

Wine Industry Turning Point

Recommended Changes to the British Columbia Wines of Marked Quality Regulations

BC Wine Appellation Task Group

November 2015





**Wine Industry Turning Point:
Recommended Changes to the British Columbia
Wines of Marked Quality Regulations**

**Report from the
BC Wine Appellation Task Group**

- Final Draft -

November 4, 2015

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Introduction

The BC Wine Appellation Task Group (“Task Group”) is an ad hoc Task Group of the BC Wine Industry, coordinated by members of the BC Wine Institute board, in partnership with the BC Minister of Agriculture and the BC Wine Authority. Their mandate is:

To work in cooperation with the BC Wine Authority to bring forward industry recommendations to propose amendment(s) to the Wines of Marked Quality Regulation that represent the interests of all 100% BC Wine Producers, to better meet the demands of today's market conditions and for potential application for other sectors including 100% BC fruit wine, ciders and beer.

The Task Group should be viewed by the BC Wine Industry as having an independent mandate to make recommendations that are in the best interests of the industry as a whole. A successful outcome of this process would be an energized, united and growing BC wine industry. As with previous regulatory milestones such as the Canada-US Free Trade Agreement, the Farm Gate Policy, and the establishment of the BC VQA appellation system, the work of the Task Force can be an important catalyst for industry growth.

The Task Group only has the authority to make recommendations.

Decisions were made by a majority of Task Group members for formal recommendations (whether in person, by phone or in writing). Once a decision is made, all members supported the decision, regardless of whether they indicated support or opposition during the discussion and decision-making process.

Decisions made by the Task Group were made after gathering input from BC Wine producers and other industry stakeholders in order to put forward recommendations to the BC Wine Authority. The recommendations are required to be put to a vote by wine producers. The Task Group has no power to change the Wines of Marked Quality Regulations (“the Regulations”), but will oversee the process by which the BC Wine Industry is consulted about its desires for change.

Mission Statement

“To engage the BC wine industry and use their input to recommend improvements on our system of appellations, and the certification for wine produced from 100% BC grapes.”



“There’s nothing ‘New World’ about what’s going on in BC because ‘New World’ is varietal first, vineyard second: If I’ve seen anything anywhere in the world (apart from France, Italy and Spain) which is more vineyard first, varietal second, it’s BC.”

— Steven Spurrier, British wine expert behind the “Judgment of Paris”, August 2015

Foreword

In the annals of winemaking, British Columbia is among the world's youngest wine regions. But the arrival of *Vitis vinifera* – the noble grapes from Europe that make up some of the most popular premium wines of today – predates Canadian Confederation. Historians write that nearly two centuries ago fur trappers employed by the Hudson's Bay Company planted and harvested grapes in the Columbia River watershed near Walla Walla and Vancouver, Oregon today – a route well traveled by Canada's pioneers.

The first vines in British Columbia were planted in the mid-19th Century near the present-day site of Summerhill Pyramid winery in south Kelowna. A burgeoning commercial winemaking industry was stopped in its tracks by Prohibition in the 1920s, but was then revived when W.A.C. Bennett was elected premier in the early 1950s. Bennett was a prominent Kelowna businessperson and one of the original partners of the province's oldest operating vintners, Calona Vineyards.

The winemaking industry in British Columbia has been given strength through the support of governments and forward-looking public policy. In the 1960s, government determined that wine labeled "B.C." must contain a gradually more significant amount of grapes grown in the province – to 100 percent today.

In the 1970s the federal government funded the first of many studies to prove that noble grapes, rather than just hybrid varieties, could grow in BC. Before long the province issued the very first estate winery license.

In the late 1980s the Canada-U.S. Free Trade pact took effect, making low quality grape production for bulk wines uneconomical in the province. The government funded "the great pullout" of older vines, and the replanting with high quality *vinifera* varieties.

The following year BC wine industry pioneers – Fritz Kruger (Wild Goose Vineyards), Guenther Lang (Lang Vineyards) and Vera Klolocka (Hillside Estate Winery) – successfully lobbied the BC government to enact regulations to enable small farm wineries to be established. Shortly thereafter provincial legislation then established the BC Wine Institute and the BC VQA appellation.

Fast-forward 25 years to today, and we can see that the Government of British Columbia continues to be engaged with the wine industry. Their support of the establishment of the BC Wine Appellation Task Group will lead to a new set of important milestones for industry, which will further grow the quality and reputation of BC wines.

So the BC wine industry may be considered "young", but we take pleasure in the fact our iconic *terroir* has come to represent the province as much as our mountains, forests, lakes and rugged coastline. Today, few would disagree that our wines are now inexorably linked with the place known as British Columbia.

Message from the Chair

“The recommendations we have put forward will make our appellation system more streamlined, elegant and friendly for the wineries of British Columbia. These changes will result in all wineries in BC playing by the same set of rules and will give us the authenticity to create a strong identity as a quality wine region on the world stage of wine.”

— *Ezra Cipes, Chair, BC Wine Appellation Task Group*



Executive Summary

The BC Wine Appellation Task Group was born of an idea that the industry needed to come together to decide its future, and to update the rules governing winemaking that had been established a generation ago. Once the Ministry of Agriculture indicated their support for this process, a plan was put forward to create the Task Group.

It was mandated that Task Group members must represent the interests of all wine producers – be they large, medium, or small, old or new, from an established wine region or an emerging growing area, a member of the BC Wine Authority, or the BC Wine Institute, or neither.

Though the members of the Task Group were appointed, an effort was made to ensure that the members were broadly representative of the whole industry. When concerns were raised about missing representation at the first meeting, additional members were asked to join.

The Group’s mandate was broadly defined as recommending changes to the *Wines of Marked Quality* regulations to “better meet the demands of today’s market conditions.”

Members of the committee had been surveyed anonymously before the first meeting on a series of questions about what they liked and disliked about the current appellation system, and what they would change if possible. It proved to be a worthwhile conversation starter.

It was decided to explore the idea of mandatory certification of origin of grapes. While Group members supported the idea unanimously, it would be important to gauge the opinion of industry at large. Taste panels were also on the table for discussion—should they continue or be scrapped? It was one of many key questions we would raise with industry in the coming weeks.

With the work plan approved and the mission statement in hand, a 6-week industry consultation got underway. Among the first stops was an industry

gathering on Vancouver Island – the Wine Island Growers conference. The fact that our consultation began outside of the Okanagan Valley got the process off on the right foot. The producers on the Island have often felt like outliers, but they were first on our list to talk to.

Conversations with groups large and small, and individual stakeholders took place over the following weeks in Duncan, Kelowna, Penticton, Naramata Bench, OK Falls, Oliver, Similkameen Valley and Langley.

From this industry engagement four themes emerged. First, that industry would be willing to discuss changes to our system of appellations; second, that there was general agreement that all wineries should be certified; third, that industry was split on the value of taste panels; and fourth, that audits were too frequent and seemingly arbitrary.



These themes formed the basis of our industry stakeholder survey. A third party – Howegroup – was hired to ensure the independence of the results. An online survey was launched in mid-June and ran nearly 3 weeks, getting around 800 responses from industry stakeholders and BC wine enthusiasts. The survey results were helpful but not conclusive on what to do on every issue.

The Task Group enlisted the help of Pat Bowen, researcher at the Pacific Agri-Food Research Centre (PARC) for her thoughts on the establishment of new appellations, and sub-appellations within the Okanagan Valley. Bowen played a key role in the development of BC's only approved sub-appellation, the Golden Mile Bench.

An appellation sub-committee was struck to provide direction to Bowen, and to ensure that any boundaries for new regions or sub-regions would stand up to scrutiny.

A set of maps was drafted for 4 emerging wine regions in Lillooet-Lytton, the Kamloops/Thompson Valley area, Shuswap, and the Kootenays. The maps and a description of the proposed appellation were circulated by email to stakeholders in each of the respective regions. Response back from industry was positive.

On the sub-regions of the Okanagan Valley – set out to create a framework for new sub-appellations – there was considerable discussion and debate about the boundaries. The committee members were satisfied only after several drafts of the map had been prepared.

With agreement in principle among the Task Group on new appellations and framework for Okanagan sub-appellations, the requirement of mandatory certification, and the decision to end taste panels, a set of 13 recommendations were approved that it is hoped will make the industry – as our Chair put it – “more streamlined, elegant and friendly” for British Columbia wineries.

Task Group Members



The Task Group benefitted from the experience and insights of leading figures in the BC wine industry. Task Group members were recruited to reflect a balance of experience, regional representation, size of facility and both BC VQA and non-VQA compliance. Each member also brought his or her passion for the industry to each meeting.

The Task Group was fortunate to have diversity of skills and experience within its membership to ensure a broad-based and independent review of regulations governing winemaking in British Columbia. The members are:

- **Ezra Cipes** – *Summerhill Pyramid Winery (Chair)*
- **Christine Coletta** – *Okanagan Crush Pad*
- **Bill Eggert** – *Fairview Cellars*
- **Andy Johnston** – *Averill Creek Winery (Vice Chair)*
- **Derek Kontkanen** – *Inniskillin Okanagan*
- **Eugene Kwan** – *Chaberton Estate Winery*
- **Ian MacDonald** – *Liquidity Winery*
- **James Mack** – *Representative of the Ministry of Agriculture*
- **Christie Mavety** – *Blue Mountain Vineyards*
- **Harry McWatters** – *TIME Estate Winery*
- **JAK Meyer** – *Meyer Family Vineyard*
- **Sandra Oldfield** – *Tinhorn Creek Vineyards*
- **Rhys Pender, MW** – *Little Farm Winery*
- **John Skinner** – *Painted Rock Estate Winery*
- **Bob Tennant** – *Terravista Vineyards*
- **Donald Triggs** – *Culmina Winery*

Strategic Plan

A six-month timeline was set out to assemble the Task Group, and approve and execute a work plan. It was extended by one month to accommodate the busy harvest period.

The key milestones were as follows:

- Announce group, goals and guidelines; make available online
- First group meeting (March 31); confirm work plan
- Research & industry stakeholder engagement (April-May)
- Second Task Group meeting – (June 2)
- Conduct Industry-wide survey and analyze results (June 15 – July 3)
- Third Task Group meeting; draft recommendations – (July 13)
- Fourth Task Group meeting; first set of recommendations approved – (September 8)
- Fifth Task Group meeting; final set of recommendations (October 26)
- Final report – (November 4)

Task Group Meetings

The Task Group was initially scheduled to meet three times, not including sub-committee meetings that took place in person and by teleconference. In the end the Task Group met five times.

We are grateful to Jeffrey Thomas, Chair of the BC Wine Authority, Anthony Gismondi, wine writer and critic for the Vancouver Sun, and Dr. Roger Sudgen, Dean of UBC Okanagan Faculty of Management, for their advice and participation in our meetings.

An appellations sub-committee did substantive work on the future of Okanagan sub-regions. We thank Pat Bowen and Scott Smith of the Pacific Agri-food Research Centre (PARC), longtime grape grower Marj King, and industry viticulturalists James Hopper (Mission Hill Wines) and Mike Watson (Constellation Brands) for their contributions to these discussions. A further description of the sub-committee process is described later in this report.

Meeting Summaries

The following describes what was discussed at those meetings.

March 31st, Kelowna

After introductory remarks by Hon. Norm Letnick, Minister of Agriculture, Task Group members began a constructive discussion on how to best represent the industry as a whole. It was agreed that the group should invite additional representatives from the Penticton area and Fraser Valley.

There was broad consensus among group members that the industry needs to adopt a mandatory certification of the origin of grapes to build confidence among wine consumers. This idea would be raised in subsequent discussions with industry stakeholders.

During this meeting the Task Group's work plan and mission statement was approved. In addition, we confirmed Ezra Cipes as Task Group chair and Andy Johnston as vice-chair.

June 2nd, Summerland

During the weeks after the first meeting several individuals and groups were engaged in conversations about their top issues concerning wine production in British Columbia. Notes from various interviews and town hall discussions were shared with the Task Group to help kick start the conversation on regulatory changes. Key themes that emerged from that stakeholder outreach were discussed.

Researcher Pat Bowen, a representative of the Pacific Agri-Research Centre in Summerland, BC and an authority on wine growing regions in BC presented some of her findings on Okanagan terroir to the Task Group. After that presentation the floor was opened up for discussion.

Finally, representatives of Howegroup, a consulting company hired to conduct an independent industry stakeholder online survey, engaged the Task Group in a Q&A to help them draft questions for their survey. It was agreed upon by the Task Group that the survey should be used to gauge both industry stakeholder and wine enthusiast (consumer) viewpoints, and the survey would be designed to allow for several types of respondents.

July 13th, Penticton

At the third Task Group meeting the discussion began by reviewing the results of the industry survey. While some survey responses provided certainty, others were inconclusive – such as the views on the value of taste panels. The Task Group would have to rely on its judgment as well as seek additional stakeholder feedback before forming any final recommendations.

A lengthy discussion ensued on how to create more sub-appellations within the Okanagan Valley. The idea of labeling them based upon a nearby village or town name was described as a way to humanize the label for wine consumers, and to create a sense of place for the growing region.

The group debated how scientific standards such as climate, geology, and the sunlight aspect would be applied in the creation of new sub-appellations, and how to give a central authority the control over identifying and approving them. The group decided to continue the discussion through a sub-committee. The group voted to strike an appellation sub-committee.

A draft set of recommendations was prepared to circulate over the summer months among industry stakeholders for comment. These included proposals for mandatory certification, ending the use of taste panels, harmonizing audits by the Liquor Distribution Branch, the Liquor Licensing and Control Branch and the British Columbia Wine Authority.

September 8th, via teleconference

Responses to the draft set of recommendations that had been circulated among several industry stakeholders since the end of July led the meeting discussion. Updated wording for the recommendations based upon that feedback had been circulated before the meeting. It was agreed that the Task Group would discuss and vote on each of the recommendations individually.

The first recommendation on mandatory requirement to become a member of the BC Wine Authority (BCWA) was deemed critical to the adoption of all other recommendations.

A question was raised about enforcement and how the BCWA would make sure that license holders are following the regulations. Further edits to the wording of the recommendation came from this discussion to make it clear which winery license holders would be subject to this requirement.

Group members asked for clarification on how these rules would apply when it comes to International-Canadian Blended (ICB) wines or commercial winery license holders.

This led to a discussion regarding the recommendation to create a taste panel for export wines. Several questions came up about how such a thing would be enforced, and why the industry would press for a higher standard for exported over domestic wines. Someone pointed out that Australia has an export panel, but also is the exporter of bulk consumer wines. It was felt the topic needed further deliberation by the Wine Industry Advisory Committee (WIAC), and the item was removed from the list of recommendations.

It was decided that recommending a table wine category was not practical at this juncture, so the item was also removed from the final list of recommendations.

The recommendation to continue to use laboratory analysis hung largely on the use of the word “quality” so it was decided to use the phrase “technical” standards.

The recommendation on keeping BC VQA became a discussion about labeling and the fact that low-price wines have been marketed side-by-side with premium wines as BC VQA. The group was convinced that BC VQA would simply evolve into a local standard to ensure consumers that the wines have been audited – somewhat like DOC in Italy.

Task Group member Christie Mavety emailed a response before the meeting objecting to mandatory use of BC VQA and raised concerns about cost. It was agreed by the group that further discussion with BCWA should be done to clarify what impact if any the new certification regime would have on producer’s costs.

The group felt that with producers required to be certified, and taste panels ending, that the Wines of Distinction (WoD) category would become irrelevant. Mavety’s objections to ending the WoD category were noted in the discussion. This recommendation would be reviewed in the fifth meeting later in October.

On audits, it was felt a recommendation to harmonize separate processes by the LCLB, BCLDB and BCWA into one was best, and that industry should work with the BC government ministry in charge of red tape and liquor regulation to come up with the needed changes. The group agreed that any changes to auditing and enforcement would need “teeth” to ensure compliance. Sandra restated her idea that only the LCLB had the necessary enforcement powers to accomplish this.

A summary of the work of the Appellation Sub-committee was then presented to the group, first focusing on the 4 emerging appellations. The group was supportive of recommending a consultation of stakeholders in the 4 regions to approve borders for new appellations. A Task Group member raised some concerns about the possibility of a northern climate region planting a small amount of grapes and attempting to call itself an appellation. It was agreed that there should be a common standard to approve any new appellations.

On the discussion of sub-appellations in the Okanagan Valley the group was briefed on the work of the Appellations Sub-committee. It was agreed that more work must be done to map the valley in a way that will stand up to the scrutiny of wine consumers and experts. A decision on sub-appellations was postponed to allow further examination of the issue, and no motion was tabled. It was suggested that a 5th Task Group meeting should take place after the end of the harvest period to finalize this decision.

The last recommendation concerned section 29 (3) (e) in the Wines of Marked Quality regulations. The group unanimously supported striking that clause from the regulations, and sending revisions to the rest of clause 29 to the WIAC committee for review and revisions.

The Task Group noted that there would likely be pricing changes to BCWA licensing and BC VQA permits under a new mandatory regime, and that there should be more discussion on this going forward. A request was later made of the BCWA to identify the cost for license holders to register and certify their wine.

October 26th, via teleconference

The fifth and final meeting of the Task Group took place via teleconference on October 26th, and was attended by everyone except 2 members.

On the agenda were more recommendations for discussion, including the approval of new appellations and a framework for future Okanagan sub-appellations.

The first motion to be approved was a recommendation to give the BCWA the authority to prohibit the unregulated use of any British Columbia geographical indication.

Following that unanimous vote, the chair provided an update on a conversation held with the BCWA regarding the proposed table wine category, and the ending of the Wines of Distinction category. It was explained that without a non-VQA wine classification that certain wines made from 100% BC grapes would be left outside of the regulatory framework. That category had been the so-called Wines of Distinction.

The group approved striking the September 8th recommendation to discontinue the Wines of Distinction category. Instead, it was moved that the category be renamed to British Columbia Wine, a more generic description that neither makes the category sound better (“distinct”) nor worse (“table wine”) than its BC VQA counterpart. Wines falling under this category would be restricted to use only Product of British Columbia as their geographical indication.

The next recommendation asks that wines made from 100 percent BC grapes must register as either British Columbia VQA or British Columbia Wine in order to qualify for recognition as a Wine of British Columbia. Only then would the wines be eligible for any market benefits such as direct delivery.

By creating new sub-appellations it was determined by the group early in their discussions that it would be important to show both the region and the sub-region on the main display panel (the front label on a bottle). A group member raised a concern about whether so-called “conjunctive” labeling – where both the appellation and sub-appellation names appear on the label – was restricted in the USA. It was shown that conjunctive labeling was already in use in Sonoma County, California.

BC VQA wines from an approved sub-appellation would therefore required to display conjunctive labeling to show both the region and sub-region. For

example, a wine from the Golden Mile Bench (approved sub-appellation) would have on its main display panel both *Golden Mile Bench* and *Okanagan Valley BC VQA*. As with the US regulation the ordering of the phrases and the relative font sizes would not be regulated, as long as they are both clearly readable.

New Appellations

The rest of the discussion focused on the creation of new appellations, and developing a framework for more Okanagan sub-appellations.

The Task Group agreed that four new regions merited official designation as appellations: Thompson Valley (Kamloops), Shuswap, Lillooet-Lytton (Fraser Canyon) and Kootenays (Creston). Maps had been prepared by PARC in September, and widely circulated among industry stakeholders in each of the respective regions.

Stakeholders in those regions emerging were almost unanimously supportive. There were questions about the boundaries of the appellations, and concerns about whether new red tape would follow.

The Task Group recommended the establishment of these four new appellations, subject to a final review of the boundaries and in consultation with stakeholders within each region.

The concluding discussion proved to be the most detailed and challenging topic of conversation—creating a framework for Okanagan Valley sub-appellations. The industry's desire to establish sub-appellations is longstanding. In 2014 the first approved sub-appellation was created on Golden Mile Bench near the town of Oliver. It was a process that took several years.

The group spent some time discussing how these regions would be named, but decided to focus on creating a framework which would let industry stakeholders confirm the final boundaries and names. As a guideline for naming these new sub-geographical indications, the Task Group recommends only accepting a village or town name, or a place name that is historically associated with a region.

It was argued by a group member that the current Regulations left out some stakeholders when it came to deciding the future of the GIs. A specific recommendation by the group was to revise the language of section 29 (3) (c) to ensure that those practice standard holders who own vineyard land in the GI are able to vote on its future.

The Okanagan Valley is approximately 140 kilometres long, with 3 distinctive climatic regions in the north, central and south part of the valley. Several drafts of an Okanagan Valley map were provided by PARC that detailed the different geology throughout the valley's growing areas. The maps were divided into the 3 climatic regions of the north, central and south; then geology and the east-west aspect of sunlight further sub-divided regions.

Two of the sub-regions were the most challenging for the group. The first was the area labeled sandy outwash terrace and deposits in the south Okanagan. This area included one of better-known growing areas, as well as a valley currently not planted to vine at all. It was agreed to accept the whole area as a distinct sub-region of the Okanagan.

The second area that the group debated was the east side lacustrine benches beside Penticton. Each area has its own separate identity with wine consumers, but they both have similar geology, climate and aspect. It was finally decided by the group that industry would not accept the region as one, and more work would be required to find an additional distinctive characteristic to make them into credible sub-appellations.

With the last of the recommendations approved, the meeting was adjourned.

Category Explained: What is “British Columbia VQA”?

BC VQA stands for “British Columbia Vintners Quality Alliance”. The BC VQA program is the province’s “appellation of origin” system. The BC VQA system guarantees origin and ensures that qualifying wines meet certain minimum technical requirements set out in the Wines of Marked Quality regulations.

BC VQA Wine Content Requirements

- 100% British Columbia grapes
- 95% of grapes must come from specific region mentioned on the label
- 85% of grapes must come from the vintage stated on the label
- 85% of grapes must be the stated varietal

Category Explained: What is “British Columbia Wine”?

British Columbia Wine is a category for wines also produced from 100% BC grapes, but do not meet the requirements described in the Wines of Marked Quality regulations. The only restriction on the “British Columbia Wine” category is in their labeling. You cannot label it as icewine or as a meritage, and you cannot have any geographical indication other than Product of British Columbia.

British Columbia Wine could, for example, be made from hybrids that do not qualify as VQA wine, or have lower alcohol content than permitted. This category ensures that all 100% BC wines have the opportunity to be registered and audited, whether or not they meet the standards set out for BC VQA.

If a wine chooses not to be registered and audited it will not be allowed to have any graphical indication on its label nor be entitled to market benefits, such as direct delivery.

FORT BERENS

ESTATE WINERY



Heleen Pannekoek & Christ'l Roshard
Fort Berens Winery in Lillooet

Consultation Process

It was determined at the outset that the success of the Task Group will depend upon how engaged the industry is. With over 250 wine producers and numerous other important industry stakeholders, it would be vital to reach out to individuals and groups across every wine region in the province.

In addition, we reached out to key individuals with significant experience and understanding of the world of wine, and who support the growth and success of British Columbia's industry.

Industry Town Halls

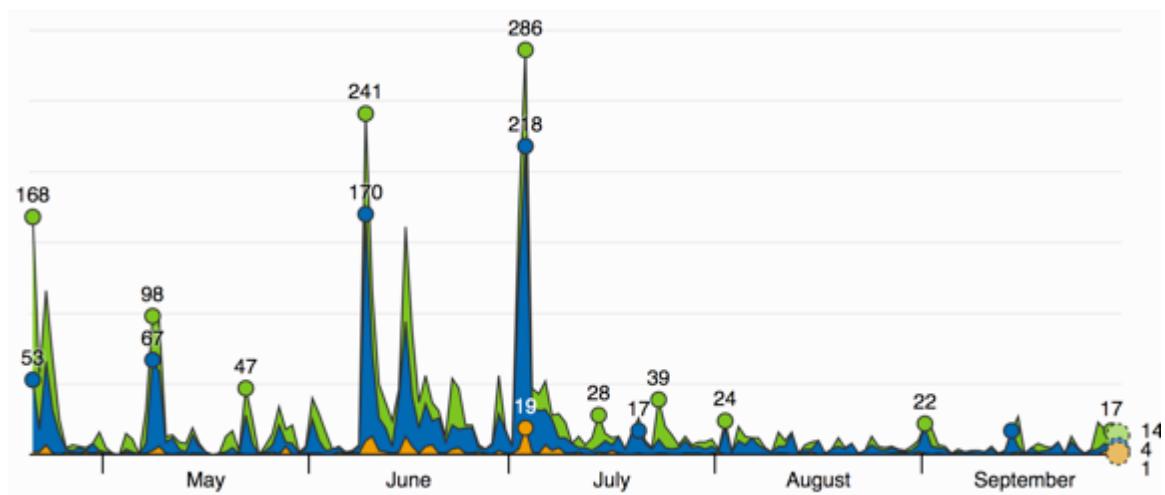
Bringing together wine producers who are extremely busy running their own business affairs is always a challenge, but we were still able to conduct several town hall meetings in the Similkameen Valley, Kelowna, Vancouver Island and the Fraser Valley. It proved to be a very effective way to take the pulse of the industry on several key topics.

Social Media & Communications

Social media was an effective way to create awareness among wine industry stakeholders – many of whom use tools like Facebook and Twitter to engage colleagues and consumers.

Website

A website was set up at bcwinetaskgroup.ca to share information about the Task Group and invite people to comment and receive bulletins. During the critical weeks of stakeholder engagement and the online survey we attracted over 1,000 visitors.



bcwinetaskgroup.ca (April 20 – September 30) Web Traffic

	Page Views	Unique Visits	First Time Visits	Returning Visits
Total	3,783	2,248	2,025	223

Email Campaigns

Our email campaigns attracted thousands of email “opens” to inform stakeholders about Task Group activities and invite individuals to participate in the online survey.

77% of email subscribers (approximately 650) opened one of our BC Wine Task Group emails between April 2 and June 30. Most unopened emails were for general mailbox accounts (i.e. for sales) and not individuals.

Campaign #1: Take the 2015 BC Wine Industry and Consumer Survey (June 15)

- 321 unique opens, 45% open rate
- 275 clicks of survey link
- 2,093 total opens June 15-July 2

Campaign #2: Take the 2015 BC Wine Industry and Consumer Survey (June 17—sent to all unopened June 15)

- 101 unique opens, 25% open rate
- 26 clicks of survey link
- 231 total opens June 17-July 2

Campaign #3: Survey Reminder: Please Respond by Friday, July 3rd (June 29)

- 334 unique opens, 41% open rate
- 68 clicks of survey link
- 710 total opens June 29-July 2

In addition we had our email campaigns circulated to other stakeholder groups. Organizations circulating survey information to their member lists included:

- Alliance of Beverage Licensees of British Columbia (ABLE BC)
- British Columbia Grapegrowers Association
- British Columbia Private Liquor Store Association

Social Media Quick Stats

Our Twitter feed attracted a large number of views according to our statistics.

- @bcwinetaskgrp Tweets earned 9.9K impressions over this 64-day period (May 1-July 2)
- #BCWineChat (@MikeKlassen) June 24-25 Tweets earned 23.3K impressions over this 2-day period

Website email list subscribers: 296

Twitter followers: 387

Earned News Coverage

The Task Group received some favourable media coverage that helped to increase industry and consumer awareness of the Task Group. Published articles included:

- **Vue Weekly/Mel Priestly:** Legislation overhaul is needed to keep up with the growth of the BC wine industry (May 26)
- **Anita Sthankiya/Kelowna Now:** B.C. Wine Group Wants Bold Changes For the Future (June 15)
- **Peter Mitham/Wines and Vines:** B.C. Eyes New Wine Appellation Rules (June 19)
- **Anthony Gismondi/Vancouver Sun:** Wine awards entries soar (June 19)
- **Anthony Gismondi/Pique Newsmagazine:** Export — or die. B.C. wine retools for the 21st century (June 29)
- **Kurtis Kolt/Georgia Straight:** B.C. wine industry at a tipping point (July 2)



Key Themes from Industry Consultation

Dozens of BC wine industry stakeholders provided feedback over the course of the industry engagement. The comments were recorded during town hall meetings, small group meetings, one-to-one discussions, phone calls and email responses.

Almost without exception participants involved in the consultations were positive and welcomed the opportunity to comment. Many described the process as an important one for the BC wine industry. A few were critical of how the Task Group was formed and how its members were appointed, but otherwise appreciated that it would be doing important work on behalf of the industry.

The discussions typically centered on four key themes.

1. The future of BC's appellations and the debate on what, if anything, should change;
2. Compulsory requirements for certifying the origin of grapes;
3. Tasting panels and questions as to their purpose, and the future of BC VQA;
4. The number of audits wineries must do and how to streamline them.

On Appellations

On the subject of appellations there were diverse and strongly held views from many respondents. In the first Task Group meeting, wine writer Anthony Gismondi recommended that we "humanize" any new sub-appellations to make them more consumer-friendly. He suggested using the name of an adjacent town or village to identify a wine region. It was commented that the rigorous science used in the creation of Golden Mile Bench sub-appellation had sparked opposition among many stakeholders, something that should be avoided going forward. When contrasting the science vs. the village concept many favoured using the village, while making sure that science was used to back up and inform the village model. This idea would be extensively debated right through the Task Group's final meeting.

As to whether BC needs new appellations (or sub-appellations) now the opinions varied.

- The Okanagan Valley is overdue for new appellations by 5 to 10 years – *Rhys Pender, Little Farm Winery*
- 15 years of weather records especially in the face of rapidly changing climate conditions is insufficient to determine new appellations – *Lanny Martiniuk, Stoneboat Vineyards*

- Our consumers are only beginning to understand what the Okanagan is. A new appellation is unlikely to help me sell another bottle of wine – *Roland Kruger, Wild Goose Winery*
- Consumers think the Okanagan is Kelowna – that’s where the airport is and the highway goes. A new appellation helps wineries in the south – *Bill Eggert, Fairview Cellars*
- We should be able to put where our wine is from on our labels, whether that’s Skaha Bluff or Naramata Bench – *John Skinner, Painted Rock Vineyards*
- Consumers know that the Okanagan is not one thing – *Luke Smith, Howling Bluff Estate Wines*
- We tend to denigrate by just calling it Okanagan Valley – doesn’t do justice to what’s happening now in the bottle – *Tim Pawsey, wine writer*
- Wineries no longer might buy their product if in certain DVA or not; could impact several grape growers – *Manfred Freese, BC Grape Growers Association*
- Consumer has no idea where that wine comes from now; could be blended from all across Okanagan Valley – *Rolf de Bruin, Fort Berens Winery*
- We don’t have a thousand years of history. Gray Monk is not that excited about coming up with new appellation - *Geri Davis, Gray Monk and Intrigue Winery*
- Grapes and varietals identified to region is an important step. Consumers want to know what vineyard, what row, etc. They are looking for identity. It’s the only way we are going to get the right variety to grow in the right spot – *Scott Locke, Cedar Creek Winery*

On Mandatory Certification

There was nearly unanimous support for requiring certification of origin for grapes used in all BC wines.

- We need an ironclad system to prove where our wines are made if we want to export – *Luke Smith, Howling Bluff Winery*

However, there were concerns about involving government in the control of appellations.

- Why would you give the Naramata (or any) name to the government? – *Jeff Martin, La Frenz Winery*
- I strongly disagree with government dictating how we operate. Making participation mandatory is the first step down a slippery slope. I understand some feel we should be following the example of France... and

I can see this ending up at the same point – the government telling us not just what appellations we can use, but dictating what we can call our wines, which grapes we can grow, what crop levels we can achieve, when we can pick etc.... just like France. – *Mark Holford, Rocky Creek Winery*

On Taste Panels & BC VQA

There were many calls to end the tasting panels outright or seriously reform them.

- If certification of origin happens then panels should go – *Rolf de Bruin, Fort Berens Winery*
- VQA does not guarantee quality – *Jeff Martin, La Frenz Winery*
- Panels should disappear – just have certificate of origin instead. But if we keep panels it should only be for checking that it is safe and unadulterated – *Luke Smith, Howling Bluff Winery*
- Keep BC VQA and get rid of tasting panels; go with lab analysis and have wine verified as healthy food – *Group consensus at Naramata roundtable discussion*
- Even if it is not perfect, the tasting panels protect the consumer - *Andy Gebert, St. Hubertus Estate Winery*
- Why is BC wine forced to make wines that only taste like the varietal? Beer-makers are kicking our butt because they are trying new funky tasted products – we're losing consumers – *Patrick Murphy, Vista D'Oro Winery*
- I don't want to see us lose VQA. We have built up so much awareness over the years it would be throwing away something that most recognize. I have never cared if they got rid of the tasting panel though. It if survives this review or not I could care less. – *Sandra Oldfield, Tinhorn Creek Winery*

On Audits and Red Tape

According to many respondents, too many different regulators are auditing wineries. Small business operations especially are wasting valuable time and resources trying to keep up with them all. There is broad consensus for working with governments and other agencies to reduce redundancies.

- The wine authority audits are well known to be a duplication of effort from what Excise Canada already undertakes. Having two sets of auditors checking the same information is ludicrous and until a process is in place to amalgamate the audits I will not support them – *Mark Holford, Rocky Creek Winery*

- If want to be world-class wine region we need a modern framework for enforcement. Sending 'nil' responses to the CRA for excise taxes every month is a waste of time and money – *Luke Smith, Howling Bluff Winery*
- We have crop insurance and excise taxes that help to identify the source of grapes. Why not have one way to confirm grape origin? – *Andy Gebert, St. Hubertus Winery*
- We are overregulated – do audits one time and that's it. I've got no faith in the BCWA wanting to change this. They will only perpetuate themselves – *Lanny Martiniuk, Stoneboat Vineyard*



Old Main Rd

Naramata Rd

Industry Stakeholder and Consumer Survey

The wine industry stakeholder survey launched June 15 and closed on July 3. The Task Group gave direction to conduct an online survey that would target industry stakeholders (wine producers, grape growers, wine marketers, restaurants and hospitality workers) and wine enthusiasts (wine media, bloggers and consumers). The survey responses would be anonymous and held in trust by independent consultants Howegroup.

About the Respondents

- 849 individuals responded to the survey. Of these 724 responses were sufficiently complete to include in the analysis. (52 respondents opened the survey and did not continue; the remaining incomplete responses stopped after 1-2 questions)
- 25% (N=181) of the respondents were wine producers, 34% (N=246) were industry stakeholders, and 41% (N=297) were consumers
- Two thirds (66%) represented small facilities, wineries selling less than 60,000 litres of wine; more than one quarter (29%) represented medium wineries, wineries selling 60,000 - 700,000 litres of wine; and a handful (5%) represented large wineries, wineries selling more than 700,000 litres of wine
- The majority of the wine producers were founders/proprietors/owners, winemakers and in oversight/operational roles

The survey provided detailed results of the industry-wide survey conducted in July 2015. In presenting the results, careful consideration was given to the breakdown of participant groups (wine producers, industry stakeholders and consumers) and thorough quantitative and qualitative analysis to ensure the results would support the development of meaningful recommendations by the Task Group.

What follows is a summary of the areas from the survey indicating clear direction for the Task Group and areas where no clear direction emerged.

Areas of Consensus

Support for an appellation model in BC

- Wine producers and industry stakeholders support an appellation model for BC.
- Wine producers and industry stakeholders are concerned with wineries using names of regions/places on their labels when these terms are not legally controlled.
- Wine producers, industry stakeholders and consumers support the creation of additional appellations in developing wine regions of BC that are not currently in a geographical indicator.
- Wine producers and industry stakeholder support the creation of sub-appellations within existing geographical indicators, specifically in the Okanagan.
- Wine producers and industry stakeholders feel that in order for to consumers, wineries and marketing bodies alike, the method to follow for further exploring a breakdown of existing appellations into further sub-appellations is by village. A secondary preference is by scientific climate and soil data.
- There is strong support from both wine producers and industry stakeholders that the BC Wine Authority should regulate the use of region/place names on wine labels.

Support for certification of origin

- Support for certification of origin being mandatory for all wines made from 100% BC grapes
- Support the regulation of appellation terminology appearing on wine labels made from 100% BC
- Support for wines with geographical indication being certified

Satisfaction with tasting panels

- Wine producers and industry stakeholders are not satisfied with tasting panels in their current format.
- Improvements are requested regarding tasting panels, particularly surrounding changing the composition, improving training and creating minimum standards.

Streamlining audits

- Wine producers support a recommendation by the BC Wine Appellation Task Group to harmonize audits from the BC Wine Authority, BC Liquor Licensing Branch and BC Liquor Distribution Branch, with a possibility to share information with Excise Canada.

Areas for Further Exploration (no clear consensus)

Sub-appellations

- There are mixed feelings as to whether the creation of sub-appellations within existing geographical indicators in areas other than the Okanagan are necessary.
- There are mixed feelings as to how the creation of further sub-appellations within existing appellations would occur. There appears to be a tendency toward geographical boundary only.
- Wine producers were mixed whether they would prefer to see sub-appellations proposed individually or in a combination of being created centrally with a process for further subdivision.

BC VQA and tasting panels

- The importance of BC VQA is mixed. While stakeholders do see its value, in terms of influencing consumers' buying decisions, the top influencers for buying wine, as reported by consumers are grape varietal, price and winery reputation. BC VQA may support consumers' decisions to support local wineries.
- There are mixed opinions as to whether tasting panels are necessary to assess faults in BC VQA wines.
- There is not an overwhelming consensus on who should sit on the tasting panels. While there seems to be support for wine makers, sommeliers and trained wine enthusiasts there is not a clear direction as to a leading type of panel judge.



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Appellation Sub-Committee

A sub-committee of the BC Wine Appellation Task Group was struck to review and recommend changes to our system of appellations. The goal of the sub-committee was as follows:

- 1) Review and recommend sub-regions within in the Okanagan Valley appellation as a framework for the establishment of new sub-appellations.
- 2) Approve a process with a goal of establishing new appellations by reaching out to affected stakeholders in the following four emerging wine regions:
 - a) Thompson Valley
 - b) Shuswap
 - c) Kootenays
 - d) Lillooet-Lytton

The following Task Group members volunteered to serve on the sub-committee.

Christine Coletta
Harry McWatters
JAK Meyer

Sandra Oldfield
Rhys Pender
John Skinner

Bob Tennant

Sub-Committee Meetings Summary

The first sub-committee meeting took place by teleconference on July 17th, where members agreed to give further consideration to where the boundaries of Okanagan sub-appellations might be drawn, and to bring them to the next committee meeting. The committee enlisted Pat Bowen, research scientist at the Pacific Agri-food Research Centre (PARC) and Marj King, longtime grower, both of whom participated in a second in-person meeting held the morning of August 6th, 2015.

The pros and cons of dividing the Okanagan Valley into a series of contiguous regions, based around identifiable “village” landmarks were discussed. The group requested Pat Bowen’s help in drawing a first set of boundaries based upon the committee’s feedback.

In order to establish where a new set of Okanagan sub-regions would be identified, basic ground rules were set.

1. Ensure that the boundaries are completely inclusive of all regions within the Okanagan Valley
2. Sub-regions would be contiguous to encompass the entire GI, while providing room for smaller sub-appellations to be established based on scientific data at a later date
3. Respect the importance of how consumers will see these changes – and wherever possible use nearby villages to help identify the GI
4. Okanagan Valley will remain on the label regardless of the sub-region



In addition to Pat Bowen (and her colleague Scott Smith at PARC) a small number of industry stakeholders with experience in winemaking and viticulture were consulted for their views over the month of August.

A third meeting of the sub-committee took place on September 4th, where the PARC maps were discussed. The committee offered different points of view on the number of regions that were needed, and provided additional feedback to Bowen.

Concerns were raised after the meeting about the criteria used for dividing the Okanagan, and the fact that any boundaries must stand up to scrutiny over the long term. As a result the sub-committee once again asked Pat Bowen to provide detailed maps, and agreed to reconvene after the end of the fall harvest period to review the updated maps.

A fourth committee meeting took place on October 22nd, where most committee members attended (regrets: Rhys Pender), Pat Bowen and James Hopper (Mission Hill Wines) participated. After reviewing the Okanagan map in detail some revisions were requested, to which Pat Bowen would kindly attend.

These changes included additional boundaries in the south and central Okanagan regions. The committee agreed to approve a set of sub-regions that could serve as a basis for new officially sanctioned sub-appellations. It was

agreed that using landforms (geography), climate and east-west aspect provide a good framework for setting the initial boundaries.

It was strongly recommended by most members of the committee to avoid assigning names to the sub-regions, but it was accepted that using some basic guidelines – such as a historical reference, a nearby population centres (village or town) or a prominent geographical feature – would make the names more consumer-friendly.



BC's Emerging Wine Regions

In addition to five currently designated viticultural areas, a number of new viticultural areas have emerged in recent years in Lillooet, Kamloops, the Shuswap region, and in Creston where commercial wineries now exist.

Many stakeholders have eagerly expressed interest in having these regions formally recognized as B.C.'s new appellations, after a fulsome consultation of affected stakeholders.

With the help of PARC staff members Pat Bowen and Scott Smith, who both have done work mapping some or all of these new regions, a series of maps was circulated to wine producers in each of the respective regions for consideration, with a request for feedback in October 2015.



BC Wine Appellation Task Group Recommendations

1. We recommend that as a condition of having a winery license producers making wine from 100% BC grown grapes be required to become a member of the British Columbia Wine Authority (BCWA) and be subject to audits conducted and enforced per the Wines of Marked Quality regulations (“the Regulations”).
2. We recommend ending the use of taste panels to assess faults in wines produced from 100% BC grown grapes.
3. We recommend the continuation of using accredited laboratory analysis to ensure that BC wines meet existing health and safety and technical standards per the Regulations.
4. We recommend the continuation of BC VQA as the appellation of origin for wines made from 100% BC grown grapes.
5. We recommend changing the Wines of Distinction category name in the Regulations to British Columbia Wine. Wines falling under this category would be restricted to use only Product of British Columbia as a geographical indication (GI).
6. We recommend that the BCWA be given the authority to prohibit the use of any unregulated geographical indication associated with British Columbia on its members' wine labels.
7. We recommend that all wines made from 100 percent BC grapes must register as either British Columbia VQA (“BC VQA”) or British Columbia Wine in order to qualify for recognition as a Wine of British Columbia. Only registered wines will be eligible for market benefits.
8. We recommend BC VQA wines that use an approved sub-GI be required to display conjunctive labeling to show both the region and sub-region on the primary display panel. (See example)

Golden Mile Bench, Okanagan Valley BC VQA

-or-

*Golden Mile Bench
Okanagan Valley BC VQA*

9. We recommend the establishment of new geographic indications in four emerging wine grape growing regions – Thompson Valley, Shuswap, Lillooet-Lytton and Kootenays – subject to a final review of the boundaries and in consultation with stakeholders within each region.

10. We recommend that industry accept the set of sub-regions of the Okanagan Valley as identified by the Task Group as the basis for establishing sub-geographic indications. [See document: "Okanagan maps - Terroir boundaries (final Oct 26).pdf"]

As a guideline for naming these new sub-geographic indications, the Task Group recommends only accepting a village or town name, or a place name that is historically associated with a region. A defining geographical feature may also be used in combination with a village or place name: i.e. Golden Mile (place name) Bench (defining geographical feature).

11. We recommend that the current 3 separate audits by the Liquor Control and Licensing Branch, BC Liquor Distribution Branch and the BC Wine Authority be harmonized into one.
12. We recommend that section 29 (3) (c) of the Regulations be amended to include the following underlined phrase:

At least two thirds of practice standards certificate holders and practice standard certificate holders who own vineyard land in a proposed geographical area or subdivision, who produce at least two thirds of the total production of wine made from grapes grown in that area or subdivision, must have voted, by ballot, in favour of the proposed geographical area or subdivision;

13. We recommend deleting section 29 (3) (e) from the Regulations, and propose an additional review of the entire Section 29 by BCWA and Wine Industry Advisory Committee (WIAC).

Going Forward Strategy for Recommendations

During the months following the release of this report and through the plebiscite period where industry will either support or reject the Task Group's recommendations, there must be an ongoing effort to communicate the benefits and opportunities that will come with change.

Therefore it is advised that an effort be made to further engage the industry during these important weeks through direct contact and other forms of communication.

Implementation Timeline

- November 4: Release of Task Group report and recommendations to BCWA
 - o Action items: Update bcwinetaskgroup.ca website, post report, maps and survey findings
 - o Email blast to industry stakeholders
 - o News release and respond to media inquiries
- November 5 – December 4: Approximate timeframe for establishing industry plebiscite
 - o Follow up & send thank you correspondence to participants in consultation
 - o Respond to questions or concerns from industry as they arise, issue communications updates by email and web
 - o Brief industry stakeholders (grape growers, tourism sector, government) on recommendations
- December 7 – February 15: Approximate timeframe for voting in industry plebiscite
 - o Promote “yes” vote via social media – email blasts, blog updates, Twitter, Facebook sharing – aim for a strong vote of support
 - o Op-ed for newspapers touting Task Group recommendations
 - o Respond to any other concerns that arise
 - o Make direct contact or site visits as required with those raising concerns



Task Group addressed by
Hon. Norm Letnick, Minister of Agriculture

Appendix 1 – Task Group Profiles

See <http://bcwinetaskgroup.ca/bios/>

Appendix 2 – ICB Wine Statement

See <http://bcwinetaskgroup.ca/icb-statement/>

Appendix 3 – Consultations

For a list of industry stakeholders we consulted, see <http://bcwinetaskgroup.ca/consultation/>

Appendix 4 – Okanagan Valley Sub-Region Maps

See <http://bcwinetaskgroup.ca/maps/>

Okanagan maps - Terroir boundaries (final Oct 26).pdf

Appendix 5 – Emerging BC Wine Region Maps

See <http://bcwinetaskgroup.ca/maps/>

Appellations - Emerging BC Regions.pdf

Appendix 6 – Industry and Consumer Survey

See <http://bcwinetaskgroup.ca/survey/>

BCWATG Industry Survey Findings June 13.pdf



Wine Industry Turning Point:
Recommended Changes to the British Columbia
Wines of Marked Quality Regulations

Report from the
BC Wine Appellation Task Group

For more information visit www.bcwinetaskgroup.ca.

