



COMMUNIQUE #2

Subject: Discussions between GGO and WCO to create a common vision and strategy for Ontario's wine and wine grape sector

Date: December 24, 2008

Background

Representatives from the Wine Council of Ontario and the Grape Growers of Ontario met for the second time on December 18 to continue the process to develop a common vision and strategy for growth and sustainability in the wine and wine grape sector.

This meeting was the second in a series of meetings to be held over the next three months to work out structural problems in the sector that will ensure sustainability and enable the sector to reach its full potential.

This communiqué is the second in a series to keep our members informed of the progress we are making.

The process is broken down into a number of components that both organizations agree are essential to creating the common strategy. Specifically, those components are:

1. identify all the structural issues from both perspectives that prevent the sector from growing;
2. bring together key research that has been done by both organizations on the sector in recent years to inform the discussion;
3. bring to the table proposed solutions to the structural problems, both long and short-term;
4. take this common understanding of the views and needs of both organizations and our members to develop a common vision and strategy that is agreeable to both organizations to move the sector forward;
5. develop an effective transition strategy that deals with the short-term issues to ensure the effective implementation of the long-term strategy and vision; and
6. present the common strategy to the Province of Ontario for approval and implementation.

About the 2nd meeting

The second meeting posed more challenges than the first. While recognizing that the job of developing a common strategy for the sector requires strength and understanding, as well as building trust and respect for the entire sector, that can sometimes be easier said than done. Both our organizations do however understand what is at stake. We also both understand that the deeper the two organizations get into developing the common strategy the more challenging it can become. But we recognize this is a necessary process in order to find the common ground and strategy that will build a sustainable sector for everyone.

Some common guiding principles, themes and needs are beginning to present themselves however. These include:

Identified Guiding Principles

- Creating consumer preferred wine from the vines of Ontario
- Cultivating a vibrant sustainable industry structure that includes and respects all stakeholder groups needs
- Profitability across all aspects of the supply chain – from the grower to the retailer
- Ensuring that any new common strategy meets the government’s needs, including:
 - a. an economically sustainable Greenbelt;
 - b. the creation of more jobs in Ontario;
 - c. a net increase in government revenues

Identified needs toward the common strategy

- the need to increase the consumer’s access to Ontario wines through the LCBO
- the need to increase the sale of Ontario wines through the LCBO
- the need for broader access to Ontario wines through distribution channels other than the current LCBO models
- the need to create a competitive grape pricing model that enables more Ontario grapes in more Ontario wines and ensures profitability for growers and wineries
- the need to grow grapes that meet consumer demand and suit Ontario’s climate
- the need to build sustainable relationships with our industry partners and organizations.
- the need to assess the effectiveness of the agreed upon common strategy to ensure it has the desired outcome i.e. profitability

Hearing from our members

In an effort to better inform both our organizations during this process we continue to ask our members to forward to us your views on both the structural problems facing the sector and proposed solutions you may have to them.

It is important to understand that your feedback will inform the discussions and will be essential to our success together.

It is also important to understand that a lot of give and take will be required for us to achieve that common strategy, so your ideas may not be fully represented or visible in the final outcome, but your input is absolutely essential.

Be assured, we are taking a very broad view of the sector and the solutions we will be bringing to the table. We understand that there are many issues that we can resolve through this process but we also understand that there are issues that will require the government to make changes to create that prosperous, sustainable future they have asked us to put together.

Please forward your comments and ideas to:

Debbie Zimmerman, CEO

Grape Growers of Ontario

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IMPORTANT NOTICE

Please be advised that structural change information meetings will be held for all growers, beginning in January 2009. Meetings will be scheduled in each of the six GGO districts; with the exception of combining districts 3 (Town of Lincoln) and 4a (Town of Grimsby). Meeting times, dates and locations for each of the districts will be sent out at the beginning of January. Please contact Debbie Zimmerman at the board office with any questions.