

# Strategic Plan 2023–2028

ENGAGE - EVOLVE - EDUCATE - EXECUTE

## *Ontario Wine Appellation Authority*

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Ensuring integrity, authenticity, and consumer trust in the diverse wine regions of Ontario

ONTARIO WINE APPELLATION AUTHORITY



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## Brian Schmidt – Chair

*The Ontario Wine Appellation Authority (OWAA) ensures that Ontario consumers can rely on high standards and clearly defined origin for their VQA wine choices*

Launching a new five-year strategic plan offers the opportunity to reflect on the successes and challenges faced by OWAA over the past several years and to look ahead to best achieve our potential.

This Strategic Plan sets out an aspirational roadmap for our consumers, our appellations, our wines, and for OWAA's role in keeping the appellation system dynamic, trusted and relevant. We are deeply committed to our foundational obligation to assure "truth-in-labelling" for wine consumers, but success goes far beyond that. We intend to forge a path where Ontario's wine appellation system is the chosen entry point for wine consumers to identify authentic, world-class wines of origin.

Ontario's wine industry is growing and maturing with new wines and new wine growing regions emerging. Government continues to transform the wine retail landscape and modernize its relationship with us. Collaborating and engaging with them and our industry stakeholders will be critical to our success and to the success of the industry.

Ontarians are naturally connected to our local wines. Our consumers - and our wines - live here, grow here, thrive here. Together with our consumers, winemakers and our many other stakeholders we will continue to innovate and build on an inclusive and trusted model.

## Laurie Macdonald – Executive Director

*The next five years offer significant opportunities to continue our evolution as a modern, relevant and accountable regulator*

At the close of a very active and turbulent few years, we are embarking on an ambitious new five-year plan. In addition to our deliberate strategy to adopt new initiatives from 2018 to 2022, the global health crisis required OWAA to react and respond to many unanticipated challenges. Critical regulatory operations, including tasting panels and on-site winery audits were brought in-house due to external contractor limitations on offering in-person services. The retail environment and winery engagement with consumers was transformed overnight and many opportunities for consumers to visit wine regions and taste the wines in the place they are grown disappeared.

Notwithstanding the temporary disruption, consumers continue to shift towards premium, local and sustainable wines. New options to educate consumers have emerged. Many are moving seamlessly between virtual and real engagement with our appellations. There remains a strong desire to know more about the provenance of the wine they drink, and how it was made. Being able to trust information presented on the label is more important than ever.

Outreach to our many stakeholders in government, in our regulated community, and to consumers indicate high levels of awareness and satisfaction with OWAA's service levels and day to day operations. While the pandemic strained the organizational capacity, the expansion of infrastructure to deliver tasting panels and a fully integrated audit and inspection program is complete. Work on building capacity and reach to support appellation education is in progress. Our aim continues to be offering exceptional value for consumers and all of our stakeholders, with minimal burden to our ratepayers.

The next five-years will see the continued evolution of our appellation system and standards, governance modernization through the implementation of a new Administrative agreement with the Ontario government, and a heightened awareness of the importance of appellation origin as a defining feature of premium wine.

## Corporate Overview

The Ontario Wine Appellation Authority (OWAA), previously operated as VQA Ontario (VQAO). In 2021, the corporate brand was changed to better reflect the regulatory mandate and consumer-driven objectives of the organization. The organization was incorporated in November 1998 to implement the Vintners Quality Alliance Act, 1999 (VQA Act). The VQA Act was proclaimed on June 29, 2000 and the responsibility to administer the Act was delegated to OWAA. This date marked the beginning of a regulated “appellation of origin” system to govern the composition, standards and labelling of Ontario wines of origin. OWAA maintains consumer trust and the integrity of local wine appellations by enforcing winemaking and labelling standards and educating consumers about the authenticity of appellation.

OWAA operates under an Administrative Agreement with the Minister of Public and Business Service Delivery (MPBSD). A modernized Agreement will set a new course for governance and regulatory obligations beginning in 2023 through standardized reporting and performance indicators.

Participation in Ontario’s appellation system is voluntary, and wineries are not required to obtain VQA certification to produce and sell wine in Ontario. However, all Ontario wineries who wish to use regulated VQA label claims must be certified to relevant standards. The focus of OWAA is on label integrity and certification and as such, it does not represent the commercial interests of the Ontario wine industry nor does it market VQA wines.

# Governance and Strategic Oversight

As a provincial regulator, OWAA is accountable to the Government of Ontario, consumers and to its industry stakeholders. Within this accountability framework, OWAA guides its business through a 5-year strategic plan. This plan is executed through annual business plans setting out specific objectives to achieve the strategy. Each five-year cycle includes focused engagement with government, industry, related stakeholders, and consumers. OWAA's Board of Directors takes the lead in understanding and setting the priorities for the organization with the full participation of its management team that develops specific deliverables each year in the business plan. Both the strategic plan and the business plan are presented and approved by the Board. Officials at MPBSD also review OWAA's plans to ensure continued alignment with our governing legislation and regulation.

To develop the 2023-2028 strategic plan, formal consultations were completed with government, regulated wineries, industry stakeholder groups, wine and hospitality educators and others involved in consumer research, wine marketing, hospitality and media. The consultations provided insights on consumer and industry opportunities to continually evolve and modernize Ontario's appellation system and the wine standards that support it. A survey of OWAA's wine industry stakeholders purposefully probed the value and the effectiveness of the Authority's operations. Their responses demonstrate high satisfaction with the service levels and operational management of the organization. They strongly support the value provided by a fair and well-managed appellation system that delivers label integrity for consumers and value for money to the regulated community.

- 74% of winery respondents say that Ontario's appellation system is essential for the industry to succeed
- 94% say OWAA regulates the right things, the right amount or should make only minor adjustments:
  - 37% say OWAA regulates the right things and the right amount
  - 35% say standards should be slightly relaxed
  - 22% say standards should be slightly tightened

## Consumers

Consumer research shows high levels of awareness of the VQA certification and its basic assurance of origin and quality. Consumer trust in VQA wines remains high but further opportunity exists to increase consumer understanding of individual wine region across the province of Ontario, the scope of the wine testing and certification, and the role of the Authority.

# Mandate and Services

OWAA's core mandate includes the following operating objectives:

- To establish, monitor and enforce an appellation of origin system in accordance with the VQA Act that allows consumers to identify wines on the basis of where the grapes are grown, the methods used in making the wine and other quality standards;
- To regulate the use of specified terms, descriptions and designations associated with the VQA appellation system;
- To act as the Wine Authority under the VQA Act, 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 appellations of origin and VQA-certified wines.

OWAA meets this mandate by registering participating wineries, evaluating and approving wines that meet the wine standards and verifying compliance through testing, audit and inspection. OWAA supports its regulatory mandate with education programs, stakeholder engagement and a strong customer service ethic.

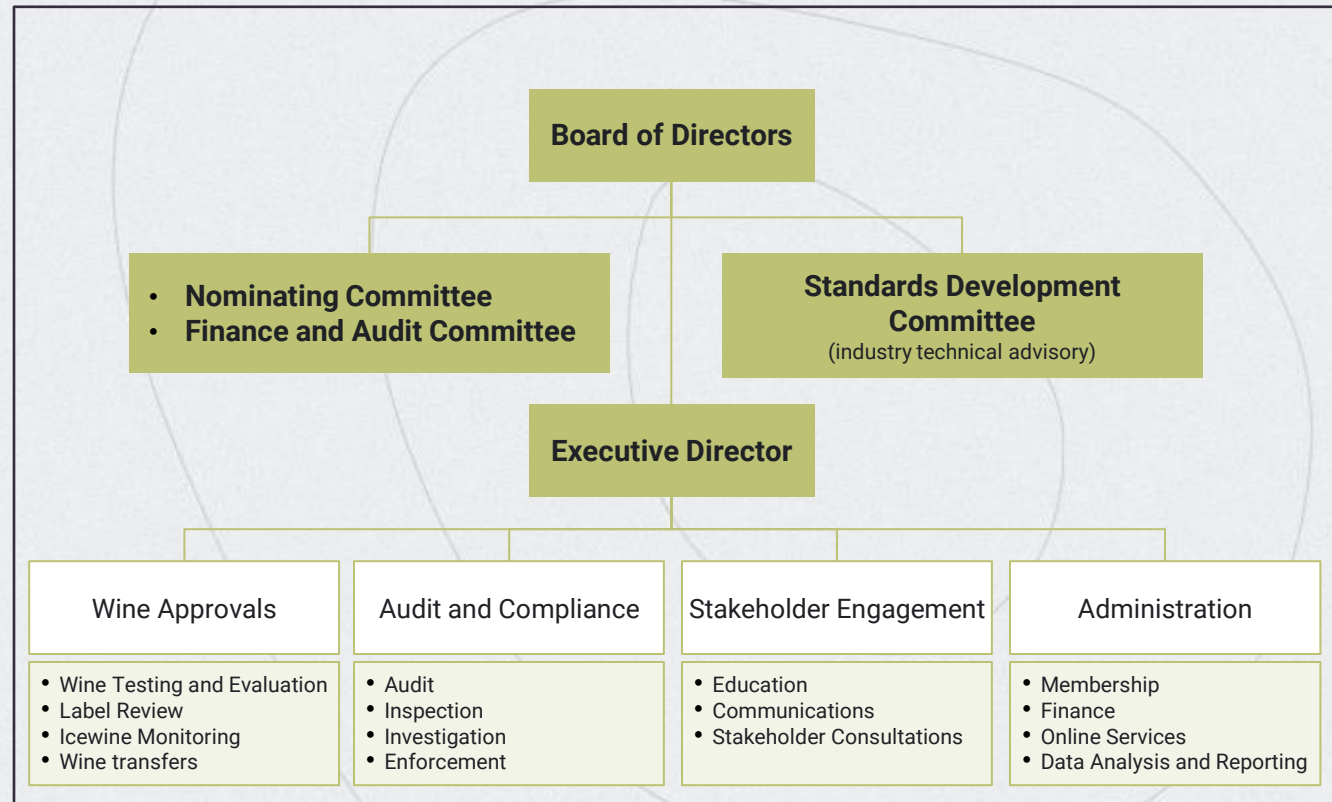
## Corporate Structure

OWAA operates with a full and part-time staff of 6 professionals. The governance structure reflects the principles of self-management, with three-quarters of the Board of Directors elected from the regulated community.

The Board of Directors also includes appointees from the Ontario Government, Grape Growers of Ontario and the Ontario Restaurant, Hotel and Motel Association to ensure that the consumer voice is represented at the board table.

Three standing committees assist the board with its mandate: Nominating Committee, Finance and Audit Committee and Standards Development Committee.

Representation and engagement with our regulated community is key to ensuring the Authority is current with consumer and industry trends and can maintain relevant and effective regulation.





## Key Stakeholder Relationships

OWAA is successful when working effectively with its key stakeholders.

Key Stakeholders	How OWAA works with its Key Stakeholders
<b>Consumers</b>	OWAA is a publicly accountable organization. It protects wine consumers through wine testing, inspections and audits to establish claims of origin, and when necessary, enforcement actions to ensure accurate labelling with respect to the wine in the bottle. OWAA ensures consumers can rely on label integrity and make informed purchase choices.
<b>Regulated Industry</b>	OWAA works closely with industry stakeholders, through its regulated wineries, grape growers and related organizations, to ensure VQA regulations and procedures are reasonable, valued, and support a competitive and credible foundation for the industry. OWAA also promotes improved awareness and understanding of Ontario's wines and winegrowing regions, the appellation system, and its value to both consumers and producers.
<b>Government</b>	As an administrative authority working under statutory delegation from the Minister of Public and Business Service Delivery, OWAA works with government to achieve its goals consistent with a modern governance framework and the aims of the VQA Act. OWAA maintains accountability to the Ministry through strong lines of communication and works closely with other Ministries and Agencies involved in wine issues. OWAA also collaborates with national and international bodies in trade discussions related to wine standards to promote global recognition and acceptance of Ontario's VQA appellation system.
<b>Other Stakeholders</b>	OWAA works closely with institutions that provide wine education, wine marketing and support services to the industry, as well as with hospitality, media, wine influencers and highly engaged consumers.

## Ontario's Evolving Wine Marketplace

The wine marketplace had evolved considerably since VQA legislation was enacted. The Ontario VQA wine industry is seeking to increase its market share of wine sold in the Province. Currently at less than 8% in the LCBO and only 13% when farm gate, restaurants and hospitality are factored in, there is opportunity to grow.

Over the past five years, “ready-to-drink” (RTD) beverages have gained significant traction among Ontario consumers putting pressure on traditional wine, beer and spirit sales. Fewer younger Ontario consumers are drinking alcohol while many traditional wine consumers are drinking less but better, looking for wines that are of better quality and unique provenance. This trend in the wine industry, known as “premiumization”, has the potential to benefit Ontario wine producers who are producing authentic, high-quality wines of origin. Recent consumer research points to Ontario consumers having a growing knowledge of Ontario’s appellations and in particular, its sub-appellations. Those same consumers indicate increasing awareness that VQA wines represent origin and quality.

The global health crisis resulted in significant regulatory changes for the wine industry affecting all aspects of their businesses and also significantly expanded how and where Ontario consumers can purchase beer and wine. These changes will continue to impact the retail landscape and the competitiveness of many Ontario VQA wineries.

OWAA is well positioned to support consumers in a wine marketplace that is evolving towards authentic, premium wines. Trust is critical in periods of change and the appellation system provides a foundation of relevant standards that consumers can trust and that industry can build upon. Increasing awareness of the province’s appellations and sub-appellations emphasizes the importance of VQA standards and the certainty of place it provides to Ontario consumers.

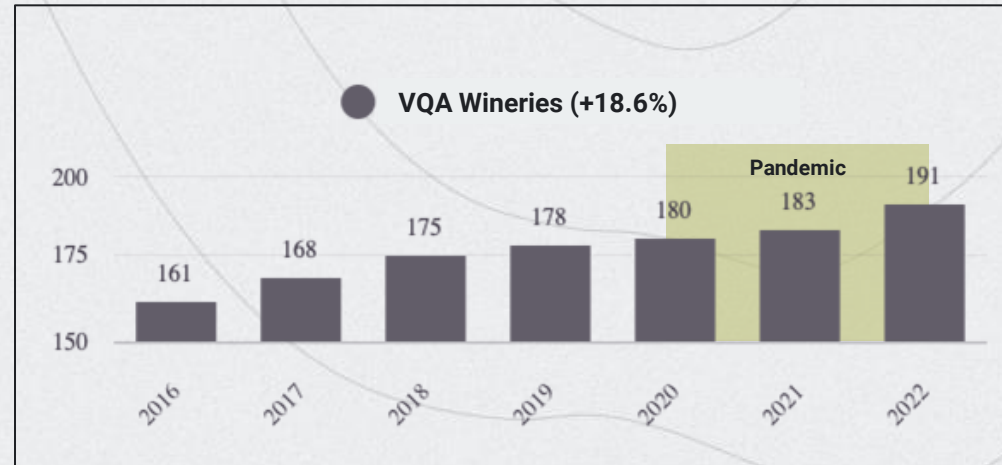
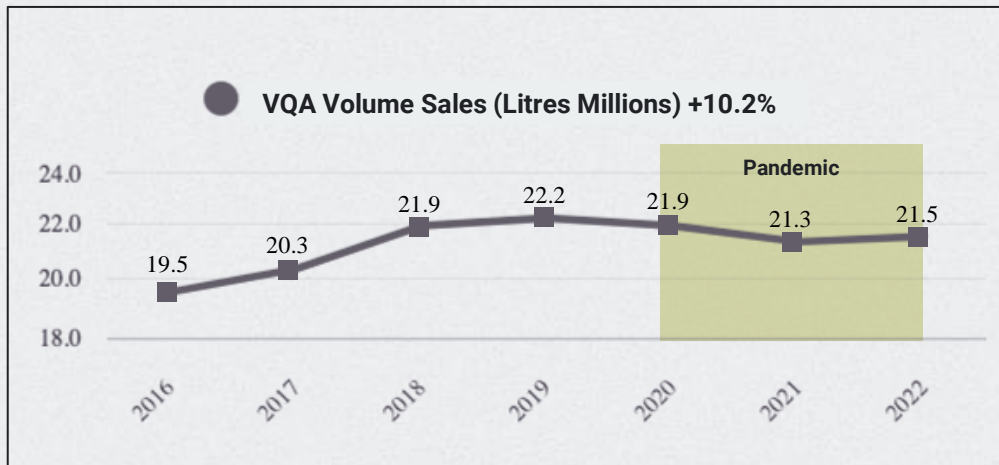
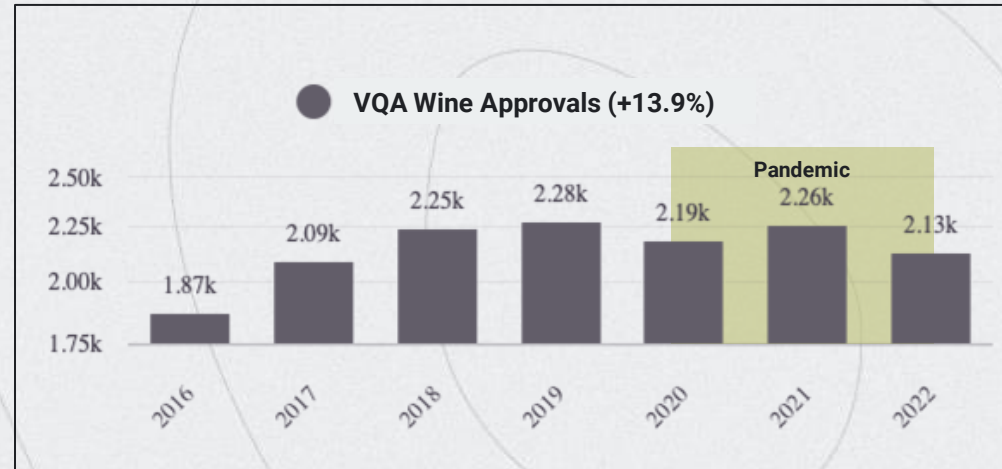
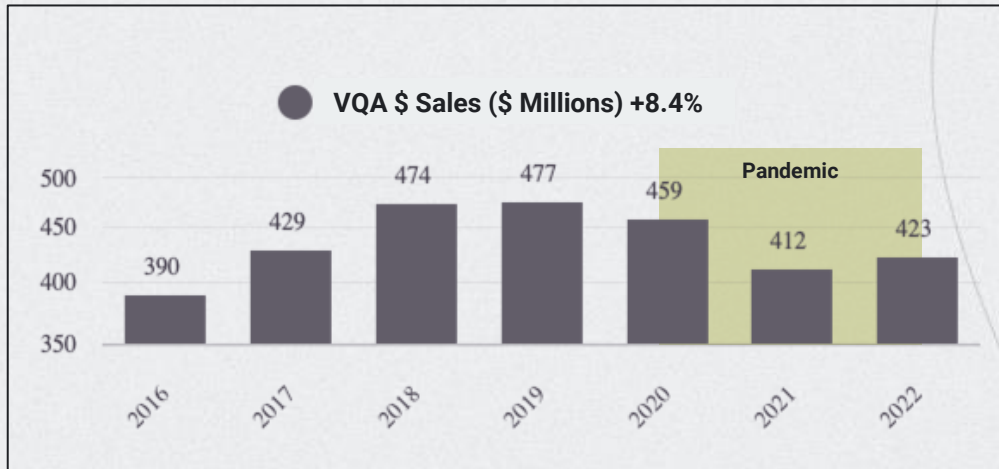
# Ontario's VQA Wine Marketplace

After decades of strong growth in VQA sales, sales by wineries were substantially affected during the pandemic and have not fully recovered.

While the pandemic created disruption for markets and supply chains, OWAA was able to mobilize quickly to implement a significant operational shift and maintain the integrity of its testing and compliance programs.

Participation by Ontario wineries in the VQA appellation system continues to grow.

Certifications for VQA wines remained strong with a 98% approval rate in 2022.



# The VQA Journey: 1989 to Today

	Aspirational 1989 - 1999	Transition to Regulation 2000 - 2004	Build Appellations 2005 - 2010	Mature & Grow 2011 - 2019	Modernize 2020 - 2022
Milestones	Created primary appellations and quality rules. Launched VQA as a consumer brand.	Built the regulatory and compliance framework. Provided independent certification and verification of origin.	Added Niagara sub-appellations and Prince Edward County. Allowed screw caps and transitioned to less prescriptive labeling.	Implemented major reforms related to packaging rules and multiple minor regulation updates.	Added standards for skin fermented white, Marquette, and Appassimento. Rebranded the Authority and launched an education plan. Took control of the tasting panel and winery audits.
Industry Benefits	Foundation to pursue higher quality, better competitive positioning and build reputation through the VQA brand and specific regions	Broader and more efficient management of the appellation system and standards. Increased access to government support and to export markets	Broader appellation system with more choice on how to communicate origin. Reduced regulation and red tape and added flexibility	Increased focus on appellation. Strong foundation to build consumer confidence in local wines.	Improved service delivery. Adaptable, regulatory framework relevant to industry developments.
Consumer Benefits	Consistent branding to identify local, quality wines providing for differentiation in the marketplace	A credible framework to identify Ontario wines using the same origin and quality cues as international wines	More precise classification of wine origin and label integrity.	Trusted source for label integrity. Increased choice of container and label presentation.	Trusted source for label integrity. Access to emerging wine styles. Clarity on the role of the Authority. Better access to information about appellations.
Government Benefits		An independent basis for identifying Ontario wines to assess eligibility for programs such as direct delivery. Cost of administering the legislation borne by industry.	Consumer protection. Independent verification of origin and composition for eligibility to public programs. Economic development through industry growth. Effective and transparent governance of a cost efficient, value for money delivery model.		

A Relevant and Accessible Future

## Vision

### the why

why we are doing what we're doing and how we want the world to be different in the future

**Consumers trust Ontario's wine appellation system to make informed decisions on the wines they drink**

## Mission

### the what

what we are going to do to help create the future

**Ensure value, integrity and authenticity, in Ontario's evolving appellation system and diverse wine landscape**

## Strategy

### the how

how we are going to accomplish our mission

**Engage | Evolve | Educate | Execute**

# Our Strategic Priorities and Objectives

## ENGAGE

**Enhance stakeholder relationships through active and regular interactions**

- 1.1 Further OWAA's understanding of consumer needs and expectations
- 1.2 Enhance stakeholder engagement to raise OWAA's profile with industry stakeholders
- 1.3 Strengthen and expand relationships with government stakeholders

## EVOLVE

**Create a dynamic, inclusive and comprehensive VQA appellation system**

- 2.1 Engage industry stakeholders to expand and further define Ontario's appellation regions and identity
- 2.2 Align the future state VQA grape varietal list with consumer and industry expectations
- 2.3 Continue to update composition and labelling rules to reflect consumer needs and industry developments

## EDUCATE

**Increase knowledge of Ontario's VQA appellations and standards**

- 3.1 Develop curriculum on Ontario appellations
- 3.2 Create, enhance and deliver VQA wine education for college programs, and wine education providers
- 3.3 Expand educational reach to hospitality sector

## EXECUTE

**Execute the strategy and mandate through strong governance and operational effectiveness**

- 4.1 Maintain a strong governance framework
- 4.2 Monitor stakeholder satisfaction
- 4.3 Deliver effective, results-oriented and cost-efficient service
- 4.4 Be a trusted source of industry data

# Strategic Priority #1: Engage

Enhance stakeholder relationships through active and regular interactions

PRIORITY	OBJECTIVES
1.1 Further OWAA’s understanding of consumer needs and expectations	1.1.1 Develop an approach to engage consumers and obtain feedback. 1.1.2 Synthesize and find ways to collect and respond to feedback
1.2 Enhance stakeholder engagement to raise OWAA’s profile with industry stakeholders	1.2.1 Develop and deliver an integrated communications/outreach plan for OWAA’s government and industry stakeholders 1.2.2 Expand engagement with wineries and trade associations to better understand their perspectives and educate industry about the appellation system 1.2.3 Define and build key stakeholder relationships, including GGO, OCW, WGO, WMAO, Regional Associations, National / International and others 1.2.4 Seek and respond to feedback
1.3 Strengthen and expand relationships with government stakeholders	1.3.1 Implement the new Administrative Agreement and supporting relationship with MPBSD 1.3.2 Demonstrate value for money and efficiency through outcomes-based performance measures 1.3.3 Increase engagement with LCBO and AGCO as partners in regulation 1.3.4 Establish relationships with other Ministries as a trusted advisor, leveraging industry associations for government relations, where appropriate 1.3.5 Collaborate with other Administrative Authorities on best practices 1.3.6 Seek and respond to feedback
<b>Metrics of Success</b>	OWAA’s success related to enhancing stakeholder relationships will be measured by: <ul style="list-style-type: none"> <li>• Industry confidence level and high compliance rates</li> <li>• Regular meetings and engagement with all stakeholders</li> <li>• Increase in the number of VQA-certified wines and the number of sub-appellation wines</li> <li>• WMAO promotes Ontario’s appellations</li> <li>• Consumer perspectives program implemented</li> </ul>

# Strategic Priority #2: Evolve

Create a dynamic, inclusive and comprehensive VQA appellation system



PRIORITY	OBJECTIVES
<p>2.1 Engage industry stakeholders to expand and further define Ontario’s appellation regions and identity</p>	<p>2.1.1 Define issues and opportunities for the Board related to undertaking an appellation and sub-appellation review                      2.1.2 Create a task force, if needed, to define and determine structural issues, conceptual framework, and risks                      2.1.3 Consult with industry (and other) stakeholders to test concepts and ensure alignment with industry strategy                      2.1.4 Conduct research and develop a proposal (“draw the lines”)                      2.1.5 Gain the support of industry stakeholders to finalize and implement</p>
<p>2.2 Align the future state VQA grape varietal list with consumer and industry expectations</p>	<p>2.2.1 Review the policy for adding new grape varieties (in parallel with appellation review)                      2.2.2 Consult grape growers, academia about future planting trends in Ontario and elsewhere                      2.2.3 Review other standards, practices and consumer perceptions related to grape varieties (regional trends, blending rules, brix, etc.)                      2.2.4 Develop a proposal and assess the support of industry stakeholders to finalize and implement</p>
<p>2.3 Continue to update composition and labelling rules to reflect consumer needs and industry developments</p>	<p>2.3.1 Define issues and opportunities for the Board                      2.3.2 Consult with industry on emerging trends and practices that may impact wine standards (consumer demand for new wine categories, winemaking technology, labelling trends)                      2.3.3 Review rule change process (industry driven versus OWAA-led)                      2.3.4 Develop a proposal on identified changes and gain the support of industry to finalize and implement                      2.3.5 Review relationship of sustainable certification to appellation</p>
<p><b>Metrics of Success</b></p>	<p>OWAA’s success related to creating a dynamic, inclusive and comprehensive VQA appellation system will be measured by:</p> <ul style="list-style-type: none"> <li>• Increase in OWAA members</li> <li>• Increase in VQA-certified wines and increase in the number of sub-appellation wines</li> <li>• Regular member satisfaction survey results</li> <li>• Appellation designated wines are valued and sell for a premium</li> </ul>



# Strategic Priority #3: Educate

Increase knowledge of Ontario’s VQA appellations and standards

PRIORITY	OBJECTIVES
<p>3.1 Develop curriculum on Ontario appellations</p>	<p>3.1.1 Create a modular education curriculum focused on Ontario’s wine appellations and wine standards that includes a consumer oriented introductory level course through to a full-length certificate program, including online delivery</p> <p>3.1.2 Improve and expand educational content for all stakeholder audiences</p> <p>3.1.3 Raise consumer awareness of Ontario appellations and VQA wines by providing resources and information. Be “the Authority” on appellation in Ontario.</p>
<p>3.2 Create, enhance and deliver VQA wine education for college programs, and wine education guilds</p>	<p>3.2.1 Build relationships with Ontario’s colleges, hospitality schools and wine designation programs to integrate Ontario’s appellations into their curricula</p> <p>3.2.2 Provide in-person and online resources to educational institutions to support the delivery of appellation education</p> <p>3.2.3 Create a delivery model that includes direct delivery and a “train the trainer” approach that leverages third parties</p>
<p>3.3 Expand education programs to the hospitality sector</p>	<p>3.3.1 Create education options for professionals already working in Ontario’s hospitality sector to learn about Ontario’s appellations and VQA wines</p> <p>3.3.2 Raise awareness of and use of Ontario appellations across Ontario’s hospitality sector</p>
<p><b>Metrics of Success</b></p>	<p>OWAA’s success related to providing education on Ontario’s VQA appellations and standards will be measured by:</p> <ul style="list-style-type: none"> <li>• The number of educational institutions and programs that have embedded OWAA’s appellation course material</li> <li>• The number of participants (consumers, industry, students etc.) that have participated in OWAA’s appellation courses and the number that have completed certificates</li> <li>• The breadth and diversity of individuals, stakeholder groups and organizations reached</li> </ul>

# Strategic Priority #4: Execute

Execute the strategy and mandate through strong governance and operational effectiveness

PRIORITY	OBJECTIVES
4.1 Maintain a strong governance framework	4.1.1 Complete bylaw review to ensure modern governance structure 4.1.2 Implement new Administrative Agreement 4.1.3 Continue to recruit and train a balanced and capable Board of Directors
4.2 Monitor stakeholder satisfaction	4.2.1 Conduct a regular winery satisfaction survey of VQA wineries, industry stakeholders and government 4.2.2 Adopt a continuous learning environment, learning from and acting upon external feedback
4.3 Deliver effective, results-oriented and cost-efficient service	4.3.1 Maintain high service standards and motivated staff 4.3.2 Maintain a strong and stable financial position 4.3.2 Operate in an open, transparent and fair manner that values efficiency and customer service.
4.4. Be a trusted source of industry data	4.4.1 Expand data analysis and reporting capabilities 4.4.2 Ensure stakeholders and consumers have accurate information about Ontario’s wines and appellations, both to understand appellation wines and to support future development of the industry
<b>Metrics of Success</b>	OWAA’s success related to its ability to maintain strong governance, operate effectively and deliver results will be measured by: <ul style="list-style-type: none"> <li>• Board evaluation results</li> <li>• Annual performance measures including service delivery, compliance, wine approvals, and membership</li> <li>• Financial performance</li> <li>• Stakeholder feedback on the value of the data and reports provided by OWAA</li> <li>• Cost burden to implement and sustain the new administrative agreement is minimized, while maintaining government satisfaction</li> <li>• Consumer feedback</li> </ul>

## *Get in touch*

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