



October 20, 2014

Ms. Josie Tyabji
Director of Western Estates and Industry
Constellation Brands Canada
Email: Josie.Tyabji@cbrands.com

Dear Ms. Tyabji:

Thank you for your October 1, 2014 email and your suggestion to deploy two store licences to grocery as a pilot for industry and expressing concern about the issue of direct delivery rebates for BC VQA wine in kegs.

With respect to wine in grocery stores, we are currently working out the model, however, we are endeavouring to keep in close contact with stakeholders as we work out the details. I would also like to thank you for your offer to participate in a pilot, however, the goal is to sort out the details before the program is launched, consequently, there are currently no plans to roll it out initially as a pilot.

With respect to your request regarding mark-up exemption for wine that will be packaged in a keg that has received preliminary approval for BC VQA certification, this is not something that government is contemplating. As you are aware, under Section 56 of the *Wines of Marked Quality Regulation* all BC VQA wines must be bottled in glass bottles of a standard size. Therefore, wine placed in a keg cannot, by definition, be BC VQA. Government is satisfied that the BC VQA requirement placed on commercial wineries who wish to receive the mark-up benefit is reasonable. The BC Wine Authority is the administrator of the Wines of Marked Quality Program, and as such, any suggested change to the VQA criteria would be presented to Government for consideration by the Authority.

Thank you for writing.

Sincerely,

Original signed by

Lori Wanamaker, FCA
Deputy Solicitor General and
Deputy Minister, Justice

505008

Thompson, Angella N JAG:EX

From: Wanamaker, Lori JAG:EX
Sent: Thursday, October 9, 2014 8:19 AM
To: Thompson, Angella N JAG:EX
Cc: Hoskins, Jeannie JAG:EX; Scott, Douglas S JAG:EX
Subject: FW: Two questions

Can you please assign a response for my signature to LCLB? Thanks.

From: Josie Tyabji [<mailto:Josie.Tyabji@cbrands.com>]
Sent: Wednesday, October 1, 2014 12:57 PM
To: Wanamaker, Lori JAG:EX
Subject: Two questions

1. We are looking to deploy two store licenses to grocery as a pilot for industry. The stores are BCWI, BCVQA stores which are under the consignment model. We would like to proceed with working with a grocery store to get this activated. We do not believe that the wholesale exercise is a holdup. How can we proceed?
2. BCVQA in kegs for direct delivery rebate. As you know the BCLDB has two reporting methods for wineries. VQA wines have been transferring from bottles to kegs as restaurants transition their methods of serving wines by the glass. The BCLDB is saying that commercial wineries cannot receive the rebate as the wine is not bottled and therefore does not have final VQA approval. We would like them to recognize the tank approval as the wines will never be bottled.

Thanks for any help you can give with these – we have been going back and forth for a while –For well over a year on the keg one.

Josie

Josie Tyabji, Director of Western Estates and Industry

Constellation Brands Canada



Our Vision: Elevate Life with Every Glass Raised.

Thompson, Angella N JAG:EX

From: Minister, JAG JAG:EX
Sent: Thursday, November 6, 2014 10:44 AM
To: Thompson, Angella N JAG:EX
Subject: FW: BCVQA in Grocery
Attachments: BCVQA Grocery.pdf

From: Tennant, Laura JAG:EX
Sent: Thursday, November 6, 2014 8:03 AM
To: Minister, JAG JAG:EX
Subject: FW: BCVQA in Grocery

Hi Candice, please file for information. Thanks

From: Anton, Suzanne JAG:EX
Sent: Wednesday, November 5, 2014 5:41 PM
To: Tennant, Laura JAG:EX
Subject: FW: BCVQA in Grocery

From: Josie Tyabji [<mailto:Josie.Tyabji@cbrands.com>]
Sent: October 30, 2014 5:52 PM
To: Anton, Suzanne JAG:EX
Cc: j.yap@leg.bc.ca; Letnick, Norm AGRI:EX; OfficeofthePremier, Office PREM:EX
Subject: BCVQA in Grocery

Dear Minister Anton,

Please find attached a letter of request and support relating to the grocery stores policy review recommendations.

Thank you for your support.

Josie Tyabji, Director of Western BCVQA Estate Wineries



October 30, 2014

The Honorable Suzanne Anton, M.L.A.
Minister of Justice, Attorney General
PO Box 9044 Stn Prov Govt
Victoria, B.C. V8W 9E2
suzanne.anton@gov.bc.ca

Dear Minister Anton:

Inniskillin Okanagan Winery is encouraged by the Province's recent progress in developing new policies from the Liquor Review recommendations. It is great to see the recognition of the economic impact provided by the wine industry in BC from production and sales of quality agricultural value added products. Many of the smaller wineries in our area took advantage of and are very pleased with the local Farmer's markets and the success they have had with this new market channel.

We look forward to making our world-renowned BC VQA wines available in eligible grocery stores. Inniskillin was recently honored by being recognized as #22 in top 100 most admired wine brands in the world. Our products are available across the world in a number of high quality outlets including the 30 largest International global airports. VQA has played a significant role in supporting our quality messaging in our efforts in other regions of the world. We continue to strive to ensure this recognition for our top quality products resonates in all that we do as a wine brand and for our industry.

We support the BC Wine Institute's position that any licences for grocery store BC VQA shelf sales be under the control of the BCWI, in alignment with existing BC VQA wine store model and operating agreement. This ensures equal and fair access and treatment for all BC VQA wine. This has been a very successful avenue for the marketing and selling of all winery's products, especially the smaller entrants.

All wineries have the opportunity to participate in the BCVQA program through the Ministry of Agriculture's BC Wine Authority. The BCVQA program that was established through consultation with both industry and government, to establish and maintain international regional appellation credibility is critically important to our industry and the reason the industry licenses were limited to BCVQA stores and BCVQA wines, along with the quality enhancement program. We believe it is important that this quality standard continue to be supported through government and licensing as we continue to grow our wine country as an internationally recognized and respected region.

We support BCWI's proposal to establish two liquor-grocery pilot locations using the existing BCVQA licenses and "Buy Local/BC" Farm to Table concept to assist in creating jobs, boosting tourism, hospitality and stimulating the economy and aligning with the Province's goal to increase BC Agriculture revenues to \$14 Billion by 2017.

With the current bumper crop of grapes resulting in increased supply from independent growers, we see additional market channels as a key component of a long-term, sustainable and healthy wine industry in BC. The activation of licenses in grocery will assist with this supply. In addition, currently only 7% of wines sold in BC LDB stores are designated BC VQA and we see additional opportunity for the Government to give direction to the BCLDB to increase the target for their BCVQA sales to closer to the industry average of 20%.

Sincerely,



Josie Tyabji,

Director of Inniskillin Okanagan and Western BCVQA Estates,
Constellation Brands

CC:

Honourable Christy Clark, M.L.A.; Premier of British Columbia premier@gov.bc.ca

Mr. John Yap, M.L.A.; Parliamentary Secretary j.yap@leg.bc.ca

Honorable Norm Letnick, Minister for Agriculture norm.letnick@gov.bc.ca

Walker, Nikki JAG:EX

From: Walker, Nikki JAG:EX
Sent: Tuesday, April 7, 2015 12:08 PM
To: 'Pina Naccarato'
Subject: RE: Meeting with Minister Anton

Thanks Pina, I'll wait for your call ☺

From: Pina Naccarato [mailto:pnaccarato@markanthony.com]
Sent: Tuesday, April 7, 2015 11:48 AM
To: Walker, Nikki JAG:EX; Barinder Singh Sall
Subject: RE: Meeting with Minister Anton

Hello Nikki,

I hope you had a wonderful Easter!

With apologies, I will need to postpone this meeting once again.

At this point, I don't have a clear picture of when we can make this happen. Barinder or myself will circle back on this with you as soon as we can.

Best,

Pina

Pina Naccarato | Executive Assistant to the Founder, Chairman and CEO
Mark Anthony Group Inc. | 887 Great Northern Way | Vancouver, BC, Canada V5T 4T5
direct: 604-264-4078 | mobile: 604-715-2530 | pnaccarato@markanthony.com

 Please consider the environment before printing this email

From: Walker, Nikki JAG:EX [mailto:Nikki.Walker@gov.bc.ca]
Sent: March 19, 2015 3:27 PM
To: Pina Naccarato; Barinder Singh Sall
Subject: RE: Meeting with Minister Anton

Great, thank you Pina, I have confirmed that in her calendar.

Have a nice day!

Nikki

From: Pina Naccarato [mailto:pnaccarato@markanthony.com]
Sent: Thursday, March 19, 2015 3:08 PM
To: Walker, Nikki JAG:EX; Barinder Singh Sall
Subject: RE: Meeting with Minister Anton

Hello Nikki,

Yes that works perfectly! I will put this in Anthony's calendar.

Again the location is 500-887 Great Northern Way.

Thank you so much!

Pina

From: Walker, Nikki JAG:EX [<mailto:Nikki.Walker@gov.bc.ca>]

Sent: March 18, 2015 4:40 PM

To: Pina Naccarato; Barinder Singh Sall

Subject: RE: Meeting with Minister Anton

Good afternoon Pina,

I'm sorry to hear that. Does Anthony have any time on Thursday, April 9th? She can be available at 1pm.

Please let me know.

Thank you,

Nikki

From: Pina Naccarato [<mailto:pnaccarato@markanthony.com>]

Sent: Wednesday, March 18, 2015 12:11 PM

To: Walker, Nikki JAG:EX; Barinder Singh Sall

Subject: RE: Meeting with Minister Anton

Hello Nikki,

I trust this email finds you well!

Due to a change in Anthony's schedule, I need to request that this meeting be moved.

Kindly, advise on other date and time options for Minister Anton. I'll do my best to make the soonest option work.

Thanks so much,

Pina

Pina Naccarato | Executive Assistant to the Founder, Chairman and CEO
Mark Anthony Group Inc. | 887 Great Northern Way | Vancouver, BC, Canada V5T 4T5
direct: 604-264-4078 | mobile: 604-715-2530 | pnaccarato@markanthony.com

 Please consider the environment before printing this email

From: Walker, Nikki JAG:EX [<mailto:Nikki.Walker@gov.bc.ca>]

Sent: March 2, 2015 8:26 AM

To: Barinder Singh Sall; Pina Naccarato
Subject: RE: Meeting with Minister Anton

Good morning Barinder and Pina,

Just wanted to connect on the meeting we arranged for March 30th @ 1pm-2pm. Would you be able to send me location, please?

Thanks for your help!

Nikki Walker

Administrative Coordinator to the Honourable Suzanne Anton
Minister of Justice and Attorney General

Room 232 | Parliament Buildings | Victoria | British Columbia | V8V 1X4
Phone: 250-387-1866 | Fax: 250-387-6411 | Email: nikki.walker@gov.bc.ca

From: Barinder Singh Sall [<mailto:bsall@markanthony.com>]
Sent: Friday, February 27, 2015 11:14 AM
To: Walker, Nikki JAG:EX; Pina Naccarato
Subject: Re: Meeting with Minister Anton

Hi Pina,

Could you connect with Nikki please to discuss some dates.

Thanks,

Barinder

Sent from my BlackBerry 10 smartphone on the Fido network.

From: Walker, Nikki JAG:EX
Sent: Friday, February 27, 2015 10:46 AM
To: Barinder Singh Sall; Lalonde, Jarett JAG:EX
Subject: RE: Meeting with Minister Anton

Barinder, would I be able to call today and find time? Or call me @ 250-952-6796

Thanks!
Nikki

From: Barinder Singh Sall [<mailto:bsall@markanthony.com>]
Sent: Friday, February 27, 2015 7:34 AM
To: Lalonde, Jarett JAG:EX
Cc: Walker, Nikki JAG:EX
Subject: RE: Meeting with Minister Anton

Hey Jarett,

s.22

Vancouver?

, would your Minister have availability prior to then in

Thanks,

Barinder

From: Lalonde, Jarett JAG:EX [<mailto:Jarett.Lalonde@gov.bc.ca>]

Sent: February 24, 2015 10:55 AM

To: Barinder Singh Sall

Cc: Walker, Nikki JAG:EX

Subject: Meeting with Minister Anton

Hi Barinder,

Minister Anton is looking to set up an informal meeting with Mr. von Mandl to discuss the BC wine industry. Would Mr. von Mandl be available for breakfast or lunch during the week of March 16th?

Thank you,
Jarett

Jarett Lalonde
Chief of Staff
Office of the Hon. Suzanne Anton, Q.C.
Attorney General and Minister of Justice B.C.
(250)-387-1866

**MINISTRY OF JUSTICE
LIQUOR DISTRIBUTION BRANCH
BRIEFING NOTE**

PURPOSE: For INFORMATION for the Honourable Suzanne Anton.

ISSUE: Recent denial of BC Tree Fruits Cooperative's (BCTFC) application to be classified as a Land Based Winery (LBW)

SUMMARY:

- BCTFC applied for a Land Based Winery (LBW) classification for their proposed cider manufacturing business in order to receive 100 per cent mark-up benefits for products that they would direct sell.
- BCTFC does not meet the requirements to be classified as a LBW and its application has been denied by the Liquor Distribution Branch (LDB).
- Around this same period, Josie Tyabji (who has family connections to BCTFC executives) representing Constellation Brands Canada wrote to the Minister opining that wine failing to meet the LBW criteria for the same reason as the proposed BCTFC cider should also receive the same treatment as wine produced by a LBW.
- LDB is not considering amending the policy or making exceptions for either request because it would have negative revenue implications, create a potential for backlash, and be contrary to the objectives of the LBW policy.

BACKGROUND:

BCTFC Request

- The BCTFC plans to establish a cider production business. They are seeking designation as a LBW to benefit from the ability to sell directly to licensees and private liquor stores without paying mark-up to the LDB. (For the LDB's purposes, cideries are categorized as wineries).
- To be considered for a LBW designation:
 - The product must be 100 per cent BC grown/produced.
 - There must be at least two acres of vineyards/orchards at the licensed winery site and the grape or fruit from this acreage must be used in the production of their product.
 - At least 25 per cent of the grape or fruit used to produce their product must come from land owned or leased by the manufacturer.
 - The product must be manufactured using traditional techniques.
 - The manufacturer may not buy wine or juice from, or have common ownership with, a commercial winery.

- The BCTFC would not have any orchards attached to their licensed cidery site and is asking the LDB to make an exception and grant them LBW designation on the basis that, individually, each of its member farmers would have qualified for the two-acre minimum.
- The BCTFC is requesting that the LBW criteria be relaxed so that 100 per cent BC grown/produced product is in itself sufficient to allow a manufacturer to receive 100 per cent mark-up benefits.
- Loosening the LBW criteria would have negative revenue implications totalling an unknown amount as it remains unknown the number of wineries that would be able to qualify for LBW designation if the restrictions were lifted.
- Equally important, the currently 249 LBWs in BC that have successfully qualified under the existing criteria and incurred additional expenses to meet the current requirements would find that competitors meeting lesser requirements would now receive the same benefits.
- There would likely be significant backlash from the current group of existing LBWs.
- The current LBW policy is also intended to support BC agriculture, small business, and tourism.
- Wineries that grow fruit and manufacture their wine on the same acreage are more attractive tourist destinations than wineries that produce wine in industrial areas. Widening the LBW criteria to include more industrial operations with off-site manufacturing facilities will not serve the multiple purposes of the current policy.
- It is possible that a change like the one BCTFC is suggesting could negatively impact tourism as manufacturers move their facilities off-site.
- Minister Anton responded to a letter from a representative of BCTFC stating that the LBW criteria would not be changed (see Appendix A).
- Additionally, the LDB also denied BCTFC's application (see Appendix B).
- The CEO of the BCTFC is Alan Tyabji who was also the general manager of the Okanagan Similkameen Cooperative Growers Association (OSCGA) in 2007, when they requested the same exception and were denied (see Appendix C).

Ms. Josie Tyabji Request:

- On July 30, 2014, Ms. Josie Tyabji, chair of the board for the British Columbia Wine Institute and representative for Constellations Brand Canada contacted the Minister's office opining that 100 per cent British Columbia wine is identical to wines manufactured at LBWs and should receive the same mark-up benefits from government.
- LDB drafted a briefing note for the Minister explaining why Ms. Tyabji's request could not be granted. (See Appendix D).
- Ms. Tyabji, like the BCTFC, is requesting that the LBW criteria be relaxed so that 100 per cent BC grown/produced product is in itself sufficient to allow a manufacturer to receive 100 per cent mark-up benefits.
- The LDB does not support any amendments to the LBW policy that would relax the current criteria, for the reasons noted above.

OTHER MINISTRIES IMPACTED/CONSULTED:

- The Ministry of Agriculture will be represented in the meeting.

Prepared by:

Audrey S.F. Wong
A/ Director, Corporate Policy and
Communications
Liquor Distribution Branch
604 252-3035

Approved by:

Blain Lawson
General Manager and CEO
Liquor Distribution Branch
604 252-3021

Attachment(s)

Appendix A – Minister Anton’s reply to BCTFC
Appendix B – LDB denial letter to BCTFC
Appendix C – LDB denial letter to OSCGA
Appendix D – Briefing note to Minister re: Josie Tyabji, Constellation Brands Canada’s
request

Appendix A

August 26, 2014

Mr. Michael Daley
Email: wineryconsultants@gmail.com

Dear Mr. Daley:

Thank you for your email addressed to the Honourable Norm Letnick, Minister of Agriculture regarding the BC Liquor Distribution Branch's (LDB) Land-Based Winery classification system (LBW). I am responding on his behalf.

The Government of British Columbia has adopted a comprehensive, multi-faceted approach to supporting the BC economy. The LBW classification represents an example of the support provided to the agriculture, small business and tourism business sectors.

First introduced in the 1970s, this classification system was intended to provide support for a fledgling BC wine industry. At that time, wineries growing a minimum 20 acres of agricultural product on-site and using 50 per cent of their product to produce 100 per cent BC wine would receive mark-up benefits. While the LBW classification system has evolved, the current model continues to uphold the original intent of this program.

In order for the LDB to continue providing for the people of British Columbia, the LBW criteria cannot be removed or significantly changed. This allows the LBW designation to continue providing support to small businesses and BC agriculture while attracting tourists to winery locations where they can view the orchards and vineyards that form the basis of the product they purchase; while also ensuring that the people of British Columbia continue to be able to access the vital public services that they currently do from the province.

I recognize that this is a delicate balancing act, but I am pleased to note the LBW designation system has achieved success beyond what any of my predecessors could have contemplated with 249 designated LBW to date. The government of BC continues to support this industry sector and has no plans to remove or significantly change the LBW classification criteria.

Yours very truly,

Suzanne Anton QC
Attorney General
Minister of Justice

pc: Parliamentary Secretary John Yap
The Honourable Norm Letnick
The Honourable Naomi Yamamoto
The Honourable Shirley Bond
Ms. Linda Larson, MLA
Mr. Dan Ashton, MLA
Premier Christy Clark

503585

Appendix B



LIQUOR DISTRIBUTION BRANCH

July 17, 2014

Via Email

Mr. Alan Tyabji
Chief Executive Officer.
BC Tree Fruits Cooperative
1473 Water Street
Kelowna, BC V1Y 1J6

Dear Mr. Tyabji,

Re: BC Tree Fruits Cooperative - Application to enter into a Land Based Winery Sales Agreement

Thank you for your application to enter into a Land Based Winery Sales Agreement with the BC Liquor Distribution Branch (the "BCLDB"). We have reviewed your request and have determined that you do not meet the criteria to enter into a Land Based Winery Sales Agreement at this time.

Based on a preliminary review, your application does not meet the following criteria:

- At your Licensed Winery Site you have two acres of grapevines if you produce grape wine; and/or two acres of fruit orchards if you produce fruit wine. You farm and use this acreage for the manufacture of your Product.

A licensed winery must meet all necessary criteria before being eligible to enter into a Land Based Winery Sales Agreement. The BCLDB is neither considering amending these requirements nor granting exceptions at this time. However, your licensed winery can still be considered for a Commercial Winery Sales Agreement.

If you have further information demonstrating that your licensed winery meets all necessary criteria or if you have any further questions, please contact me via email richard.lc.lee@bclddb.com or by phone (604) 252-3226.

Regards,

A handwritten signature in black ink, appearing to read "R Lee".

Richard Lee
Director, Finance Regulatory

Appendix C



Province of
British Columbia

Liquor Distribution
Branch

2625 Rupert Street
Vancouver, British Columbia
V5M 3T5
Telephone: 604 252-3000
Fax: 604 252-3464
website: www.bcliquorstores.com

February 20, 2007

Mr. Alan Tyabji
General Manager
Okanagan Similkameen Cooperative Growers Association
Box 99 Oliver BC V0H 1T0

Dear Mr. Tyabji:

I am writing with regard to your letter of February 15, 2007 and our subsequent telephone conversation regarding your Association's interest in establishing a cooperative winery to make cider/wine from your members' crops. I would suggest that you consult with the Liquor Control and Licensing Branch with regard to the legal/shareholder structure of your proposed winery.

As we discussed on the telephone, in order for your proposed winery to be defined as a "land-based" winery for Liquor Distribution Branch (LDB) mark-up and reporting purposes, it would have to comply with all of the requirements for a land-based winery, including the requirement that a minimum of two acres of fruit used in the winery's production be located at the winery site. I have attached the LDB's land-based winery requirements for your reference.

Yours sincerely,

Gordon Hall
Director, Corporate Policy

Attachment

Appendix D

MINISTRY OF JUSTICE LIQUOR DISTRIBUTION BRANCH BRIEFING NOTE

PURPOSE: For INFORMATION for the Honourable Suzanne, Minister.

ISSUE: Information on the current mark-up schedule for wineries.

SUMMARY:

- The LDB grants wineries that meet specific criteria a Land-Based Winery (LBW) designation (Appendix A). This designation allows wineries to be mark-up exempt on their direct sales regardless of whether they are VQA or Non-VQA.
- To be a LBW there are six criteria- one of which requires the product to be 100 per cent BC.
- Wineries not meeting the LBW criteria fall into the Commercial Winery (CW) category.
- Although CWs do not receive mark-up benefits they receive rebates or commissions on the products they direct sell.
- CWs direct sell to customers as agents for the LDB. When CWs direct sell a VQA product, the mark-up is charged by the LDB but a subsequent LDB 100 per cent mark-up rebate provided to CWs are equivalent to the product being mark-up exempt. When CWs direct sell a non-VQA product, the mark-up is charged by the LDB but a subsequent commission of 30 per cent on counter sales or 7 per cent commission on sales to licensees is provided.
- To be VQA a product must be 100 per cent BC product while Non-VQA products are not subject to this requirement. However, even if both products are 100 per cent BC product, VQA product remains distinguishable as they have met a recognized quality standard.
- A CW producing a 100 per cent BC product does not meet the criteria to be classified as a LBW product and must meet an additional recognized quality standard before being classified as a VQA product. Allowing a CW 100 per cent BC product that is not recognized as meeting the VQA quality standard to receive rebate or mark-up benefits equivalent to LBWs or VQA products could undermine the integrity of the BC wine industry.

BACKGROUND:

- On July 30, 2014, Ms. Josie Tyabji provided documentation to the Minister's Office which she claimed demonstrated that all 100 per cent BC wine was identical and should receive the same mark-up benefits from Government. She claimed that non-VQA wines from CW that are 100 per cent BC should be treated the same as wines produced by LBW.

- CW can act as agents of the LDB to direct sell their wines. CW Non-VQA products can be sold to retail/counter customers and licensees (pubs/restaurants) but cannot wholesale their product (LRS/RAS/WIN). In these instances, the products have full mark-up but CW receive a 30 per cent commission on retail/counter sales and 7 per cent commission on licensee sales. CW VQA products can be sold to all categories of customer (retail/counter, licensees, and wholesale) and the LDB rebate provided to CW on these sales essentially renders the products mark-up exempt.
- LBW can direct sell their product without an agency designation. Their product can be sold to all categories of customer and are mark-up exempt, which is equivalent to the rebate received by CW VQA products.
- Both LBW and VQA benefits require more than an end product merely being 100 per cent BC product.
- In addition to the 100 per cent BC grown/produced requirement, LBW must also meet five additional criteria, including having acreage on site and not sharing common ownership with a CW (Appendix A).
- There are currently 249 LBW designated wineries.
- The purpose of the LBW designation is not only to promote BC agricultural but also to support and grow small businesses and increase tourism- through the allure of visiting LBWs where winery sites are physically situated on vineyards that grow the product. Thus, the LBW designation goes beyond a 100 per cent BC requirement. Conversely, CWs do not have to meet any of these requirements.
- The LBW designation does not serve to explicitly promote a particular quality of product that is produced and instead focusses on the process requirements. If the winery does not meet the LBW criteria it is classified as a CW. LBWs and CWs are not the same and do not have the same processes, components or end product.
- CWs do not receive mark-up benefits on their product, however, some CWs produce wines that meet the VQA standard.
- In order to be a VQA wine product must be 100 per cent grown and produced in BC, and pass the VQA quality test. CWs that direct sell their VQA product as agents of the LDB receive a 100 per cent rebate on the LDB mark-up. This is a benefit offered to CW VQA product that is unrelated to the LBW designation.
- Currently, non-VQA wine can be produced using imported raw product and are not subject to quality standards. There are occasions where CW Non-VQA product is 100 per cent BC grown and produced but this is still product that has not passed VQA quality testing.
- Ms. Tyabji has voiced concern about how CW Non-VQA 100 per cent BC wine receives mark-up.

ANALYSIS

- The LBW designation is given to wineries that adhere to a particular process while the VQA designation is given to product that meets a quality standard.

- Any winery or product that meets the LBW or VQA standard and receiving 100 per cent benefits will by default have already met the 100 per cent BC product requirement.
- CWs are those that do not meet the LBW criteria. Non-VQA 100 per cent BC products are those that have not met or are not part of the VQA quality program.
- If Ms. Tyabji's proposal is accepted, the 249 LBW manufacturers who meet all six LBW criteria and over 125 wineries who meet VQA standards will now find themselves receiving no discernible benefit over wineries that only meet one out of six LBW criteria or do not have the VQA quality assurance since being 100 per cent BC product by itself would be sufficient to qualify for 100 per cent benefit.
- This policy shift would result in revenue loss to the Province and could undermine the integrity of the BC wine industry.

OTHER MINISTRIES IMPACTED/CONSULTED:

- N/A

Prepared by:

Audrey Wong
A/ Director, Corporate Policy and
Communications
Liquor Distribution Branch
604 252-3035

Approved by:

Blain Lawson
General Manager and CEO
Liquor Distribution Branch
604-252-3021

Attachment(s)

Appendix A – LBW Criteria [not included]