Kelowna Chamber

June 11, 2026

The Hon. Lana Popham
Minister of Agriculture & Food

Sent via email: AF.Minister@gov.bc.ca

Re: Vintage Replacement Program – Application of Program Parameters

Dear Ms. Popham:

I write today on behalf of the Kelowna Chamber of Commerce to voice our concern about the application of the Vintage Replacement Program – as it applies to Okanagan land-based wineries.

When this program began, we were appreciative of the opportunity for our area wineries to shore up their businesses, which had been damaged significantly in the 2024 freeze which devastated vines up and down the Okanagan valley.

The program allowed temporary relief measures which included utilizing out of province grapes and grape juice.

Hundreds of jobs were saved, and the strategic plans of businesses were allowed to adjust rather than be abandoned. Tourism activity continued, and the value-add aspect of BC agriculture was sustained.

Administration of the program resides with the BC Liquor Distribution Branch – the BCLDB – and this is where our current concern is centered.

Two years on from the deepfreeze, serious concerns have emerged as we see the practical application of the annual support cap which is tied to a winery's "Olympic Average" production volumes.

[Olympic Average: Olympic Average is the formula often used in sports scoring or data analysis to drop the highest and lowest values and calculate the average of the remaining values. It is also frequently referred to as a trimmed mean or modified mean in statistics. For the BC Wine industry, the government takes the past five years before the January deepfreeze, removes the best and worst years, and then averages the remaining three years of sales.]

With 2024's 15% to 90% vine mortality in mind, and an estimated 96% drop in grape production, wineries were forced into a massive, multi-year replanting effort across the valley.

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Fast forward to spring 2026, and the unexpected, and unanticipated, and unbudgeted arrival of invoices far exceeding the announced parameters of the Vintage Replacement Program.

We have heard similar concerns from multiple wineries. I summarize those concerns with these two main points heard directly from member businesses:

1. *BCLDB implementation – we have found that the BCDLB's interpretation of "replacement wines" has been extremely narrow, usually meaning a SKU-for-SKU swap out. We were able to source a varietal different from what we had sold in the past, but the BCLDB rejected the listing request because it was not directly replacing an existing listing.*

2. *Limitations on growth – the Olympic Average was intended to exclude pre-freeze non-BC Grown products from being considered in the program so that the larger wineries (who already imported significant amounts of wine) could not get supports for the continued production and sale of those products.*

   The unintended consequence is that this is now hampering growth, as noted in this letter. This directly impacts us as we continue to expand and grow our sales volumes, but any growth in our domestic products over and above our Olympic Average will be treated differently.

   To be clear, I wouldn't characterize it as a new tax. It means that these incremental sales will be treated differently than the base (Olympic Average) sales and will not be exempted from the BCLDB mark-up. Additionally, the Olympic Average is based on $'s (not cases). As operating costs have increased, many wineries have been forced to increase prices, meaning a winery could exceed the Olympic Average cap while selling the same (or less) volume. This is stifling growth in the industry and is a disincentive to investment in the valley.

When the program was announced, government communications emphasized the importance of helping wineries survive the crop failure, preserve employment, and continue supporting the provincial economy and tourism sector.

Subsequent guidance issued by the BCLDB, however, expanded the scope of the cap to incorporate other winery products.

This is fiscal overreach.

Whereas the cap was to be applied only to replacement wine volumes, BCLDB is poised to collect and/or is collecting on the combined total sales or production volumes of Replacement Wine, BC VQA wine, and 100% British Columbia wine.

As a result, wineries that exceed their historical Olympic Average due to legitimate business growth, prior vintage releases, increased consumer demand for BC wine, tourism recovery, and/or successful sales of BC-grown wines may now be facing significant financial penalties or increased taxation.

Why? That is our question for you.

The program was initiated by the government and accepted in good faith by the province's hard-working, and hard-pressed, wineries.

That faith is now being shattered by policy-rewriting at the BCLDB resulting in undue tax imposition.

That rewriting of good-faith policy is a substantial departure from the original intent and practical understanding of the relief program by growers.

Of course, many wineries revised their operational, staffing, production, and contractual decisions in good faith based on the province's commitment to support the industry through an extraordinary crisis when the relief program was announced.

Government pronouncements are grounded in public openness and fairness. BC land-based winery-grown wines are now being included within the same support cap calculations as replacement wine utilizing imported inputs.

In this radical change, we would say that the program is no longer carrying out its stated goal: providing limited temporary relief measures.

The program is penalizing land-based wineries for successfully selling legitimate British Columbia wine during a recovery period, which amounts to improper revenue extraction.

In the Premier's Mandate Letter to you, the Minister of Agriculture and Food, we note four of the five key directives as they apply to the 2024 crisis and recovery program:

- **Crop Resilience:** Supporting a Parliamentary Secretary for Agriculture tasked specifically **with helping farmers recover from significant, weather-related crop losses**
- **Regional Supply Chains: Identifying vulnerabilities in food supply chains and** expanding local food processing capabilities.
- **Food Security and Affordability:** Working with farmers to control costs for BC families and protecting citizens from food price shocks.
- **Sector Support:** Expanding programs like FeedBC and BuyBC while advocating with the federal government for fair programs for provincial food producers.

We are unable to reconcile the directives to you from the Premier with the opportunistic levies of the BCLDB, under your direction since July 2025, with your mandate.

BCLDB is exacting penalties on wineries which:

- Continued producing and selling BC VQA wines from existing inventory/prior vintages
- Experienced increased consumer demand for BC wines
- Expanded direct-to-consumer sales channels
- Retained employees and sustained tourism operations in the face of extraordinary hardship
- Took reasonable business steps to remain financially viable during the crisis.

In the agricultural business of the province, these actions would be identified as positive and rewardable, not qualifying for arbitrary fiscal measures – particularly in the midst of a disaster.

We as a Chamber do believe that the province's original objective was to stabilize and protect its valuable wine sector; not to pass off the program to a governmental agency which determined it could take an unfair advantage and apply punitive taxation.

The broader communities in the Okanagan are also at risk from these disproportionate revenue measures. Recovery of the wine industry means broad economic sustainability. Failure or shrinkage in the industry equates to the opposite.

We realize that agriculture and tourism lie at the heart of the Okanagan – and that you have been a champion for those endeavours during your time in public office, for which we thank you.

Our chamber is central to Okanagan business, with an historic and ongoing emphasis on agriculture: a position we have maintained for 120 years.

Can the problem be fixed? We believe that it can. Here are some suggestions:

1. Honour the original intent and publicly communicated purpose of the program through ensuring wineries which acted in good faith based on the initial framework are not subjected to unreasonable fiscal burden.
2. Exclude BC VQA and 100% BC-grown wines from the replacement wine support-cap calculations – when those wines were produced from BC grapes, and, are unrelated to replacement wine production.
3. Establish a transparent appeal/variance process for wineries that exceeded their Olympic Average due to legitimate market demand, tourism recovery, release of prior vintages, or growth in sales unrelated to imported grapes or grape juice.
4. Apply support-cap restrictions *only to the portion of production directly attributable to imported grapes, grape juice, or replacement wine production.*

And, we have one new ask, not related to the overreach of the program's parameters to date:

5. Extend the replacement wine sales and support window beyond the current March 31, 2028 expiry date to at least March 31, 2030. This is a new ask based on how long it takes new vines to produce viable grapes for winemaking.

Government and industry continue to acknowledge that the sector remains significantly below pre-freeze production levels; further, that full vineyard recovery will take many years. Hence, an extension of the support window is reasonable.

We agree with our collegial Penticton and Wine Country Chamber, located in the heart of the south Okanagan wine industry in the following statement they have made on this issue:

"The Chamber fully supports accountability and recognizes the importance of ensuring temporary relief measures are administered fairly, transparently, and responsibly."

"However, the Chamber is of the position that government programs introduced during extraordinary emergencies must remain consistent with their original purpose, public messaging, and practical understanding at the time wineries made critical business decisions."

"British Columbia's land-based wineries should not be penalized for successfully selling BC-grown wine, supporting local employment, sustaining tourism activity, and maintaining economic stability during one of the most difficult periods the industry has ever faced."

The agricultural industry, the wine growers of BC, and the communities which depend, in large part, on BC wines to prosper, ask you to return the Vintage Replacement program to its original, announced intent.

Sincerely,

Patrick Bobyn
President
Kelowna Chamber of Commerce

cc:

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