**Agriculture, Food and Beverage Committee Report**

1. ISSUE

The COVID-19 pandemic has radically altered how people obtain food, drink and produce. Typically, small- to medium-sized agrobusinesses make their largest profits from restaurants, bars, agrotourism and farmers’ markets, all of which have been hard hit by the pandemic. For example, the committee found beer sales to restaurants and bars dropped by more than 90% at the shutdown onset and have only come back 50% through June 2020. This has been partially offset by increasing sales through direct retail channels, but overall business is still 5% to 10% below pre-COVID 19 volumes. Similar shifts in channels have occurred with locally produced agriculture moving from restaurants and farmer’s markets to direct and online sales.

The Agriculture, Food and Beverage Committee prepared this report to assist in the South Island’s economic recovery from COVID-19 and build a more resilient sector for the future. Many barriers exist for generally smaller, local suppliers trying to access larger retailer sales channels. In contrast, larger national and international suppliers are better positioned to do this, having mastered the supply chain, packaging, volume, margins and quality processes demanded by multinationals and retail chains.

Recent reports show Vancouver Island-based agriculture represents less than 15% of total food and beverage sales on the Island and the potential for increased sales is immense.

Many of the committee’s recommendations are designed to help move the South Island’s products into these larger channels to market. Expansion of sales to as many outlets as possible will help with both short-term recovery and future sector resilience.

The following actions are implementable in the next 18 months and leverage existing initiatives where possible. They are inclusive and include measurable accountabilities for progress. These actions are aimed not only at shorter-term economic recovery but also at building a more diverse, sustainable and resilient economy for tomorrow.

2. RECOMMENDATIONS & ACTIONS

**Recommendation A:** The provincial government must build on Buy BC and Feed BC initiatives’ success and create a complementary program – Sell BC.

Buy BC is an awareness program that encourages individual consumers to buy local produce. The creation of an equivalent program is needed to encourage businesses such as public and private liquor stores, grocery chains and institutional buyers to sell local food and liquor.

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Currently, most agrobusiness operations face barriers to approaching large retailers due to a mismatch of operational size and capability. This issue existed before COVID-19, but the pandemic has made it crucial that agrobusinesses diversify and sell to large retailers. Overcoming barriers to this will ensure viability in the short term while restaurants are recovering and build more robust channels for longer-term sector resilience. The Sell BC program would better connect small, local suppliers with big business.

The Agriculture, Food and Beverage Committee recommends:

- **Support local suppliers to create overarching collaborative organizations.** Overarching organizations of local suppliers would allow large retailers to work with one large body rather than many small, disparate ones. Through this agency, common practices and standards could be adopted at a local level. Fixing the disjointed local supply chain would help incentivize large grocery chains to sell local goods. Many sub-segments such as the Craft Brewers Association have strong working models that may serve as examples for other segments.

- **Streamline the local cider and beer sales process for the BC Liquor Distribution Branch (BCLDB).** Specialized BCLDB buyers would work directly with local producers and their collaborative organizations to reduce barriers, set a target for the percentage of sales for local beer and cider, and market local products to customers. Working with local producers in this way would provide a broader range of products for BCLDB consumers. The current BCLDB buyers are now responsible for the entire range of products from multi-national suppliers and local smaller suppliers. A dedicated supplier would allow a specific focus on the local suppliers to increase market share.

- **Enhance buying local promotion.** Buying local allows consumers to make a difference in their communities economically (local dollars to local farmers), environmentally (fewer greenhouse gases in food transport) and socially (supporting farmers to support their families). The local multiplier effect suggests 1.5 to 2.4x² for every dollar spent on local produce will be further spent in the local economy and raise the economic resilience of all sectors. Funding could be provided to increase this messaging – not just to consumers but to businesses as well. This funding could also enhance existing opportunities such as the ShopLocalYYJ program, encouraging Chamber of Commerce members to buy from one another directly, and include brewers and cideries in the Flavour Trails initiative offered by Destination Greater Victoria.

- **Build on existing programs between retailers and suppliers/producers.** Closing the Supply Gap³ and Island Good⁴ are two programs already working to increase local foods and liquor sales in large retailers. Further funding and support will increase the visibility and promotion of these initiatives.

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² [https://sustainontario.com/2012/07/04/multiplier-effect/](https://sustainontario.com/2012/07/04/multiplier-effect/)
³ [http://www.crfair.ca/closing-the-supply-gap](http://www.crfair.ca/closing-the-supply-gap)
⁴ [http://www.islandgood.ca](http://www.islandgood.ca)
Recommendation B: Tourism organizations and governments must focus on implementing, supporting and expanding agrotourism initiatives.

Before COVID-19, visiting farms, wineries, breweries and cideries was a growing and profitable branch of tourism. However, with substantial gathering restrictions in place, this market channel has been dramatically reduced and is only slowly restarting.

More than just a means to sell products, agrotourism sells experiences and exposes people to possible employment and investment opportunities. Many farms, wineries and cideries have been willing to invest in becoming tour operators, which has resulted in higher sales and better exposure. One of the fastest-growing tourist segments relates to craft beer, wine and cider tours.\(^5\)

To help this burgeoning sub-industry recover through 2020 and grow through 2021, the Agriculture, Food and Beverage Committee recommends:

- **Build on existing programs.** Expanding existing programs to encourage visiting, buying, eating and drinking local within safe parameters will help rebuild agrotourism and lay the groundwork for future growth. Programs include the original agrotourism initiative with Destination Greater Victoria and its Flavour Trails concept and the staycation campaign launched by Tourism BC.

- **Streamline regulations** to allow farms that can easily cater to physical distancing regulations to become agrotourism destinations. Currently, the approval process for licensing, seating and event planning can take two to three years. This process must be faster to support recovery and growth in agrotourism.

- **Provide funding to train staff and businesses** in agrotourism experiences, customer service, digital proficiency and site presentation.

- **Partner with post-secondary institutions.** Research opportunities exist between the agro sector and local post-secondary institutions (e.g., the University of Victoria, Camosun College, Royal Roads University). Examples can span agriculture practices, from business planning and marketing support to financial modeling for existing and prospective operations. An example of this is already being tested locally for Sea Cider Farm and Cidery and can help agro operations pivot to new opportunities more quickly and profitably.

Recommendation C: The provincial government, the education sector and agriculture organizations must partner to address the constrained labour supply.

Labour supply\(^6\) in the agrobusiness sector was a challenge even before COVID-19 — and this situation continues today. The provincial government’s initiative to pay temporary foreign workers for the

\(^5\) https://www.beveragedaily.com/Article/2017/01/24/Beer-Tourism-boom-brews-up-across-the-US-showing-no-signs-of-slowing

\(^6\) The reported average employment in agriculture in British Columbia from January 2020 to June 2020 is 27,000, a 2.9% increase from the previous cycle in 2019 (Source: Government of BC).
quarantine period was necessary to deal with short-term supply issues during the pandemic. Still, longer-term solutions must be enacted. New entrants must be enticed into the businesses, while current employees must be able to upskill and retiring farm operators must have new operators to mentor. At present, labour supply is constraining growth in this sector.  

The Agriculture, Food and Beverage Committee recommends:

- **Develop programs to engage youth and young adults.** These would be modeled after the sampler programs offered in trades training. Youth would be exposed to farming, processing, management, brewing, butchering, agrotourism, and more and would have the opportunity to sample several aspects of agrobusiness to find their best fit.

- **Develop apprenticeships for farmers and producers.** Currently, there is no clear path into the agrobusiness. An apprenticeship program designed and delivered in partnership with high schools, trade schools, farmers, producers and local agriculture groups would provide a clear pathway.

- **Create a mentorship program** between new farmers and farmers who are aging out of the profession.

- **Provide funding for seasonal staffing issues.** For example, there is no funding for youth to participate in the seasonal workforce, nor is there funding for basic training programs like Food Safe.

**Recommendation D:** The provincial government and financial institutions must tailor financing models to the unique needs of agro-businesses.

Many farms operate in extreme debt, and the pandemic has significantly worsened this situation. Massive capital investments are required to start, grow and maintain agrobusinesses. Short-term relief must be made available coupled with innovative long-term solutions. The Agriculture, Food and Beverage Committee recommends:

- **Create short-term relief opportunities,** including interest deferrals and principal repayments.

- **Conduct a jurisdictional scan of long-term, made-to-fit financing solutions for farmers and producers.** Investigating other jurisdictions in Canada, the U.S. and Europe may reveal financing and lending models that are a better fit for the industry.

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3. BACKGROUND

Rising Economy Taskforce Objective and Benefits

The South Island Rising Economy Taskforce was established to bring together the region’s diverse leadership to create a coordinated economic recovery plan that will:

- create recovery priorities for the region that are most inclusive and maximize positive impacts on the economy;
- identify opportunities for the region that are aligned to federal, provincial and municipal stimulus policies and funding;
- provide confidence to our region by demonstrating that recovery efforts are well-coordinated, progressing, and responsive to the evolving situation;
- help coordinate recovery activities for the region by assisting stakeholders in identifying common interests and developing partnerships;
- ensure that the plan informs — and is informed — by broader planning and decision-making activities across government and non-government agencies.

Sector Committees Objectives

Each sector faces unique circumstances, which is why the Rising Economy Taskforce is segmented into 11 sector-driven committees. The Committees will act as primary inputs for the Taskforce work. Included in their work are the following key topics:

- Identify opportunities and conduct a situational analysis of their specific sectors for both the short term (recovery) and long term (resilience).
- Provide recommendations to the Rising Economy Taskforce on focused actions that will best position the sectors to survive and thrive.
- Provide recommendations that include ideas, policies and actions, and identify goals, measures and potential owners of these actions. The Regional Economic Recovery Plan will include these recommendations.
- Focus recommendations for recovery in the short and mid-term (<6 months) then pivot to longer-term areas of focus (resilience).

Agriculture, Food and Beverage Committee

The Agriculture, Food and Beverage Committee represents the broad set of businesses and enterprises associated with agriculture (farmers, producers, distributors, retailers) and food and beverage
(breweries, cideries, processors) in the South Island region. While many issues and opportunities are unique to this community, the issues identified by most of the other committees are experienced within this sector.

**Committee Members**

The Agriculture, Food and Beverage Committee was selected for its experience, diversity, breadth of knowledge, understanding of the sector and community leadership. The Committee is represented by:

- David Nicholls (Co-Chair), Co-Owner, Vancouver Island Brewing
- Jacques van Campen (Co-Chair), Director of Innovation, South Island Prosperity Partnership
- Linda Geggie, Executive Director, Capital Region Food and Agriculture Initiatives Roundtable (CRFAIR)
- Kristin Needham, Owner, Sea Cider Farm & Ciderhouse
- Steve Pearce, Board President, Think Local First
- Lindsay Dault, Owner, Country Bee Honey Farm
- Candice Appleby, Executive Director, Small Scale Food Processors Association
- Ben Clark, Consultant, The Delphi Group
- Patricia Reichert, Food Systems Specialist, Closing the Supply Gap

Bill Collins (Advisor), President, Cascadia Seaweed

Additionally, other members of this community provided insight and feedback to the committee throughout the process.

**Summary of Process and Research Findings**

The Agriculture, Food and Beverage Committee was struck on May 29 and met four times over the following two months. The Committee customized the Situational Analysis Survey and administered the survey to key community and industry respondents. The committee reviewed and analyzed the survey results and used future-casting workshops to identify the recommendations, ideas and actions highlighted in this document.

To request a copy of the survey findings, please contact South Island Prosperity Partnership at office@southislandprosperity.ca.