



The British Columbia Fruit Growers' Association

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Select Standing Committee on Finance and Government Services

Pre-Budget Consultation

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Introduction

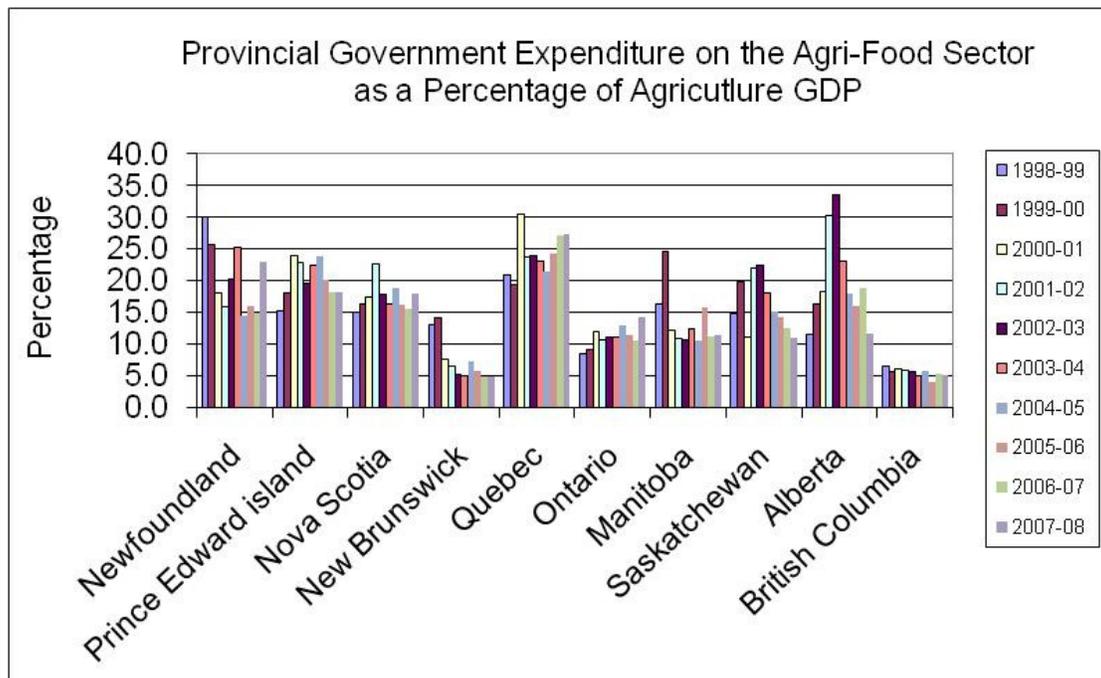
The BC Fruit Growers' Association appreciates the opportunity for input into the provincial budget. We have had the privilege of presenting each year since 2002 – unfortunately we have broken our streak as we were unable to secure a time this year as spaces filled up the first morning. Our association represents 847 commercial tree fruit growers in the Okanagan-Similkameen-Creston Valleys, where over 99% of tree fruit production in BC is located.

The theme of this year's budget is "Building a Stronger BC – Maximizing the Olympic Advantage". Just as the Olympics will bring hope of economic contribution to the BC economy in this time of recession, we hope that members of the committee will reflect on the contribution of BC farming. Farming does not close up and move its factories off-shore or to the US. People may eat out less, but they do not eat less during a recession. Especially in rural economies, agriculture stabilizes.

The BC Fruit Growers' Association recognizes the need for the government retrenchment as it brings its expenditure in line with income, while providing the needed financing for the Olympics and the infrastructure improvements surrounding the Olympics.

With the government fiscal challenges in mind, the BCFGA will soon meet with the Minister of Agriculture and Food to present ideas on improved programs and services for agriculture, while not increasing the demand on the provincial coffers. We like to think of this as a prudent, farm sector approach.

During the previous ‘boom years’, agriculture was left behind. We feel that our current contribution to the economy suffers as a result of this neglect. Our contribution in times of recession is resilient, absorbing workers in times of down turn and providing a source of workers in times of expansion. Our province would be in a better economic position, if BC did not treat the agriculture sector so harshly in the provincial budget. Now is not the time to fix this budgetary transgression, but the time will come when resources can be committed to make the provinces commitment to agriculture competitive with other provinces.



We will offer some general input into the Standing Committee’s Finance and Government Services deliberations on the budget, followed by addressing the specific questions in the 2009 budget consultation paper.

1. Harmonized Sales Tax

The BCFGGA supports the harmonization of PST and GST. In case committee members think we are a Johnny-come-lately in stating our support for HST, here is what we said in our presentation to your committee on September 25, 2006:

Personal and corporate income taxes have come down, so tax reduction is no longer a high priority item. Harmonizing the PST and GST would be desirable, in order to reduce administration costs and private accounting costs.

Our support is based on the HST system reflecting the current GST process and rules. The HST will treat services and goods equally. As a producer of goods, tree fruit producers feel the HST is fair and equitable. We realize that no-one likes taxes, but this is the 'least worst' option for taxing consumption.

2. Carbon Tax

The recent carbon tax hurts agriculture – it transfers income from our sector to urban areas, due to our larger per capita consumption in tilling the land and due to generally greater distances covered. Compounding this problem, the concentration of the tax rebates to individuals in areas of high income – the urban areas of the province. 'Income neutrality' promised in the carbon tax does not work for agriculture. It needs to be fixed.

3. The Role of Nutrition (and Exercise) in Health Care

BCFGGA supports the School Fruit and Vegetable Nutrition Program.

This program aims at reducing health care costs. As a matter of fact, an August 2009 report by the McGill World Platform for Health and Economic Convergence, entitled "Building Convergence, Toward an Integrated Health and Agri-Food Strategy for Canada", notes the importance of improved nutrition to reducing health care costs.¹

Additionally, the Conference Board of Canada issued its Annual Report Card on Health Care on September 28, 2009. Healthy eating and exercise are key determinants of the performance of the health care system, yet are often overshadowed by a short-term focus on health care treatment and intervention.

¹ www.capi-icpa.ca/pdfs/BuildingConvergence_Summary.pdf

In the words of the Canadian Broadcast Corporation, “Most top performing countries achieved better health outcomes by acting on the *determinants of health*, such as environmental stewardship and health promotion”. In the report, BC is identified for its ActNow program:

BC’s internationally lauded Act Now program, which encourages citizens to exercise more and eat healthier food, is a particularly promising model of intra-government collaboration to develop health policy.²

Thus, the School Fruit and Vegetable Nutrition Program is a key investment for the Ministry of Health. During the current budgetary challenge, the Ministry of Health might be tempted to reduce the investment in this program. However, doing so would simply increase long term health care costs due to an increased level of poor nutritional choices of the public. We appreciate the provincial government’s ongoing support for the School Fruit and Vegetable Nutrition Program that seeks to introduce our impressionable youth to healthy eating choices.

4. The Budget Review Questions

The BCFGAs offers the following suggestions on the questions posed in the *2009 Budget Consultation Paper*.

Should government continue to protect core services such as health and education, and if so, how should government increase revenues to pay for these services?

The government should management the health care budget more prudently. New ways of doing business, improved incentives for healthy activities, improved nutritional programs will help improve health care performance. Devoting increased resources to healthy eating and exercise will reduce long term chronic and emergency intervention health care costs.

Should government continue to reduce taxes?

In general, we feel that the level of taxation is about right. Some changes that we would like to see are

- Implementation of the HST.
- Re-balancing of the ‘neutrality’ of the carbon tax.
- Offering incentives for healthy activities which reduce long-term health care costs.

² www.conferenceboard.ca/HCP/Details/Health.aspx#performer

How should government control deficits during difficult financial times?

Prudent control of expenditures is always wise, but there is a risk of losing sight of important long-term objectives if the focus is entirely short-term. For example, the problem appears not to be an imbalance between income and expenditures, from pre-recession to post-recession. Rather, it is a problem of debt growing rapidly out-of-control.

Budget Projections

	2008/09	2013/2014	Percentage Change
Revenue	38,328	44,630	16%
Expense	38,250	43,880	15%
Debt	38,014	59,942	58%

When debt grows at a rate faster than revenue is growing, the province, there is an out-of-proportion obligation being put on future generations. We ask that the committee take a closer look at what is causing the debt to grow in future years.

Summary

The BCFGGA appreciates the opportunity to provide input into the budget, though we are disappointed not to appear before the committee this year, the first time in 8 years, due to the sessions filling up immediately after announcement of the hearing schedule.

The BCFGGA recommends:

- Implementation of the HST proceed.
- Rebalancing the carbon tax so that it does not benefit urban areas at the expense of agriculture and rural areas.
- Putting funds into long-term health care improvement (nutrition and exercise), rather than solely focusing health care expenditure on the continually-growing chronic and emergency intervention costs.
- Keep an eye on provincial debt to ensure its growth is proportional to revenue growth.