

# VQA

Origin  
Quality  
Authenticity



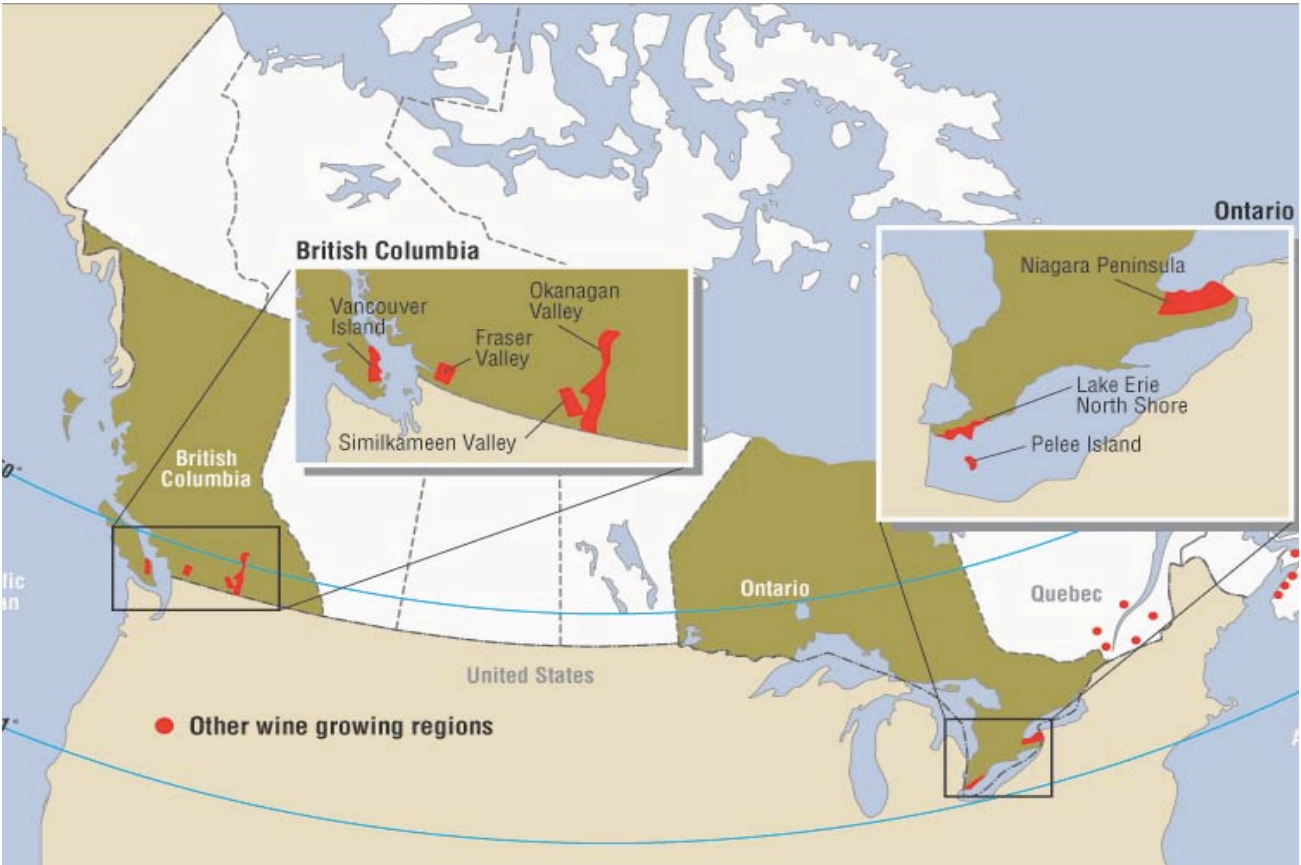
# CAVE SPRING

NIAGARA PENINSULA

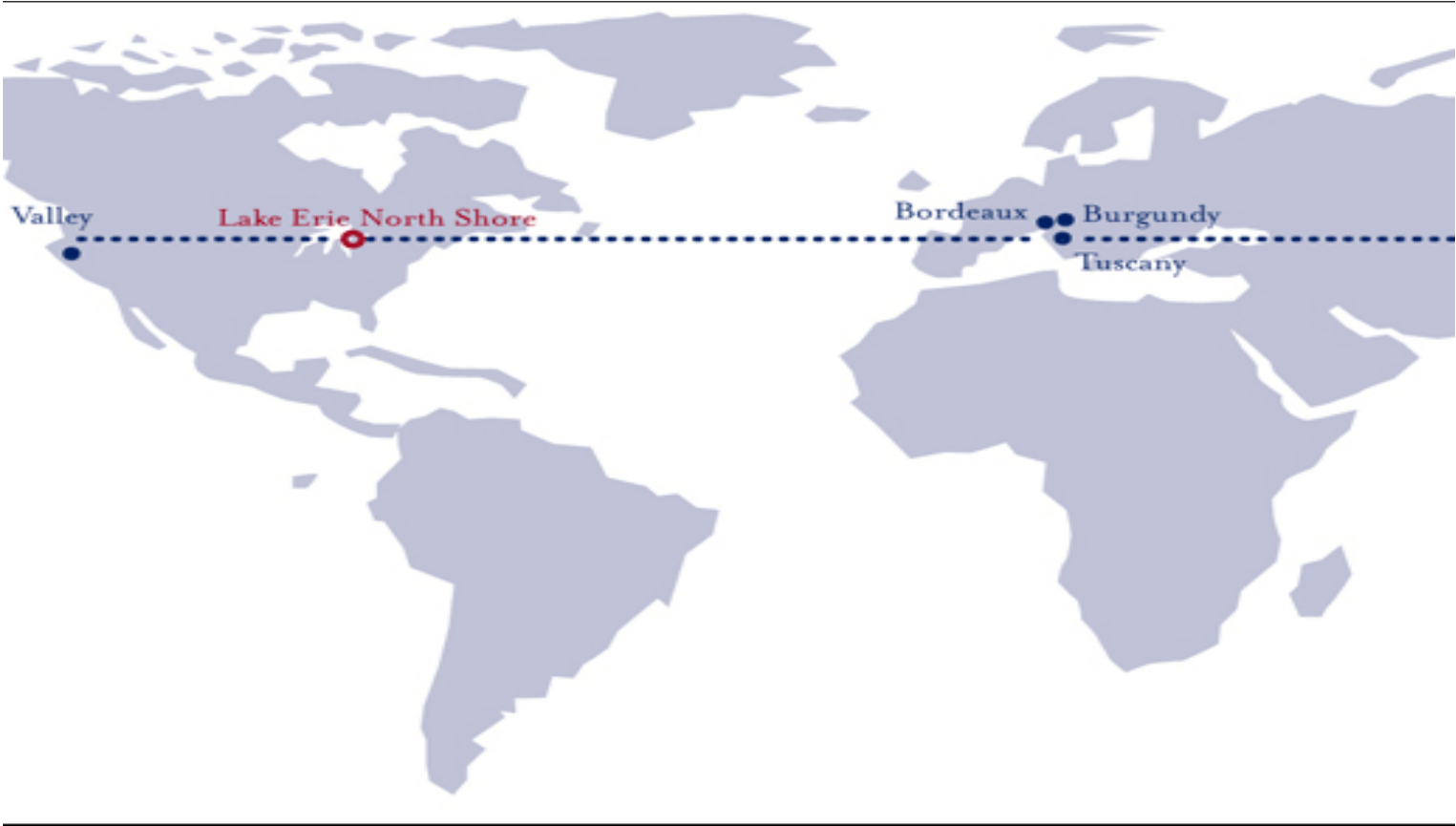


This may be what you imagine would be a challenge growing grapes in a cool climate.



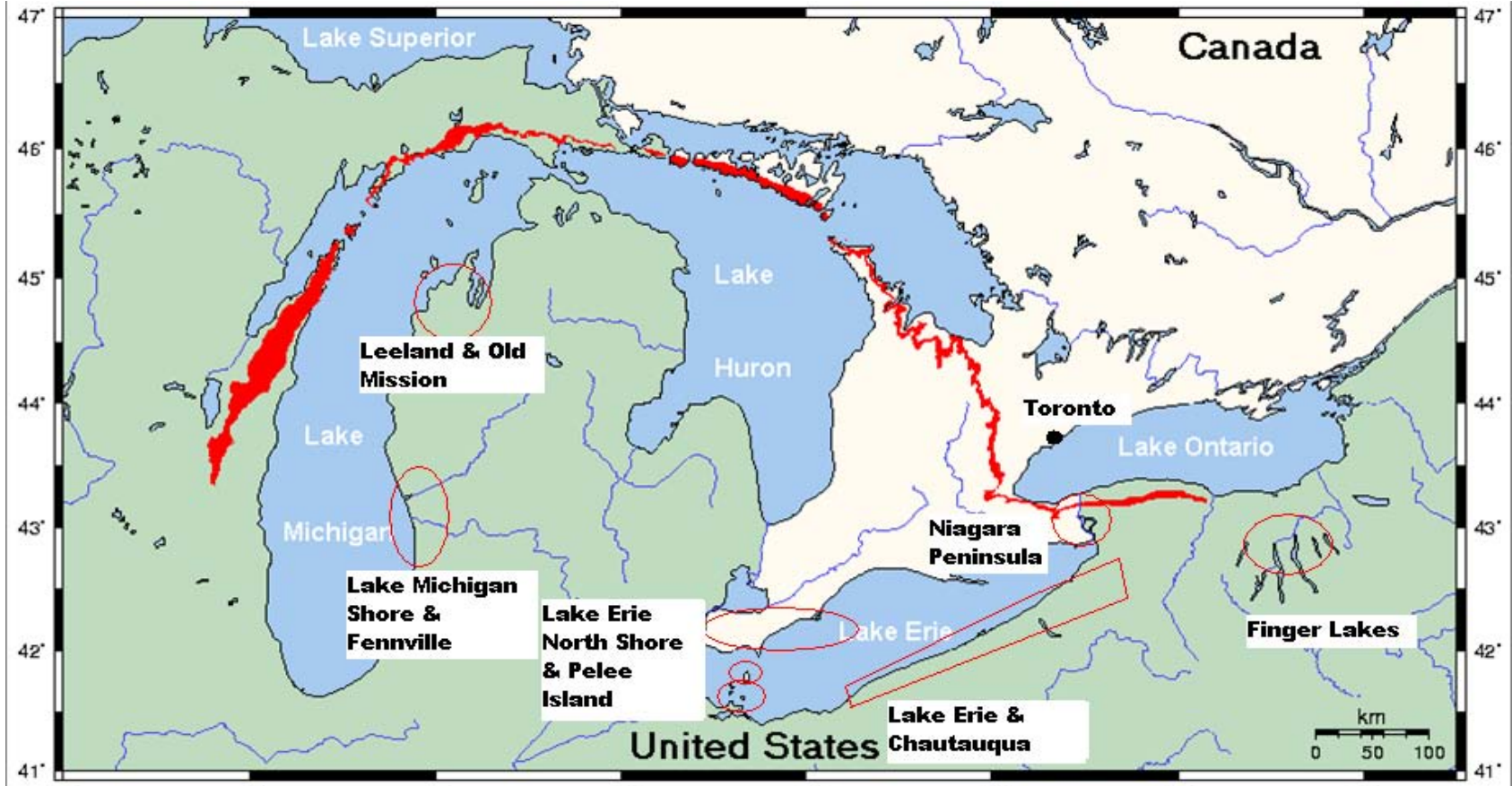


**Wine Regions of Canada**



## Niagara's location in relation to other wine regions of the world

Niagara 43° N, Florence 43° N, Bordeaux 44° N



## Wine Regions of Niagara Escarpment and Great Lakes

The Great Lakes and Escarpment have greatest impact on making these regions viable for growing *vitis vinifera*

## Industry Overview

- Wine is produced primarily in the Provinces of Ontario and British Columbia
- Over 95% of wine grapes are grown in Ontario's Niagara Peninsula or BC's Okanagan Valley
- All regions in Canada are considered cool climate and are well suited to growing vinifera varieties common in Europe

## Industry Overview 2010

- Canada produces table wines and appellation wines
- Appellation systems known as “VQA” are established and regulated by government in Ontario and British Columbia
- Canadian wine sales: 12 million cases
- Appellation wines account for about 15% of Canadian wine sales



## Ontario Overview 2010

- Ontario wine sales: 6.3 million cases
- Ontario appellation wines - VQA: 1.5 million cases
- Wineries: 140 grape wineries
- Wine grape acreage: 15,000 acres (just over 6000 hectares)
- Wine grape tonnes: 50,000 plus



## British Columbia Overview 2008

- BC appellation wine sales - VQA: 740,000 cases
- Wineries: 175 grape wineries (2010)
- Wine grape acreage: 9,100 acres (3800 hectares)
- Wine grape tonnes: 22,000 plus

## The appellation systems today

- VQA Ontario (VQAO) regulates Ontario's wine appellation system as an agency of government with authority for consumer protection
- It is not an industry association or member services group
- It is funded and managed with input and oversight from industry and a professional regulatory staff
- It has exclusive control over the use of appellation terms
- It establishes and enforces standards for appellation wines and can restrict the use of certain terms on any wine label

## The appellation systems today

- BCWA regulates British Columbia's wine appellation system under the authority of the Provincial Ministry of Agriculture
- Wine regulations are part of a broader food quality and safety Act
- It is managed by an independent Board of Directors appointed by government with input from an industry advisory group
- It establishes and enforces standards for appellation wines (VQA) and other 100% BC content wines

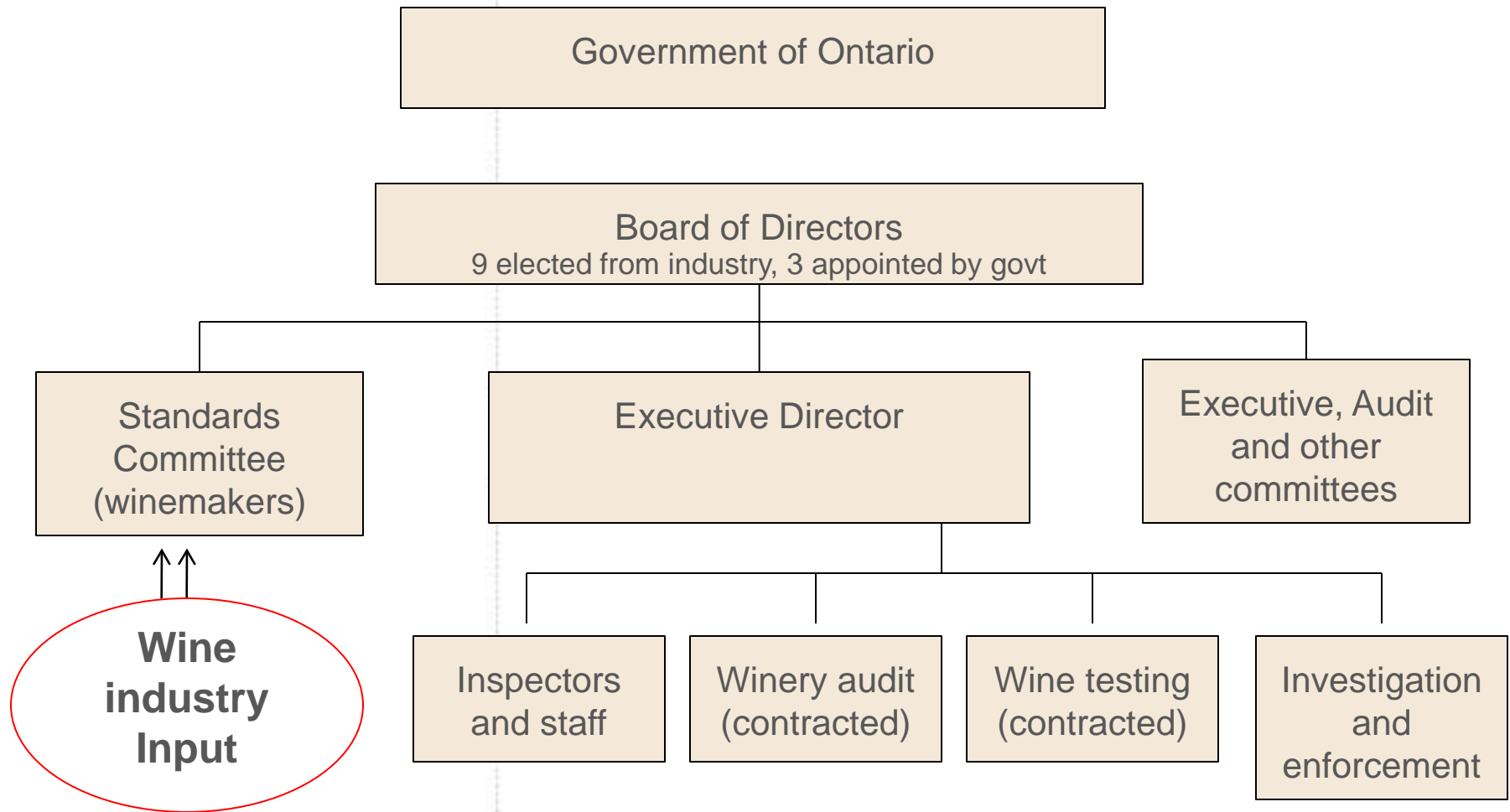
## Shared history

- Both Ontario and BC appellation systems emerged from voluntary standards created by industry
- VQA was established in Ontario in 1988 and adopted in BC in 1990
- Both regions eventually progressed to a legislated model because of the need to have effective enforcement measures to maintain the credibility of the system (Ontario in 2000 and BC in 2009)
- The Ontario and BC systems are administered differently but the underlying standards are very similar
- Nova Scotia and Quebec have fledgling industries and are discussing standards
- I will focus on VQA Ontario and how we came to our present system

VQA Ontario



# VQA Ontario organization



## Regulated terms

- DVA names (like AVAs), including Ontario
- Estate and Vineyard designations
- Icewine
- Late Harvest
- Botrytized
- Meritage
  
- General requirement for all label statements to be true
- Prohibition on using other appellation names such as Burgundy or Napa

## The standards

- Grape varieties limited to Vinifera plus 8 Hybrids
- Hybrids must be declared if used
- Brix minimums
- Fresh grapes only, no concentrate or water permitted
- Basic processing and additive guidelines
- Content rules for blending/labelling
- Chemical analysis limits (contaminants and wine chemistry)
- Minimum sensory standards

## Compliance

- Wine testing (pre-release)
  - Independent tasting panel
  - Laboratory testing
  - Label review
- Audit program
  - Site visit every 6 months
- Retail inspection program (random but at least once per year)
- Random testing of commercial samples
- VQAO has the authority to issue orders and prosecute violations
- It is well enforced



## Integrity

- Most important feature of VQA is that it prevents most faulty, low quality wines from being associated with the region
- This is key to preserving integrity
- Bad wines with the region named on the label impact the whole industry
- For wine, the place is the brand and it must be protected
- This is critical to building consumer confidence and also the hardest thing to implement
- In Ontario, a wine that is 100% Ontario content may not be labelled “Ontario wine” if it fails to meet the VQA standard

## How did we get here?

- Ontario has a long history in wine production starting in the 1920's
- Most of the century was dominated by fortified wines made from Labrusca grape varieties
- In the late 1970's a few "estate" wineries opened with a focus on vinifera and french hybrids
- Consumer tastes were changing and imports were becoming more accessible
- By the late 1980's, there was a fledgling industry of estate wineries alongside bigger producers

## Free trade

- The US-Canada Free Trade Agreement led to major changes
- The FTA would see tariff barriers reduced from 58% to 0% for imported wines and the industry was not ready to compete
- It was a do or die situation
- In Ontario, a pull out program was implemented and a significant portion of Labrusca grapes were replaced by vinifera and french hybrid varieties
- The estate wineries got together and created VQA to identify and brand "real" Ontario wines

## Early days

- At the beginning the key elements were:
  - A minimum quality standard (labrusca grapes banned, rules set for production and blending, tasting panel implemented)
  - Creating a brand so consumers could identify the wines
  - Raising awareness that Ontario wine was as good as imported wine and getting rid of the image of Ontario wine as cheap, labrusca based products
  - Getting buy-in from industry and support from government
- The standard was launched in 1988



## Founding Principles

Vision – Quality and Authenticity – Pride in Origin

### Industry Pillars

- Improved quality and competitiveness
- Branding to promote consumer recognition
- Building credibility and reputation and consumer confidence
- Leadership and shared goals

Partners – Government, industry, consumers

### Road map

- Better raw materials, industry wide quality standards
- Generic marketing to consolidate resources
- Support for everyone's successes, keeping individual businesses engaged

## The 1990's – success and transition to regulation

- Wineries collectively supported the VQA program and marketed wines under the generic VQA brand
- The focus was on quality - Great efforts were made to compete with global quality levels
- Government contributed economic development funds
- Consumers liked the idea of trying local wines and they liked the wines
- More wineries joined and VQA established a positive reputation
- Sales growth was strong

## The 1990's – success and transition to regulation

- Enforcement of the voluntary system was an issue as the industry grew
- Europe was presenting trade pressures for an independently regulated appellation system
- At the request of industry, the VQA Act was passed in 1999 enshrining the VQA system into law
- The standards remained essentially the same but procedures and transparency were tightened up

## Impact of VQA

	1990	2009
VQA sales	\$5 million	\$250 million
Grapes used	<1,000 tonnes	30,000 tonnes
Tourism	Barely any	800,000 visitors
Wineries	20	115
Land value	\$10,000 /acre	>\$40,000/acre
Tax return to govt	\$2 million	\$100 million

# Ontario Appellations

- Wine grapes are grown in a relatively narrow band between 41 and 44 degrees latitude where the Great Lakes moderate the climate
- Summers are warm and winters cold but tolerable – Ontario is in the northern range of reasonable areas for grape growing and winter damage needs to be managed
- Ontario produces a range of still, sparkling and sweet wines, notably Icewine
- Strengths are Riesling, Chardonnay, Pinot Noir, Cabernet Franc, Gamay Noir
- Micro climates dictate varieties and styles

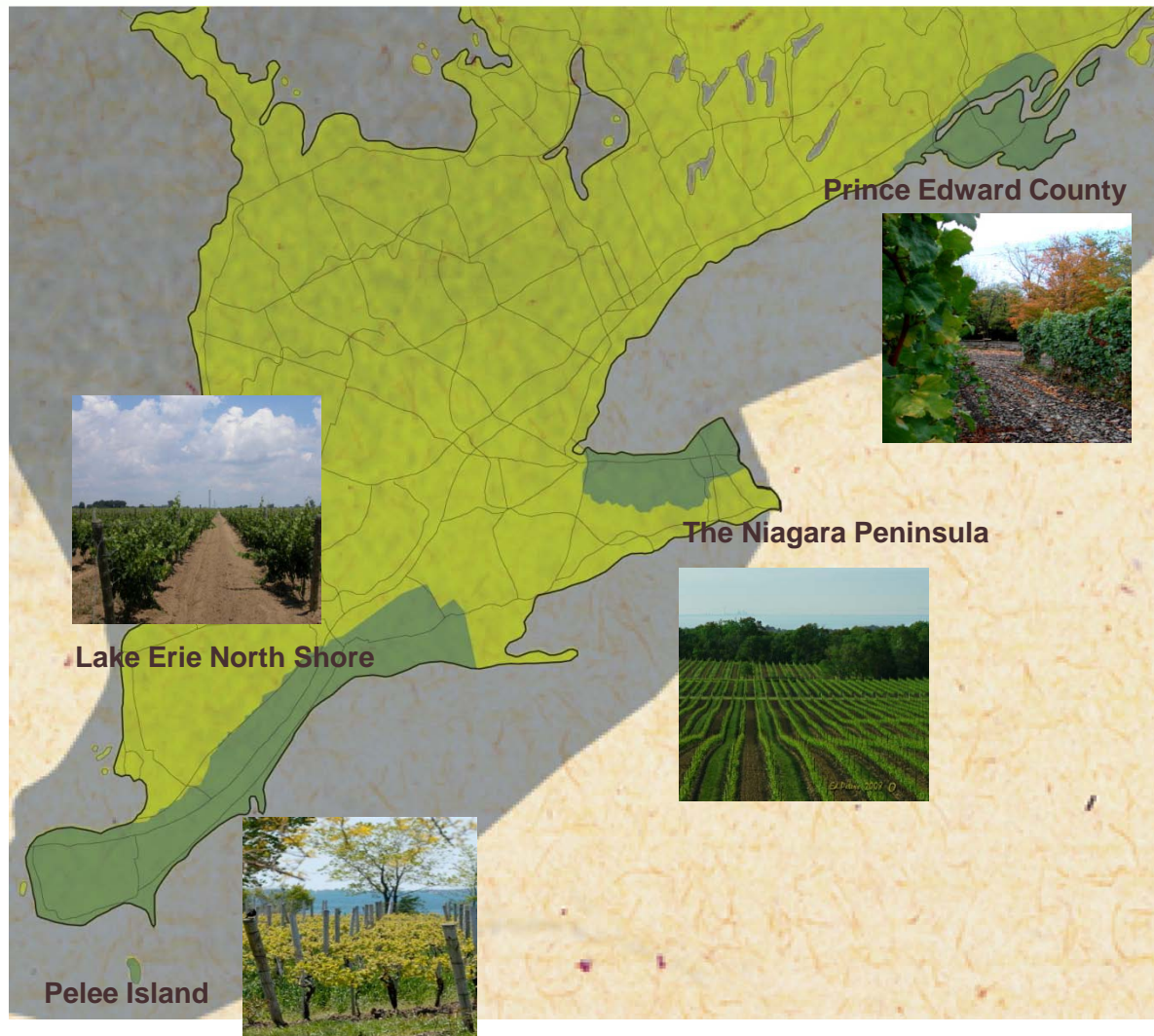
# Ontario Appellations

- Appellations and sub-appellations have developed over 20 years to support a premium wine segment
- The focus is on vinifera grapes, except for a few workhorse hybrid varieties like Vidal and Baco Noir
- Viticultural and winemaking techniques have advanced with experience
- Quality levels have risen and stabilized and appreciation of appellation is growing
- The industry is learning to play to its strengths



# Ontario's Appellations

- Ontario has so far identified four primary appellations of origin
- **Niagara Peninsula** Shaped by the Niagara Escarpment and Niagara Falls, the Niagara Peninsula provides ideal cool-climate conditions for wine growing. 110 sub-appellations have recently been identified within the Niagara Peninsula
- **Prince Edward County** Bordering Lake Ontario and the Bay of Quinte, this appellation is surrounded by water and features a rich terroir dominated by stoney soils
- **Lake Erie North Shore** Stretching along the warm, shallow waters of Lake Erie, vines in this southerly appellation enjoy the most sunshine in Canada, providing excellent ripening conditions and full bodied wines
- **Pelee Island** Just 25 km off the mainland, Pelee Island lies at Canada's most southerly point, and has the longest growing season of all the winemaking regions in Canada



# Niagara Peninsula

Diverse terroir, sheltered slopes, lakeside vineyards, great breadth in its wines

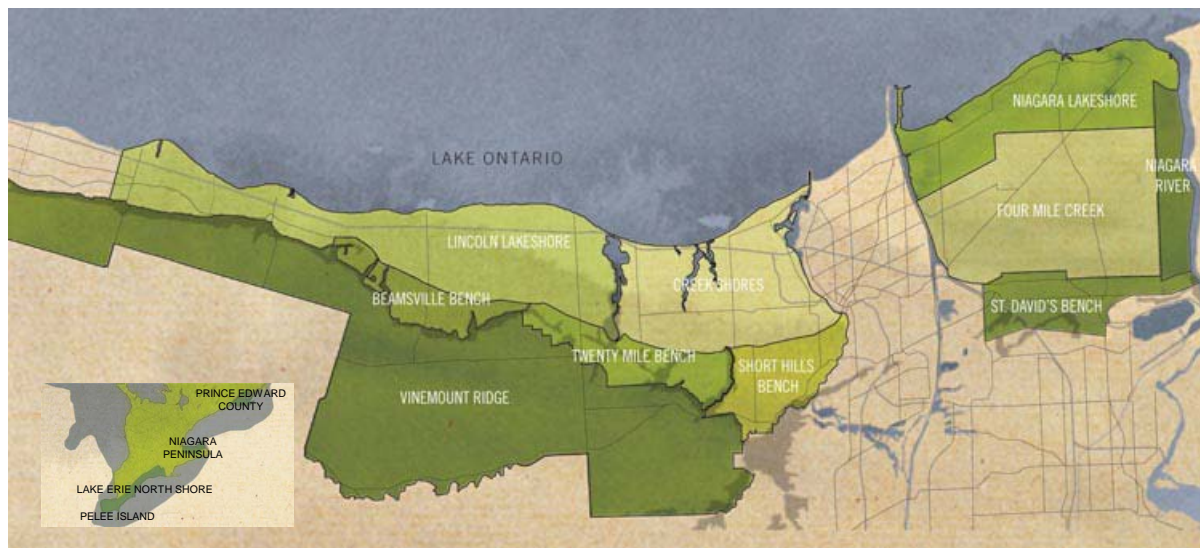
## Appellation Overview

- Bordered by Lake Ontario to the north, the Niagara River to the east and the Welland River and Hamilton to the south and west, the Niagara Peninsula is the largest and most diverse Viticultural Area in Canada

- Variation in soil composition and drainage across the appellation allows for many different varieties to thrive and produces distinctive sub-appellation terroirs that contribute their own character to root development and, in turn, to vine and grape development and to the nature and personality of the wine

- The Niagara Peninsula is a cool-climate appellation ideally situated near N43° latitude, with relatively high shifts in day-night temperature and substantial sunshine during the growing season

- This combination provides for the development of more complex and intense grape flavours during ripening than warmer climates can provide



### STATISTICS

GROWING DEGREE DAYS (AVG.): **1413**  
 FROST FREE DAYS: **198 (-2°)**  
 JULY MEAN TEMPERATURE: **22.3°**  
 GROWING SEASON: **April to October**  
 PRECIPITATION: **546mm (growing season)**

COMMON VARIETALS: **Chardonnay, Riesling, Pinot Noir, Cabernet Franc**  
 PRODUCTION (2009 REPORTING YEAR): **1249851 (9L cases)**  
 NUMBER OF APPROVED WINES: **573**  
 NUMBER OF WINERIES: **70**



# Lake Erie North Shore

Cool lake breezes, abundance of sunshine, ripe fruit with good balance

## Appellation Overview

- Located at a latitude of approximately N42° and stretching along the bow-shaped shoreline of Lake Erie from Amherstburg to south of St Thomas, the Lake Erie North Shore appellation encompasses the vineyards in the southwestern extremity of Ontario
- With no major topographic barrier to the prevailing southwesterly winds this appellation enjoys the full effect of the lake breeze that moderates the entire area during the growing season
- This favourable southerly location, combined with the warming effect of the shallow waters of Lake Erie, allows this appellation to enjoy a long growing season and promotes ripe fruit with a perfect balance between natural sweetness and acidity



### STATISTICS

GROWING DEGREE DAYS (AVG.): **1476**  
 FROST FREE DAYS: **172 (-2°)**  
 JULY MEAN TEMPERATURE: **22°**  
 GROWING SEASON: **April to October**  
 PRECIPITATION: **544mm (growing season)**

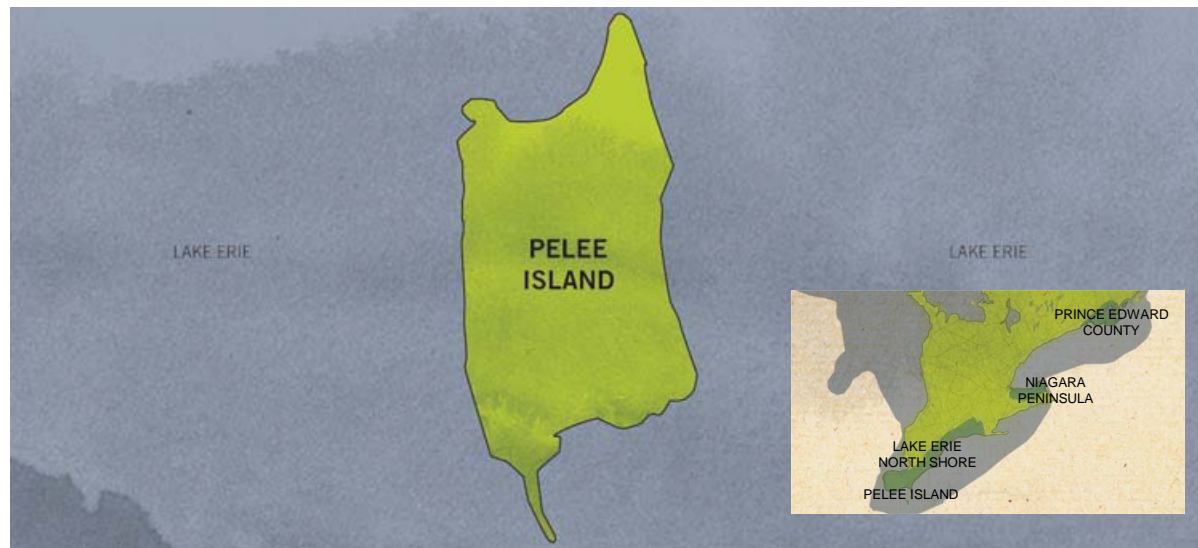
COMMON VARIETALS: **Cabernet Franc, Chardonnay, Pinot Gris**  
 PRODUCTION (2009 REPORTING YEAR): **64927 (9L cases)**  
 NUMBER OF APPROVED WINES: **70**  
 NUMBER OF WINERIES: **11**

# Pelee Island

Island breezes, warm summers, early harvest

## Appellation Overview

- Pelee Island, a small island of approximately 10 000 acres, is Canada's most southerly point at a latitude of N41° 45' and is Canada's smallest viticulture area
- The island is flat with its highest point at only 12 meters above the lake and an elevation of about 174 meters above sea level
- The majority of vineyards are planted on the southwestern corner and centre of the island, where the soils are the deepest and allow for root systems to properly set
- As the shallowest of the Great Lakes, Lake Erie warms quickly and has the warmest surface temperature of the five lakes which warms the Island during the spring, summer and fall, and produces a longer growing season than any other wine appellation in Canada, often thirty days more than on the mainland



### STATISTICS

GROWING DEGREE DAYS (AVG.): **1592**  
 FROST FREE DAYS: **195 (-2°)**  
 JULY MEAN TEMPERATURE: **23.2°**  
 GROWING SEASON: **April to October**  
 PRECIPITATION: **568mm (growing season)**

COMMON VARIETALS: **Pinot Noir, Cabernet Franc**  
 PRODUCTION (2009 REPORTING YEAR): **5050 (9L cases)**  
 NUMBER OF APPROVED WINES: **3**  
 NUMBER OF WINERIES: **1**

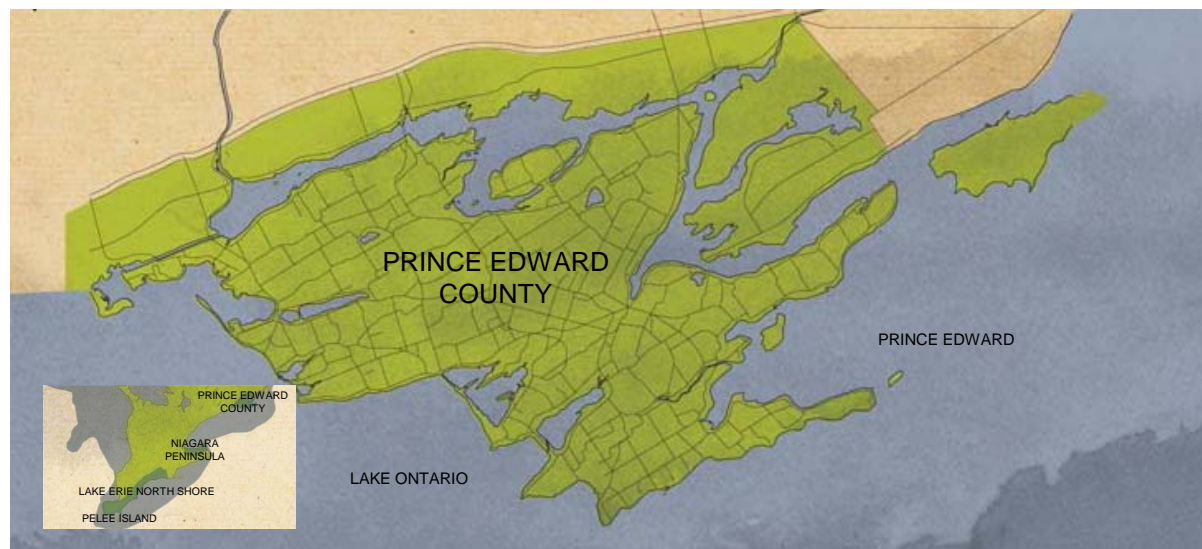


# Prince Edward County

Limestone bedrock, stony soils, low yields, excellent fruit concentration

## Appellation Overview

- Prince Edward County is located at the eastern end of Lake Ontario, just south of Belleville, and encompasses the County, Amherst Island and a narrow strip of land to the north
- On the northern and eastern shorelines high rocky bluffs rise to an elevation of a hundred feet or more while the western shore has many inlets with sandy shores and large sand bars which define bodies of water such as West Lake and East Lake
- Prevailing southwesterly breezes travel steadily across the Bay of Quinte moderating temperatures throughout the year, which is especially beneficial during the warm summer months, with pleasant cooling during the hotter days and keeping cool nights at bay
- Prince Edward County terroir features loose gravely soil types that lay atop the broad Trenton limestone plateau providing good structure, ample drainage, shale and minerals for healthy development of vines and fruit with character



### STATISTICS

GROWING DEGREE DAYS (AVG.): **N/A**  
 FROST FREE DAYS: **143 (-2°)**  
 JULY MEAN TEMPERATURE: **19° C**  
 GROWING SEASON: **April to October**  
 PRECIPITATION: **757mm (year)**

COMMON VARIETALS: **Chardonnay, Pinot Noir**  
 PRODUCTION (2009 REPORTING YEAR): **22937 (9L cases)**  
 NUMBER OF APPROVED WINES: **53**  
 NUMBER OF WINERIES: **17**