



February 16, 2018

Honourable John Horgan, MLA
Premier of British Columbia
P.O. Box 9041
Stn Prov Govt
Victoria, BC V8W 9E1

Dear Premier Horgan:

Re: Alberta – British Columbia Trade War

The boycott of British Columbia wine to the Province of Alberta has a substantial financial threat to greater Oliver's agricultural sector, wine industry, and tourism sector. As Mayor of Oliver, I appeal to you as Premier of this great Province to engage now with Premier Notley to end this detrimental trade war.

Local workers, farmers, wine and tourism businesses in British Columbia will feel the immediate affect by loss of income. Every individual worker and business will be worse off financially, and the net loss to both provinces and our national economies will be significant. An inter-provincial trade dispute has far reaching affects but immediately to the local worker and business owner, who do not want this dispute to continue any longer.

Oliver is proud to be an agricultural community, and in recognition that it has the most acres of grapes and the most wineries of any single jurisdiction in Canada can declare itself as the *Wine Capital of Canada*. That being said, Oliver must defend itself against the impact of a trade war with the Province of Alberta.

A direct result of the boycott of British Columbia wine to the Province of Alberta is now threatening funding, through a bi-lateral agreement with the Government of Canada, to repair the Gallagher Lake Siphon. If the Government of Canada and the Province of British Columbia cannot enter into a bi-lateral agreement, because of an inter-provincial trade dispute, the total potential losses to the Oliver area alone are approximately \$172 million to the agriculture and wine industryⁱ.

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Premier Horgan, citizens from both British Columbia and Alberta do not want an inter-provincial trade war.

Yours truly,

Ron Hovanes
Mayor

cc Council
Prime Minister Trudeau
Premier of Alberta Rachel Notley
Chief Clarence Louie, Osoyoos Indian Band
Regional District of Okanagan-Similkameen Board of Directors
UBCM Member Municipalities/Regional Districts
Minister of Agriculture, Lana Popham
Minister Selina Robinson, Municipal Affairs and Housing
Minister Claire Trevena, Transportation & Infrastructure
MLAs Linda Larson, Dan Ashton, Ben Stewart, Norm Letnick
MP Dick Cannings, Steven Fuhr, Dan Albas

ⁱ Economic Impact – Gallagher Lake Siphon attached

Economic Impact – Gallagher Lake Siphon

The Town of Oliver water system provides water to customers inside the Town of Oliver as well as to customers in the surrounding rural area extending approximately 10 km north and 10 km south of the municipal boundaries. Town of Oliver water customers use water for typical uses such as:

- (1) Drinking and cooking
- (2) Washing and sanitation
- (3) Commercial operations
- (4) Industrial processes
- (5) Irrigation

Oliver is a rural community whose economy is based on primary and secondary agricultural businesses. Most farms served by the Oliver water system are family farms, many of which provide then primary or only source of income for the resident farmer. Secondary agricultural industries include fruit packaging operations and approximately 25 separate wineries (10% of all wineries in Canada).¹

Oliver is declared the “Wine Capital of Canada” in recognition that it has the most acres of grapes and the most wineries of any single jurisdiction in Canada. In addition to adding value to local grape crops, wineries are also a major tourist draw for the area, including Oliver, Osoyoos and Penticton.

The natural climate and landscape of Oliver is classified as desert. The original creation of Oliver was the result of a major irrigation project built by the Provincial government as the South Okanagan Lands Project in the 1920s. Without irrigation, crops grown in the Oliver area will fail.

If irrigation water is not available for an extended period, perennial plants (e.g. fruit trees and grape vines) will die. This will incur expensive replanting costs and will take from 5 to 7 years to recover full crop yields, resulting in losses extending over several years.

The Oliver water system supplies irrigation water to 401 connections for over 5,000 acres of agricultural crops. Almost 500 of these acres are on the Osoyoos Indian Reserve irrigating vineyards operated by the Osoyoos Indian Band.

¹ Source: www.winecapitalofcanada.com web site.

Using mapping data supplied by the Ministry of Agriculture, it has been determined that the Town of Oliver provided irrigation water to the following crop areas:

Crop Type	Acres
Grapes	2829.7
Apples	639.0
Cherries	629.6
Peaches/Nectarines	341.8
Vegetables	371.0
Tree fruit crop (mixed)	29.0
Plums	88.0
Apricots	32.0
Pasture and Forage	43.2
Pears	14.0
Forestry stock	7.0
Commercial greenhouse	28.0
Total Acres	5052.3

Based on crop values per acre supplied by the Ministry of Agriculture, the loss in the first year alone if irrigation water is disrupted would be approximately \$39 million for Oliver water customers. If water was disrupted for long enough to result in a die-off of perennial plant stocks, then based on Ministry of Agriculture data, the replanting cost would be approximately \$28 million for Oliver water customers. After replanting, perennial plants typically take from five to nine years to resume full production. Assuming an average of 50% production loss over these recovery years, the further losses would total over \$104 million. The total potential losses from the current year crop failure, replanting and crop recovery delays described above total approximately \$172 million. This amount is for basic crop loss only at the farm gate.

For the 401 agricultural irrigation connections serviced by the town the average losses without water will be:

- (1) Current year losses = \$39 million / 401 = \$97,300 / connection
- (2) Replanting cost = \$28 million / 401 = \$69,800 / connection
- (3) Recovery time losses = \$104 million / 401 = \$259,350 / connection
- (4) Total potential loss = \$172 million / 401 = \$428,900 /connection

While farm sizes vary, a typical connection suffering the above losses services a 10-acre family farm. Value-added losses would be in addition to the above losses. For example, one ton of grapes valued at the farm gate at \$2,000 will produce about 300 bottles of wine, which at \$20 per bottle would be worth \$6,000, producing a multiplier of 3.