to deliver value-added and affordable programs to the members.

Our relationship with the three state universities continues to reap benefits in the area of raw products. We expanded our research in 2008 to include waste-to-energy solutions. The resulting information will help lower waste and energy costs for processors and will act as a model for continued industry research.

Internally we continue to make the association a more stream-lined, professional organization. We are fortunate to have a board of directors willing to invest in basic infrastructure necessary to run a lean operation. Investment in new equipment and staff to deliver services to members and communicate more effectively with policy makers is ongoing.

Though it was a tough year for financial markets, MWFPA continues to be on firm financial ground. An increase in membership, products and services, and attention to the bottom line served us well in 2008.

If we had to choose a word to describe the past year, that word might be "change". Change is nothing new to the food industry where consumer's tastes and regulatory demands dictate products and processes. As we change to meet our member needs, MWFPA will continue to be the voice of the food processing industry in the Midwest.

Thank you for your support in 2008. We look forward to serving the industry in the challenging years to come.

Sincerely,

A handwritten signature in black ink, appearing to read 'Nickolas C. George, Jr.', written in a cursive style.

Nickolas C. George, Jr.  
President

## MIDWEST FOOD PROCESSOR ASSOCIATION 2008 BOARD OF DIRECTORS

Chairman – Russ Schmidt, Lakeside Foods, Inc.  
Vice-Chair – Gary Braun, Del Monte Foods  
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### MEMBERSHIP & FINANCES

Association revenues are derived from membership dues, program revenue, and investment returns. Membership revenue was increased through the addition of one new processor member and moderate associate member growth. Membership dues have not increased in the past six years. Program revenue was increased with the introduction of two new seminars and the successful golf outing in Wisconsin Dells and the annual convention in Milwaukee, WI. Investment revenue was down with the economy. Conservative investments over the last three years mitigated some of the losses and reflect the conservative nature of the association's investments. We continue to work on growing our membership while delivering more revenue-generating programs that deliver value added service to the membership. An accountant-reviewed copy of the 2007-2008 financials is available at MWFPA.

### ADVOCACY

MWFPA represents food processors before the legislatures and regulatory agencies in Illinois, Minnesota, and Wisconsin as well as Washington DC. In 2008, the legislatures ended the two year session and focused on the elections. Many of the issues were not resolved and will return in 2009. Below are samples of the issues MWFPA addressed in 2008.

**Federal Nutrition Reauthorization Programs** – MWFPA testified at the U. S. Department of Agriculture Food and Nutrition Service (FNS) hearing in Chicago in preparation for the 2009 Reauthorization of the Child Nutrition Programs and the Special Supplemental Nutrition Program for WIC. MWFPA testified on the important role frozen, canned, and dried foods play in government food programs and urged the agency to promote the consumption of all types of fruits and vegetables in government programs.

**Federal Farm Flex** – After five years, MWFPA members convinced Congress to eliminate growing restrictions on fruits and vegetables grown for processing. The compromise language was included in the farm bill that gives some “breathing room” for processors who found it increasingly difficult to find growers able to grow product for processing.

**Federal Immigration Reform** – MWFPA worked with other business groups to promote measures that allow more legal immigrants to work in the US while protecting businesses that follow legal hiring practices.

**Federal Employee Free Choice** – MWFPA opposes federal legislation that takes away an employee's freedom to choose whether or not to join a union by private ballot election and replace it with a system of “card check” which allows a union to organize if a majority of employees simply sign an authorization card.

**Phosphorus** – The Wisconsin Department of Natural Resources is proposing phosphorus limits on all state surface waters. As a member of the Advisory Committee, MWFPA is advocating for no changes due to the high cost and technical challenges lower levels will require.

**Great Lakes Compact** – MWFPA worked to allow food processors access to an adequate water supply if within the Great Lakes Basin.

**Air and Water Permit Fees** – As state agencies increasingly look for ways to generate new revenues, MWFPFA worked with them to insure that permit fees are reasonable and fair.

**Thermal Discharge Rules** – WI-DNR continues to propose lower discharge temperatures from treated waste water discharged into lakes and streams. Many of the measures proposed will be costly and have a greater negative environmental impact than the discharged water. MWFPFA will continue to work with the department to adopt reasonable and affordable rules.

**Price Gouging Rules** – Despite business coalition efforts over the past two years, Wisconsin DATCP adopted price gouging rules that impose price caps on all goods and services sold during an emergency, effective January 1, 2009. The department made minor changes at the request of MWFPFA and the coalition. Minnesota is considering similar legislation.

**Bisphenol A** – Several states including Minnesota introduced legislation banning Bisphenol-A (BPA) in baby products and food containers. BPA is instrumental in food industry packaging and has been found to be safe by the USDA and the FDA. MWFPFA argues that banning BPA could lead to food safety concerns.

**Mercury Rule Litigation** - MWFPFA joined eight business associations in a lawsuit against the WI-DNR for not following the law as it pertains to publishing the scope statement on a DNR Mercury Rule. A Dane county judge denied the lawsuit but the point was made. Government bodies must follow the same laws as businesses if there is to be a fair and just rule making process.

**Minnesota WIC Program** – MWFPFA joined several organizations urging the Minnesota Department of Health WIC Management Team to allow frozen and canned fruits and vegetables to WIC families along with fresh produce. MDH eventually adopted the recommendations and will adopt the new program by August 1, 2009.

**WI Producer Security Program** – After months of negotiation DATCP introduced a rule that makes minor adjustments to the Producer Security Program including a small fee increase. Many of the changes were recommended by MWFPFA and other members of the Advisory Council.

**Energy** – Energy costs are a concern for food processors and are demanding more attention in all states. MWFPFA testified in favor of new coal and bio-mass generating facilities in Southwest Wisconsin that would have strengthened energy reliability in the Midwest while creating new opportunities for bio-mass producers. In addition, MWFPFA is working with other groups in Minnesota and Wisconsin to promote energy projects that ensure affordable and reliable energy for processors.

## **EDUCATION AND INDUSTRY RESEARCH**

Education and innovation are essential if the Midwest food processing industry is to compete and grow. MWFPFA invests time, money and resources in a variety of activities that promote the industry.

**Food Processor Energy Initiative** – MWFPFA has teamed up with Wisconsin's Focus on Energy to help processors identify and implement energy efficiency projects. The pilot project that begins in January 2009 will help processors complete energy efficiency projects that might otherwise be overlooked due to cost constraints.

**Agriculture Research** – Processors and seed companies funded over \$70,000 in research through the universities of Illinois, Minnesota, and Wisconsin. This research helps the Midwest retain its position as the leader in the production of processed fruits and vegetables in the country.

**Organic Raw Product Research** – MWFPFA worked with DATCP to fund a research project that will help growers in the Midwest grow organic snap beans on a large scale keeping the Midwest the number one producer of snap beans.

**Waste to Energy Research** – MWFPFA and members funded research that will help convert large quantities of vegetable waste into energy and fertilizer, helping to lower disposal and energy costs while possibly generating new revenues.

**Food and Agriculture Educational Scholarships** – Six University of Wisconsin students of food science or agriculture were awarded \$1,500 scholarships through the MWFPA Carleton A. Friday and Kenneth G. Weckel Scholarship funds.

**Safety Program** – MWFPA member plants compete for annual safety awards by monitoring safety protocol based on OSHA data that is submitted monthly. The awards are presented at the annual convention.

### **NETWORKING AND COMMUNICATION**

MWFPA provides a number of avenues in which members can interact, exchange idea, and discuss industry trends.

**Industry Directory** – Every year MWFPA publishes an industry directory that gives contact information for key industry personnel throughout the Midwest.

**Convention** – Over 700 food industry experts participated in the Annual Convention and Expo in Milwaukee, WI in 2007. The event attracted over 110 exhibitors and featured over 30 experts who discussed a range of topics including food safety, immigrations reform and regulatory compliance issues.

**OSHA 10-Hour Compliance** – MWFPA members were certified in the OSHA 10-hour compliance system through a seminar sponsored by the association.

**SQF Seminar** – The MWFPA two-day SQF Implementation Workshop was well attended by members throughout the Midwest. Similar seminars are planned for 2009.

**Food Processor Safety Conference** – Over 100 food processors safety experts attended this event which was cosponsored by MWFPA and the Wisconsin Council on Safety.

**Annual Golf Outing** – Processor members and associate members enjoy a day of golf and networking at the annual golf outing in Wisconsin Dells, WI. Over \$4,000 in cash prizes are awarded to the best and worst players on the course.

**Newsletters** – MWFPA members receive monthly electronic newsletters and special reports on public policy issues and industry trends.

**Committee Activities** – MWFPA is fortunate to have members with expertise on a host of food issues who volunteer their time and knowledge for the industry. Much of their input comes through ten committees that help identify and comment on a variety of issues.