



**The British Columbia  
Fruit Growers' Association**

880 Vaughan Avenue, Kelowna, BC V1Y 7E4  
Ph: (250) 762 – 5226 • Fax (250) 861 – 9089  
e-mail • info@bcfga.com

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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 2016 provincial budget. My name is Fred Steele – I am President of the BC Fruit Growers' Association. We are currently harvesting apples in the Okanagan and Shuswap. All crops are 2 to 3 weeks early, and it seems that growers have been scrambling to catch up all season. Today, we want to take an organized look at the budget and address some of the items in the Pre-budget consultation. With me today is Glen Lucas, our General Manager.

The BCFGa 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.

There is renewal through replanting new varieties and new high density orchards. The cost to plant an acre of apples is at least \$25,000, and we are fortunate that the provincial replant program assists with funding of up to \$7,500 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. We thank the Province for the 7 year renewed commitment to the Replant Program, for the period 2015 - 2021.

Our new industry strategy, for the period 2015 - 2020, is 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.

### **Pre-Budget 2016 Consultation Questions**

1. Using a ranking of 1 (most important) to 3 (least important), how should the government prioritize the flexibility that surpluses offer?

3 Reduce debt and borrowing

3 Invest in infrastructure, like schools, roads and health facilities

3 Tax relief and affordability measures

*Essentially, none of these are important to our members. Our members, all of whom are family farms that bring employment and investment to the economy, have not raised reducing the provincial debt as an important issue. Aiming for balanced budgets is seen to be wise and prudent. Tax relief is not a priority, as the current levels are competitive, overall. We would like to see investment or help for industry to invest in aging infrastructure and innovation.*

2. B.C. is working to protect priority services and keep life affordable for families within a balanced budget and declining debt burden. If you had one dollar in new funding to share across programs and services the government delivers, how would you divide it up?

*We recognize that allocating the government's entire budget is difficult. The question posed is "what to do with one extra dollar on government services and programs?" The BCFGFA is naturally biased to award this dollar to items that benefit our sector and industry, but here is how we would allocate that extra dollar.*

#### 15% Healthcare

*Our members would like to see a much greater emphasis on prevention. Growers have had to find new, more efficient and effective ways to farm, and we feel that the operations of Health Districts needs some transparent performance objectives.*

#### 10% K-12 Education

*Our members appreciate the school fruit and nutrition program, and would like to see investment to re-invigorate the 'teaching moments' when the BC grown fruit and vegetables are consumed in the classroom.*

5% Post-secondary education and skills training

*We would like to see some extra funding for institutions to adopt policies to preferentially purchase and make more available fresh BC produce.*

0% Policing and public safety

*We appreciate the role, importance and challenges of public safety, but our members have not identified it as a priority for new government expenditure.*

5% Social Services

*We would like to see more resources targeted at providing a healthy, fruit- and vegetable-based diet for persons receiving support from government social services.*

0% Roads, highways and bridges

*We appreciate the importance of transportation infrastructure, but our members have not identified it as a priority for new government expenditure.*

20% Natural resources, economic development

*Economic development is a priority for our members. We appreciate the investment in Replant, at \$1.2 million per year. This, however, is very frugal compared to investments of \$5 million per year when Replant was first implemented 20 years ago. There is a need for more investment in agricultural infrastructure and innovations, such as new packing and storage technologies.*

*For natural resources, we need the province to take responsibility for deer in developed areas, as is done for bears. Deer are impacting the huge investment in new orchards. The proliferation of fencing on individual farms could be stemmed if there were control of these urbanized deer.*

20% Environmental protection and parks

*Invasive pests and reducing pesticide use is a priority for the tree fruit sector. We need investment in Integrated Pest Management and in managing invasive pests.*

*Rail trails and hiking trails are a link to agri-tourism enterprises.*

0% Debt reduction

5% Tax reduction

*Our sector supported HST and it was clearly a competitive benefit for food producers. Since PST was re-implemented, we have returned to the idea of a list of exempted farm inputs. This sounds good, and we appreciate the government's contribution, but it is a difficult system for retailers to manage, and it is a great irritant to growers and retailers to determine what is exempt and what is not.*

3. British Columbia has one of the most diversified economies among the Canadian provinces. How should we continue our work to make job-creating industries more competitive? Choose your top priority. A) Work to reduce provincial trade barriers and red tape B) Reduce corporate income taxes C) Reduce personal income taxes D) Make changes to the PST within the existing framework E) Further promote access to new export markets.

*For all farmers, a common priority is to make changes to the PST within the existing framework.*

*Some growers who export their crops are interested in promoting export market access.*

4. What options could government consider to help make housing more affordable for those most in need without hurting families that already own a home? Choose your top priority. A) Enhance assistance for first-time homebuyers B) Further encourage new construction to add to the housing supply C) To increase affordability without negatively impacting families that already own a home, government could [...]

*To increase affordability without negatively impacting families that already own a home, government could investigate the cause of increased home prices and regulate this demand. Any other intervention will distort the market and benefit is likely to be transitory and result in further increasing the housing prices.*

5. One final item of importance - the Columbia River Treaty

The Columbia River Treaty, signed in 1965, has impacted our sector by creating a steady flow for irrigation of Washington State tree fruit and potatoes. Washington State wants to secure these flows into the future.

Currently, the treaty terms only recognizes hydro power and flood control. However, both BC and the US recognize that the stored and subsequently timed release of the CRT water has a benefit beyond flood control. One of the benefits of regulating the flow is the enhanced late-summer (July-August-September) water flows. and 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 the massive, post-CRT growth of tree fruit and vegetable horticulture in Washington State.

## **Summary**

In conclusion, thank you for the opportunity to contribute to the your consideration of the 2016 provincial budget. BC fruit growers themselves contribute powerfully to the regional and BC economy. We create value and jobs. We need government to provide infrastructure investment and help us with invasive pests of tree fruit. Together, we can grow the sector and its contribution to government revenues.