

Strategic Priorities Update

Report to Town Hall
November 19, 2012

Today

- ▶ Update on Government Activities
 - Advocacy Activities
- ▶ Wine Council Business Review
- ▶ Social Media Campaign
- ▶ How Can You Help!!
- ▶ Questions?

Advocacy Activities

- ▶ Focus of lobbying activities on themes of **growth, prosperity and leveling the playing field**
- ▶ Reinforcing and supporting the government's policy platform focusing on VQA as a priority (October 2009 announcement)
- ▶ Building on completed work on economic impact (KPMG) and all of our research and studies on the potential for private retail
- ▶ Based on analysis that shows that over the next 3 years we need to find a home for approximately 500,000 cases of premium priced VQA wines
 - Wine that was made with the legitimate expectation of a market
 - Wine that the government should want to be sold
 - up to \$35 million in direct revenues for the province and generate over \$55 million in additional economic impact as well as causing demand for another 6,400 tonnes of grapes

Context for discussions with government

- ▶ Certainty for balance of strategy is needed asap
 - LCBO would strongly validate need for fully funded VQA Support Program to end of current program and extension of program
 - Next year will be last year of sales that will qualify for the program.
 - Buying will start next year for years going forward and wineries and LCBO will need to understand the margin structure well in advance
 - Need to engage suppliers on an ongoing basis and uncertainty over plan approvals, funding make executing plan in timely way challenging
 - Still driving great results
 - Accelerating plan submission this year to avoid program delivery challenges due to lack of approved plan from MEDI
- ▶ Need to confirm arrangements to end the disruptive behaviour of WGAO
 - Not productive, still collaborating with wineries and delivering results despite behaviour
- ▶ Critical to maintain aggressive programming in LCBO and in our own market to continue momentum for VQA sales
 - Grapes continue to come on line for VQA – new plantings encouraged by government programs, emerging wine regions aggressively growing
 - Competitors will be extremely aggressive in our market this year
 - Both France and California have major promotions in the province this year

Political Context

- ▶ Change in leadership at province provides challenges and opportunities
 - Challenges
 - Inertia at the Premier's office – not prepared to do anything too controversial and/or bind the new Premier to anything they might have a challenge with
 - Window of opportunity for new Premier might be small if election looming
 - Opportunities
 - Good opportunity to get a fresh perspective on our issues into the Premier's office
 - McGuinty never keen on private retail, new Premier could look at it as a point of differentiation
 - Wine Council will be outreaching to all candidates to solicit their views and make them aware of the issues

Advocacy Activities

▶ Key focus # 1 – VQA Programming Dollars

- Framework – Jobs and Prosperity Council of the Provincial Government reviewing all supports to business
 - Their focus on ensuring that all supports are driving increases in productivity, sustainable jobs and competitiveness
 - Want to encourage investment and capital spending – “dead money” in the system which needs to be mobilized
- For our programs
 - Need to demonstrate value in the context of the results outlined above
 - Continue to deliver results and transparency in our approach to our program delivery
 - Government to do “quick and dirty” program review

Advocacy Activities

▶ Key focus # 2 – Retail Access

- Having regular meetings and briefings with Ministry of Finance to refine model
- Presenting to LCBO brass this week
- Key next step is to generate consumer interest in the issue
- Board's Research Committee struck a working committee to look at developing a social media campaign to generate consumer interest in the issue with a goal of having them contact their MPP with support for the issue
- Excited about the results – will show these to you in a separate presentation in a minute

Advocacy Activities

▶ **Key focus # 3 – Regulatory Relief**

- Ongoing discussions with multiple ministries
- Focus on getting several nagging issues dealt with
- Focus on regulations administered by LCBO (ie. warehousing, delivery fees)
- Analysis of tax relief opportunities

▶ **Key focus #4 – Free market pricing of grapes**

- Continue to aggressively pursue the issue with the Farm Products Marketing Commission
- Feeling is strong that change needs to happen while market is stable
- Working hard to try and get movement before the next election

Other areas of engagement

▶ Canadian Vintners Association Strategic Planning Process

- Motions on truth in labelling, shelving, programming
- Concerned with direction of CVA and that new strat plan may not address concerns, or worse, have at its heart policies counter to those of the Wine Council
- A significant expenditure on WCO books to be a member
- Board reviewing ongoing involvement in CVA at December Board Meeting
 - Must decide prior to December 31 or else will be renewed for another year

▶ Insight Conference 2013

- Board has decided to engage this year as long as the conference does not end up being a platform to promote interests of ICB wines
- Sue-Ann Staff is Wine Council representative to the organizing committee

Other areas of engagement

▶ Traceability Initiative

- Wine Council a successful proponent with private sector partners on developing a cloud based platform for traceability and regulatory compliance
- Looking for other partner wineries to participate in early phases of program – if interested let us know

▶ Ontario Grape and Wine Research Inc

- Wine Council continues to be an active member of the Board
- Recent work on setting the assessment levels for this year and ensure funds are expended and tax credits maximized

Wine Council Business Review

- ▶ Board and staff actively engaged in several important activities
 - Financial Review
 - Ad hoc committee of Board and Members at Large reviewing Revenues and Expenses for Wine Council
 - Goal is ensuring long term financial stability
 - Members should expect recommendations to Board relating to fees, membership structure, expenditures
 - Goal is to have full package ready for members information early in 2013
 - By Law Review
 - Will be impacted potentially by Financial Review (ie. if new categories are needed)
 - Also have to do some necessary adjustments due to new legal framework for not for profit corporations

We need you to get involved

- ▶ Direct contact with government in support of VQA Support Program and Marketing Funding
 - Suggested notes to be sent out by WCO
 - Direct to Minister
- ▶ Participation and engagement in social media campaign
 - Toolkit
 - Success will drive from winery endorsement and engagement

Questions?