

CREATING A LEVEL PLAYING FIELD FOR B.C. BREWERIES, DISTILLERIES AND MEADERIES (2017)

Introduction

Regulatory changes to agri-business rules covering wineries and cideries in the Agricultural Land Reserve (ALR) were not equally applied to breweries, distilleries and meaderies, creating a barrier to the establishment and growth of this industry in many parts of B.C.

Background

In 2015, the B.C. Minister of Agriculture announced changes to agri-business rules in the Agricultural Land Reserve (ALR). Breweries, distilleries and meaderies would be allowed to open on farmland in the ALR provided they meet the same rules set out for wineries. As with wineries in the ALR, at least half the farm ingredients that go into the beer, spirits or mead must be grown on the farm.¹ The Agriculture Minister noted that hops farming is on an upswing in areas such as Chilliwack and Kamloops, and predicted the rule change will create an incentive for more farmers to take a risk and get into beverage production.²

However, when the Agricultural Land Commission Act regulations were issued, there was a noticeable difference in the wording regarding the 50% requirement for wineries and cideries,³ compared to breweries, distilleries and meaderies.⁴

The regulations for wineries and cideries state:

Section 2(2.1) A winery or cidery, and ancillary uses, are designated as farm uses for the purposes of the Act if

- (a) at least 50% of the farm product used to make the wine or cider produced each year is grown on the farm on which the winery or cidery is located, or*

- (b) the farm on which the winery or cidery is located is more than 2 ha in area and at least 50% of the farm product used to make the wine or cider produced each year is grown*
 - (i) on the farm, or*
 - (ii) both on the farm and on another farm located in British Columbia that provides that farm product to the winery or cidery under a contract having a term of at least 3 years.*

The regulations for breweries, distilleries and meaderies state:

Section 2 (2.3) A brewery, distillery or meadery, and ancillary uses are designated as farm uses for the purposes of the Act if at least 50% of the farm product used to make the beer, spirits or mead produced each year is grown on the farm on which that brewery, distillery or meadery is located.

Breweries, distilleries and meaderies do not have the ability to source 50% of their products from other farms in B.C. While areas like the Fraser Valley are developing a growing resurgence in the production of

¹ <https://news.gov.bc.ca/stories/new-regulations-encourage-farming-on-alr-land>

² <http://www.newwestrecord.ca/news/alr-reforms-ease-way-for-breweries-value-added-plants-1.1974503>

³ http://www.alc.gov.bc.ca/assets/alc/assets/legislation-and-regulation/policies/alc_-_policy_1-03_-_wineries_and_cideries.pdf

⁴ http://www.alc.gov.bc.ca/assets/alc/assets/legislation-and-regulation/policies/alc_-_policy_1-21_-_brewery_distillery_meadery.pdf

hops, an article in the Abbotsford News⁵ pointed out that the barley and hops used to make beer play very different roles in the brewing process. The barley forms the base of the beer, and generally makes up between 96% and 99% of the dry materials. Hops, berries and other flavourings give beers - especially increasingly popular craft brews - their unique character. They are much more expensive, per pound, than barley and rarely make up more than 4% of a beer's ingredients.

The problem is that, while hops and other ingredients are grown in many different areas of the province, barley is not. A report⁶ prepared by the City of Abbotsford in response to an applicant looking to start a brewery on ALR land stated, "the cost of land and large quantity of malt barley used in brewing makes barley somewhat impractical as a crop, as it is not economically feasible."

The following changes to the regulations would provide for equitable treatment of breweries, distilleries and meaderies:

Section 2(2.3) A brewery, distillery or meadery and ancillary uses, are designated as farm uses for the purposes of the Act if;

- (a) at least 50% of any of the farm product used to make the beer, spirits or mead produced each year is grown on the farm on which the brewery, distillery or meadery is located, or*

- (b) the farm on which the brewery, distillery or meadery is located is more than 2 ha in area and at least 50% of any of the farm product used to make the beer, spirits or mead produced each year is grown*
 - (i) on the farm, or*
 - (ii) both on the farm and on another farm located in British Columbia that provides any farm product to the brewery, distillery or meadery under a contract having a term of at least 3 years.*

In May 2016, Coralee Oakes, Minister of Small Business, Red Tape Reduction and Responsible for the Liquor Distribution Branch announced an additional \$10 million a year in economic support for craft brewers in the province.⁷ She stated, "Today's announcement will support growth and create jobs for small businesses in B.C.'s booming craft beer industry. We are witnessing new craft breweries popping up around the province, and this speaks to the entrepreneurial spirit of the craft brewing industry as well as the success of our changes to date."

The government of B.C. has recognized permitted agri-tourism activities as a significant benefit to preserving the economic viability of the ALR. Amending these regulations offers a needed balance while allowing B.C. farmers to supplement their incomes through secondary activities that support farming and agriculture on their land.⁸ In addition, these activities can provide incentive and economic viability to bring smaller and/or under-utilized ALR properties back into agricultural production.

THE CHAMBER RECOMMENDS

⁵ <http://www.abbynews.com/news/408677385.html>

⁶ City of Abbotsford - Report PDS 025-2016 re: Agriculture Land Commission application to permit a non-farm use

⁷ <https://news.gov.bc.ca/releases/2016SBRT0024-000824>

⁸ <https://news.gov.bc.ca/releases/2016AGRI0044-001383>

That the Provincial Government amend the Agricultural Land Reserve Use, Subdivision and Procedure Regulation (B.C. Reg. 171/2002) to permit breweries, distilleries and meaderies similar product content rules as wineries and cideries.

