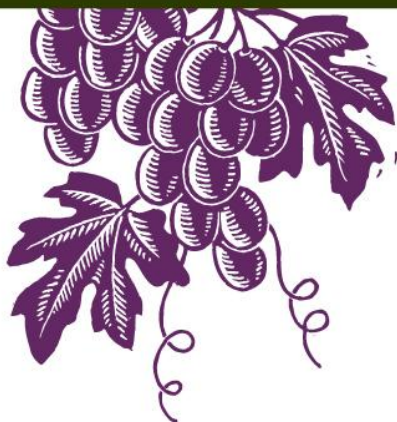




WINE COUNCIL
OF ONTARIO



2010-2011 GROWTH, STABILITY & ACCOMPLISHMENT

Report to the Annual General Meeting

June 14, 2011

THE APPROACH OVER THE PAST YEAR

- The Board and Staff of the WCO have been keenly focused over the past year on making real several priorities that are important both for the organization and the industry
 - Continued growth of the organization
 - Ongoing assertion of the role of the WCO as industry leader in marketing
 - Tangible public policy achievements that will benefit WCO members
 - Progress and active strategies for broader industry objectives
- Driven by our Strategic Plan
- Good news – Success on all points



STATE OF THE ORGANIZATION

- ◉ Wine Council membership continues to grow
 - 10 New full members for this upcoming year
 - 4 New Associate members
 - Several prospects have expressed an interest for next year
- ◉ Wine Council represents 85% of all registered VQA wineries
- ◉ Second straight year of significant membership growth
- ◉ Financially secure
- ◉ New home at Vineland Research and Innovation Centre



WCO AS INDUSTRY LEADER

- ◉ WCO remains the partner of the Government of Ontario in leading industry marketing initiatives
 - Partnership solidified by proven success of the previous year's plan, support of all but one of the other stakeholders in this role
- ◉ WCO also taking the leadership role in several key initiatives
 - Direct liaison with LCBO – WCO has special status in its role as the go to association for all things VQA
 - WCO leads interprovincial trade initiatives on behalf of all Ontario VQA wineries across Canada
- ◉ WCO is trusted source of advice to both federal and provincial governments – both at the political and bureaucratic level



PUBLIC POLICY RESULTS

- ◉ Commitment to expanding retail opportunities for VQA wines from Tim Hudak
 - Feel that our efforts and briefings have guided this positioning towards our retail options and away from
- ◉ Success on promotional wine tax relief
 - WCO led initiative from start to finish
 - Results driven to maximize benefit to our members
 - Most will get full tax relief on their promo wine.
- ◉ Preservation of the VQA support program
 - Others in industry calling for a dilution of the program for smaller VQA producers
 - They will continue to pursue this program after October – feel it is not “fair” to all wineries – too skewed to smaller producers
- ◉ Expected changes to LLA Act
 - Hopeful to see enhanced flexibility on hours of operation, remaining statutory holidays shortly



PUBLIC POLICY RESULTS

- Start of some progress on fees on own grapes
 - Modest relief this year
 - Remains a key goal going forward
- Stability of content provisions for blended wines
 - WCO vocal on need for domestic content minimums to justify the privileged position of ICB wines in the marketplace
 - Strong voice at CVA for national position on content
 - Worked in partnership with the GGO to advocate in Ottawa on labelling issues related to content
- Increased sales targets for LCBO plans
 - WCO advocacy led to increased sales targets at LCBO for VQA wines
- No two tier pricing for grapes
 - WCO fought hard to prevent a grape pricing structure that would have allowed blended wine producers to buy VQA quality grapes at deep discounts not afforded to VQA producers



ONGOING WORK

- ◉ Focus between now and election on 2 key areas
 - Continuing to seek more modern grape pricing structure
 - Active engagement directly with the Farm Products Marketing Commission
 - Direct Contracting Pilot
 - Clearing Mechanism
 - Further relief from GGO marketing fees for winery grown grapes
 - Very active work on expanding retail opportunities for VQA wines
 - **More comprehensive update to follow**
 - 2012 Grape Pricing discussions have started now
 - Again expecting a push for two tier pricing



WHY HAVE WE BEEN SUCCESSFUL?

- ◉ Government necessarily impressed by both WCO success and the strength and commitment of its members
 - Common vision for success of VQA
 - Our agenda 100% aligned with governmental policy direction
- ◉ We partner strength of purpose with thoughtful and well reasoned positioning and research
 - Though all of our most fundamental issues are necessarily emotional we are at our most effective when we combine the power of what we feel with facts and well reasoned arguments
- ◉ Great and dedicated team at the WCO office and Board
 - Work tirelessly to deliver excellent programs and service



IMPORTANT NOTES

- ◉ Keep your eyes open for announcement on OMAFRA Vineyard Transition Program
 - Hopeful that it will be in the next couple of weeks
 - Expect that it will be a “first past the post” program so hopefully all have been thinking through potential applications since our last discussions at Town Hall
- ◉ New Wine Council website coming
 - Separating out our corporate/members site from our consumer facing site
 - Will allow us to be stronger on some issues when not directly linked to consumer site
 - All functionality for the consumer site will be within the Wine Council site

