

**DISTRICT 4b SOUTHWESTERN
STRUCTURAL CHANGE MEETING**

**Colchester South Community Centre, Harrow
January 21, 2009
12:00 p.m. – 2:00 p.m.**

Board and Advisory Team Members in attendance: Bill George Jr., Doug Hernder, Matthias Oppenlaender, Steve Fernick, Trevor Falk, Kevin Watson

Attendance: 22

Staff in attendance: Debbie Zimmerman, Mary Jane Combe

Grower Suggestions:

Market Access

- How do we sell more Ontario grapes? – non-VQA Ontario in restaurants, packaging for example
- Pull product through the system – market access
- Winery retail stores – small wineries group together for a store
- Sale of wine at Events – change in licensing/ permits (eg. LCBO store at Royal Agricultural Fair – let wineries do the same)
- Regulation hostile to small business
- LCBO competes with wineries and restricts access
- Off site stores – no access for post 1993 winery
 - owned by U.S. company
- Market access longer term fix – excise tax can help, content
- Equality in winery licences
- Give same benefits to all wineries – don't take away from others
- Off site stores – require that wine on the shelf have the minimum Ontario content in each bottle
- Ability to compete globally – what other countries can do re: market access
- If LCBO can't work to grow industry then we need a path around the LCBO
- Extension of Retail Store
 - Seasonal extension eg. For open market
 - 2 or 3 days for special events
 - 100% Ontario non-VQA access to direct delivery (same tax advantage as VQA)
 - 6% could go back into business
 - 2% for retail store also back into the business – being charged by competitor
- Market that wineries can fund, collaborate with other wineries – gov't get out of the way
- Vertically integrated wineries are threatened

- LCBO (Food & Drink) promos – cost prohibitive to many Ontario wineries – competing with subsidized off-shore companies
- Vintages magazine – 8% Canadian content, 3% Ontario content
- 100% Ontario wine
- B.C. – permanent MEP – no restriction on limit
 - Customer loyalty base – market access
- Fine Wine Stores
 - Compete for shelf space
 - Competing with big budgets from large corporations
 - LCBO is the evil you know vs evil you don't know
 - VQA store carrying product of Ontario – cost of promotions still an issue
- Retail store at functions or markets allows the small winery the opportunity to be recognized/ promote their product affordably – different than competing in a store
- Open the Market – remove regulation – sell where the opportunity exists
 - Money to be made by Government for special permit licence
 - Commerce will create revenue for the Government

Government Policy

- Withdrawal of government funding can hurt small wineries and be a benefit to others
- History on content – 30/70 – transition in 2000 re: free trade
- Change in content needs to be flexible enough not to put wineries out of business
- What happened to Beverage Alcohol Review report?
- Equal licences (level playing field)
- Scaled excise tax to encourage more Ontario content
- Monopoly of LCBO
 - Anti-trust laws?
- Need Government to be positive in these discussions
- LCBO structure built on making maximum profit – government revenue
- Does the Government want an Ontario wine industry?
- Government has to participate in the transition – lower revenue while building market share
- Regulatory burden is major issue for small winery
- Beverage Alcohol Review report – make it available on GGO website
- Scaled excise – will encourage wineries to use Ontario content voluntarily (Federal Gov't needs to be involved for excise)
- CVA lobbying in Ottawa
- Wine by the Glass – introduced because people were breaking the law – is that how the Government develops wine policies?
- Trade Issue – why is it not an issue in B.C.?
- Other Governments are protective and supportive of their own industries – less so in Ontario
- Government invest in industry
- Government support to open markets outside of Ontario

Governance

- Pricing – what is being considered? - adjust sugar schedule
- Multiple component pricing – beyond Brix
- WCO-GGO relationship – how to make these discussions work this time?
- Not all grapes are VQA –need to keep market for non-VQA
- Harvest Program details
- Balance of varieties we can grow well and wines we compete with
- Different areas may have shortage/ long crop each year
- Winery paying fees to both GGO and WCO – need for 2 organizations? -need for common vision
- Common Vision of WCO & GGO would go a long way to government changes
- How are grapes sold in other jurisdictions?
- OVA & WCO differing positions
- One organization for the industry
- OVA does not receive funds from the government, and WCO does – should not be opposing each other
- Increase price drop when grapes don't meet VQA, so grower has to choose between quality and quantity
- Focus on products we're good at
- Fruit wineries would like to be involved in the discussions
- GGO ability to deal with vertically integrated business
- GGO governance and South Western Ontario vertically integrated representation on the Board
- Advisory Structural Committee – doesn't include a SW representative

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