

ONTARIO WINE
APPELLATION AUTHORITY



BUSINESS PLAN
2023-26

BUSINESS PLAN

2023-2026

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1. 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, completed in 2023, sets a new course for governance and accountability obligations through standardized reporting and performance indicators. This year begins a new 5-year Strategic Plan that reflects the new governance framework and continuing evolution of the wine industry and its consumers.

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.

2. Vision, Mission and Values

VISION

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

MISSION

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

VALUES

Transparency and Fairness	Carry out statutory authority with transparency and fairness and uphold high ethical standards.
Accountability	Accountable for its decisions and engage in effective and fair dispute mediation to resolve conflict.
Firmness and Responsibility	Discharge regulatory responsibility firmly to ensure consumers can rely on label integrity for all VQA wines.
Responsiveness	Conduct operations openly, providing stakeholders with access to information and timely responses to inquiries. Promote the value and benefits of VQA appellations and wines.
Effectiveness	Carry out efficient and cost effective operations, pursue service improvements and burden reduction.

STRATEGY

ENGAGE	EVOLVE	EDUCATE	EXECUTE
our stakeholders	our regulatory framework	our consumers	our mandate

3. 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, executed through its annual business plans. OWAA's Board of Directors provides strategic and financial leadership, developing strategic goals for the organization, leading engagement with government, industry, and sector stakeholders and overseeing management's execution of strategy. Both the strategic plan and the annual business plan are approved by the Board and reviewed by MPBSD to ensure continued alignment with governing legislation and regulation.

OWAA is governed by a 13-member Board of Directors and operates with a full and part-time staff of 6 professionals. Members of the Board have no direct involvement in regulatory operations.

The governance structure reflects the principles of self-management, with three-quarters of the Board of Directors elected from the regulated community. 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.

Members of the Board of Directors comprise:

- 9 individuals elected from the regulated industry representing small, medium and large wineries with regional distribution among Ontario's three primary wine growing appellations,
- 1 individual appointed by the Minister of Public and Business Service Delivery
- 1 individual who is a Director of Grape Growers Ontario
- 1 individual who is a Director or Officer of the Ontario Restaurant, Hotel and Motel Association
- The immediate past-chair

Elected Directors serve for a 3-year term commencing with their election at an Annual Meeting of Members, and may stand for re-election. Appointed Directors serve at the pleasure of the appointing organization and may serve an indefinite term.

A Nominating Committee is established each year to review skills represented on the Board, gaps that need to be filled, and upcoming vacancies. The Committee strives to identify candidates that result in a balance of skills and experience, such as governance and strategy, business management, viticulture and winemaking, customer service and marketing. Other factors, including diversity, equity and inclusion, geographical representation and consumer insights are also taken into account.

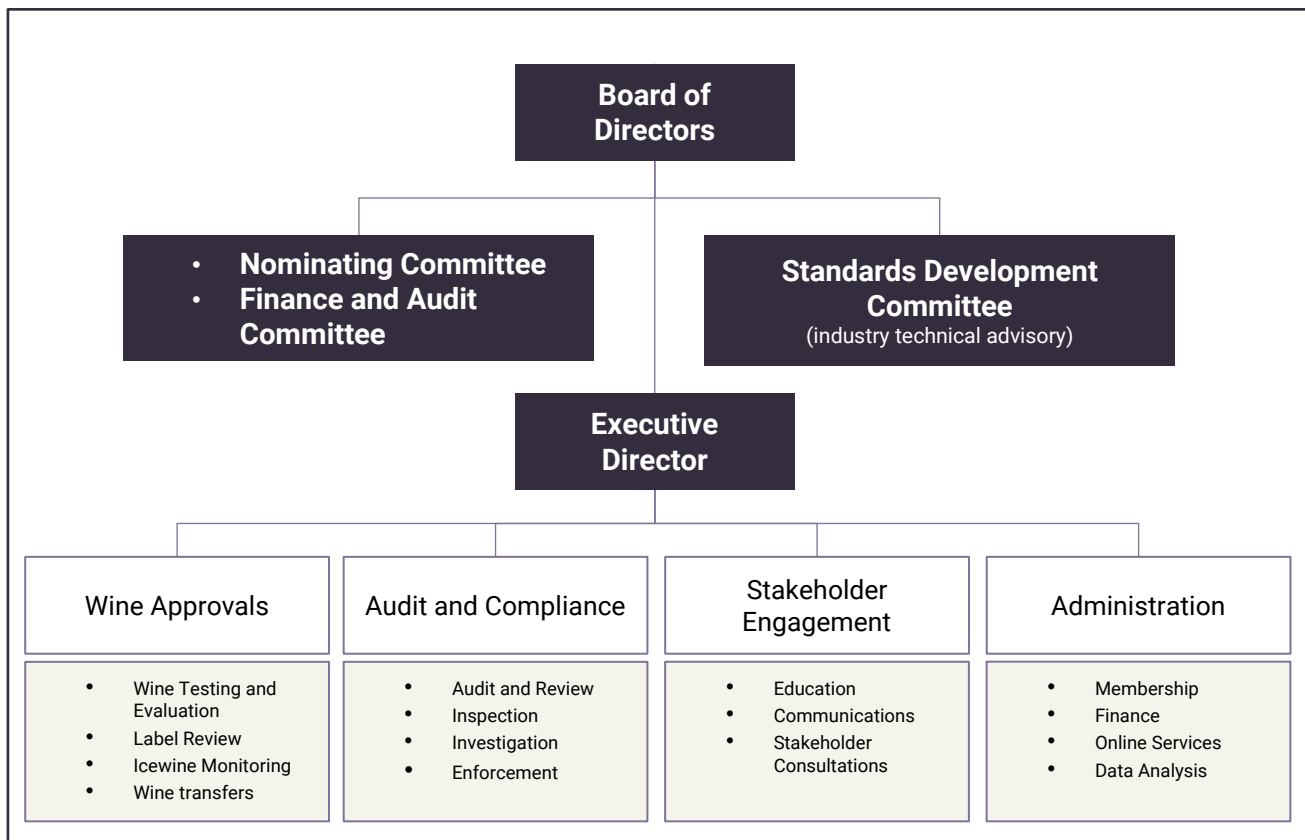
4. Mandate and Services

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.

5. Organization Chart



6. Strategic Plan

OWAA guides its business through a 5-year strategic plan.

A major strategic review was completed in 2022-23 and OWAA published its new 2023-2028 strategic plan in 2023.

Development of the current 2023-2028 strategic plan included formal consultations with government, regulated wineries, industry stakeholder groups, wine and hospitality educators and others involved in consumer research, wine marketing, hospitality and media. These consultations provided insights on 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 adds value 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 would suggest only minor adjustments, with the following distribution:
 - 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

7. Consumers

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

8. Key Stakeholder Relationships

Key Stakeholders	How OWAA works with its Key Stakeholders
Consumers	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.
Regulated Industry	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.
Government	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.
Other Stakeholders	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.

BUSINESS PLANNING

9. Risk Management

Risk management is accomplished by an annual review of existing and emergent risks, including an in-depth assessment of strategic risks and risk mitigation strategies. The risk register and effectiveness of mitigation strategies is reviewed every 6 months. In addition, risk management is incorporated into the Ontario Wine Appellation Authority’s day to day management activities and actions adjusted as needed. Regular status reports are provided to the Board of Directors on risk identification and mitigation. These levels of review and response ensure a robust framework to identify and manage risks, assess their potential impact on the organization and prioritize risk mitigation strategies.

10. Complaint Handling

OWAA responds to all complaints received and aims to provide a timely and fair resolution for all complaints within its jurisdiction received from the public, its regulated industry and other stakeholders.

11. French Language Services

OWAA provides French language services upon request.

12. Accessible Goods, Services and Facilities

OWAA provides access to goods, services or facilities in accordance with the Accessibility for Ontarians with Disabilities Act, 2005.

13. Strategic Objectives, Activities and Performance Measures

ENGAGE	EVOLVE	EDUCATE	EXECUTE
<p>Enhance stakeholder relationships through active and regular interactions</p>	<p>Create a dynamic, inclusive and comprehensive VQA appellation system</p>	<p>Increase knowledge of Ontario's VQA appellations and standards</p>	<p>Execute the strategy and mandate through strong governance and operational effectiveness</p>
<p>1.1 Further understanding of consumer needs and expectations</p> <p>1.2 Enhance stakeholder engagement to raise OWAA's profile with stakeholders</p> <p>1.3 Strengthen and expand relationships with government stakeholders</p>	<p>2.1 Engage industry stakeholders to expand and further define Ontario's appellation regions and identity</p> <p>2.2 Align the future state VQA grape varietal list with consumer and industry expectations</p> <p>2.3 Continue to update composition and labelling rules to reflect consumer needs and industry developments</p>	<p>3.1 Develop curriculum on Ontario appellations</p> <p>3.2 Create, enhance and deliver VQA wine education for college programs, and wine education guilds</p> <p>3.3 Expand education programs to the hospitality sector</p>	<p>4.1 Maintain a strong governance framework</p> <p>4.2 Monitor stakeholder satisfaction</p> <p>4.3 Deliver effective, results-oriented and cost-efficient service</p> <p>4.4. Be a trusted source of industry data</p>

Strategic Objective #1: ENGAGE

Enhance stakeholder relationships through active and regular interactions

GOAL	ACTIVITIES (2023-26)
1.1 Further understanding of consumer needs and expectations	1.1.1 Develop an approach to engage consumers and obtain feedback.
1.2 Enhance stakeholder engagement to raise OWAA's profile with stakeholders	1.2.1 Develop and begin 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 Build on key stakeholder relationships, including GGO, OCW, WGO, WMAO, Regional Associations, National / International and others
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 Collaborate with other Administrative Authorities on best practices

PERFORMANCE METRICS		
Measure	Target	Status Report
Develop consumer engagement strategy and plan	Board approval	December 2023
Number of liaison meetings with government	2	Annually
Number of meetings, events, seminars, newsletters to wineries Number of outreach events with industry stakeholder organizations	20 3	Annually
Finalize industry and stakeholder survey for execution in 2024	Board approval	January 2024
Implement modernized Administrative Agreement New performance measures aligned with Administrative Agreement	Agreement executed Incorporated into Business Plan 2024	Spring 2023 Spring 2024
Number of engagements, shared projects with LCBO and AGCO	2	Annually

Strategic Objective #2: EVOLVE

Create a dynamic, inclusive and comprehensive VQA appellation system

GOAL	ACTIVITIES (2023-26)
<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 Define and determine structural issues, conceptual framework, and risks of contemplated actions 2.1.3 Consult with industry and other stakeholders to test concepts and ensure alignment</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 Create a plan to collect consumer perceptions related to grape varieties (regional trends, blending rules, brix, etc.)</p>
<p>2.3 Continue to update composition and labelling rules to reflect consumer needs and industry developments</p>	<p>2.3.1 Consult with industry on emerging trends and practices that may impact wine standards (consumer demand for new wine categories, winemaking technology, labelling trends) 2.3.2 Review rule change process (industry driven versus OWAA-led) 2.3.3 Monitor relationship of sustainable certification to appellation</p>

PERFORMANCE METRICS		
Measure	Target	Status Report
Number of OWAA members	200	March 2024
Number of VQA-certified wines and the number of wines labelled with sub-appellations	>2000, >10%	Annually
Consultation plan completed for in depth review of appellation system, appellation definitions, grape varieties and labelling rules	Board approval	July 2023
Future involvement in Sustainable Winemaking program determined	Board approval	March 2024

Strategic Objective #3: EDUCATE

Increase knowledge of Ontario’s VQA appellations and standards

GOAL	ACTIVITIES (2023-26)
3.1 Develop curriculum on Ontario appellations	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 3.1.2 Improve and expand educational content for all stakeholder audiences 3.1.3 Raise consumer awareness of Ontario appellations and VQA wines by providing resources and information. Be “the Authority” on appellation in Ontario
3.2 Create, enhance and deliver VQA wine education for college programs, and wine education guilds	3.2.1 Build relationships with Ontario’s colleges, hospitality schools and wine designation programs to integrate Ontario’s appellations into their curricula 3.2.2 Provide in-person and online resources to educational institutions to support the delivery of appellation education
3.3 Expand education programs to the hospitality sector	3.3.1 Create education options for professionals already working in Ontario’s hospitality sector to learn about Ontario’s appellations and VQA wines 3.3.2 Raise awareness of and use of Ontario appellations across Ontario’s hospitality sector

PERFORMANCE METRICS		
Measure	Target	Status Report
Number of educational institutions and programs that have embedded OWAA’s appellation micro course	3	Annually
Number of participants that have viewed OWAA’s online appellation course resources	>500	Annually
Number of participants that have completed OWAA’s appellation masterclass course and exam and received certificates	>200	Annually
Consumer awareness results from WMAO consumer research if available		Annually

Strategic Objective #4: EXECUTE

Execute the strategy and mandate through strong governance and operational effectiveness

GOAL	ACTIVITIES (2023-26)
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

PERFORMANCE METRICS		
Measure	Target	Status Report
Board evaluation results	Good governance	Annually
Financial stability	Reserve targets met	Annually
Collect stakeholder feedback on data needs and publish production and sales data	Report on production by region and variety, and VQA sales by channel	Annually
Operations:		
Average response time to inquiry	<24 hours during business days	Annually
Online services availability	98% during business hours	Annually

Compliance:		Status Report
Retail inspections completed	At least 75% of VQA wineries At least 95% wines observed in retail inspections are compliant	Annually
Compliance reviews completed	Risk based, minimum 65% of member wineries At least 90% completed with no findings	Annually
Site audits completed	Risk based, minimum 25% of member wineries At least 80% completed with no findings	Annually
Compliance coaching	At least 30 sessions	Annually
Wine approvals:		
Application processing	At least 96% of applications receive approval	Annually
Chemical Analysis	95% applications processed within 21 days of sample receipt	Annually
Sensory Analysis	95% sensory analysis completed within 15 days of sample receipt 98% or greater pass rate	Annually

14. Resourcing

OWAA is self-funded by winery fees and fee-for-service revenues. As part of its risk management policy, a reserve fund is maintained to mitigate against identified risks and unanticipated circumstances. The Authority maintains a highly cost-efficient structure and has overseen a reduction of membership fees by 75% over its history, making the program more affordable and accessible for small wineries.

The majority of OWAA's revenue is collected through volume fees levied on the sale of VQA wines. As noted in previous sections, VQA wine sales growth has not yet fully recovered from COVID impacts and there is some uncertainty in forecasting VQA sales volumes and the associated revenue for OWAA. Winery participation the VQA program is expected to remain stable in the medium term. A conservative revenue forecast will result in an operating deficit for fiscal 2024 and 2025 that will be met by drawing down OWAA's substantial cash reserves with a target of reducing the cash reserves from \$1,100,000 to \$800,000. No fee increases are included in the forecast, but revenue performance and the fee structure will be reviewed annually.

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

APPENDIX A

Board of Directors

March 31, 2023

OFFICERS	DIRECTORS
Brian Schmidt Vineland Estates Winery <i>President and Chair, Ontario Wine Appellation Authority</i>	Greg Berti Andrew Peller Ltd
Dan Sullivan Rosehall Run Estate Winery <i>Vice-Chair, Ontario Wine Appellation Authority</i>	Amelie Boury Chateau des Charmes
Derek Cartlidge Colio Estate Wines <i>Treasurer, Ontario Wine Appellation Authority</i>	Nadia Senchuk Leaning Post Wines
Louise Engel Featherstone Estate Winery <i>Secretary, Ontario Wine Appellation Authority</i>	Paul Speck Henry of Pelham Family Estate Winery
	Tony Elenis Ontario Restaurant, Hotel and Motel Association
	Mary Shenstone Ontario Government
	Kevin Watson Grape Growers of Ontario
	Ken Douglas Thirteenth Street Winery <i>Past Chair, Ontario Wine Appellation Authority</i>

STAFF ORGANIZATION
Laurie Macdonald, Executive Director Katherina Radcliffe, Director, Wine Standards and Communications Peter Harris, Director, Audit and Compliance (Designated Inspector) Susan Piovesan, Compliance Officer/IT Systems Administrator (Designated Inspector) Tricia Ramnath, Wine Testing Coordinator, Administrative Assistant Stan Loree, Accountant Dan Keere, Investigator (Designated Inspector/Investigator)

APPENDIX B

Financial Projections to March 31, 2026

	Estimated FY2023	Forecast FY2024	Forecast FY2025	Forecast FY2026
Membership fees	95,100	96,600	100,000	101,500
Approval fees	719,142	685,000	710,000	724,000
Sales levy fees	978,271	978,000	1,015,000	1,070,000
Other income	7,980	15,000	15,000	15,000
Total Revenue	1,800,493	1,774,600	1,840,000	1,910,500
Salaries & benefits	747,430	774,900	790,298	806,004
Contracted services	11,000	15,000	15,000	15,000
Meeting expenses	6828	18,000	18,360	18,727
Strategic planning	72,624	0	0	0
Wine approval costs	692,938	682,500	708,482	722,076
Inspection/quality assurance	7,028	8,000	8,160	8,323
Office and general	42,353	43,950	44,829	45,725
Travel	11,266	26,500	21,530	17,561
Rent & occupancy	75,806	75,000	76,500	78,030
Information technology	13,988	13,300	13,566	13,837
Professional services	42,698	50,000	51,000	52,020
Education and communications	72,000	175,000	150,000	100,000
Amortization	33,118	32,000	32,000	32,000
Total Expense	1,829,077	1,914,150	1,929,725	1,909,303
Net revenue over expense	-28,584	-139,550	-89,725	1,197

Notes

1. The figures provided for FY 2023 are estimated. Audited statements will be available in July 2023. Significant uncertainty exists related to future VQA wine sales that could impact revenue projections.
2. Wine approval volumes are projected to be slightly below previous years due to a lighter crop.
3. Sales levy revenue projection assumes VQA sales stabilize in FY 2024 and return to pre-COVID levels in FY 2025 (approx. +3% annual growth).
4. Expenses related to meetings and travel are projected to increase as a result of strategic plan implementation and return to in-person events.
5. Excess reserves collected during the pandemic continue to be drawn down through planned 2024 and 2025 operating deficits, returning to “normal” at the end of this forecast period.