

2019 CEO UPDATE REPORT

PROGRESS ARCHIVE

December 17, 2019

BC Liquor and Cannabis Regulation Branch (LCRB) Consultation (ACTION REQUIRED)

Responding to a conflict between the BC LCRB and the Manufacturer Terms & Conditions Handbook (T&Cs) regarding the products eligible to be sold in a manufacturer's on-site store, the LCRB is inviting winery participation in a consultation regarding the eligibility of products sold under a licensed liquor manufacturer's On-site Store Endorsement. Deadline to participate: January 3, 2020. See more info [here](#).

The BCWI's position is in support of OPTION #2 (liquor manufacturer licensees only sell products in their on-site store which are "registered to" their licence) as long as the BC winery licensee wine is "registered for proof of 100% BC origin" (e.g. subject to audit as a member of the BCWA and/or certification). Provided its undergone vinification at a licensed BC winery, a winery licensee can sell the wine in the on-site store registered to its licence – it's irrelevant where in the province it is produced.

In fact, given our unique regulatory constraints (e.g. BC LDB, BC LCRB, ALC, etc.), harvest variations and being restricted to only utilize a BC agricultural crop, BC wineries need the ability to access different product and production facilities to mitigate, again, as long as in the end what's in the bottle is verifiably 100% BC.

BC Agricultural Minister and Land Commission Update

BCWI met with Minister Popham, Agricultural Land Commission (ALC) Chair and senior staff to reiterate the recommendation that any policy meant to control development on Agricultural Land Reserve (ALR) land consider the entire productive landholdings of the enterprise used in the 100% BC certified manufacturing process (e.g. vineyards), either owned or long-term leased, in calculating any maximum for development area. The recommendation was in response to new criteria in the ALC Policy L-03 that limits the allowable "development area" on the particular parcel of ALR land upon which the winery is located to 5%.

In a recent letter to the BCWI, Minister Popham advised ALC's Policy L-03 had been repealed and a new policy that will create rules around "development areas" on ALR land is near completion. The BCWI will continue to liaise with the Ministry of Agriculture and the ALC on the matter, including consideration that many ALR lands have large percentages of areas which are unplantable (rock, steep, etc.).

BCWI Board of Director Update

With over 35 years of dedicated service to our industry and organization, including a 5-year term as the first woman BCWI Chair in 2010, Josie Tyabji, Senior Director, Great Estates, Arterra Wines Canada has made the decision to retire at the end of this calendar year. The BCWI board unanimously approved Josh Stewart, Manager, Industry and Government Relations – Western Canada, Arterra Wines Canada to replace Josie on the board.

BCWI Board of Directors' BC Liquor Stores Retail Practices Task Group Update

With BCWI Board approval of the Task Group's final white paper, the BCWI has met with Ministry of the Attorney General & Agriculture, Office of the Premiere and the BC Liquor Distribution Branch (LDB) executive to present the report's "Policy Recommendations for Growing the Domestic BC Wine Industry" including:

- Increase brand diversity & shelf space allocated to BC VQA Wine to better reflect existing market share in BC Liquor Stores;
- BC LDB end the practice of abruptly increasing retail prices and margins on fast moving local BC wine products;
- BC LDB end the practice of bridge buying and work with local BC suppliers in a collaborative way;
- BC LDB end the BC Select program;
- BC LDB end the pursuit of private label wine;
- Implement a floor price for all alcohol products of \$8/100ml of absolute alcohol;
- Apply BC carbon tax to wine imports from regions that do not have a climate pricing regime.

Recent BCWI Governance & Advocacy Update

BCWI represents the BC wine industry's interests to government and key decision makers. We work with members and industry stakeholders to establish BCWI Board direction on annual priority regulatory policy and other issues with ongoing reporting of progress. A volunteer Board of Directors comprised of nine elected voting winery members and two non-voting ex officio members governs the BCWI. The Board and management are supported by active committees and *ad hoc* task groups comprised of expert volunteer members to provide input and assist in specific areas. In preparation for the development of next year's (Fiscal 2021) operating plan, these groups have met recently, including a [Board meeting](#) in September.

Australia WTO Challenge Update

At a recent Wine Growers Canada (WGC – formerly CVA) Board meeting, Global Affairs Canada Deputy Director Jean-François Marion provided an update on the

WTO Dispute Settlement Panel that included the likelihood for a final finding July/August 2020. At risk is that the Panel could rule on every measure that Australia has challenged including current excise exemption for 100% Canadian wines.

The WGC continues to have a strong working relationship with the federal government and has reached out to all federal parties with options for a negotiated non-WTO resolution. The WGC will be asking for winery support in a letter writing campaign, please stay tuned for next steps in the New Year.

November 13, 2019

BC Liquor and Cannabis Regulation Branch (LCRB) Consultation

Responding to a conflict between the BC LCRB and the Manufacturer Terms & Conditions Handbook (T&Cs) regarding the products eligible to be sold in a manufacturer's on-site store, the LCRB is inviting winery participation in a consultation regarding the eligibility of products sold under a licensed liquor manufacturer's On-site Store Endorsement. See more info [here](#).

Specific to 100% BC grape wine, it's the BCWI's position that as long as the BC winery licensee wine is "registered for proof of 100% BC origin" i.e. subject to audit as a member of the BCWA and/or certification (e.g. BC VQA, Wine of Distinction) and provided its undergone vinification at a licensed BC winery, a winery licensee can sell the wine in the on-site store registered to its licence – it's irrelevant where in the province it is produced. In fact, given our unique regulatory constraints (e.g. BC LDB, BC LCRB, ALC, etc.), harvest variations and being restricted to only utilize a BC agricultural crop, BC wineries need the ability to access different product and production facilities to mitigate, again, as long as in the end what's in the bottle is verifiably 100% BC.

BC Agricultural Land Commission Policy L-03 Update

Applying to most BC wineries, Policy L-03 includes the addition of new criteria limiting the allowable "development area" on the particular parcel of ALR land upon which the winery is located to 5%.

Responding to winery feedback, the BCWI has advised the Ministry of Agriculture that the policy definition of development area is very broad, open to loose interpretation and includes any and all buildings, roads, parking areas and landscaping. In the case of a BC winery, the development area would need to consider wine production for which dedicated manufacturing space requirements

alone need to include: raw product handling (crush pad), fermentation (tanks), storage (barrel), laboratory, bottling, warehousing (bottle/case) and a related tasting/sales area. As a result, Policy L-03 will effectively limit the growth of the BC wine industry to only established wineries with the land base to comply with the 5% maximum.

BCWI has recommended any policy meant to control development on ALR land consider the entire productive landholdings of the enterprise used in the 100% BC certified manufacturing process (e.g. vineyards), either owned or long-term leased, in calculating any maximum for development area.

Ongoing BCWI Governance & Advocacy Update A volunteer Board of Directors comprised of nine elected voting winery members and three non-voting ex officio members governs the BCWI. The Board and management are supported by active committees and ad hoc task groups comprised of expert volunteer members to provide input and assist in specific areas. These groups meet and report on an ongoing basis, including the most recent [Board meeting](#).

BCWI represents the BC wine industry's interests to government and key decision makers. We work with members and industry stakeholders to establish BCWI Board direction on annual priority regulatory policy and other issues with ongoing reporting of progress. [See how we're working for you.](#)

September 25-26, 2019

BCWI Board Strategic Planning Session & Meeting

Over a two-day period, BCWI Directors & senior staff meet for their annual strategic planning session in advance of Fiscal 2021 (April 1, 2020). Included were facilitated workshops to: review leadership-focused governance, Wine BC 2030 branding and a half-day session to develop BCWI's business objectives for the upcoming year. The session ended with the Fiscal 2020 first quarter [Board meeting](#) that included:

- Approval of a motion to form the BCWI Board BC Liquor Stores Retail Practices Task Group (see below);
- Approval of a motion to recommend BCWI membership approval (at the July 2020 AGM) the name change from "British Columbia Wine Institute Society" to "Wine Growers British Columbia" as per the recent Canadian Vintners Association (CVA) name change to Wine Growers Canada;

- Approval of a motion to accept current director Ezra Cipes as the BC Wine Authority's Wine Industry Advisory Council member observer at BCWI Board meetings for the remainder of the current fiscal year;
- Approval of a motion to amend of the BCWI "BC VQA Wine Stores – BC VQA Marketing Fee (Purchase)" policy, with an effective date of April 1, 2020, to read: "For sales to any BC VQA wine store on the purchase model, BCWI BC VQA Marketing Fee will be 5% [remain] [[increase to] 20% for non-members) of the wholesale price".

BCWI Board BC Liquor Stores Retail Practices Task Group

At its September 26, 2019 BCWI Board meeting, Directors struck a task group to identify specific BC Liquor Stores (BCLS) retail practice priority issues impacting the BC wine industry with recommendation to the BCWI Board of Directors regarding advocacy priorities and strategies. At its inaugural meeting, October 3, 2019, that task group identified instances of the BCLS using its market power as a monopoly wholesaler and primary retailer to drive additional profit for the BC LDB at the expense of the BC wine industry and broader economic opportunities and other government priorities, including:

- Loss of listings for long-standing BC wineries with an overall lack of shelf space and recognition of the increase in the number and brands of BC wine;
- The practice of increasing retail prices (and margins) of faster moving products – 'flex pricing';
- The practice of bridge buying, where the LDB takes advantage of limited time offer promotions to purchase more volume than it anticipates will sell during the promotional period at discounted rates;
- The pursuit of exclusive and private label wine despite its role as a monopoly wholesaler.
- As per the task group mandate, next step is to document specific BCLS retail practice priority issues with recommendation to the BCWI Board of Directors regarding advocacy priorities and strategies.

BC Agricultural Land Commission Policy Change

In December 2018, the ALR released a new policy covering the operation of alcohol production facilities (including wineries) located on ALR land. Impacting BC wineries is new criteria relating to the allowable "development area" for a winery on the particular parcel of ALR land upon which the winery facility is located. The policy permits a maximum of 5% of the parcel to be used for "development area"

and only includes the parcel on which the production facility is located and does not extend to other land owned or leased by the winery. The definition of development area is very broad and includes all buildings, roads, parking areas and landscaping and could severely impact winery expansion. If any BC wineries are experiencing issues with the new ALC policy, please contact me at MProdan@WineBC.com.

B.C. Agri-Business Planning Program

The [C. Agri-Business Planning Program](#) includes a funding stream for specialized business planning. Eligible applicants can access up to \$5,000 for individuals and up to \$30,000 for groups for services from a Qualified Business Consultant. The next application intake is in March 2020.

CanExport SME Funding Programme

Open to small and medium sized wineries, breweries and distilleries to access funding for international business development and export activities including 75% of key expenses, such as travel, consultant and market research fees, preparation of marketing materials, etc. More details and information on the CanExport SME programme can be found [here](#).

Sept 17, 2019

SAVE-ON-FOODS BC VQA WINE-IN-GROCERY TOWN HALL

As a condition of the British Columbia Wine Institute (BCWI) BC VQA Wine store operator agreement, the BCWI meets annually with our operators for a review of the previous year and to plan an Annual Marketing and Merchandising Plan (AMMP) for the upcoming year.

Due to recent government changes to BC wine-in-grocery regulations, reliance of many wineries on the BC VQA wine store channel, proliferation of wineries and SKUs, etc. members were invited to participate in a town hall in development of this year's AMMP for our grocery operator.

Held September 5th in Penticton, topics included: product and SKU registration and listings; winery promotional opportunities; in-store tasting registration process; pricing and markup and the impact of recent government regulations changes. Regarding the latter, Save-On-Foods reiterated their commitment to 100% BC through their wine-in-grocery agreements and licenses. Winery input during the town hall will also be taken into account in the development of the AMMP to be included in the BCWI Fiscal 2021 Operation Plan.

UPDATE: BC WINE INSTITUTE FUNDING STRUCTURE REVIEW

Recently the BCWI board accepted Task Group recommendations for further review

and analysis on BCWI revenue and fee structure and policies, including BC VQA Wine store commissions and member \$/litre dues based on BC LDB reported BC sales vs. tonnes purchased and grown.

Accordingly, the BCWI requests permission from member wineries for the BC Wine Grape Council to release to BCWI reported purchased and grown tonnes for 2017 and 2018. The information will be kept strictly confidential and used to examine the potential impact at the individual BCWI member winery level and to ensure fair and equitable implementation. If you haven't already, please provide permission via the following [link](#).

BCWI BOARD OF DIRECTORS

Following the BCWI Annual General Meeting (AGM) held July 9, 2019 at the Manteo Resort, Kelowna, re-elected large winery representative David Wilson announced his departure from Mission Hill Family Estate (MHFE). As a result, the Board unanimously accepted MHFE President, Darryl Brooker as the representative until elections at the 2020 AGM.

July 25, 2019

UPDATE: BC WINE IN GROCERY

The BC Government has amended its laws to remove the current restriction that allowed a limited number of grocery store licences to sell BC wine only on shelf. The new policy now brings BC into technical compliance with the conditions required under the USMCA side letter and is an important step in ratification and the sidelining of a US WTO action against Canada.

The BCWI has long maintained the original NAFTA, and substantiated in the USMCA Wine Annex, recognizes the provenance of our 'grandfathered' BC-only industry licences. We remain committed to the promotion of certified 100% BC wine, will monitor market reaction to the restriction removal and will consult with our member wineries and store operating partners before making any decision on next steps.

UPDATE: ONTARIO INTERPROVINCIAL WINE SHIPPING

The Ontario Provincial Government has brought in new liquor regulations to replace the June 2019 federal reforms that removed the 91 year-old federal prohibition on the interprovincial shipment of alcohol. Until now, Ontario's provincial laws did not specifically address the importation of alcohol into that province, relying on the now defunct federal regulation. The new provincial regulation closes the loophole created with the removal of the federal prohibition to continue to make it illegal for Ontario consumers to import wine directly from wineries in other provinces and

subject to the same penalties as previously. The CVA notes this the new provision is scheduled to be repealed on January 1, 2020. Presumably, and hopefully, giving Ontario time to work with the other provinces to put in place changes or systems to allow for direct-to-consumer shipping that industry has been advocating for some time.

In the meantime, for those wineries considering stopping shipping directly to Ontario customers, we suggest for following verbiage:

“In response to the Canadian government’s recent elimination of all remaining Federal constraints to allow for interprovincial shipment of alcohol, Ontario has responded by enacting law making it illegal for a winery outside that province to ship 100% Canadian wine directly to residents. Not only does this fail to reciprocate our BC government allowing 100% Ontario wineries to ship directly to BC residents, it defies the spirit of interprovincial free trade.

Due to Ontario enacting a law to make it illegal to ship our wine directly to fellow Canadians in Ontario, we are suspending direct delivery until further notice. In the meantime, we thank you for your patronage and ask you demand your local MP make 100% Canadian wine available to ALL Canadians and enable true free trade amongst the province.”.

BC WINE INDUSTRY ROUNDTABLE

Executive and board representatives of the BC Wine Institute, BC Grapegrowers’ Association, BC Wine Grape Council and BC Wine Authority met recently with BC Agriculture Minister Lana Popham and senior staff for an industry roundtable. Discussion topics included: growing and supporting sustainable practices; Canadian Grapevine Certification Network (CGCN) and implementation of the remaining BC Wine Appellation Task Group/BCWA Plebiscite Recommendations & Results. The importance of the outstanding items was restated in Wine BC 2030 stakeholder engagements where “certification of origin for 100% BC wine” was identified as the top priority strategy for the future success of our industry.

While the Minister reiterated her Ministry’s commitment to implementation of outstanding positive plebiscite results, she indicated that current regulatory restrictions made implementation difficult. It was agreed that as the leading organizations of the BC wine industry, the roundtable will bring forward an alternative recommendation(s) to support achieving the intended spirit of the original plebiscite results.

BCWI ANNUAL GENERAL MEETING

Following another successful Annual General Meeting (July 9, 2019 at the Manteo Resort, Kelowna) that brought together winery owners and representatives from across BC, the BC Wine Institute (BCWI) is pleased to announce its new Board of

Directors. Nine voting BCWI Directors represent all British Columbia wineries. Newly elected or re-elected members of the Board of Directors are:

- Dapinder Gill, Kismet Estate Winery (new)
- Leo Gebert, St. Hubertus & Oak Bay Estate Winery
- David Wilson, Mark Anthony Group

Continuing their directorships are Chair Christa-Lee McWatters (Encore Vineyards), Vice Chair Ezra Cipes (Summerhill Pyramid Winery), Charlie Baessler (Corcelettes Estate Winery), Greg Berti (Andrew Peller), Erik Fisher (Monte Creek Ranch Winery), and Josie Tyabji (Arterra Wines Canada). BC Grapegrowers' Association representative David Kozuki and BCWI President & CEO Miles Prodan continue as ex officio non-voting members.

BCWI Industry Recognition Award for outstanding contribution to the British Columbia wine industry were presented to Jeffrey Thomas, Chair of the BC Wine Authority for 10 years, and Darrell Jones, President of Save-On-Foods. The BCWI Award of Distinction was presented to Richard Cleave and Robert Goltz of R & R Management, in recognition of their outstanding leadership, commitment and passion for the advancement of the British Columbia wine industry (see link: <http://ow.ly/sOHY50vam82>).

CVA NAME CHANGE

On May 8th, the CVA Board approved "Wine Growers Canada" and the French translation "Vignerons Canada," as the new name for the Canadian Vintners Association. Research demonstrated that the name aligned with the highest number of attractive brand elements, including agriculture, farming, grapes, harvest and jobs. The new name required bylaw changes which were approved by CVA members at its 52nd annual general meeting.

June 24, 2019

BC WINE INSTITUTE FUNDING STRUCTURE REVIEW TASK GROUP

At its February 19, 2019 Meeting, the Board formed a BCWI Funding Structure Review Task Group whose mandate included:

I. To review current BC Wine Institute revenue and fee structure and policies, including BC VQA Wine store pay-to-play fee and payment process and member \$/litre dues based on BC LDB reported BC sales;

II. To present its findings and recommendations to the Board at its June 2019 Meeting.

Following a competitive RFP process, the Task Group engaged Cascadia Partners to assist in a comprehensive review of current BCWI funding, including stakeholder interviews, review of similar winery and agri-business trade organization practices with preliminary recommendations for the Task Group to take forward to the Board, including:

Membership Dues

1. Align funding envelope to industry strategic plan
2. Use a regressive membership due approach
3. Use previous year actuals to set future year member dues
4. Use all BC grape tonnes purchased and grown as the member due baseline index
5. Increase the member due floor, do not cap member dues

BC VQA Wine Store Marketing Fees

1. Maintain existing member BC VQA Wine Store marketing fee at 5%
2. Increase non-member BC VQA Wine Store marketing fee to between 15-20%

At its June 11, 2019 meeting the Board accepted the Task Group recommendations with a motion to refer to the Finance & Risk Management Committee for further review and analysis on the impact to member and non-member wineries. (see link: <https://bit.ly/2Xtg96l>)

BC LIQUOR AND CANNABIS REGULATION BRANCH (LCRB) POLICY DIRECTIVES UPDATES

The LCRB has clarified regulations around online advertising requirements for Licensee Retail Stores, Wine Stores, and Manufacturers with Onsite Stores, specifically regarding advertising on a website owned and operated by an unlicensed third party (see link: <https://bit.ly/2XZte51>).

Any business making wine, cider, beer or spirits in BC must have a winery, brewery, or distillery licence from the LCRB. As the LCRB issues policy directives to announce changes to its policies from time-to-time, wineries are reminded to check the website regularly for notice of changes (see link: <https://bit.ly/2WTPtle>).

ONGOING BCWI GOVERNANCE & ADVOCACY UPDATE

A volunteer Board of Directors comprised of nine elected voting winery members and three non-voting ex officio members governs the BCWI. The Board and management are supported by active committees and ad hoc task groups comprised of expert volunteer members to provide input and assist in specific areas and that meet and report on an ongoing basis, including the most recent Board meeting summary (see link: <https://goo.gl/651xeu>).

BCWI represents the BC wine industry's interests to government and key decision makers. We work with members and industry stakeholders to establish BCWI Board direction on annual priority regulatory policy and other issues with ongoing reporting of progress (see link: <https://goo.gl/Hqw1df>).

May 15, 2019

BRITISH COLUMBIA VINTNERS QUALITY ALLIANCE (BC VQA) UPDATE

BC Minister of Agriculture Lana Popham has made official Naramata Bench and Skaha Bench as sub-geographical indications (sub-GIs) for use on BCWA-certified wine labels. With the addition of these two, there are now four (joining Okanagan Falls and Golden Mile Bench) sub-appellations that guarantee to consumers that at least 95% of the grapes in the bottle come from that specific area ([see link](#)).

BC WINE APPELLATION TASK FORCE - BCWA INDUSTRY PLEBISCITE UPDATE

The BCWI met recently with BC Minister of Agriculture Lana Popham and senior Ministry staff to review Wine BC 2030, the BC wine industry's long-term strategic plan, and for an update on the Ministry's progress for implementation of the outstanding BCWA Industry Plebiscite Results. The BCWI advised that the Wine BC 2030 extensive stakeholder engagement process resulted in several strategies that substantiated and were consistent with the BC Wine Appellation Task Force recommendations and that were verified by industry through the BCWA plebiscite process.

The Minister confirmed the Government of British Columbia's commitment to implement the remaining results, specifically a provincial-wide certification of authenticity for 100% BC wine – also a key strategy of Wine BC 2030.

BUSINESS TECHNICAL ADVISORY PANEL (BTAP) UPDATE

The BC Ministry of Attorney General has engaged Deloitte Canada for an independent review of the BC Liquor Distribution Branch's distribution centre. The review is one of the BTAP recommendations to examine the order process for non-stocked wholesale product (NSWP) including how product is transported between distribution centres operated by the LDB and third party providers.

At the recent BCWI Insight Conference, Mary Sue Maloughney, ADM and General Manager, BC Liquor and Cannabis Regulation Branch, confirmed the BTAP recommendations are forming the "roadmap" of government's liquor policy reforms. While a participant on BTAP, the BCWI has recently met with Attorney General David Eby to advise caution in any prospective changes and to reiterate the unique regulatory requirements for BC wineries under LCRB licensing, LDB distribution and Agricultural Land Commission (ALC) regulations and policies. The

Minister acknowledged the concerns and confirmed the BCWI would continue to be consulted throughout the BTAP recommendation analysis process ([see link](#) for the BTAP report).

CVA MEETS WITH FEDERAL MINISTER OF INTERNAL TRADE'S POLICY ADVISOR

On May 9, the Canadian Vintners Association met with senior staff from the Office of Finance Minister Bill Morneau who is temporarily responsible for interprovincial and intergovernmental affairs. The meeting provided an opportunity to discuss the amendments to the Importation of Intoxicating Liquors Act which are currently being addressed in Parliament, as well as preparations for the upcoming Internal Trade Ministers meeting, which will take place in Halifax on May 29. In addition, Minister Morneau will also be taking over the intergovernmental responsibilities related to the Australian WTO case against provincial wine programs. The BCWI industry input was included in the CVA's comprehensive briefing of issues and concerns, and the importance of a non-WTO resolution. The BCWI and the CVA will continue working closely on strategies going forward to find a positive resolution regarding both the WTO and a direct-to-consumer system.

2019 BCWI ANNUAL GENERAL MEETING

On Tuesday, July 9, 2019 please save the date for the 2019 BC Wine Institute Annual General Meeting to be held in Kelowna at the Manteo Resort Waterfront Hotel. Registration information to arrive shortly.

April 12, 2019

FEDERAL BUDGET BILL INCLUDES REMOVAL OF INTERPROVINCIAL SHIPPING RESTRICTIONS

Earlier this week the federal government tabled its 2019 Budget Implementation Act bill that is expected to be rushed into law before Parliament comes to an end in June and in advance of the anticipated fall general election. Included in the bill are amendments to the Importation of Intoxicating Liquors Act (IILA), meant to support interprovincial winery-to-consumer delivery. Previous IILA amendments created a limited exemption if the alcohol was intended for personal use and if the provincial laws permitted it. Few provincial laws were changed to allow for the exemption.

The new proposed amendments will eliminate ALL remaining Federal constraints to allow for interprovincial shipments of alcohol across provincial borders without going through the liquor boards. However, the customer in the receiving province may be subject to any relevant provincial laws (the Comeau Case decision upheld the constitutionality of such laws) once the alcohol was received, but the actual shipment between provinces would no longer be prohibited. It is again up

to individual provincial governments to adopt legislation or regulations to support direct-to-consumer.

The BCWI will continue to support the ongoing efforts of the CVA including developing creative to share on social media to engage provincial governments, consumers and stakeholders on the issue of direct-to-consumer.

WINE BC 2030 LONG-TERM STRATEGIC PLAN

Following on a presentation at the 2019 BC Wine Industry Insight Conference, the BCWI is pleased to release the complete Wine BC 2030 Long-Term Strategic Plan (see link: www.WineBC2030.com).

With support from the Governments of Canada and British Columbia through the Canadian Agricultural Partnership, over the past 18 months more than 30 meetings have taken place in 12 locations province-wide and more than 650 industry participants provided input into the plan via multiple platforms, including industry working groups with representation from each of the sub-regions in BC, local industry experts and key stakeholders. In addition, progress updates were regularly communicated to the industry creating opportunities for interested members of the wine community to contribute.

Wine BC 2030 will be the foundation for BCWI's Board of Directors in establishing measurable objectives for the BCWI's annual operational plans (see link: [BCWI Fiscal 2020 AC&M Operational Plan](#)).

ONGOING BCWI GOVERNANCE & ADVOCACY

A volunteer Board of Directors comprised of nine elected voting winery members and three non-voting ex officio members governs the BCWI. The Board and management are supported by active committees and ad hoc task groups comprised of expert volunteer members to provide input and assist in specific areas and that meet and report on an ongoing basis, including the February 14, 2019 BOD meeting (see link: <https://goo.gl/651xeu>).

BCWI represents the BC wine industry's interests to government and key decision makers. We work with members and industry stakeholders to establish BCWI Board direction on annual priority regulatory policy and other issues with ongoing reporting of progress (see link: <https://goo.gl/Hqw1df>).

March 20, 2019

FEDERAL BUDGET: INTERPROVINCIAL TRADE IN ALCOHOL 2019

Yesterday's federal budget included the Government's commitment to the removal of interprovincial trade barriers to alcohol. The budget clearly stated that

the Government intends to remove the federal requirement that alcohol moving from one province to another be sold or consigned to a provincial liquor authority.

Provinces and territories would continue to be able to regulate the sale and distribution of alcohol within their boundaries. The amendment to the Importation of Intoxicating Liquors Act is expected to be implemented in the Budget Implementation Act. If the 2019 budget passes, the change will come into effect.

The next step in final implementation are national consultations on this issue in spring 2019, leading up to Federal-Provincial-Territorial Internal Trade Ministers meeting in Nova Scotia in late May.

BC WINE INDUSTRY INSIGHT CONFERENCE

Bringing together more than 200 industry stakeholders and key speakers, the BC Wine Industry Insight Conference, held on March 12 at the Penticton Lakeside Resort, provided an informative overview of the current and future states of the wine industry from industry experts. The Conference concluded with the delivery of Wine BC 2030 – a culmination of more than 18 months of industry engagement led by the BC Wine Institute in developing a ten-year strategic plan for the BC wine industry. Visit [link](#)

BC LIQUOR AND CANNABIS REGULATION BRANCH (BC LCRB)

As the lunch Keynote Presenter at the BC Wine Industry Insight Conference, Mary Sue Maloughney, LCRB Assistant Deputy Minister and General Manager, provided an update that included the status of the Business Technical Advisory Panel (BTAP) report on improving efficiency and business relations between government and the liquor industry. Visit [link](#)

In addition to emphasizing the BC government's commitment to working with the BC wine industry on the implementation of the 24 BTAP recommendations, Ms. Maloughney reiterated that, as part of a deal to reach agreement on the new NAFTA deal (USMCA), the Province has committed to eliminating measures that allow only BC wine to be sold on grocery store shelves by November 2019.

Specifically, British Columbia fully intends to fulfill this commitment to ensure both domestic and imported wines can be sold in existing licensed grocery stores by November 2019. The BC government has committed to work with the BC wine industry when implementing the changes.

The BCWI advocates strongly that the USMCA continues to recognize the provenance of our grandfathered BC-only industry licences. The BCWI will continue to work with the Canadian Vintners Association (CVA) and federal and provincial governments on a solution that preserves the integrity of these farm-to-market licences.

BCWI ADVOCACY UPDATE

The BCWI met with government and senior officials in Victoria in early February on a number of BC wine industry key issues including: streamlining industry reporting and compliance requirements; trade challenges; the BCWI's position concerning BC wine-in-grocery; and the BCWI's BC Wine & Food Tourism Strategy.

Meetings took place with the BC Ministry of Agriculture; Ministry of Jobs, Trade and Technology; Solicitor General; and the Ministry of Tourism, Arts and Culture.



Photo: Honourable Lisa Beare Minister of Tourism, Arts and Culture with BCWI President & CEO Miles Prodan.

BCWI JOINS MINI-LOBBY DAY IN OTTAWA

On February 21, the BCWI joined representatives from the CVA, the Winery & Grower Alliance of Ontario (WGAO) and the Winery Association of Nova Scotia (WANS) in Ottawa to meet with senior officials and Members of Parliament. The

focus of the visit was to educate decision-makers on the national and regional value of the wine industry both in job creation and economic growth. In addition, BCWI and representatives stressed the risks to wineries and regional economies from current and future trade challenges.

BCWI and representatives met with the Office of Minister of Intergovernmental and Northern Affairs and Internal Trade regarding direct-to-consumer delivery. Other meetings included the Office of the Minister of Agriculture and Agri-Food; Dean Allison, MP, Vice-Chair of the International Trade Committee; the Office of the Minister of Finance; officials at Global Affairs Canada; the Office of the Minister of International Trade Diversification; and the day ended at the Prime Minister's Office.

CVA FREE TRADE AGREEMENT UPDATE

The federal government is expected to table the new USMCA in the House of Commons mid-March, with the passage in Parliament due to take place prior to the 2019 federal election. Ratification of USMCA in the US is a little further out, as Congress has asked that a study be completed on the new agreement and its possible effects on the US economy before any ratification process begins. CVA Global Affairs therefore estimates that the earliest coming into force date of the agreement will be on August 1, 2020, but the government sees this as an ambitious target, with May 2021 being likely a more realistic date for full USMCA implementation.

With regards to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), almost all parties have begun the stages of ratification. Other countries have also announced their interest in requesting accession to the CPTPP, including Colombia, South Korea, Taiwan and Thailand.

Negotiation of a possible Canada-Mercosur Free Trade Agreement (Mercosur consisting of Argentina, Brazil, Paraguay, Uruguay and Venezuela) is well underway with the 4th round of negotiations held in Brazil to discuss market access and tariff offers. The fifth round of negotiations will be held in Ottawa on March 25, 2019. The ratification of Mercosur would increase tariff free access to Canada from 91 per cent to 97 per cent.

NEW SAFE FOOD FOR CANADIANS REGULATIONS

The CVA would like to remind all wineries that the new Safe Food for Canadians Regulations (SFCR) came into force on January 15, 2019. The regulations aim to lower the risk of food recalls and strengthen consumer protection. The CVA was successful in working with the Canadian Food Inspection Agency (CFIA) to obtain an exemption for wineries to the food safety elements of the regulations.

As a result, wineries will be exempt from licensing and will not have to implement preventative controls. However, wineries that produce wine for export; import wine; sell wine to consumers at retail; and/or sell wine interprovincially will be required to maintain a simple traceability log document, noting who supplied the ingredients and to whom the finished product was sold. Visit [link](#)
The timeline for compliance with the traceability requirements is July 15, 2020. Visit [link](#)

Wineries that export and require export certification from the CFIA, per country of import requirements, are advised that they now require a CFIA licence in order to obtain a CFIA Certificate of Free Sale. Wineries can apply online via MyCFIA for both a licence and for a Certificate of Free Sale. Visit [link](#)

January 23, 2019

GOVERNMENT REVIEW OF BC LDB

Prior to Christmas, Government announced an independent review of wholesale liquor distribution in the province (see link: <https://goo.gl/C9L6Te>). The review is the result of the 24 recommendations by liquor policy advisor Mark Hicken's wide-ranging report to Government to improve business interactions between the Province and BC's liquor industry (see link: <https://goo.gl/cG6rDq>).

While the stated focus of the review will be wholesale liquor distribution in the province, the BCWI will remain engaged to ensure our unique operating environment and the contribution of the 100% BC wine industry continues to be recognized through current critical government support programs for our sector (e.g. direct delivery, etc.) remain in place.

NEW GM OF THE LIQUOR AND CANNABIS REGULATION BRANCH (BC LCRB)

Government has announced Mary Sue Maloughney as the new Assistant Deputy Minister (ADM) and General Manager of the Liquor and Cannabis Regulation Branch, replacing interim GM Dugald Smith.

According to a Government release, Mary Sue has extensive experience working in the public service and has held many senior leadership roles within the Government of British Columbia including ADM for a large operational division at the Ministry of Forests, Lands and Natural Resource Operations and Rural Development. Mary Sue and Ministry of Attorney General Associate Deputy Minister Doug Scott are scheduled to provide an industry update at the March 12, BC Wine Industry Insight Conference (see link: <https://goo.gl/eSP3BG>).

WINE BC 2030

We are halfway through the process in the development of a Long-Term Strategic Plan, creating a clear roadmap that will benefit all areas of the BC wine

industry. Culminating with a presentation to industry, March 12, at the BC Wine Industry Insight Conference, the Plan will be the beneficiary of multi-level stakeholder input and engagement with additional opportunities available (see link: <https://winebc2030.com>).

AUSTRALIA WTO CHALLENGE

On January 11, Australian informed Canada that it will ask the World Trade Organization (WTO) to proceed with the next stage in the WTO process to establish the terms of reference and a Dispute Settlement Panel. Australia has been in a position to seek a panel since September 2018 regarding specific Canadian wine sales practices, including the excise exemption on 100% Canadian wines.

The BCWI is supporting the CVA in its efforts with Global Affairs Canada, Agriculture and Agri-Food Canada, Finance Canada, and federal Ministers and senior decisionmakers to emphasize the importance of the excise exemption to Canadian wineries, and to seek guaranteed support from federal decisionmakers.

If you have not already done so, to help ensure the voice of Canadian wineries is being heard loud and clear, we ask that you (and your staff) add your voice to our efforts in two simple steps to let the Government know that the 64 cent per litre excise exemption is critical to your business:

1. Download and send prepared email text to federal Finance Minister Bill Morneau and federal Trade Minister Jim Carr. (see link: <https://goo.gl/oMPsNF>)
 2. Download and send prepared email text to your MP. (see link: <http://ow.ly/lZCq30mgb4g>)
- Find your Federal Member of Parliament. (see link: <https://goo.gl/E2LwRS>)

ONGOING BCWI GOVERNANCE & ADVOCACY

A volunteer Board of Directors comprised of nine elected voting winery members and three non-voting ex officio members governs the BCWI. The Board and management are supported by active committees and ad hoc task groups comprised of expert volunteer members to provide input and assist in specific areas and that meet and report on an ongoing basis (see link: <https://goo.gl/651xeu>). BCWI represents the BC wine industry's interests to government and key decision makers. We work with members and industry stakeholders to establish BCWI Board direction on annual priority regulatory policy and other issues with ongoing reporting of progress (see link: <https://goo.gl/Hqw1df>).