



# ANNUAL REPORT

2014-2015



WINERY & GROWER  
ALLIANCE OF ONTARIO

# MESSAGE FROM THE EXECUTIVE

The past year has been extremely important for the Winery & Grower Alliance of Ontario (WGAO) and the wine and grape industry as a whole. Significant progress was made on a number of initiatives, while at the same time there is a new level of uncertainty facing our future growth prospects.

Over 2014/15 the WGAO has worked closely with the newly-established Government/Industry Steering Committee in order to develop specific programming for the \$75 million of government funding dedicated over five years. This new tranche of funding begins on April 1, 2015 and runs through March 31, 2020.

As a result of this process, funding for the first two years was allocated to two program areas: the VQA Wine Support Program and the Marketing and Vineyard Improvement Program. As part of the structure of these programs, decisions were made with respect to their delivery.

The WGAO and the Wine Council of Ontario reached an agreement to form a new independent not-for-profit corporation that would deliver the VQA marketing program elements. This new organization is called the Wine Marketing Association of Ontario, and the membership is composed equally between the two founding members. This solution will benefit the entire industry and ensure that marketing plans are developed and executed professionally and effectively.

Finally, the Ontario government created the Premier's Advisory Council on Government Assets in April 2014. The original mandate of the Council was to leverage the value of major government assets including the LCBO. It is currently examining all facets of wine and beer retailing in the province. The results of this process will have a profound effect on our industry.

The WGAO continues to work closely with the Council on the overall objective of growing Ontario wine sales through all channels including the LCBO, and increasing demand for Ontario grapes.

We look forward to an active 2015/16 and are confident that the WGAO and its members will be at the forefront of positive and collaborative change for the benefit of the entire wine and grape industry.

Jim Clark

*Chair*  
WGAO

Patrick Gedge

*President & CEO*  
WGAO

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## PROVINCIAL GOVERNMENT ADVOCACY

- > The WGAO was very active leading up to and during the provincial election of June 12, 2014, providing all three political parties with factual information about the industry, including potential public policy changes that would stimulate additional growth of our \$3.3 billion and 14,000 job industry.
- > As follow up to the government's announcement of a \$75 million investment over five years (2015/16 through 2019/20) there was:
  - Creation of an Industry/Government Steering Committee for the Ontario Wine and Grape Industry
  - Consolidation of program development and oversight into one Ministry: Agriculture, Food and Rural Affairs
  - Allocation of \$7 million per annum to the VQA Wine Support Program
  - Allocation of \$6 million per annum to the Marketing and Vineyard Improvement Program (MVIP), including \$3 million for marketing; \$2 million for vineyard improvement; and \$1 million for performance measurement, research and innovation development, and overhead delivery costs.
- > The WGAO successfully advocated to government the sale of VQA wine through farmers' markets, and the first year of operation was a great success: over \$1 million of sales by 76 wineries through 140 farmers' markets.

## PROVINCIAL INDUSTRY RELATIONSHIPS

- > In July 2014, a new two-year pricing agreement for 2014 and 2015 was reached by the industry; in 2014, the grape harvest was 52,716 tonnes with a farm gate of \$62.3 million.
- > The Wine Marketing Association of Ontario (WMAO) was created in March 2015, after extensive discussions between the WGAO and Wine Council of Ontario. This independent organization will be responsible for program delivery of the government VQA



# GHTS 201415

Marketing Program, currently funded at \$3 million per annum. WGAO represents 50% membership in the new not-for-profit corporation.

- > Ongoing industry organizations in which WGAO participates include:
  - Ontario Grape and Wine Research Inc. (OGWRI)
  - Cool Climate Oenology and Viticulture Institute (CCOVI) Advisory Council and Executive Committee
  - Best Bar None Ontario
  - Lieutenant Governor's Award for Excellence in Ontario Wines

## NATIONAL INDUSTRY RELATIONSHIPS AND ADVOCACY

- > The WGAO is a member of the Canadian Vintners Association (CVA) and is the only Ontario trade association representing domestic wine in the province at the national level.
- > The WGAO and its directors have been actively involved in:
  - Development of a new domestic marketing program and national brand strategy.
  - Promoting excise tax relief for Canadian grape content in blended wine, which will increase competitiveness and demand for Canadian-grown grapes.
  - Creating a clear Icewine definition – required in order to protect the brand name and process, and to respect international agreements.
  - Canada-EU Free Trade Agreement, which has national/international implications affecting the industry and the LCBO.
  - Canada-South Korea Free Trade Agreement, which eliminates tariffs on Canadian wine exports.

## GRAPE AND WINE INDUSTRY CONFERENCE

- > The WGAO was a sponsor and co-ordinator of the 2015 Insight Conference along with Constellation Brands, Andrew Peller Limited, the Grape Growers of Ontario and Wine Council of Ontario.
- > Insight 2015 was held on March 3, 2015, with a record number of 163 industry, government and LCBO representatives in attendance.

- > Industry leaders from Canada and the United States made timely presentations, as did the LCBO, which shared up-to-date market analysis and consumer/retail research. A copy of *Wine Wars*, written by speaker Mike Veseth, was provided to conference attendees.

## WGAO MEMBERSHIPS

- > To broaden awareness of the importance of the grape and wine industry to Ontario's economy, the WGAO is a member of the Tourism Industry Association of Ontario, Ontario Culinary Tourism Alliance and the Greater Niagara Chamber of Commerce.

## ONTARIO'S GRAPE & WINE INDUSTRY STATISTICS 201415

### TOTAL ECONOMIC IMPACT

of the wine and grape industry in Ontario is \$3.3 billion and generates some 14,000 jobs in the province (*Source: Frank, Rimerman + Co. LLP*).

**NET SALES** of \$735 million and 67 million litres of wine – a 6.5% and 5.5% increase respectively.

### ONTARIO WINE SALES

**BY VOLUME** are 75% International Canadian Blends (ICB) wines and 25% Vintners Quality Alliance (VQA) wines.

### 53,000 TONNES

of grapes were purchased, with a farm gate of \$62 million.

### 55% OF ONTARIO WINE

**GRAPES** are used for ICB wines and 45% for VQA wines.

**AT THE LCBO**, Ontario wines by value account for 23% share of market and imported wines 77%. VQA represents 7% of all wine sales through the LCBO.

### ON A PROVINCIAL BASIS,

Ontario VQA and ICB wines represent by value some 34% share of market, and imported wines 66%. VQA represents 13% of all wine sales in the province.

# ABOUT THE WGAO

## OUR VISION

Growers and wineries together nurture a grape and wine industry that reflects consumer demand and is sustainable and profitable for all stakeholders.

The Winery & Grower Alliance of Ontario represents over 85% of the wine produced in Ontario, and members purchase over 85% of the grapes grown by independent farmers.

Members of the Alliance include small and large wineries, independent grape growers and regional industry associations. We are very appreciative of all the new wineries and grape growers that joined the association over the past year.

### BRAND NAMES OF MEMBERS INCLUDE:

- Bricklayer's
- Château des Charmes
- Colio Estate Wines
- Cooper's Hawk Vineyards
- Crush
- Dan Aykroyd Wines
- De Sousa Wines
- Earth & Sky
- EastDell Estates
- Fresh Wines
- G. Marquis Vineyards
- Generation Seven
- Girls Night Out
- Inniskillin Wines
- Jackson-Triggs Niagara Estate Winery
- Kittling Ridge Wine
- Lake and River
- Lakeview Cellars
- Le Clos Jordanne
- Magnotta Winery
- Megalomaniac
- Milan Wineries
- NHL Alumni Wines (Hat Trick)
- Niagara College Teaching Winery
- Peller Estates
- Seasons De Sousa Wine Cellars
- Small Talk Vineyards
- Stonechurch Vineyards
- Thirty Bench Wine Makers
- Trius Winery at Hillebrand
- 20 Bees Wines
- Two Sisters Vineyards
- Vinoteca Inc. Premium Winery
- Wayne Gretzky Estates

## OUR MISSION

To increase the visibility and recognition of the economic and community value of the Ontario wine and grape industry in partnership with all stakeholders.

To create consumer preference for our wine through the quality and value of our products in every market segment.

## WGAO BOARD OF DIRECTORS

**JIM CLARK**  
Chair  
Colio Estate Wines

**GREG BERTI**  
Director  
Andrew Peller Limited

**PAUL BOSCH**  
Director  
Château des Charmes

**ANTHONY BRISTOW**  
Past Chair (Ex-Officio)  
Andrew Peller Limited

**ROB ENNS**  
Director  
Grower

**PATRICK GEDGE**  
President & CEO  
(Ex-Officio)  
Winery & Grower  
Alliance of Ontario

**TOMMASO MAGNOTTA**  
Vice-Chair  
Magnotta Winery

**J. MURRAY SOUTER**  
Director  
Diamond Estate  
Wines & Spirits

**STU MORGAN**  
Director  
Grower

**TOM O'BRIEN**  
Director  
Regional Association -  
Cooper's Hawk Vineyards

**DEL ROLLO**  
Secretary/Treasurer  
Constellation Brands

**PHIL TREGUNNO**  
Director  
Grower

**ROGER VAIL**  
Director  
Grower

## WGAO MANAGEMENT TEAM

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**WINERY & GROWER**  
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