

Agriculture / Viticulture

Sector Profile



**CENTRAL
OKANAGAN**
ECONOMIC
DEVELOPMENT
COMMISSION

Agriculture/Viticulture

It's All Here Now

The Central Okanagan, with a growing population, an international airport, and a competitive housing market, is the largest trading area between Vancouver, BC and Calgary, AB, Canada. The region offers a wide variety of activities, two public post-secondary institutions and seven unique communities to explore or call home. With less traffic and a lower cost of living than major cities – in fact, the Central Okanagan was named the most Cost Competitive Region in the Pacific by KPMG in 2016 – you can spend your spare time and money on a life you enjoy. With a collective attitude and culture that fosters entrepreneurship the possibilities are endless in the Central Okanagan. It's all here, now.

Sector Overview

The Central Okanagan has a long history of agricultural excellence, with the first apple trees planted in 1859, and agriculture continues to be a major contributor to the economy. The 2017 release of the Federal Barton Report *Unleashing the Growth Potential of Key Sectors* validated that the agriculture and food sector in Canada has the potential for substantial growth and export improvement and the opportunity to become the trusted global leader in safe, nutritious, and sustainable food for the 21st century – the agriculture sector in the Central Okanagan is ready. The Region has many high-quality farm operations with a diverse offering of products including:

- Tree fruits such as apples, cherries, plums, peaches and apricot
- 84% of the total vineyard acreage of BC
- A wide range of vegetables
- Farm animals such as chickens, sheep, goats, pigs, cows and horses

Agriculture in the region is supported by food processing facilities, administration infrastructure, post-secondary horticulture and agriculture programs, reliable transportation routes, and proximity to dense population centres. The sector is supported throughout the production cycle from seed to sale with innovative research leading to development of new product offerings through to branding, market promotion and sales. While agricultural parcels are smaller comparative to the Canadian prairie provinces due to geographical limitations of lakes and mountainous terrain, agriculture in the region benefits from the soil, topography and hot, sunny, dry climate.

Farm and food processing operations in the region continue to grow and provide a range of products that meet market changes in taste and preference. There is both local and export demand for high-value, and organic products, and for beverages such as wine, cider, and beer. Innovation and added-value product development drive agriculture in the region, from tech-enabled farm applications to custom product offerings agriculture in the Central Okanagan is growing strong.



Viticulture

With over 182 licenced wineries and more than 8,600 acres of vineyards the Okanagan Valley is a premiere grape growing region in Canada. Regional wines have won numerous awards and rank world's best at international competitions.¹ The area is known for high-quality varietals, ice wines and distilled products. From boutique vineyards to world-class operations, the region's wineries are rich in tradition and character.

Many Regional wineries maintain the standards of the [British Columbia Vintners Quality Alliance](#) (BC VQA). The BC VQA program is an “appellation of origin” system, similar to the AOC and DOC systems utilized in France and Italy respectively, which recognizes that the regional wines have specific quality and characteristic due to the unique growing conditions of the Okanagan Valley. Wines which are free from specified faults and meeting the other requirements and technical specifications set out in the Regulation are then permitted to utilize the BC VQA appellation on their labels and ensuring customer confidence.

¹ Wine BC, Okanagan Valley, winebc.com/discover-bc-wine-country/okanagan-valley/



Agricultural Land Reserve

The Agricultural Land Reserve (ALR) created in 1974 protects 6,000 hectares of prime agricultural land within BC. The ALR constitutes approximately 9% of the Central Okanagan’s overall area ensuring prime agriculture land in the region is protected. Information about the ALR and the Provincial Agricultural Land Commission can be found [here](#).

The Okanagan Regional Adaptation Strategies, BC Climate Action Initiative

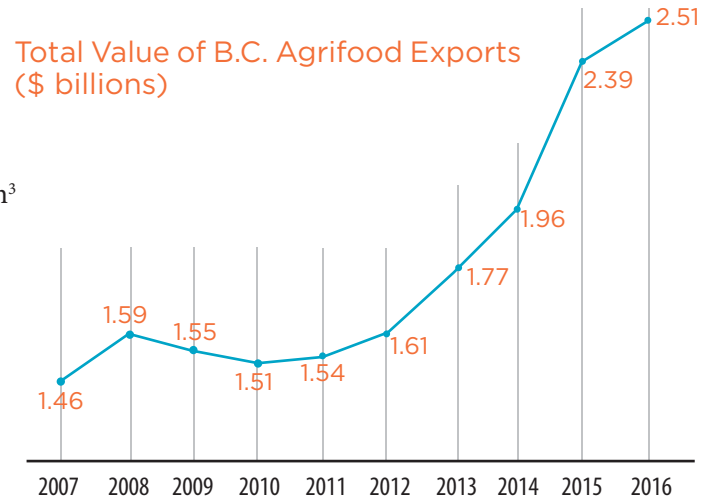
The ability of agricultural producers to adapt to climate change is often linked to physical resources and decision-making processes that are beyond the individual farm. Some of the most significant issues affecting future food production in BC include: water management (water supply and storage, drainage and ditching); emergency planning; land use practices; and regional infrastructure². Agriculture operators and stakeholders in the Central Okanagan contributed to strategic planning on the impacts of climate change on the Okanagan Valley resulting in the Regional Adaptation Strategies – Okanagan Report. The report outlined a distinctive set of local sector impacts and priorities, as well as a series of strategies and actions for adapting and strengthening resilience of the agriculture industry and can be read [here](#).



Industry Highlights

Agriculture

- BC has over 200 primary agriculture products with sales of \$3 billion³
- BC exported \$2.5 billion worth of agrifood products to 147 different markets in 2016, an increase of five per cent from 2015³
- The food and beverage processing industry in BC is comprised of approximately 2,600 operators and is the second largest manufacturing sector in the province in sales (\$9.8 billion) and in GDP (\$2.8 billion)³
- The BC tree fruit industry represents over 800 growers generating over \$130 million in wholesale revenue and \$900 million in economic activity³



Source: 2016 British Columbia Agrifood and Seafood Export Highlights

Viticulture

- BC wine industry employs 12,000 people and has an economic impact of \$2.8 billion annually⁴
- The Okanagan Valley has 84% of the total vineyard acreage of BC⁵
- Over 250 kilometers of vineyard with distinct soil and climate conditions that are suited to growing a range of varieties from sun-ripened reds to lively crisp whites
- BC wine exports were \$9.7 million to 17 international markets in 2016²
- Combined sales from BC breweries, wineries, and distilleries amounted to \$1.3 billion in 2016⁶

2 Climate Action Initiative, BC Agriculture and Food, bcagclimateaction.ca/regional/overview/adaptation-strategies/
 3 2016 British Columbia Agrifood and Safood Export Highlights
 4 Agriculture and Agri-Food Canada, BC Wine Facts 2018
 5 Wine BC, Okanagan Valley, winebc.com/discover-bc-wine-country/okanagan-valley/
 6 Province of BC, Sector Snapshot 2016 BC Food and Beverage Manufacture



Agriculture/Viticulture

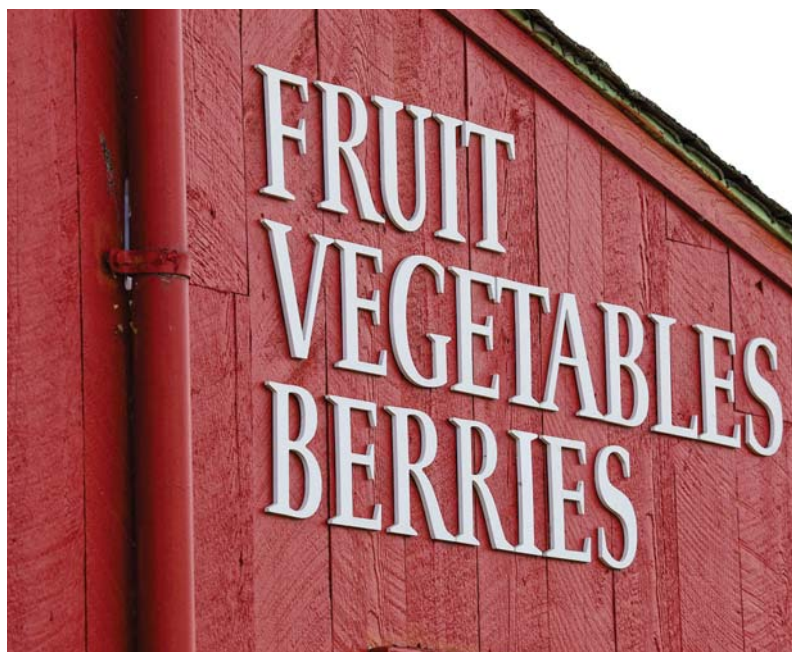
Employment Data

| Employed Labour Force by Central Okanagan Census Sub-Division | | |
|---|------------------------------|--|
| NAICS | Industry Description | Central Okanagan Census Division (Total) |
| 111-112 | Farms | 1,585 |
| 1150 | Support Activities for Farms | 100 |
| 3121 | Beverage Manufacturing | 685 |
| Total | | 2,370 |

Source: Statistics Canada, Business Counts Survey, December 2017

| Central Okanagan | Agriculture/Viticulture |
|------------------|-------------------------|
| Total Businesses | 642 |
| W/O Employees | 426 |
| W/Employees | 216 |
| 1-4 | 96 |
| 5-9 | 46 |
| 10-19 | 37 |
| 20-49 | 18 |
| 50-99 | 9 |
| 100-199 | 6 |
| 200-499 | 3 |
| 500+ | 1 |

Source: Statistics Canada, Business Counts Survey, December 2017



Wage and Salary Information

| NOC | Median Wage Thompson Okanagan | Median Wage British Columbia |
|---|-------------------------------|------------------------------|
| 911 - Manufacturing Managers (Winery Manger) | \$38.46/HR | \$38.46/HR |
| 2225 - Landscape and Horticulture Technicians and Specialists | \$23.75/HR | \$23.75/HR |
| 8252 - Agricultural Service Contractors, Farm Supervisors, and Specialized Livestock Workers | \$15.00/HR | \$15.00/HR |
| 8431 - General Farm Worker | \$15.00/HR | \$15.00/HR |
| 8432 - Nursery and Greenhouse Workers | \$13.73/HR | \$12.50/HR |
| 8611 - Harvesting Labourers | \$15.00/HR | \$11.35/HR |
| 9461 - Wine Fermenter, Wine Pasteurizer, Winemaker, Winery Cellerman/Woman, Winery-Press Operator | \$15.65/HR | \$15.65/HR |

Source: Economic and Social Development Canada, Wage Report, 2018





Top Employers

| Name | Industry (NAICS) |
|--|---------------------------------|
| Sun-Rype Products Ltd. | Food and Beverage Manufacturing |
| Canrim Packaging Ltd. | Beverage Manufacturing |
| Okanagan Tree Fruit Cooperative | Postharvest Crop Activities |
| Bylands Nurseries Ltd | Floriculture Production |
| Quails' Gate Vineyards Estate Winery Ltd | Beverage Manufacturing |
| Natures Formulae | Food and Beverage Manufacturing |
| Inovata Foods Corp | Food Manufacturing |
| Okanagan Spirits Craft Distillery | Beverage Manufacturing |
| Big Surf Beer | Beverage Manufacturing |
| Mission Hill Family Estate Winery | Beverage Manufacturing |

Source: Hoovers



Competitive Advantages

- Soil, topography and hot, sunny, dry climate provide an excellent agriculture environment
- Effective, innovative and sustainable sector wide pest management practices to prevent or minimize the impact of pests on crops including the [Provincial Plant Health Strategy](#) and programs like [Sterile Insect Release Program](#)
- Talent pipeline supported by responsive public post-secondary institutions and directed regional attraction and retention initiatives
- Proximity to Summerland Research and Development Centre, and local research support facilities at The University of British Columbia Okanagan Campus (UBCO) and Okanagan College (OC)
- Geographic proximity to key markets and reliable transportation routes (Port of Vancouver, YVR, YLW)
- The 2014 China Cherry Trade Agreement increased access to China, the number one cherry market in the world, resulting in an increase of tonnes of BC cherries shipped from 450 tonnes to over 4,000 tonnes annually - almost 80% of all cherries grown in the Okanagan.

Post-Secondary Support

[University of British Columbia Okanagan Campus](#) offers partnerships in laboratory research and field-based work to support environmental sustainability, enhance understanding of local ecology, and adapt to climate change.

[Okanagan College](#) offers training in viticulture and horticulture.

Okanagan College has partnered with Westbank First Nation to create na'ʔk'wulamən (na - kool - a - min) a 6000 square foot garden which contains more than 50 local Okanagan plants of cultural significance to the syilx people.





Agriculture/Viticulture

Supporting Agencies and Groups

[Summerland Federal Research and Development Centre](#), founded in 1914, is dedicated to the development of new technologies focused on grapes and tree fruits.

[Okanagan-Kootenay Sterile Insect Release Program](#) has reduced pesticide use by 96% by releasing sterile insects to reduce pest populations.

The [Seasonal Agricultural Worker Program](#) in Canada supports local operators to manage workforce needs on a seasonal basis.

Marketing Initiatives

There are currently several provincial and regional marketing initiatives promoting local agriculture products in the Central Okanagan.

- [Grow BC, Feed BC, Buy BC](#) Initiatives to strengthen B.C.'s agrifood and seafood sector and expand the domestic market for B.C. food and beverage products.
- [Meet Your Maker: Okanagan](#) Networking initiative for farmers and ranchers from Farm Folk City Folk.
- [Buy Local, Buy Fresh: Okanagan Valley](#) Directory of Okanagan food producers from the Okanagan Greens Society.
- [Kelowna Farm to Table](#) Okanagan Tourism directory of local farms and restaurants that produce and serve local food.
- [We Heart Local: Thompson-Okanagan](#) Directory of local agricultural products, season schedules, recipes and farm events.

Provincial Agriculture Support Programs

In British Columbia agriculture producers and processors can access programs and funding to support their businesses, select programs are listed below and a full listing of all current programs can be found [here](#).

- SmartFarmBC: Provides a wealth of resources to help farmers see the full potential of their farm
- The Farm Business Advisory Services Program: Provides support for basic financial analyses and specialized business planning
- Investment Agriculture Foundation (IAF) Emerging Sectors Fund: Provides funding for pilot projects and research that promote common initiatives to advance new and emerging sectors in agriculture
- The BC Tree Fruit Replant Program: Provides financial help for growers to replace fruit trees with varieties that will meet consumer demands for high-value, high-quality B.C. fruit
 - Greenhouse Carbon Tax Relief Grant: Provides carbon tax relief to BC commercial vegetable, floriculture, wholesale nursery and forest seedling greenhouse.

Tax Incentives

Residents and businesses enjoy a financial advantage with the Central Okanagan's competitive tax climate. BC has the lowest provincial income taxes for individuals earning up to \$121,000. Canadian federal government corporate taxes are some of the lowest among the G7 countries.

BC provides a suite of provincial tax credits and exemptions to encourage business investment and innovation. A summary of these credits and exemptions is listed below, and may be found [here](#):

Research and Development

- Up to 35% Scientific Research and Experimental Development (SR&ED) tax credits plus 10% Provincial top up

Investment Capital

- 30% refundable tax credit up to 60K per year on Venture Capital Corporation individual investment
- Corporations receive non-refundable credits without limit
- Employee Share Ownership Plan, employees can invest and claim 20% of their investment up to \$2,000 per year

International Business

- Up to 100% refund of provincial corporate income tax for businesses in international lending, foreign exchange, management of international investments, treasury functions, factoring, administrative services, film distribution, and leasing property and insuring property outside Canada

Registered Specialist Labour

- 100% refund of personal income tax paid by registered specialists recruited from abroad who perform qualifying work for the first two years, followed by partial refunds for the following three years
- Up to a 75% refund of provincial corporate income tax on foreign earnings from eligible patents related to life sciences; power from wind, solar, and tidal sources; wastewater treatment and fuel cell technology

General Manufacturing

- No provincial sales tax on eligible machinery and equipment
- Manufacturers recover the five percent federal value-added tax (GST) through input tax credits
- 50% per year straight-line depreciation method for manufacturing or processing equipment
- Imports of advanced machinery and equipment are duty-free





Figure 1: Provincial and Federal Corporate Tax Rates, 2018

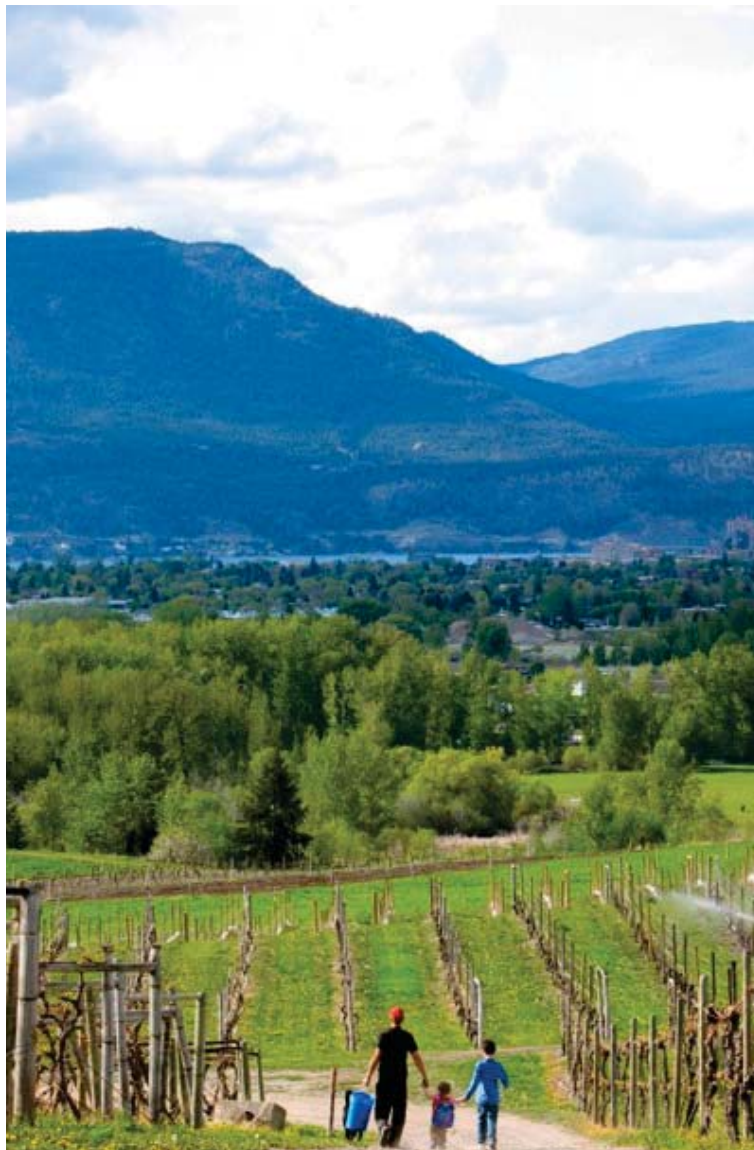
| Communities | Small Corporate Tax Rate | General Corporate Tax Rate |
|------------------|--------------------------|----------------------------|
| British Columbia | 2.0% | 12.0% |
| Canada | 10.0% | 15.0% |

Sources: TaxTips.ca, 2018

Figure 2: Municipal Mill Rates, 2018

| Communities | Mill Rate, Residential | Mill Rate, Business | Mill Rate, Light Industry | Mill Rate, Major Industry |
|--------------|------------------------|---------------------|---------------------------|---------------------------|
| Kelowna | 5.9038 | 14.8087 | 15.3971 | 28.5029 |
| West Kelowna | 5.8593 | 14.8301 | 14.7396 | 18.1937 |
| Lake Country | 5.4848 | 14.4566 | 23.1759 | 23.5347 |
| Peachland | 5.7165 | 13.0383 | 19.1122 | 5.2981 |

Sources: BC Stats, 2017



Emerging Agriculture Production

Cannabis production in Canada is regulated under the Access to Cannabis for Medical Purposes Regulations (ACMPR), released August 2016. Currently, cannabis may be grown by registered persons and licensed producers for medical purposes only. There are proposed Federal changes under the Cannabis Act expected in fall 2018. For the most recent information regarding cannabis production contact the Central Okanagan Economic Development Commission at:

Toll Free: (877) 332-2673

Phone: (250) 469-6280

Email: info@investkelowna.com

Address: 1450 K.L.O. Road, Kelowna BC, V1W 3Z4

Example Agriculture Firms in the Central Okanagan

[Sun-Rype Products Ltd.](#) is a fruit-based food and beverage manufacturer located in Kelowna. Sun-Rype has been producing juices and fruit snacks for global and domestic markets since its foundation in 1946 and in 2018 was recognized by Export Development Canada as Exporter of the Year. Full Time Employees: 400

[AgriForest Bio-Technologies](#) is a plant bio-technology company involved in applied research leading to commercial production of economically important varieties of fruit trees, berries, grapevine, horticulture plants and medicinal plants through plant tissue culture technology. AgriForest Bio-Technologies has produced several million plants of new and diverse plant groups for the domestic and export markets. Full Time Employees: 3-10

[BC Tree Fruits Cooperative](#) promotes, packages, and transports most fresh tree fruit in British Columbia's Interior. Full Time Employees: 501-1,000

[Gray Monk Winery](#): founded in 1972 by George and Trudy Heiss, Gray Monk Estate Winery is located on 75 acres of vineyards in Lake Country. Once the oldest family owned and operated winery in the Okanagan, the winery was sold to Andrew Peller Limited in 2016 along with two other Okanagan wineries for a combined purchase price of \$95 million. Full Time Employees: 42-56

[Scenic Road Cidery](#): located on a century old apple orchard, Scenic Road produces authentic craft cider from 100% local apples. Production facilities and the popular tasting room are housed in the property's 80-year-old packinghouse. Full Time Employees: 4

LOCAL SUCCESS STORIES



Home Is Where The Harvest Is

Jealous Fruits, a family-owned business, is the leader in the British Columbian export cherry industry, and their namesake brand is the foremost Canadian cherry brand worldwide. While Jealous Fruits was founded in 2008, the family farm Coral Beach Farms has been producing cherries since 1903 and current ownership is 4th generation. A vertically integrated farming and food processing business model, Jealous Fruits produces cherries, primarily fresh but also pitted and flash frozen, to over 30 countries globally with their largest markets being China and the USA. Full Time Employees: 15 full-time year-round; 900 employees during peak season.



Made With Love, Light, and Gratitude

Founded in 1995 Little Creek Dressing is a family owned and operated food processing company creating wholesome, flavourful dressings and marinades that support Healthy Eating, Healthy Living, and a Healthy Planet. Made using the highest quality of organic ingredients each dressing has its own unique artisan flavour from the perfectly paired vinegar, fruit and spice combinations. All dressings are organic, vegan, and produced using renewably-sourced energy. Little Creek Dressing is committed to providing delicious earth conscious products to customers in markets globally. Full Time Employees: 10