

Given how often the government bleats about supporting farmers in the region you would be forgiven for imagining it would be all over itself to encourage entrepreneurs to do value-added processing, supporting fruit farmers while diversifying and encouraging the economy.

That is, after all, exactly what happened with the wine industry, which is now an economic pillar of the Okanagan and Vancouver Island.

Sadly, you'd also be dead wrong.

By **Devon Brooks**

Jorg Engel immigrated to Canada from Germany six years ago. After settling into the Okanagan he started a cabinetry business, but wondered about the fruit he saw left to rot in fields or on trees when prices fell too low.

Engel says, "That drives me crazy, seeing it all go to waste like that."

Back in Germany Engel says there are 22,000 odd distillers. Around Lake Konstanz in the south of Germany where Engel is from, 5,000 distillers populate the lake shore.

Setting up a distillery to make use of the unwanted fruit product here made sense to Engel. It makes sense to everyone except those toting about volumes of arcane liquor board rules.

Engel believed a location on the Naramata bench for his 2,000 sq. ft. production facility would be ideal to attract people touring the wineries, but the province classifies his boutique distillery as a commercial enterprise. The result is the ALR would not allow him to build on agricultural land.

Engel's facility is much smaller than most winery shops, nor does it need to grow. He predicts this first year he will put out 3,000 cases of a dozen 375 ml bottles. His still, which has a foot print about the size of a large furnace, has a maximum capacity of 70,000 cases per year so no expansion will be required for years.

Having his Naramata bench plans frustrated, he found, instead a relatively picturesque property in the industrial district of Penticton. Then he set about going through the laborious process of obtaining a license.

He shakes his head and says, "If I had known this at the beginning, I might not have done it." He has invested considerably more than \$100,000, but says that is a fraction of what he's put in if he counted up and valued lost and wasted time.

Maple Leaf Spirits opened at the beginning of May, but Engel is saving his grand opening for the fall wine festival.

Even now that he is finally operational, he has more antiquated rules to jump through. Technically, he can't sell any thing he makes. Instead, the second it is bottled and leaves his production area the government has bought it.

Thus Engel's store is a consignment shop run for the government's benefit, and the benefit is so large that the same product, brought across the sea from his former homeland in Germany easily beats him on price.

He explains that after he factors in the production



PHOTOS BY DEVON BROOKS

Jorg Engel stands next to his imported still. The still can easily handle 20 times what Engel expects to produce in the first year, but nothing can withstand government regulations that have effectively hobbled Engel's business.

costs and his markup the government applies an excise tax and then something called a "volume markup". With those taxes in place it then charges a distribution tax by multiplying Engel's cost, along with the first two taxes by 167%. After that figure is calculated the province adds on another 10% PST and then Federal government adds on its 6% GST.

Engel says a bottle of his liqueur nets him approximately \$5 in profit even though it sells for \$39. The vast majority of the difference goes to the government. He says, "If I put my costs or profit up 50¢ the final price increases by \$4."

Sin taxes on alcohol are a fact of life in Canada; however these same costs are not imposed on imported products so the provincial government has created a system that provides competitive advantages to foreigners making the exact same product.

Only the government knows why. Engel says he talked to the Minister of Small Business and Revenue as well as the Minister responsible for Deregulation. They are the same person, the honourable Rick Thorpe, MLA for Okanagan-Westside. Engel says Thorpe promised to get back to him about straightening out the regulations a year

ago, but he hasn't heard anything since.

Having milked Engel's cow for every possible cent you might also imagine the government would be keen to flog as much product as possible to enrich gorged government coffers.

If so, you would be astonished to learn in practice that consumption of his product is actively discouraged. If a restaurant or food production facility in town wanted to use Engel's products it is illegal for them to buy from Engel's government consignment shop.

Presuming a Penticton-based restaurateur walked into his shop and wanted a case of his liqueur, Engel must pack it up and ship it to Vancouver. There, after sorting by unionized government employees, it will be loaded onto a truck and sent to the Kamloops distribution centre. Then it will be sorted again and reloaded. Finally it will be sent back to Penticton to the provincial liquor store where the restaurateur is allowed to pick it up.

There is also in place a system to prevent any one with a liquor license from buying it direct from Engel. Liquor license holders who disregard that system run the risk of losing their license.

The senseless deprivation of Engel's business also hurts local fruit growers. Unlike the imported product sold at B.C. Liquor branches, Engel doesn't use sweetener or artificial flavours.

His cherry kirsch uses only cherries, bought directly from local growers. The 1,000 litres of pear liqueur he manufactured uses that same kirsch as a base and is mixed with the juice from seven tons of pears he purchased from the local fruit packing office.

All the hurdles notwithstanding, Engel is proud of his product and the hard work he has put into every aspect of the beverages, right down to designing the labels, which cost \$3,000 to get just right.

He enthusiastically credits Universal Specialties in Vernon with making them work. The front of each bottle is decorated with maple leaves, forming a circle. On the back of the bottle a symbol of the different flavour –cherries for kirsch and a softer cherry liqueur, pears for the pear liqueurs, a tapped maple tree for the maple liqueur– is lined up to show through the hole. When the bottles are full the liquid magnifies the symbol creating a moving 3D like effect.

But it is the delicate nose and smooth flavour that Engel is most proud of. He says he has had to adapt production to meet Canadian tastes. Back home the 40% alcohol kirsch would be the big hit, but here he says more buyers are responding to the softer, sweeter liqueurs, which he compares to ice wines.

He says it will take time to figure out best sellers, but he does have plans to add an apricot-based schnapps later this year.

For private consumers wanting to taste Engel's nectars, his shop is only open by appointment although he has hopes that as the summer comes on there will be enough demand to make it economic to hire a counter person. If you come, samples are available at the counter, but, needless to say, the license strictly forbids anyone from buying a bottle and enjoying it outside on the grassy patio with its view of the mountains.

Made in Canada, but best not drunk here, by government decree.



Maple Leaf Spirits' delicate bottles and labels reflect the care and attention that owner Jorg Engel has brought to every aspect of his production of his kirsch and liqueurs.