



## The British Columbia Fruit Growers' Association

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### Select Standing Committee on Finance and Government Services

#### Pre-Budget Consultation

*Presented by*

*Fred Steele, President*

*Glen Lucas, General Manager*

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#### **Introduction**

Thank you for the opportunity to comment on the 2015 provincial budget. My name is Fred Steele – I am President of the BC Fruit Growers' Association. This is an exciting time for growers in our industry, as the annual apple harvest is the culmination of all of the hard work and effort that we place into the crop each year – personally, I am harvesting 8 acres, on my farm here in Kelowna. With me today is Glen Lucas, our General Manager, who will join in making our presentation.

The BCFGGA has had the privilege of presenting a brief to the Pre-Budget Consultation each year since 2002. Our association represents 550 commercial tree fruit growers in the Okanagan, Similkameen, Shuswap and Creston Valleys. Based on the most recent statistics available, the family-owned tree fruit farms in BC generate income of \$74.5 million per year, with a packed value of \$160.5 million, and \$552 million of economic activity annually.

We are an important and sustainable economic contributor to the regional and provincial economy. As evidence of this sustainability, we are celebrating our 125<sup>th</sup> Anniversary as an industry association serving the BC tree fruit industry.

Besides celebrating, though, we have been hard at work developing a new tree fruit industry strategy. Our previous strategy, from 2007 to 2012, saw important progress, including

- consolidation of 4 cooperative packinghouses into one (the largest grower cooperative in Canada).
- all tree fruit farms and packinghouses registered on food safety programs.
- We have had rejuvenation of the packinghouse sector with industry investment supplemented by the provincial and federal government AgriFlex investments in modern, energy-efficient storage.
- There is renewal through replanting new varieties and new high density orchards. The cost to plant an acre of apples is commonly \$25,000, and we are fortunate that the provincial replant

program assists with funding of up to \$7,000 per acre. Several studies, beginning with the Lusztig Commission of Inquiry in 1990, concluded that without the Replant Program, industry renewal in the tree fruit sector will falter.

Over the past 5 year industry strategy, we achieved 80% of the 29 objectives to move our industry forward. We are very pleased with this result.

Our new industry strategy is equally ambitious. The principles of the industry strategy are:

- A return to growth and job creation.
- Niche markets and quality production.
- Increasing exports.
- Renewal and Sustainability.

These principles are consistent with the provincial and federal government direction, including the provincial Agriculture Minister's Advisory Council aim to increase exports from \$11 billion to \$14 billion by 2017.

Beyond common principles between industry and government directions, how does our strategy relate to the 2015 budget? The theme of this year's budget is "Successive Balanced Budgets". We understand the government's desire for fiscal prudence - tree fruit growers are after all business people who must live within their means. Farmers also understand that in order to produce future crops, investment is required. A government that investments in the economy will generate growth and increase industry's future contribution to tax revenue.

The BCFGAs are therefore very pleased that provincial government has stated a pre-election commitment to a longterm sustainable replant program for the tree fruit sector. The replant program, in which growers invest over 75% of the needed investment in new varieties and newly planted orchards, is still recognized as essential in improving our orchards and our competitiveness. Growers are very anxious to have the Replant Program introduced in the 2015 budget. Inclusion of a longterm, sustainable replant program in the 2015 budget is critical to our new industry strategy.

In previous presentations to the committee, we noted the Columbia River Treaty impact on our sector. Though the current treaty terms only recognize hydro power and flood control, both BC and the US recognize that the stored and subsequently timed release of the CRT water has a benefit beyond flood control, including the massive expansion in tree fruit and vegetable acreage in the US since the treaty was signed. We are pleased that the province's position on the Columbia River Treaty recognizes both the value of these other uses of CRT waters, as well as the impacts on BC producers. We encourage the province to continue to work to ensure that BC receives full value for the water that it stores for the US. In time, we hope that this effort will assist BC producers negatively impacted by massive, post-CRT growth of tree fruit and vegetable horticulture in Washington State.

## **“Budget Consultations 2015” Questions**

The Budget discussion paper asks several questions, which we will briefly comment on.

1. *What is the best way to maintain a balanced budget?*

With prudent management of expenditure, through balancing social, infrastructure needs with the ability to pay.

2. *What program and spending areas are most important to you?*

For purposes of tree fruit industry rejuvenation and strategy, the Replant Program is most important to producers.

3. *If demand for public services grows, government should...*

Balance that growth with a benchmark of economic growth, in normal economic times.

4. *How should we fund infrastructure investment?*

Industry looks at Return on Investment as well as affordability in the present (cashflow). For government, infrastructure investment could be made the way industry investments are considered: return on investment. This may be difficult when there are social values, such as freedom of movement/transportation that often do not have a market value; however, other investments could be held to this measure.

### **In Summary**

The BCFGGA appreciates the opportunity to provide input into the budget since 2002. The BCFGGA recommends:

1. Delivery of a long-term, sustainable Replant Program in the 2015 budget.
2. Achieving fair funding for the water stored for US irrigation and other purposes, under the renewed Columbia River Treaty.
3. A continuation of prudent fiscal management.

We appreciate the efforts of the Select Standing Committee on Finance and Government Services.

Thank you.