



***Vintners Quality Alliance Ontario***  
*Setting the standard for Ontario's wines of origin*



**2011-2014  
Business Plan**

**Vision:** Consumers will use the VQA appellations as their guide to buying authentic wines of origin and quality.

**Mission:** Effectively manage the appellation system while striving for continuous improvements in wine quality. Communicate the VQA assurance of origin and authenticity to consumers.

**Values:**

**Integrity and Fairness** – VQA Ontario will carry out its statutory authority with transparency and fairness, and strive to uphold high ethical standards.

**Responsiveness and Communications** – VQA Ontario will conduct its operations openly, providing its members and the public access to information and timely responses to inquiries. It will adopt and implement policies to respect the confidentiality of its members and stakeholders. It will promote the value and benefits of VQA wines to consumers.

**Firmness and Responsibility** – VQA Ontario will discharge its regulatory responsibilities firmly and fairly and ensure VQA terms, descriptions and designations are not misused.

**Accountability**– VQA Ontario will be accountable for its decisions and promote effective and fair dispute mediation to resolve conflict.

**Effectiveness** – VQA Ontario will strive to carry out efficient and cost-effective operations, and continue to pursue service improvements in all areas of operations.



## Introduction

The *Vintners Quality Alliance Act, 1999* was proclaimed on June 29, 2000. This date marked the beginning of a regulated appellation of origin system to govern the production and labelling of the high quality wines of origin that Ontario has to offer.

VQA Ontario is an independent authority to which the Ontario Government has delegated the responsibility for administering the VQA Act and its regulations through an administrative agreement with the Minister of Consumer Services.

VQA Ontario is committed to ensuring label integrity for consumers and administering Ontario's wine appellation system in the public interest. Label integrity, high standards and rigorous verification and enforcement programs continue to support VQA as an internationally recognized symbol of origin, quality and authenticity for wine consumers. This also provides a strong foundation for the economic success of Ontario's wine industry.

In administering regulations -- particularly those that restrict the use of terms and descriptions linked with origin -- fairness and transparency are of utmost importance. VQA Ontario pursues its regulatory mandate with care and with a commitment to an open and fair process.

## Mandate

The VQA Act sets the framework by which standards for the production of VQA wine and appellations (geographical indications) for wine growing regions are established. VQA Ontario has the following operating objectives:

- To establish, monitor and enforce an appellation of origin system in accordance with the *Vintners Quality Alliance Act, 1999* that allows consumers to identify wines on the basis of the area where the grapes are grown, the methods used in making the wine and other quality standards;
- To control the use of specified terms, descriptions and designations associated with the VQA appellation system;
- To act as the wine authority under the *Vintners Quality Alliance Act, 1999*, and to participate in discussions with government and other stakeholders which relate to wine standards;
- To inform, educate and work with the grape and wine sector, governments and the public to promote the value and benefits of VQA-approved wines.

## **Partnerships**

VQA Ontario has many partners in fulfilling its regulatory role effectively.

**Consumers** – VQA Ontario is a publicly accountable organization. It serves wine consumers by verifying claims of origin and ensuring label claims are meaningful and truthful with respect to the wine in the bottle. VQA Ontario also ensures minimum quality standards are met, including strict limits for wine contaminants.

**Industry** – VQA Ontario works closely with the wine and grape industry, through its regulated wineries, grape growers and other stakeholders, to ensure VQA rules and regulations are reasonable and fair, and support a competitive and credible foundation for the industry. VQA Ontario also supports industry efforts to promote a better understanding of Ontario’s wine regions, the appellation system and its value to both consumers and industry.

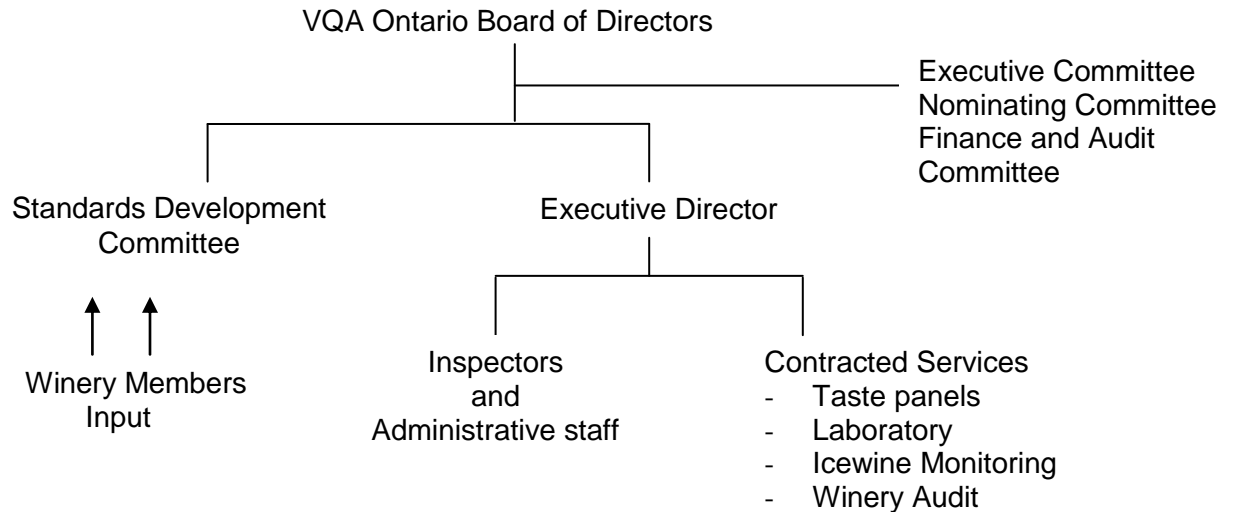
**Government** – As an administrative authority working under statutory delegation from the Minister of Consumer Services, VQA Ontario works with government to achieve its goals consistent with the VQA Act. VQA Ontario maintains strong communications with the Ministry and works closely with government agencies, in particular the LCBO, which provides comprehensive services related to wine standards and certification.

## **Corporate Structure**

VQA Ontario operates with a small permanent staff and assistance from the LCBO and others on a contract for service basis. The governance structure reflects the principles of self-management, with industry representatives comprising a majority of the Board of Directors. Also represented on the Board of Directors are government – through the Provincial Government, grape growers – through the Grape Growers of Ontario, and licensee consumers – through the Ontario Restaurant, Hotel and Motel Association. The Board of Directors as of March 31, 2011 is listed in Appendix A. Four standing committees have been established to assist the board with its mandate: Executive Committee, Nominating Committee, Finance and Audit Committee and Standards Development Committee. Other committees operate on an ad-hoc basis.

Public and Government of Ontario

Minister of Consumer Services



Operations

Operations are structured to provide effective management for a regulated system of origin and quality assurance. Major functions include:

**Membership and registration**

- Admission of qualified winery members and secure online management of membership records and renewals
- Registration program for non-winery grape growers to register grapes for Icewine monitoring

**Service oriented programs for participating wineries**

- Secure 24-hr online access to membership information, wine approvals applications and tracking, newsletters and other bulletins
- Comprehensive web-based reference library on regulations, processes, wine regions, VQA wine statistics, VQA Ontario activities and interpretive guidelines
- Seminars and periodic bulletins to assist wineries in understanding wine-making regulations and administrative procedures
- Service oriented approach to delivering wine evaluations and audits and proactive approach to support innovation and business needs among wineries

**Wine evaluation and approval**

- Wine evaluation, testing and label approvals to use restricted terms, designations and descriptions
- Quality testing, including taste tests, laboratory analyses, and packaging reviews to determine compliance with regulations
- Quality Assurance Review program, aimed at ensuring consistency and integrity within the approvals process through random sampling and testing of approved wines
- Annual professional development for the VQA Taste Panel
- Independent tasting panel for appeal process

**Quality enhancement**

- Winemakers Forum to encourage best practices, information sharing and professional development among winemakers and promote improved quality
- Annual performance evaluation in tasting and laboratory tests, including aggregate and individual winery performance measures to assist wineries in managing their performance

**Audit, Inspection and Compliance**

- Comprehensive audit of all eligible and approved wines
- Risk-based inspection program targeting inspections where concerns are identified
- Random inspections of winery operations and retail outlets
- Program to monitor the use of regulated VQA terms by all wineries
- Investigations and prosecutions where necessary
- Manage compliance issues and complaints, including periodic reporting on enforcement and compliance activities
- Independent appeals process

**Public Awareness**

- Activities to raise awareness and increase knowledge of VQA wines, their origin and quality, among consumers and industry groups
- Focus on the facts about VQA appellations and the value provided by the regulated system that supports them
- Support discussions related to national and international wine standards as well as export and trade initiatives with the goal of harmonizing standards, improving trade access and protecting the integrity of the VQA appellation system
- Respond to inquiries or complaints from consumers

## **Resourcing**

VQA Ontario is self-funded with membership fees and fee-for-service revenues.

## **Business context**

VQA Ontario operates in a business climate that offers strong support for its success. The wine industry supports a regulated appellation system and values the contribution that VQA Ontario can provide to the integrity and recognition of Ontario wines, and also to maintaining a fair and level playing field among wineries. Knowledgeable wine consumers value the connection between appellation, quality wine, label integrity and the control of origin and production practices. The fundamental importance of origin and authenticity is acknowledged by consumers and the wine trade worldwide.

As a statutory organization entrusted with regulatory authority, VQA Ontario administers the VQA Act with a view to serve the public interest, balancing the rights and needs of consumers with the obligations of participating wineries and the broader wine trade. VQA Ontario strives to promote continuous improvement both in its regulatory operations and in the quality of wines produced by its members.

## Business Objectives and Achievements

**VQA Ontario's vision is that consumers will use VQA appellations as their guide to buying authentic wines of origin and quality.**

VQA Ontario's business plan is focused on three primary strategic areas:

- Emphasizing wine origin as a defining component of the VQA system and raising awareness of Ontario's wine regions with consumers
- Maintaining strong quality standards and encouraging wineries to produce the highest possible quality wines at every market level
- Pursuing excellence in governance and operational practices and a high level of satisfaction in the services it provides.

## Origin

### ***Five-year Strategic Goal***

*Build the public's trust in using VQA appellations as a means of choosing authentic wines of origin and quality.*

### **2011-2012 Objectives:**

1. Raise awareness about wine origin and appellations, and explain the relevance of origin to wineries, trade and consumers

Delivered by the Wine Council of Ontario (WCO) in conjunction with the Ontario Wine Strategy:

- Imbed origin/appellation awareness in all aspects of WCO campaign
- Increase penetration into college curriculum of Wine Appellations of Ontario course
- Ensure appellation is part of message delivered to LCBO
- Embed appellation and place messages in education and social media aimed at trade

Delivered by VQA Ontario:

- Assist all wineries/trade with messaging about origin, terroir, regional uniqueness through comprehensive web based resources
- Vintage report
- Enhanced statistics by appellation
- Quarterly emails to wine media to raise awareness of VQA and appellations

2. Strengthen and expand relationships with stakeholders such as the Grape Growers of Ontario (GGO), Winery and Grower Alliance of Ontario (WGAO) , WCO, Liquor Control Board of Ontario (LCBO), Cool Climate Oenological and Viticultural Institute (CCOVI) and the Vineland Research and Innovation Centre (VRIC) with a focus on origin
3. Migrate consumers from a focus and reliance on the VQA logo to place of origin (appellation)
  - Embed this goal in WCO activities and establish performance measures to demonstrate progress with trade and consumers
  - Implement next steps in changes to labelling rules to emphasize appellation
4. Integrity of origin
  - Implement changes to audit protocols to improve verification of origin and varietal content using comparisons with GGO data
  - Upgrade Icewine monitoring program to reconcile origin claims with GGO data

**2011-2014 Objectives:**

- Increase recognition of VQA appellations through five-year plan in partnership with WCO
- Increase awareness that VQA is an indication of origin as well as quality
- Monitor and update strategies and quantitative goals and assess performance against key indicators
- Maintain focus on appellation and origin in all communications and leverage communications and partnerships where appropriate to extend reach

## Quality

***Five-year Strategic Goal:***

*To create and maintain a flexible framework that persuades individual wineries to produce and brand high quality wines of origin.*

**2011-2012 Objectives:**

1. Maintain appropriate minimum quality standards

Consult with stakeholders and implement the recommendations of the strategic review of November 2010 including:

- Packaging
- Grape varieties
- Origin and VQA labelling
- Support the appellation hierarchy

Communicate and explain the standards to wineries and others, in particular the importance of origin in relation to quality and authenticity

Complete 1<sup>st</sup> phase of regulation changes by January 1, 2012

2. Provide tools and resources for wineries to support quality
  - Winery “report card” and dissemination and analysis of related information – Spring 2011
  - Winemakers Forums with topics as appropriate to promote quality improvements
  - Develop partnership with CCOVI through participation of extension staff in VQA programs and vice versa
  - Conduct industry seminars on VQA rules and processes

**2011-2014 Objectives:**

- Assess performance of Winemakers Forums, Report Card and other quality initiative and re-focus or re-structure as necessary
- Work with wineries and in partnership with CCOVI to achieve better quality performance overall and better industry performance at the VQA tasting panel

## Core Business and Governance

***Five-year Strategic Goal***

*To continually improve the ability of VQA Ontario to administer the VQA Act with rigour and effectiveness*

**2011-2012 Objectives:**

1. Maintain a high level of service in wine approvals, audit and inspection, communications and administrative services
  - Overhaul export certificate (VI-1) process to shorten turnaround time for issuing certificates
  - Continue operational upgrades to online Wine Approvals System and membership database
  - Review audit process with LCBO staff
  - Complete implementation of new investigation protocols and training
  - Build communications capacity with wineries (newsletters, public and secure website)
  - Provide comprehensive statistics on VQA wines
  - Continue to address common misperceptions by reiterating that:
    - VQA Ontario’s tasting panel is objective and consistent
    - VQA Ontario is not a marketing organization

- VQA means more than just quality, it is also an indication of origin
- Deliver effective regulation and efficient services with public accountability – protect consumer interests and run a cost-effective, fair and service oriented system for industry
- Balanced budget for fiscal 2011-2012
- Insurance review

## 2. Governance and accountability

- Continue to implement Todres Report recommendations in consultation with Ministry
- Complete balanced scorecard report
- Annual Ministry contact with VQA Ontario Board
- Continue good governance practices
  - Skill set management
  - Board self evaluation
  - Directors orientation
- Annual Report and Business Plan

### **2011-2014 Objectives:**

Good governance and sound management in the public interest.

## **Financial Plan**

A three-year financial plan is outlined in Appendix B, including revenue sources and projected operating expenses.

**Appendices:** Appendix A – Board of Directors 2011  
Appendix B – Financial Projections 2010 - 2014

**APPENDIX A**

**Board of Directors**

March 31, 2011

**Officers**

**Ken Douglas**

Thirteenth Street Winery  
*President and Chair, VQA Ontario*

**Brian Schmidt**

Vineland Estates Winery  
*Vice-Chair, VQA Ontario*

**Newman Smith**

Strewn Inc.  
*Treasurer, VQA Ontario*

**Paul Speck**

Henry of Pelham Family Estate Winery  
*Secretary, VQA Ontario*

**Greg Berti**

Andrew Peller Ltd.  
*Past Chair, VQA Ontario*

**Directors - elected**

**Keith Bown**

Vincor Canada

**Jim Clark**

Colio Estate Wines

**Norman Hardie**

Hardie Wines

**Bill Redelmeier**

Southbrook Vineyards

**Walter Schmoranz**

Pelee Island Winery

**Directors - appointed**

**Tony Elenis**

Ontario Restaurant, Hotel and Motel  
Association

**Mary Shenstone**

Ministry of Intergovernmental Affairs

**Kevin Watson**

Grape Growers of Ontario

**VQA Ontario staff**

Laurie Macdonald, Executive Director  
Barbara Dodds, Office Manager (Inspector)  
Susan Piovesan, Compliance Officer (inspector)

**APPENDIX B**

**Financial Projections to March 31, 2014**

	<b>Estimated 2010-11</b>	<b>Business Plan 2011-12</b>	<b>Business Plan 2012-13</b>	<b>Business Plan 2013-14</b>
<b>Revenues</b>	\$	\$	\$	\$
Application and membership fees	122000	125000	129000	132000
Approval fees	360000	410000	420000	430000
Bottle fees	770000	808000	849000	891000
Other income	25000	20000	20000	20000
<b>Total revenues</b>	<b>1277000</b>	<b>1363000</b>	<b>1418000</b>	<b>1473000</b>
<b>Operating Expenses</b>				
Salaries, benefits, training	344000	360000	372000	385000
Ontario Wine Strategy	250000	250000	250000	250000
Approval procedures	400000	415000	430000	445000
Quality assurance and investigations	31000	37000	40000	43000
Export certification and trade	9000	9000	10000	11000
Weather station monitoring network	4000	4000	4000	4000
Meetings and travel	15000	18000	16000	18000
Rent and accommodation	38400	38400	58400	45000
General office expense	21000	22000	22000	23000
Communications and IT	40000	45000	41000	42000
Special projects	17000	20000	20000	20000
Professional fees and insurance	80000	81000	82000	83000
Amortization	23000	24000	25000	25000
<b>Total Expenses</b>	<b>1272400</b>	<b>1323400</b>	<b>1370400</b>	<b>1394000</b>
Net revenue over expense	4600	39600	47600	79000

*Notes*

The figures provided for 2010-2011 are projections. Audited statements will be available in July 2011.

Growth in VQA sales is projected at 5% annually for 2012 through 2014.

All fees are projected to be stable (cost recovery fees for wine testing may be adjusted to reflect laboratory cost increases)

Current lease on office premises expires on March 31, 2013.