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## Dear FGBC Member

As we have promised, we are committed to staying in touch with you, our membership. We also welcome your input and comments about what your concerns are and what you'd like to see in our next newsletter.

Feel free to contact us at [info@bcfermentersguild.com](mailto:info@bcfermentersguild.com)

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## Plastic vs Glass

SYDNEY -- Bottling wine in recycled

plastic may be good for the environment in the long-term, but not for the quality of the



vintage, an Australian study shows. The study, commissioned by plastic bottle maker Portavin, revealed the green alternative to glass was only good for wines that are drunk within a maximum of 12 months after bottling, with some wines starting to oxidize as early as 8 months.

"Simply put air travels through plastic but not through glass," Portavin's



## 2010 FGBC Conference News

We're quickly moving

Managing Director Ian Matthews told Reuters. "PET is fine for wine you plan to use under 12 months, but not for wines that are designed to improve in the bottle. It's highly unlikely plastic will ever take over from glass because the PET format doesn't suit every style of wine."

The study aimed to assess the shelf-life of wine in 187 ml PET, or polyethylene terephthalate, bottles which Matthews said were better for the environment and manufacturing costs.

"The cost of recycling PET back into something you can use is a lot less than glass, it's cheaper to freight around because it's lighter and when you reprocess it, you don't have to spend as much energy as you do with glass," he explained.

Some research suggests that about 90 per cent of wine purchased is consumed within 48 hours, a factor which prompted Australian wine maker Foster's to go green and bottle two of its Wolf Blass brand wines in recyclable PET.

But Matthews said PET was unlikely to become mainstream in the wine industry any time soon.

"It's still early days in Australia for recycling costs to actually hit anyone's bottom line," he said. "At the moment it's all very new and young and those economic pressures aren't as strong in Australia as they might be in Europe." Australia is one of the world's biggest wine producers.

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## HST Update

### HST and the Ferment on Premise

One can expect that despite complaining, lobbying and stamping our feet BC will join other provinces in the Harmonized Sales Tax club. So what will it mean to your businesses?

Firstly, as with all services, the equipment fee or services fee that your

ahead with plans for the 2010 FGBC Conference. As you know it is being held at the beautiful **Ocean Pointe Resort and Spa** in Victoria from **Saturday April 10th thru Monday April 12th.**

We welcome any and all suggestions regarding what topics you'd be interested in learning more about.

Would anyone be interested in a brewery or winery tour? These are the things we'd like to have feedback on.

One familiar face we'll be seeing at the conference is **Dave Larocque**



Dave will be hosting both the Gala Dinner and a wine and food pairing seminar.

If you weren't lucky enough to see Dave in action at our last conference at River Rock Resort, you should make a point of doing so next spring.

Guru Dave has often been heard saying "if you don't like the taste of a wine it could be the food you are pairing it with".

Find out for yourself in April.

Speaking of April, Victoria is *the* most beautiful place to be in the spring and the Ocean Pointe Resort is

customers pay will be subject to the HST so the additional 7% (formerly PST) will be added to GST for a total of 12% total taxes. Still, thankfully, the majority of what our customers pay for (the liquid) will not be affected unless there is a change in government policy.

Of course, our industry is not alone. According to Don Drummond of TD Bank the consumer will bear the brunt of the new tax (Globe and Mail Sept 18<sup>th</sup>). Consumers will face steeper restaurant bills, haircuts, shelter costs, theatre tickets, and sports programs that will be difficult to manage for many households.

Other reports however, (citing the impact of HST in Atlantic Canada in 1997) point to industrial savings via input credits which should lead to lower wholesale pricing on some items and a lower net cost to consumers.

One thing stores must *not* try to do is save our customers money by manipulating service fees. In a case over a decade ago, a BC ferment on premise business had a very low service fee to save its customers a little bit of tax money. Canada Revenue Agency ruled that a "fair" price for service (indicative of the labour involved) must be charged. There is no written number but it was generally agreed that about 35.00 would be fair.

Remember to sympathize with your customers and remind them that the extra tax is only on a small portion of their on-premise made wine or beer purchase. Share with them the fact that our industry (through membership in the CFRA) fought against the HST.

And, of course, remember that every bottle of store-bought wine and beer is loaded with taxes compared to FGBC's own, consumer made be vies!

Dermot Shirley  
ABC Cork

## CCWA Board Meeting

On October 6th I attended the annual board meeting of the CCWA (Canadian Craft Winemakers Association...formerly the CHWTA). Also in attendance were my counterparts from Ontario (Paul Goldie) and New Brunswick (Michael Briggs). There were two items on the agenda. First, Paul, Michael and I each presented a status report of our industry within our respective Provinces. Secondly, the CCWA presented a marketing plan that represents the first time that the membership has worked together on an industry campaign to try and grow the overall market.

### Provincial Reports

Both the BC and Ontario reports reflected similar statements. The industry is flat with small growth in some stores. The New Brunswick report was far more uplifting as the industry is just beginning to establish itself and there is much enthusiasm amongst the business owners and the public. Legislation is also in place in Saskatchewan where stores are converting to u-vin format, however, an association has not been formed and therefore, no formal report was presented.

Prior to attending this meeting I had asked our members to respond to a quick survey requesting comments regarding current market conditions in BC. I want to thank those business owners who took the time to complete our brief survey. The following comments, from our membership, were presented to the CCWA:

1. In general the industry in BC is flat. The extremes went from double digit growth to double digit decrease.
2. Those stores located outside of the Lower Mainland, where the marketplace is not as broad based, are hurting more because in most cases they are relying on

the place to experience it  
at.

See you there!

Would you like a  
voice in the FGBC  
Newsletter?

We'd love to hear from  
you!

We want your articles, recipes,  
tips or even a great story about  
your operation.

Submit them to Haely at the  
FGBC office by email at  
[info@bcfermentersguild.com](mailto:info@bcfermentersguild.com)

## Credit/Debit Update

Interested in what is going  
on in the credit and debit  
card industry debate?  
Check this link for the  
latest update on the new  
code of conduct proposed  
by the federal government.

[Click here.](#)

one industry or employer to sustain the local economy.

3. During these difficult economic times margins are getting squeezed with increased shipping costs, bank charges and kit prices. Despite the cost differential between commercial and u-vin wine, the \$9-\$12 bottle of wine in the liquor store is appealing to consumers and represents our main competition.

4. We as an industry should stop competing amongst ourselves and start competing for the entertainment dollar. Those stores that operate way outside the guidelines of the Liquor Control act are a detriment to our industry. It creates confusion at the consumer level and in the long term, if it continues, will degrade our industry in the eyes of the consumer.

5. Our suppliers are doing a tremendous job in delivering high quality products.

6. Within the confines of the Liquor Control Act, we as business people must start acting and marketing ourselves like a winery. We are not in the business of making inexpensive wine; we are in the business of educating and enhancing the lifestyles of our customers. U-vin products are still underrated within broader public opinion.

7. The HST, in combination with other cost increases, will have an impact on sales. There are no significant benefits to HST regarding claiming HST paid vs.collected.

#### CCWA Marketing

In recognition of some of your comments, the CCWA has launched an aggressive marketing plan with the following objectives:

- Grow industry
- Bring new consumers to market
- Encourage lapsed users to return
- Give consumers the best experience possible

This Industry awareness campaign is aimed at attracting new consumers to our industry. The campaign will be driven primarily via an on-line marketing strategy, but will also include news releases and in store P.O.S. material. All retailers will receive a 24 inch x 36 inch poster that can be displayed in their window to support this campaign. Editorial releases regarding the gift of winemaking for the holidays will be sent out along with a radio interview release.

Once on the website the visitor can identify the key supplier, learn some interesting facts about our industry, find the nearest u-vin in their community and enter to win a trip for two to wine country in the beautiful Okanagan (\$10K value).

Links have been established through high volume sites such as CBC, MSN, Western Living, Yahoo, Macleans.ca, Vancouver Magazine, Toronto Life, Globe and Mail, Canada.com, Nat Decants, Wine Access and Vines.

I would encourage each of our members to visit the site at [winemadesimple.com](http://winemadesimple.com), understand the messages being presented and get your customers to enter to win the trip for two. Make sure you include the CCWA link into your website. Spread the word amongst existing and prospective customers. Let your customers know that we are part of a national industry. There are currently four Provinces who have adopted legislation allowing u-vins, with Quebec, Nova Scotia and PEI not far behind.

Your input is always welcome. If you have some thoughts on how we can make this marketing campaign even more effective, let us know.

In closing, on behalf of the Board, I wish you all a Merry Christmas and a happy and successful New Year and we look forward to your input.

Cheers,

Roger Doull  
President, FGBC  
[rdoull@telus.net](mailto:rdoull@telus.net)

Some Things to Think About

I've been spending the last few days rethinking our business. We have added a lot of new customer to our loyalty program - the email newsletter and thank you cards for referrals. I've spent time each day reflecting on what I have heard in my store.

#### 1. The power of community.

Until you're in a community of like minded people you will not realize it exists until someone points it out. How many businesses are similar to yours -- and have you noticed (and even more, learned from) them? Does your product or service have the power to create a community of enthusiastic customers? Customers, many of whom spread positive word-of-mouth about your product and service. Labeling, rewards programs and newsletters keep the customers aware of the value you are bringing to their lives and reinforces their wise decision to deal with you. Our recent wine tasting event to introduce our Limited Edition Wines brings out customers in droves for fun and education.

#### 2. Fresh eyes.

Seek the unique and unexpected. It may be as simple as always carrying the product out the customer's car, unexpected, but a pleasure of service for them to receive. What have you been overlooking in your business that can bring surprise and delight to your customers? We started offering carbonated wines in Kegs for parties recently - the bridal showers are having champagne keggers at home and it is a blast for them.

#### 3. Don't Over-think.

We freed up some space in the store so I was looking at a new way to stow our supplies. One of my employees came up and laughed at my diagrams and planning. She simply talked as we walked pointing out the work flow as she saw it and helping rearrange our stock. She pointed out that the minutes we would need to fine tune what we did if we were wrong was less time than I was spending planning. I was over-thinking the issue, and once I was reminded how elegant simplicity of the design is, it seemed natural and apparent. What are you over-thinking in your business? How can you leverage the obvious?

Dan Dyble  
Westview U-Brew/U-Vin

## Another Opinion on the HST

Over the past several months I have been gathering as much information as I can on the HST. Here is what I have found out:

-As it stands right now our ingredients will not be subject to HST. My concern with this is that ingredients are not currently classed as exempt they are classed as zero rated which, as one government

agent explained to me, can change at any time.

-We will collect and pay HST on anything that currently has PST or GST on it. This means that anything we currently only pay GST on will now have the added PST component to make the HST (PST + GST).

-On a batch of wine or beer our customers will pay an additional \$2-3 in taxes - if the ingredients do not get taxed.

-All policies on this new tax will be finalized by March 31, 2010.

-We will be able to calculate the amount of HST that we paid out for products used and sold in our stores and we deduct that from the amount of HST we have collected from our customers and remit the difference. (Like we now do with the GST).

The government is promoting the HST by stating that businesses will lower their prices because they will be paying less tax. This has not been the case in the other provinces that already have the HST. Although this new tax will not have much of an impact on us as business owners it will have a big impact on us as individuals. It is estimated that the new tax will cost every resident of BC, that includes children, \$430.00 per year. For a family of four that will be close to \$2,000.00 per year in additional taxes.

If you are opposed to this tax there are several things you can do. Some options include:

1. Write your MLA
2. Start a petition
3. Sign an existing petition

I encourage you to take the time to look into this new tax. Once it is implemented it will not go away.

Haely Lindau  
Executive Director  
FGBC

Fermenters Guild of British Columbia

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