

**Ministry of Agriculture
BRIEFING NOTE FOR MINISTER FOR INFORMATION**

Ref: 176622

Date: September 28, 2012

Issue: An independent report on the competitiveness of the BC tree fruit industry recommends remedial actions that the sector must implement imminently in order to continue under its current model.

Background: *BC Apple Industry Strategic Choices and Directions for the Next Decade* was commissioned by the BC Fruit Growers Association (BCFGA) and funded by the Federal/Provincial Tree Fruit Marketing and Infrastructure Innovation Initiative (AgriFlex). The report is being finalized and will be distributed to all BCFGAs executive initially and then to all members in the next couple of weeks.

The first phase of the report outlines some of the comparative issues of the Okanagan Tree Fruit Cooperative (OTFC) and the Chelan Fruit Cooperative in Washington including the following key comparisons:

Per box:	Okanagan Tree Fruit Cooperative	Chelan Cooperative
Packing charges	\$11.53	\$8.13
Grower returns	\$9.59	\$11.66

The second phase outlines potential remedial actions for growers, the main packing house and for the main marketer. The report makes the following recommendations:

1. Employ a facilitator to address the mistrust and adversarial positions between growers and OTFC.
2. Improve apple variety development to provide better recommendations to growers.
3. Conduct consumer research to develop competitive market strategies.
4. OTFC needs to strategically modernize packing and storage operations.
5. Grower yields and quality need to improve.
6. Carefully monitor and regularly assess the new replant program.

The report makes no specific requests of Government, but speaks positively of the recently announced \$2 million replant program and states that it will be difficult for OTFC to modernize its infrastructure without substantial Government grants.

Discussion:

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- OTFC have been provided an opportunity to respond prior to the release of the report, but none has been heard to date.
- The response by growers is expected to be good as the grower body is looking for a way to get the packing organization moving in a positive and decisive direction again.
- It is anticipated that the sector will ask the ministry to fund a facilitator to initiate the steps needed to implement the recommendations.

Suggested Response:

- Encourage the sector to open discussions to develop an approach to implement the recommendations within the report.
- Encourage the sector to identify leaders who can champion the change that is needed to turn the sector around.
- Suggest that BCFGAs work with ministry staff to develop an application for funding for a facilitator through the existing Tree Fruit Marketing and Infrastructure Innovation Initiative (AgriFlex). AGRI staff will expedite this application through approvals.

Contact: Jim Campbell, Industry Specialist, Tree Fruit and Grape Specialist, IID Branch.

DIR AR ADM MS DM WS

Ministry of Agriculture
BRIEFING NOTE FOR MINISTER FOR INFORMATION FOR MEETING
For Meeting with BC Wine Institute October 9, 2012

Ref: 176598

Date: October 2, 2012

Issue: The BC Wine Institute (BCWI) have varied concerns such as: BC Vintners Quality Assured (VQA) category sales update; economic impact of the BC wine industry; Bill C-311: Provincial personal exemption limits; privatization of liquor distribution in BC; Mandated minimum pricing; British Columbia Wine & Culinary Centre

Background:

The BC Wine Authority (BCWA) is a non-profit society authorized to regulate the wines of marked quality VQA under the *Agri-Food Choice and Quality Act*.

The BCWI is a BC winery association that markets and promotes BC VQA wines. The BCWI membership includes 128 wineries (about 60% of BC wineries) producing the majority of BC wine and 16 grape growers. The BCWI met with Minister Bell, Jobs Tourism and Skilled Trades (JTST) on October 3 to discuss the above issues excepting mandated minimum pricing.

First Nations Considerations: N/A

Discussion:

BC VQA Category Sales: The BCWI reports VQA wine production and sales of approximately 8.2 million litres and \$194.6 million for the 12 months ending August 2012. This is a 6% rise compared to the 12-month period ending August 2011.

Economic Impact of the BC Wine Industry: BC has over 200 wineries and over 700 vineyards. In 2011, total BC wine sales were \$278 million. BC grape growers produce grapes primarily for the wine market, with a small share going to the table grape market. In 2011, BC exported \$5.8 million in wine with over 80% going to China.

Comprehensive Economic and Trade Agreement (CETA) Negotiations between Canada and the European Union began in 2009 and are now in a more intensive and focused phase in anticipation of reaching an agreement in 2012. Trade in alcoholic beverages is an area of discussion in the CETA and provincial negotiators have ensured sensitivities related to the province's wine industry have been communicated to the federal government.

Bill C-311: (JTST lead) In June 2012, the Government of Canada passed Bill C-311 amending the federal *Importation of Intoxicating Liquors Act* to allow individuals to carry or ship wine across provincial borders for personal use subject to the laws and regulations of the destination province. The Bill was largely symbolic as provinces already had the ability to make laws that would allow wine to be shipped directly to their residents from another province.

In June 2012, the Province enacted regulatory changes to allow BC residents to bring back up to one case of wine on their person from another province. In July 2012, the Province announced that BC residents would be able to order from a recognized winery in another province producing 100% Canadian wine and have it shipped directly to them exempt from provincial mark-ups.

The BCWI supported these changes and wants other provinces to take the actions necessary to remove provincial barriers to the direct importation of wine. BC raised the issue at a June 14, 2012 meeting of ministers responsible for the Agreement on Internal Trade. JTST has primary responsibility for internal trade.

Liquor Distribution Privatization: The privatization of the Liquor Distribution Branch (LDB) has been cancelled as part of the current BC Government Employee Union and Government of BC negotiations.

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Suggested Response:

- The Ministry recognises the significance of the wine industry to BC.
- BC is engaging with other provinces in an effort to remove barriers to the sale of wine across provincial borders, both through the national Agreement on Internal Trade and with Alberta and Saskatchewan under the New West Partnership on Trade Agreement.
- The Province, through the Ministries of Energy, Mines and Natural Gas and Finance, is continuing to move forward on its liquor reform initiative announced in Budget 2012 to modernize liquor distribution and licensing standards in BC.

Contact: Russ Horton, Policy and Legislation Branch, 250-356-1671

DIR GT ADM MS DM DS

**Ministry of Agriculture
BRIEFING NOTE FOR MINISTER FOR DECISION**

Ref: 176690

October 12, 2012

Issue: Recommended responses to BC Fruit Growers Association submission October 2, 2012

Discussion & Recommended Responses

Strategic Actions for Government – assisting with longer term industry development and strategy

REQUEST 1.

Work with the Federal government to ensure that the new innovation funding is effective and minimizes bureaucracy.

DISCUSSION:

Ministry staff are working on programming strategies and on processes with federal staff.

RECOMMENDED RESPONSE:

- We will endeavor to ensure that innovation funding under Growing Forward 2 is effective and has a smooth process for application and funding disbursement.
- We are currently working internally and with the Federal government to ensure that the process goes smoothly
- Industry will be consulted on planned programming.

REQUEST 2.

A proposal is being developed for an Apple Research and Promotion Agency (ARPA) – the proposal needs ministerial review and approval of its terms prior to launching the vote in January 2013.

DISCUSSION:

This request falls under the *Farming and Fishing Industries Development Act*. A successful vote from fruit growers will result in a new council created under regulation to collect a levy for specified industry development purposes.

RECOMMENDED RESPONSE:

- We look forward to receiving your proposal.
- Staff will work with you to expedite the approval process once it is received.

REQUEST 3.

Help make the case that additional funds should be provided through the Columbia River Treaty for US irrigation, and that part of these new funds be reinvested in affected agriculture sectors.

3 a. Second a resource economist to industry (BC Fruit Growers' Association, BC Potato Growers Association and the BC Vegetable Marketing Commission) to establish the value of irrigation provided by the Columbia River Treaty.

DISCUSSION:

Analysis by Ministry of Energy, Mines and Natural Gas (MEM) staff indicates that the Treaty has not conferred benefits to US irrigators, but has increased irrigation costs, which is contrary to claims of the tree fruit and vegetable sectors. Staff from AGRI and MEM have met with industry to discuss these concerns.

RECOMMENDED RESPONSE:

- Given the pressures of the current fiscal situation, we are unable to offer secondment of a resource economist.

3 b. To appoint a senior BC Ministry of Agriculture staff on the Columbia River Review Team.

RECOMMENDED RESPONSE:

- The Ministry of Agriculture has Assistant Director of Policy and Legislation, Gavin Last, representing agriculture interests at the Columbia River Review Team table which is led by MEM.

Short-Term Government Support – assisting industry to be solvent and overcome immediate hurdles

REQUEST 1.

Program resources: emergency payments to assist growers remain solvent and assistance with current expenses, structured under programs such as Environmental Farm Plans, Food Safety, the Sterile Insect Release Program, and introduction of new crop protection technology.

DISCUSSION:

AGRI has a suite of risk management programs that help farmers manage risks rather than using ad-hoc payments.

RECOMMENDED RESPONSE:

- At this time, due to fiscal restraints, we are unable to provide ad-hoc emergency funding for the tree fruit sector.
- Funding for specific projects and improvements is available through the recently-announced \$2 million Replant Program and the AgriFlex Tree Fruit Market and Infrastructure Innovation Initiative. In this time of fiscal restraint, we are unable to provide additional emergency payments.

REQUEST 2.

Engage a facilitator for industry.

DISCUSSION:

An application for a facilitator would be eligible for funding under the AgriFlex Tree Fruit Market and Infrastructure Innovation Initiative, as long as it developed a strategy for the industry.

RECOMMENDED RESPONSE:

- We strongly encourage you to apply for funding for a facilitator, as part of the development of a strategy for how to address current industry issues, through the AgriFlex Tree Fruit Market and Infrastructure Innovation Initiative.
- Ministry staff will expedite the application through the approval process once it has been received.

REQUEST 3.

Amend the Replant Program to eliminate the “like-to-like” requirement.

DISCUSSION:

The “like to like” program criteria was initially included in the Replant Program guidelines at the request of the BC Fruit Growers Association. The program is designed to promote the production of apples; 90 percent of the funding is for apples, and 10% for soft fruit. Current program guidelines include parameters to ensure high value apples are planted, and that they are in the right locations.

In order to strengthen the program’s ability to ensure that the right varieties are planted in the right locations, staff recommend that only crops which are eligible for crop insurance be planted. This provides an additional level of accountability, and ensures that the Ministry will not fund planting of crops that it would not insure. Allowing growers to replant different fruit than they had previously planted will give growers greater freedom, while still ensuring replant of high value apples in geographically suited locations.

RECOMMENDED RESPONSE:

- We support the deletion of the requirement for the “like to like” guideline, but would like to add the ability to insure the new crop with Production Insurance to the eligibility criteria.

Next steps:

- Upon approval of recommended responses, staff will draft a letter of response to the BC Fruit Growers Association for Minister's signature.

Contact: Fiona Cubitt, Senior Manager, Industry Development, 250 387-7183

DIR AR ADM MS DM DS

**Ministry of Agriculture
BRIEFING NOTE FOR MINISTER FOR INFORMATION**

Ref: 176681

Date: October 15, 2012

Issue: Genetically engineered (GE) Arctic™ apples: Options for British Columbia, should the Canadian Food Inspection Agency (CFIA) approve these apples for unconfined production.

Background: This information is provided at the request of the Ministerial Assistant.

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These apples have been genetically engineered to delay browning of apple flesh when cut.

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Pollination of conventional or organic apples with GE pollen would produce apples with GE seeds, even though the flesh would not be GE. Processing of the apples, such as slicing, juicing etc., would release GE material from the seed into the product.

GE plants and seed cannot be certified as organic under BC's *Agri-Food Choice and Quality Act*. s.16

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Discussion: BC has no legislation that would limit production of GE Arctic™ apples if CFIA approved. Some local governments have declared "GE Free Zones" in Richmond, Powell River, Nelson, Rossland, Kaslo and New Denver. A Cowichan Valley Regional District bylaw discourages GE production.

The European Union (EU) regulates GE food using a much higher standard than Canada's to establish food safety. EU regulation mandates labelling of all GE food products.

Conventional and organic apple growers are concerned about:

- contamination of their product in the field with unconfined GE pollen;
- transfer of GE material into final product during processing;
- perception of increased human, environmental and economic risk associated with GE apples; and
- for organic growers, loss of organic certification, premiums, integrity of the BC brand and access to export markets.

Options for BC include:

1. **Do nothing.** There is currently no legislation in place to prevent production of Arctic™ apples once approved by the CFIA.
2. **Support local government choice.** Adopt a policy of supporting and facilitating as appropriate local government regulation of GE production. Support could include designating provincial areas for potential GE-free production.
3. **Require mandatory labelling of GE products.** This was attempted in 2001 and failed. Many jurisdictions, including key trading partners such as the EU, require GE labeling.
4. **Develop new legislation prohibiting the production of specific or all GE products.** Requires extensive policy analysis with consideration of existing GE production and strong rationale before moving to legislation.

Contact: Daphne Sidaway-Wolf, Agrifoods Policy and Legislation, 250 356-6586

DIR GT ADM MS DM DS

**Ministry of Agriculture
BRIEFING NOTE FOR MINISTER FOR INFORMATION**

Ref: 177059

Date: November 20, 2012

Issue: Land within the Agricultural Land Reserve (ALR) is being used for the purpose of planting trees and generating carbon offsets.

Background: Carbon trading markets are growing in size and significance around the world. In most of these markets, tree planting is recognized as a viable method of generating tradable carbon offsets because trees can sequester carbon in soil and their own biomass.

In 2009, agricultural producers and Ministry of Agriculture (AGRI) staff in Northern BC reported that a British company, Reckitt Benckiser Group PLC (RB) bought 4000 hectares of land in the ALR in the Vanderhoof and Peace River regions for the purpose of planting trees and selling carbon offsets. RB hired a Toronto-based company named Borealis Carbon Offsets (BCO) to plant trees on the land they purchased, 1000 hectares of which is now believed to have been planted.

Although no information has been found on other land *purchases* within the ALR for the purpose of generating carbon offsets from tree planting, there is a case in which BCO signed a tree planting *contract* with an ALR landowner in the Vanderhoof region at McPhee Creek. This landowner then placed a covenant on their land under BC *Land Title Act* Section 2.19. BCO planted trees on 70 hectares of that land. BCO intends to plant more trees in this region of BC, but does not yet have contracts in place.

Of BC's total land mass of 950,000 square kilometers, approximately 45% is mountainous, 50% is forested, and a little less than 5% is suitable for agricultural production and is protected for this use within the ALR. Section 2 (2)(f) of the Agricultural Land Reserve Use, Subdivision and Procedure Regulation defines *timber production, harvesting, silviculture and forest protection* as a permitted use for land within the ALR, and some ranchers practice limited logging on their properties as a form of secondary income.

Discussion: The amount of tree planting that has occurred within the ALR for the purpose of generating carbon offsets is not significant. A contact at BCO asserts that RB is done buying land in BC for this purpose and thinks it is unlikely that other companies will do so, because signing contracts with landowners is easier and less costly than purchasing land. This indicates that as carbon trading markets potentially gain prominence, more ALR land may be *contracted* for tree planting.

In order to provide an assurance to the lessee that the trees planted under such a contract will mature to the point that they sequester the quantity of carbon required to generate the desired offset revenues, the lessor is typically required to place a covenant on their land stating that the trees planted under the contract will be left standing for at least 100 years.

Given the scarcity of productive farmland in BC relative to the abundance of forestland, and given the long timeframe under which offsets are generated, the potential for expanded contracting of farmland for tree production is a concern.

Section 22(2) of the *Agricultural Land Commission Act* (Act) provides that *a covenant that prohibits the use of agricultural land for farm purposes has no effect until approved by the [Agricultural Land] Commission.*

Next Steps:

- AGRI staff and the Agriculture Land Commission (ALC) will continue to monitor the use of farmland for tree production to generate carbon offsets.

Ministry of Agriculture
BRIEFING NOTE FOR MINISTER FOR INFORMATION FOR MEETING
With Anthony von Mandl, CEO Mark Anthony Group Inc, November 29, 2012

Ref: 176898

Date: November 27, 2012

Issue: Most provinces prohibit individuals from directly importing wine from other provinces.

Background:

- The federal *Importation of Intoxicating Liquors Act* (1928) (IILA) was established after the end of prohibition to provide provinces with the powers to control the sale of liquor within their borders. The IILA also allowed provinces to prohibit the transport of alcohol through provincial territory, except through provincial liquor boards.
- This meant that individuals could not purchase wine in one province (for example, in BC) and transport it to another province (for example, Alberta).
- In the summer of 2012, the Federal Government amended the IILA to allow for the personal importation of wine; however, for this federal policy change to take effect, each province has to amend its own rules as well. BC implemented the necessary changes in July 2012. Manitoba's legislation already allowed for personal importation and Nova Scotia has recently introduced their legislation.
- These changes provide an exception from provincial mark-ups where that wine is made from ingredients 100% grown and produced in the province from which it is shipped. There is no limit on the number of bottles that can be shipped, provided they are for personal consumption.
- The BC wine industry has been actively seeking liberalization of the interprovincial movement of private-use wine in Canada which would allow Canadian consumers more options to purchase BC wines through such mechanisms as internet sales.
- In 2011, BC wines exports were valued at close to \$5.8 million, an increase of over 300% since the start of the global economic downturn in 2008.
- BC is home to 864 vineyards, including 242 licensed wineries. Over 60 different grape varieties are produced here. The top 10 include: Pinot Gris, Chardonnay, Gewurztraminer, Riesling, Sauvignon Blanc, Merlot, Pinot Noir, Cabernet Sauvignon, Syrah (Shiraz), and Cabernet Franc.
- While the industry is concentrated in the Okanagan and Similkameen Valleys, viticulture can be found across 5 different regions of the province, each with its own unique climate and soils. This diversity enhances the province's maturing wine industry, which is recognized internationally, with over 1,000 medals won in 2011 in competitions around the globe.
- Included in the medal winners are BC ice wines –from grapes naturally frozen on the vine before harvest yielding some of the highest quality dessert wines in the world.
- The growth in wine production in BC, combined with a growing demand in Asia due to a shift in preference for wine and its healthy-heart benefits, with moderate consumption, has led to the rise in exports from \$1.4 million in 2008 to \$5.8 million in 2011.

Discussion:

- On an interprovincial basis, the most important province for BC wineries is Alberta. Although there is some question as to whether Alberta's legislation already allows for personal importation, the official position of the Government of Alberta is that it is not allowed.

Suggested Response:

- BC has taken the lead on opening up the Canadian marketplace for our world-renowned BC wineries.
- We encourage other jurisdictions to take immediate steps to reciprocate by opening up their borders and allow all Canadians to order wine over the Internet.

Contact: James Marshall, Trade Advisor, Agrifoods Policy and Legislation, 250 356-5814

DIR GT ADM _____ DM _____

**Ministry of Agriculture
BRIEFING NOTE FOR MINISTER FOR INFORMATION**

Ref: 176622 (revised)

Date: December 10, 2012

Issue: An independent report on the competitiveness of the BC tree fruit industry recommends remedial actions that the sector must implement imminently in order to continue under its current model.

Background: *BC Apple Industry Strategic Choices and Directions for the Next Decade* was commissioned by the BC Fruit Growers Association (BCFGA) and funded by the Federal/Provincial Tree Fruit Marketing and Infrastructure Innovation Initiative (AgriFlex). The report is being finalized and will be distributed to all BCFGAs executive initially and then to all members in the next couple of weeks.

The first phase of the report outlines some of the comparative issues of the Okanagan Tree Fruit Cooperative (OTFC) and the Chelan Fruit Cooperative in Washington including the following key comparisons:

Per box:	Okanagan Tree Fruit Cooperative	Chelan Cooperative
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1. Employ a facilitator to address the mistrust and adversarial positions between growers and OTFC.
2. Improve apple variety development to provide better recommendations to growers.
3. Conduct consumer research to develop competitive market strategies.
4. OTFC needs to strategically modernize packing and storage operations.
5. Grower yields and quality need to improve.
6. Carefully monitor and regularly assess the new replant program.

The report makes no specific requests of Government, but speaks positively of the recently announced \$2 million replant program and states that it will be difficult for OTFC to modernize its infrastructure without substantial Government grants.

Discussion:

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- OTFC have initiated major changes in staff since their AGM in late October. Two new board members and significant changes in senior management have put their response to this report on hold.
- The BCFGAs met with the new CEO, Alan Tyabji, regarding funding for a facilitator, but he declined to engage a facilitator for the time being. The new CEO is known to have strong communication skills.
- Growers will likely give the new management some time to develop their position and strategy over the winter months. Funding is not being requested at least for the time being.
- Apple sales are going extremely well this year and returns to growers are expected to be significantly higher than last year.
- The BCFGAs is also going through changes as the current president, Kirpal Boparai, has resigned prior to the end of his term.

Suggested Response:

- Encourage the sector to open discussions to develop an approach to implement the recommendations within the report.

Contact: Jim Campbell, Industry Specialist, Tree Fruit and Grape Specialist, IID Branch.

DIR AR ADM MS DM DS

**Ministry of Agriculture
BRIEFING NOTE FOR MINISTER FOR MEETING
with Okanagan Kootenay Cherry Growers Association December 20, 2012.**

Ref: 177149

Date: December 12, 2012

Issue: Sustainability and Profitability of the BC cherry industry

Background & Discussion:

Production:

- BC is known as the cherry producing centre of Canada as it has an ideal soils and climate for growing cherries and accounts for 93 percent of the nation's production of sweet cherries.
- BC's cherry farms cover 1,400 hectares and harvested more than 9,000 tonnes worth \$30.8 million in farm gate value in 2011. Washington State has 15,400 ha – 11 times the area in BC.
- In 2012, the whole Pacific Northwest crop was very large, and was slow to be sold as a result of weather damage from rain and hail. A large portion (60%) of these cherry crops were packed as small sizes (10.5 row and smaller)
- As a result, growers received significantly lower returns than previous years; \$.50 - \$.75/lb versus \$1.50/lb from recent years.
- Many growers should be eligible for Production Insurance and/or AgriStability payments from the 2012 crop.
- In the past, cherry growers, packers and brokers have worked primarily independently, but the Okanagan Kootenay Cherry Growers Association is determined that the industry needs to work together.

Exports:

- Sixty-eight percent of BC's cherry harvest is exported and the sales of fresh and value-added products combined generated an export value of \$39.9 million (wholesale value) in 2011.
- Hong Kong imports the most BC cherries with a market export share in 2011 of 25 percent worth \$9.9 million followed by Taiwan and the US.

Market Access:

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- There are currently no market access issues for BC cherries in South Korea and Hong Kong.
- Cherry growers and marketers believe that there is room for more cherries in the Canadian market as well as international markets.
- Cherry growers are currently considering an acreage levy to fund research, promotions and educational opportunities under the *Farming and Fishing Industry Development Act*.

Recommended Response:

- Support industry levy being proposed and offer to provide staff support.
- AGRI is working with our federal colleagues to support efforts to get market access in China.
- Suggest funding for promotion through the Buy Local Program and AgriMarketing (Growing Forward 2; GF2) and for innovation through AgriInnovation GF2. Further information is available online.

Contact: Jim Campbell, Innovation & Industry Development Branch, 250-498 5254

DIR AR ADM MS DM _____

**Ministry of Agriculture
FOR MINISTER FOR ADVICE**

Ref: 177178

Date: December 19, 2012

The Request:

- December 4, 2012 letter to Minister (letter's author not known to staff) regarding family wine business succession and future wine industry concerns in BC and calls for a strategic review (study) of the current state/challenges of the wine industry and options to enhance the sector's future.

Background:

- Business models in the BC wine industry are stratified including: vineyard operators producing grapes only (usually contracted to wineries); farm gate wineries (vineyards and small wineries combined); estate wineries (mid-sized wineries) and large wineries. All wineries have their own vineyards, with many purchasing additional grapes from other vineyards.
- The number of BC wine industry operations has grown over the last twenty plus years, including the development of family scale vineyards and farm gate wineries.
- The British Columbia Wine Grape Council (BCWGC) is established by the British Columbia Wine Grape Council Regulation (OIC No. 210/2006) under the *Farming and Fishing Industries Development Act*. The BCWGC coordinates and facilitates research and education on viticulture and enology for the broad benefit of the BC wine grape industry. Membership is required of all BC mainland grape growers. A levy per ton of grapes produced is paid to support the Council's work.
- The BC Wine Authority (BCWA) is a society incorporated under the *Society Act* with the purpose of administering the Wines of Marked Quality Regulation under the *Agri-Food Choice and Quality Act* and through an operating agreement (2008) with the Province. The certification includes the BC wine of distinction designation and the BC VQA wine certification program.
- The BCWA may make recommendations to the Province with respect to the Wines of Marked Quality Regulation or its Operating Agreement with the Province; providing the BCWA has sought approval by a double majority of 65% of its voting members who processed at least 50% of the grapes used for the production of wines of distinction in the previous year. The intent of the BCWA's 'double majority' governance model is to balance the interests between large and small operators.
- Several industry trade associations collectively have a mandate to develop the BC wine industry, including the: BC Grape Growers Association; BC Estate Winery Association; BC Wine Growers Association and the BC Wine Institute. In addition, regional associations have formed to further develop vintners and wineries in some geographic areas of the province.
- The BC Wine Institute, in particular, has had a leading role in developing strategic initiatives that have expanded the industry.
- The Province has facilitated expansion of the BC wine industry primarily through the industry's interface with the Liquor Distribution Branch's mark-up and merchandizing policies.
- The Ministry of Agriculture's (AGRI) primary role has been to facilitate a provincially regulated wine certification program through the Wines of Marked Quality Regulation.
- The strategic goal to enhance the quality and reputation of BC wines is being achieved through the BC VQA program by the BCWA by using the strategies of:
 - Truth in labeling;
 - Fair administration; and
 - Minimizing costs for standards enforcement.
- In the early 2000s, a legislative review led to an overhaul of previous wine quality regulation resulting in the 2008 introduction of the Wines of Marked Quality Regulation under the *Agri-Food*

Choice and Quality Act and establishment of the BC VQA symbol for wines to increase the industry's ability to consistently meet the quality standards required to receive the 'wines of marked quality' designation in BC.

- Since 2008, the current wine certification regulatory and administrative structure has been successful in settling long standing industry grievances with wine certification processes which were distracting the industry from developing their strategic goals.
- With regard to some of the specific business concerns mentioned in the letter, family-owned wine industry businesses face business and succession planning challenges similar to other family-owned and, larger corporate, agri-food businesses in BC and Canada.
- The need for business planning and succession advice has increased as current agri-business owners approach retirement age, especially when their children are potential new owners; or alternately, when children for financial or lifestyle reasons are not able to continue a family business.
- AGRI's BC Farm Business Advisory Services Program through Growing Forward funds has developed a program that facilitates agri-business operators obtaining third party advice for a progression of basic-to-specialized business planning services for: business strategy; marketing strategy, production economics, human resources (e.g. farm labor) financial management, risk management, succession planning, business structure and valued-added ventures (e.g. wine tourism).
- BC is a high cost jurisdiction for grape and wine production. Since the 1990s, a government and industry strategic goal for the BC wine industry has been to improve the quality and reputation of BC wines.

Advice:

- AGRI has advisory services for agri-business development, planning and succession through its BC Farm Business Advisory Services Program for family businesses involved in the wine industry.
- All regulatory matters pertaining to Liquor Control Licensing Branch and the Liquor Distribution Branch should be referred to the Minister of Energy, Mines and Natural Resource Development.
- The regulatory review which extended from 2001 to 2008 was difficult and protracted. It resulted in the now effective and generally smooth running wine certification and regulation program in BC. There does not appear to be broad industry support to initiate a new legislative review at this time.
- AGRI policy is to work with industry associations to develop strategic initiatives where AGRI, as appropriate, provides information, advice and resources, potentially through GF2.

Contact: Russ Horton, Agrifoods Policy and Legislation, 250 356-1671

DIR GT ADM MS DM _____