

BCWA Newsletter – January 2017

Review of the Implementation of Recommendations made by the BC Wine Appellation Task Group

In this Newsletter we review the current implementation status of the various recommendations for regulatory change that were made by the BC Wine Appellation Task Group in April, 2016.

Provincial Government Makes Amendments to the Regulation Implementing Recommendations #6, #11 and #12

In December, 2016 the Provincial Government, through an Order in Council, amended the Wines of Marked Quality Regulation (the “**Regulation**”) to implement Recommendations #6, #11 and #12.

These changes, which came into effect on January 1, 2017, address the process for creating new sub-geographical indications (“**sub-GIs**”) (Recommendations #11 and #12). By deleting paragraph 29(3)(e) from the Regulation (Recommendation #12), the application and approval process for new sub-GIs has been significantly simplified and streamlined.

The implementation of Recommendation #6 established a new “conjunctive labelling” requirement pertaining to the use of a sub-GI in conjunction with the principal geographical indication (or “**GI**”). Currently this only affects the Golden Mile Bench sub-GI, but will apply to all new sub-GIs once created.

The Minister has further indicated that he is generally in favour of approving further amendments to the Regulation where required to implement the other Recommendations that were approved in the industry Plebiscite, but has stated that no further amendments to the Regulation are likely to proceed until sometime in the Fall of 2017. In the interim, as further discussed below, we continue to undertake significant additional work in a number of areas in order to implement those Recommendations that do not require regulatory amendment, or where further ground work or consultations must first take place before specific regulatory amendments are put forward for Ministerial approval.

Creating Four New GI’s – Implementation of Recommendation #7

Recommendation #7 proposes the establishment of four new GIs in BC’s emerging wine regions of the Thompson Valley, Shuswap, Lillooet-Lytton and the Kootenays. The creation of these new GIs is subject to a final review of the boundaries that were proposed by the Task Group, in

consultation with stakeholders within each proposed region. (The boundaries of these new GIs as proposed by the Task Group can be found here: [Appellations – Emerging BC Regions](#)).

The Minister has informed the BCWA that, in principle, he agrees with the Recommendation and has instructed the BCWA to undertake the required consultations with potentially affected wineries and grape growers regarding the proposed boundaries for these new GIs.

These consultations are now underway. The BCWA is in the process of contacting all wineries and grape growers located within or adjacent to the proposed areas to obtain their views on the proposed boundaries. Town hall meetings and other consultation efforts will be undertaken at a later date if considered necessary. Please feel free to contact us if you have any comments to make regarding the proposed boundaries for these new GIs. Following our consultations the BCWA will put forward final proposed boundaries to the Minister for approval and implementation.

Improving the Process for Establishing New Sub-GI's – Implementing Recommendations #4 and #8

While the process for creating new sub-GIs generally needs to follow the process that was undertaken to create the Golden Mile Bench sub-GI, the recent amendments to section 29 of the Regulation have changed the requirements in order to make it easier to obtain approvals for new sub-GIs.

The sub-GI approval process is not commenced by the BCWA. Rather, it is commenced by an individual producer or a group of producers based within the proposed sub-GI region (referred to as the “proponents”). The proponents should always contact the BCWA first to express their interest in creating the new sub-GI and engage in an initial discussion with us concerning specific application requirements. Next, the proponents should conduct “town hall” or other meetings or consultations with all potentially affected stakeholders (producers and grape grower located within the proposed sub-GI as well as immediately adjacent to it) to assess the overall level of support for the proposed sub-GI. Assuming that the proponents conclude that sufficient support exists, they must then submit a formal application for the new sub-GI to the BCWA. The application must address each of the specific requirements of section 29 of the Regulation. (We suggest that proponents review the BCWA’s Report to the Minister regarding the Golden Mile Bench application, available here: [Golden Mile Bench Report](#). This Report explains in detail the various requirements for new sub-GIs as found in section 29 of the Regulation.)

The BCWA is prepared to assist and guide proponents in the preparation of their application and will review drafts of the application, if requested, but the BCWA will not draft the application on proponents' behalf.

Once the application is submitted the BCWA reviews it for compliance with section 29 and, assuming the application otherwise meets the requirements of the section, the BCWA will then conduct a vote of producers and grape growers that are located within the boundaries of the proposed sub-GI. In this vote at least 2/3rds of the grape growers who produce at least 2/3rds of the grapes grown within the proposed sub-GI and at least 2/3rds of the producers who produce at least 2/3rds of the wine produced in the sub-GI must vote in favour of the proposed sub-GI.

With regard to paragraph 29(3)(e) of the Regulation, that provision was widely considered to be a major deterrent to the creation of new sub-GIs. The recent amendments to the Regulation deleted this paragraph and its requirements, meaning this deterrent has now been removed. The BCWA expects to see much greater interest in creating new sub-GIs as a result.

Adoption of a Flat Fee for Small Wineries - Implementing Recommendation #10

In Recommendation #10 the Task Group recommended that the BCWA establish a flat fee for small wineries that would be "all-inclusive", covering the cost of membership, grape levies, audits and wine certification. The adoption of such a flat fee would require an amendment to the Regulation and therefore Ministerial approval.

The BCWA has undertaken an assessment of the revenue and cost implications relating to such a flat fee structure, taking into account the current costs incurred and revenues generated from the various activities that would be included within such a fee, as well as current level of wine certification applications submitted by members at various levels of production. As a result of this process the BCWA developed the following initial proposed flat fee structure:

1. For Members declaring production of up to 15 tons - \$300 annually;
2. For Members declaring production of more than 15 tons but less than 25 tons - \$500 annually; and
3. For Members declaring production of more than 25 tons – the existing fee structure would remain in place.

It is generally intended that these flat fees would cover all of the costs associated with membership, including grape levies, audits and wine certification fees. Note, however, that

these flat fees would be subject to a cap on the number of wines submitted for BCVQA assessment each year that would qualify for “free” assessment under the flat fee (five). Any wines submitted by a producer for BCVQA assessment over this cap of five would be subject to the current BCVQA assessment fee of \$100. (There would be no cap on the number of wines submitted for certification as wines of distinction.) This cap was set based on the average number of SKUs currently produced by small producers that would qualify for these flat fees. Also note that these flat fees would not include the costs of any chemical analyses that may be required as part of the wine certification process.

The BCWA has already consulted with WIAC on this proposed flat fee structure and WIAC found it generally acceptable and had no additional comments. The BCWA is now in the process of consulting more broadly with members and non-members on this proposed flat fee structure. After the BCWA has collected comments and has established a final proposed flat fee structure, the BCWA will put its final proposal forward to the Minister for final approval and implementation.

Reviewing the Operation of the BC VQA Taste Panels – Implementing Recommendation #3

In Recommendation #3, the Task Group recommended that the operation of the BCWA’s BCVQA taste panels should be reviewed by WIAC. In particular this review should consider panel member qualifications and whether to limit wine tasting (and resulting certifications) to tank samples, as opposed to final bottle samples. The BCWA has had a number of preliminary discussions with WIAC members concerning this review and its potential scope. WIAC is now in the process of establishing a new sub-committee to undertake this review. Further information on this new sub-committee is set out below in the “WIAC Corner”. The BCWA understands that the sub-committee is expected to consider panel qualification and the certification of tank samples, as well as application of the BCWA’s current conflict of interest rules applicable to panelists, panellist training and the potential financial impact of any changes that may be proposed to the certification process.

Streamlining Audits – Implementing Recommendation #9

The Task Group recommended that the BCWA work towards harmonizing the three separate audits currently undertaken by the BCWA, the Liquor Control and Licensing Branch and the BC Liquor Distribution Branch. To date, the BCWA has already held a number of discussions with various Provincial officials on this issue and discussions are continuing. The conclusion of these discussions is indirectly tied to the ongoing discussions on other related liquor policy issues. At

this point, discussions with the Province continue and the BCWA is optimistic that improvements can be made to these audit processes to reduce the associated regulatory burden on members.

Other Recommendations - #1, #2, and #5 – Mandatory Membership and Use of the term “British Columbia Wines”

The remaining Recommendations - #1, #2 and #5 (mandatory membership, mandatory certification/registration of BC wines and use of the term “BC Wine”) - currently remain before the Minister. Regulatory changes will be required in order to implement these Recommendations. The Minister has stated that, while he generally supports them, no further action can be taken on them until the Fall, at the earliest. No further action by the BCWA is required on these Recommendations at this time.

Other News from the BCWA

Welcome to Our New Inspector - Chris Kavolinas

Please welcome the newest member of our team, Chris Kavolinas. Chris joins us as the BCWA Inspector and replaces Marina Buchan, who recently retired. We would like to wish Marina the very best in her retirement and thank her for her years of service to the BCWA and its members.

New On-line BCWA Application System Soon to be Beta Tested

We are pleased to advise members that we are now in the process of testing our new online application system which will allow members to submit all types of application forms to the BCWA directly on line. Based on a similar system currently used by VQA Ontario, this new system will allow self-service for many processes and permit members to review past submissions to the BCWA.

The BCWA expects to be contacting some members over the next month to assist in the beta testing of the new system. Our plan is to then gradually introduce members onto the system throughout 2017.

BCWA 2017 AGM - Save the Date!

The date for the BCWA’s 2017 AGM has been set for Friday, June 9th, at 2:00 PM, to be held at the BCWA’s offices in Penticton. Please plan to attend and mark that date in your calendars. Further details regarding the AGM will follow later in the Spring.

WIAC Corner

In this section we provide members with an update on any ongoing activities of WIAC.

The Task Group released its final Recommendations to industry on April 16. In its Recommendation #3 the Task Group recommended that certain aspects of the BC VQA taste panels be reviewed by WIAC. Following some initial discussions with the BCWA, WIAC, at its most recent meeting, decided to establish a subcommittee to undertake this review. The Taste Panel Subcommittee will review various aspects of the BCWA's BC VQA taste panels include panelist qualifications (including application of the BCWA's current conflict of interest rule) and the potential to limit panel tastings (and certifications) to tank samples.

The Taste Panel Subcommittee will be chaired by Derek Kontkanen, a WIAC member. It will be composed of up to seven people and is expected to include a recognized independent sensory expert. An e-mail will be sent out by the BCWA to members asking for volunteers to sit on the Subcommittee. Applicants will be expected to have sensory knowledge and experience.

WIAC encourages members to bring forward any issues, concerns or comments they may have to their appropriate WIAC representative. Member feedback is important. Your WIAC representatives are:

Mike Raffan of Township 7: Phone: 250-770-1743 or mike@township7.com
Representing Okanagan Valley and Similkameen Valley members

Robert Heiss of Gray Monk Estate Winery: Phone: 250-766-3168 or
RobertHeiss@graymonk.com
Representing Okanagan Valley and Similkameen Valley members

Chris Wyse of Burrowing Owl Estate Winery: Phone: 1-877-498-0620 or
cwyse@burrowingowlwine.ca
Representing Medium Size Wineries producing between 250 to 1,250 tons

Andy Johnston of Averill Creek Vineyard: Phone: 250-709-9986 or andyj@averillcreek.ca
Representing Vancouver and BC Gulf Islands

Derek Kontkanen of Jackson Triggs: Phone: 250-498-4981 x144 or
Derek.Kontkanen@cbrands.ca
Representing Large Size Wineries producing over 1250 tons

Eugene Kwan of Domaine de Chaberton Winery - 604-631-1386 or eugenekwan@telus.net
Representing Fraser Valley and other area wineries

Please email me at gm@bcvqa.ca if you have any comments or questions on the newsletter.

Scott Hennenfent – General Manager BCWA