

*65th*  
ANNUAL REPORT

2012-2013



YEAR ENDING JANUARY 31, 2013



YEAR ENDING JANUARY 31, 2013

**CELEBRATING 65 YEARS**



## Our Vision

To have Ontario grown grape products in demand worldwide.

## Our Mission

To achieve sustainable growth and profitability by creating an improved environment for Ontario grown grape products.

## Our Values

### ACCOUNTABILITY

We are accountable to the grape growers for decisions made and for the rationale upon which these decisions are made.

### INNOVATION

We support innovation through research, new technology and continuous improvement of services provided to the grape growers.

### QUALITY

We promote quality by developing and setting standards for vineyard management for the grape growers.

### RESPECT

We understand the value of people to our organization's success. As such, we trust, respect and value the opinions of all employees and grape growers.

### RESPONSIVENESS

We are responsive to the needs of the grape growers in a timely manner so that they are supported in their activities which improve their livelihood and economic health.

### SERVICE

We exist to serve grape growers by providing them with current, informative and supportive services in order to maintain and grow the industry in Ontario.

We strive to make clear the true value of our business and promote strong relationships that are crucial to making this industry grow and thrive in a healthy marketplace.



## Board of Directors



## Staff



## 2012 – 2013

### Board of Directors

#### CHAIR

Bill George

#### VICE CHAIR

Matthias Oppenlaender

#### CEO

Debbie Zimmerman

#### DIRECTORS

Trevor Falk  
 Bill Jansenberger  
 Debra Marshall  
 Jim Morrison  
 Steve Pohorly  
 Brock Puddicombe  
 Bill Schenck  
 Kevin Watson

### Staff

#### CHIEF EXECUTIVE OFFICER

Debbie Zimmerman

#### EXECUTIVE ASSISTANT

Gillian McWilliams

#### GROWER RELATIONS AND SYSTEMS STRATEGIST

Nick Hubbard

#### MARKET ANALYST

Mary Jane Combe

#### PROJECT MANAGER

Nick Lemieux

### Growers' Delegates

#### NIAGARA PENINSULA FRUIT AND VEGETABLE GROWERS' ASSOCIATION

Steve Pohorly

#### ONTARIO FRUIT AND VEGETABLE GROWERS' ASSOCIATION

Ray Duc

#### ONTARIO FEDERATION OF AGRICULTURE

Jim Morrison

#### CANADIAN HORTICULTURAL COUNCIL

Bill George

#### NIAGARA GRAPE AND WINE FESTIVAL

Bill Schenck

### Shared Staff

#### TREASURER

Maureen Connell

#### ACCOUNTS PAYABLE

Sylvana Lagrotteria

#### RECEPTIONIST/ADMINISTRATIVE ASSISTANT

Morag Tait

#### ST. CATHARINES AND DISTRICT CHAMBER OF COMMERCE

Bill Schenck

#### NIAGARA-ON-THE-LAKE CHAMBER OF COMMERCE

Matthias Oppenlaender

#### REGIONAL CHAIR'S AGRICULTURAL TASK FORCE

Bill Schenck, Debbie Zimmerman

#### VINTNERS' QUALITY ALLIANCE

Kevin Watson

#### F.A.R.M.S.

Trevor Falk

#### GRAPE INDUSTRY ADVISORY COMMITTEE

Wine – Bill George, Matthias Oppenlaender, Kevin Watson, Trevor Falk

Juice – Bill George, Matthias Oppenlaender, Jim Morrison, Brock Puddicombe

#### ONTARIO GRAPE AND WINE RESEARCH INC

Matthias Oppenlaender, Kevin Watson

### Growers' Committee

Bill George	Steve Pohorly
Matthias Oppenlaender	Brock Puddicombe
Trevor Falk	Bill Schenck
Don Forrer	Martin Schuele
Ed Hughes	Albrecht Seeger
Bill Jansenberger	Kevin Watson
Ron Koop	Erwin Wiens
David Lambert	George Wiley
Debra Marshall	Tom Wiley
Jim Morrison	Terry Yungblut
Art Moyer	

## Greetings from the Honourable Ted McMeekin



On behalf of the Government of Ontario, I am pleased to offer greetings to the Grape Growers of Ontario, and to offer my best wishes as you celebrate 65 years of advocacy and service on behalf of grape growers in this province.

This year producers of many crops had a number of significant weather challenges, from frost damage to apple and tender fruit crops in the spring to the drought that hit livestock and grain farmers. Given these widespread challenges, I am so pleased that grape growers escaped the wrath of Mother Nature to have one of their best seasons on record.

Thank you to the board and staff for your ongoing partnership with the ministry on delivery of the Ontario Vineyard Improvement Program (OVIP). Now entering its third year, OVIP continues to help growers with improvements to grape quality that align with the Industry Varietal Plan. The program has been very successful and the demand continues to be high.

I would also like to congratulate you for collaborating with academia and other partners, to innovate and remain strong for the future. This ministry has been pleased to support your innovation efforts through funding for the Industry Support Component of OVIP. Thank you for leading this aspect of the program and for working with wine industry partners, academics, and others to identify and carry out a number of important projects. Your efforts to translate and transfer the results of this work to growers is recognized and appreciated.

As you know, this government is a committed supporter and promoter of local food and beverages, including Ontario wines. It is truly inspirational to witness the ongoing improvements in Ontario's grape and wine industry that help to ensure customer satisfaction and your long-term success.

I wish you all the best for 2013.

Kindest regards,

A handwritten signature in black ink, appearing to read 'Ted McMeekin'.

Ted McMeekin, MPP

Minister of Agriculture, Food and Rural Affairs

## Greetings from the Honourable Jim Bradley



As the Member of the Legislative Assembly of Ontario for St. Catharines, it is my pleasure to again welcome everyone to the Annual General Meeting of the Grape Growers of Ontario. Those of us who reside in this province, and particularly those of us who reside in areas where our grapes are grown and our wine is produced, are very much aware of the contribution that the grape and wine industry makes to the economic prosperity of our province, both directly and indirectly.

Those who established the Ontario Grape Growers Marketing Board over six decades ago are responsible for the impressive progress that has been experienced in this area and have contributed to the status of Ontario as an internationally acclaimed wine region. By producing high quality grapes, you have ensured that vintners have been able to produce excellent wines which consistently win prestigious international awards. This is a testament to the commitment, capability and knowledge of Ontario grape growers.

Although our growers have had to confront many challenges over the years, the success that has been achieved in the grape and wine industry in Ontario is evidenced by the fact that the industry has grown and prospered, and for this, we are grateful to the Grape Growers of Ontario and your many dedicated members.

For very best wishes for continued success in 2013, I am

Yours sincerely,

A handwritten signature in black ink that reads "Jim Bradley". The signature is fluid and cursive, with a large initial "J" and a long, sweeping underline.

Jim Bradley, MPP, Chair Ontario Wine Secretariat  
Minister of Environment



## Greetings from the Honourable Gerry Ritz



Congratulations to the Grape Growers of Ontario on another successful year of delivering high-quality products, while driving economic growth across Ontario with close to \$90 million in farmgate sales and 6,900 jobs. You can't have world-class wine and grape products without world-class grapes and last year you set new records for both quantity and quality. Building on this success will take a strong focus on innovation. The Government of Canada is proud to work with your industry to stay on the leading edge of innovation through our investments in the Vineland Research and Innovation Centre, the Cool Climate Oenology & Viticulture Institute, as well as new drying technology to increase the competitiveness of Canadian wines. The new Growing Forward 2 agreement will further strengthen our focus on innovation over the next five years, with federal-provincial-territorial investments of \$3 billion in strategic initiatives around innovation, competitiveness and market development. We will expand the research clusters under the new AgriInnovation program and we'll continue our focus on markets to get more of the world's wine-lovers uncorking a great bottle of Ontario wine as well as the many other innovative grape products coming off our farms. And governments will continue to provide ongoing support for an effective suite of business risk management programs. As Grape Growers of Ontario looks beyond last year's 65-year milestone, the future is bright, with strong demand and unprecedented opportunity for Ontario's grape and wine industry. I look forward to working with you to capture this new growth for your farm businesses and Canada's economy.

A handwritten signature in blue ink, appearing to read "Gerry Ritz".

Gerry Ritz, PC, MP  
Minister of Agriculture and Agri-Food



## 2012 *Grape King*

### **Curtis Fielding**

Curtis Fielding was crowned Grape King on September 19th for the year 2012-13. The Fielding family purchased a 20-acre peach and pear orchard on the Beamsville Bench in the early 2000s, replacing all of the trees – and a few rows of juice grapes – with high-quality VQA vinifera vines in the summer of 2001.

Before taking the reins at Fielding, Curtis spent three years learning the ins and outs of the grape and wine industry in Niagara, and has applied that experience to craft some of Ontario's finest VQA wines. With a focus on grape varieties that perform best in Niagara's unique microclimate, Fielding enjoys Riesling, Pinot Gris and Chardonnay for whites, and Pinot Noir and Merlot for reds.

Whether racing cars or planting a vineyard of Pinot Noir grapes, Curtis Fielding has an eye for detail. Since opening Fielding Estate Winery in May 2005, the family-operated venture has quickly established itself as one of the finest wineries in Ontario, being named one of Canada's Top 10 wineries by the Canadian Wine Awards in 2009.

At the Wine Lodge, Curtis and his family have taken great care to be mindful of the environment, using as much natural light as possible, utilizing a natural lagoon to treat wastewater and recycling all leftover grape stems as mulch. Curtis is also starting the three-year process to have Fielding Estate Winery recognized as an organic winery.



**2012 Grape King**  
Curtis and Heidi Fielding with sons Ty and Cole.

## Message from your Board Chair



2012 began with one of the earliest springs in memory and growers' investments in wind machines over the past few years paid huge dividends by protecting and reducing the damage from a severe spring frost. The long hot, dry summer that followed put Ontario's harvest ahead of schedule and despite the visible drought stress, the fruit quality was excellent. Exceptional brix and good acidity will be presented in the outstanding wines to come. Total grapes harvested in 2012 were 66,014 tonnes with a farm gate value of \$88.63 million dollars.

On April 25th, 2012, our GGO Board of Directors and Growers' Committee reached an agreement with the Wine Council of Ontario and Winery and Grower Alliance of Ontario on another two-year price agreement. This agreement provides price increases to Red Hybrids of 1% in 2012 and 1% in 2013; White Hybrids of 2% in 2012 and 1% in 2013; and White Vinifera of 1.5% in 2012 and 1% in 2013. All other varieties remain at 2011 prices. Plateau pricing has also been extended for a further two years for four varieties: Chardonnay, Riesling, Cabernet Sauvignon, and Cabernet Franc. Late Harvest and Icewine prices were negotiated in July and resulted in preserving the value for the higher Brix icewine juice while recognizing a reduced value for the lower Brix icewine juice. Growers in Ontario have committed to growing quality grapes and their success is reflected in exceeding VQA standards by 18% over the past three years.

Improving grape quality is also reflected in growers' participation in the second year of the Government of Ontario's Vineyard Improvement Program (OVIP). To date, growers have invested \$10.6 million with \$5 million of support from the Government of Ontario. The GGO has worked with Agricorp over the past year to review grape production insurance to include a value-based system that recognizes grape quality and aligns with industry needs. The new plan design was introduced to growers in November through a number of information sessions.

While infrastructure support has been essential to assist growers throughout Ontario, government developed policy for our industry often has a more critical impact. On October 29th, I wrote to the GGO membership to advise growers of important changes announced by the Ontario Government with respect to the content regulations governing the blending of wine in Ontario. This content regulation, enacted in 2009, increased Ontario grape requirements in International Canadian Blended (ICB) wines to 40% minimum per winery, and set a 25% minimum per bottle. Without any changes, this regulation was set to expire on March 31, 2014, removing both the overall content requirements and per bottle minimum ensuring any content requirements were voluntary. Both these measures pose a real threat to our sector and industry. We were disappointed to learn the Government decided to only entrench in legislation a minimum 25% domestic content, but pleased the maintenance of the per bottle requirement will be maintained which partially offsets the loss of the 40% company average. We will remain vigilant about the impact this regulatory change may have on our industry in 2014, and ensure the Government of Ontario is made aware of any changes to our ability to sell grapes in the Ontario marketplace.

Federally, we continue to work closely on policy issues that affect our industry: Canadian Grapevine Certification Network, National Standards for Icewine, Minimum Domestic Content of International Canadian Blended Wine through Label Clarity, Growing Forward 2, and Bill C-311 Intoxicating Liquors Act. The support of our local Members of Parliament is critical to our success and the GGO was pleased to announce St. Catharines MP, Rick Dykstra, as the 2012 recipient of the Grape Growers Award of Merit. Rick's unwavering support for the industry is appreciated.

The 29th Annual Celebrity Luncheon featured the award-winning Canadian actor, writer and comedian, Steve Smith, aka "Red Green". We appreciate the ongoing sponsorship provided by Friends of the Greenbelt Foundation and Meridian Credit Union. We thank outgoing Grape King Ed Hughes for his work over the past year. Curtis Fielding was named the 56th Grape King to serve as ambassador for the industry for 2012-2013. Curtis and his wife Heidi operate Fielding Estates Winery and a 40-acre vineyard on the Beamsville bench. Our thanks go to Farm Credit Canada for their ongoing support of this important role.

It was with sadness we learned of the tragic passing of Ronald and Margaret Moyer. Ronald was a well-respected and long-serving member of the Grape Growers' Committee and Chair of the Board during his thirty-year tenure. He guided the industry through decades of change and was a relentless promoter of Ontario during his 15-year reign as Chair.

As we turn the page on our 65th Anniversary, I want to thank and acknowledge the support of our industry partners: Cool Climate Oenology and Viticulture Institute at Brock University, Wine Education Centre at Niagara College, University of Guelph, Ontario Ministry of Agriculture, Food and Rural Affairs, Vineland Research and Innovation Centre, our winery processors, government partners, MPPs and MPs.

Finally, I want to offer my sincere appreciation for the work of the GGO's Board of Directors, Growers' Committee members, and staff of the Grape Growers of Ontario.

Bill George  
Chair, Grape Growers of Ontario

## Message from the CEO



The 2012 harvest will be remembered as one of the highlights of the Grape Growers of Ontario's 65th Anniversary celebrations. An early spring, followed by a hot, dry summer and fairly dry fall weather, created both great and challenging conditions for growers and wineries. Early ripening put more demand on wineries' production capabilities but, with patience and cooperation, a stellar harvest was produced.

We were pleased to complete price negotiations early in 2012. The two-year price agreement includes increases to both red and white hybrids, white vinifera, and an extension to the Plateau Price agreement for Chardonnay, Riesling, Cabernet Sauvignon, and Cabernet Franc, and a fixed Brix component. Late harvest and icewine prices were negotiated in July, which resulted in a modified Brix schedule. Juice grape price negotiations were completed in August with increases of 6.5% for Concord grapes, 2.5% for Niagara grapes and 1.3% for Class 3 (Elvira).

While it was important to complete negotiations early in the year and important to obtain a second two-year price agreement, the challenges we face are beyond the date of this agreement. In October of 2012, the Government of Ontario released its decision on extending the Wine Content and Labeling Act to maintain a minimum 25% domestic content beyond 2014. This important decision came after intense industry lobbying to eliminate all regulated content in a bottle of wine blended with domestic and imported wine. Be assured we will carefully monitor any impact these content regulations have on our growers ability to access the Ontario marketplace in the future.

We are encouraged that the success of Plateau Pricing has given more wineries the ability to convert more of their blended wine to 100% Ontario grown wine. The total federal excise duty exemption on wines containing 100% Ontario grown grapes has risen from 23.5 million litres in 2009 to a remarkable 33 million litres in 2011.

Total Ontario wines sales grew in 2012 by 2.7% or 1.6 million litres as compared to the growth of imported wine sales which grew by 2.6% or 2.5 million litres. Market share for all Ontario wines (that includes ICB, VQA) remains at 38.3%. VQA sales grew by 6.1% from 14.2 million litres in 2011 to 15.1 million litres in 2012; growth of 868,000 litres. VQA wines as a percent of Ontario wine (VQA and non-VQA/ICB) sales grew slightly to 24.7% (23.9% 2011). Market share of VQA wines is 9.5% of the total wine sold in Ontario.

The Grape Growers of Ontario continued to build on technological advancements for growers with the launch of Grape Tracker. This spray record keeping system is an easy-to-use program that records growers' spray activities through a secure and confidential website application. Access to information for growers has been strengthened and improved through the delivery of analytical services for third party grape testing and grape rejection. Third party on-site testing programs were extended to Prince Edward County and Essex Pelee Island Coast growers. Wineries were also provided with more functionality to efficiently view, edit and submit weigh bills through SetGo and to provide both growers and wineries with a historical record of all changes.

Building the grape grower brand continued in 2012 with consumer Facebook contests, Twitter (@grapegrowersont), and a soft launch of the wineONtour.ca mobile map. The Celebrity Luncheon, 65th Anniversary Niagara Grape and Wine Festival float, Industry Insight Summit, i4c Chardonnay sponsorship, Grape King and Cuvée awards, along with a Harvest Day Media event hosted by the LCBO Queen's Quay store, continued to connect the consumer with Ontario grown wines.

Research and education is integral to building success for the grape industry. The industry supported Ontario Grape and Wine Research Inc. which is currently funding seven industry projects in viticulture, oenology and market research. Additional research funding support is provided through the Industry Support Component (ISC) of the Ontario Vineyard Improvement Program (OVIP) for projects that improve both grape and wine production as well as grower education sessions that were held in all viticulture areas in Ontario. We thank the Government of Ontario through the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA) for their ongoing support.

Winston Churchill once wrote, "The farther backward you can look, the farther forward you can see." The success of the Grape Growers of Ontario over the past 65 years is reflected in the dedication of those who believe in the collective success of the industry. Their unwavering commitment to all growers and the industry is a personal pride I know we all share.

While I have the privilege to work for the Grape Growers of Ontario, the success of this organization is a team approach. The Board of Directors and Growers Committees' dedication to the industry and staff's commitment to providing outstanding service to growers is appreciated.

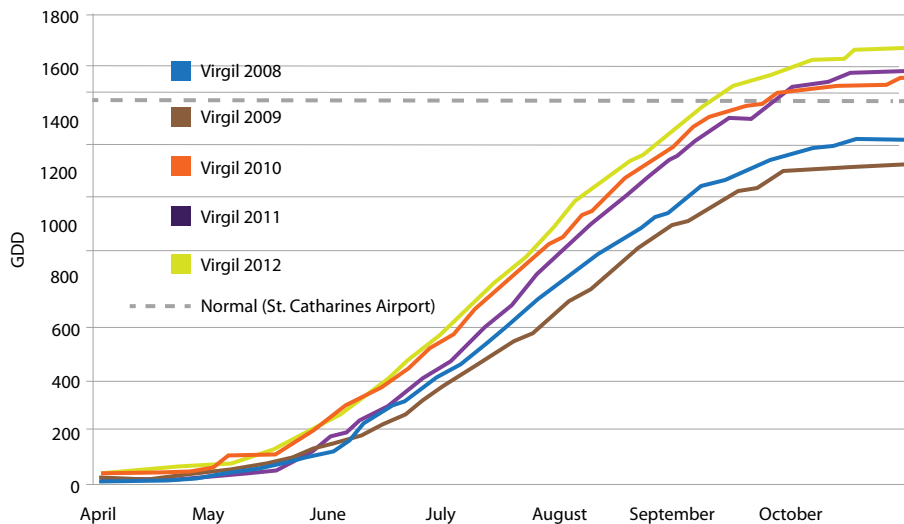
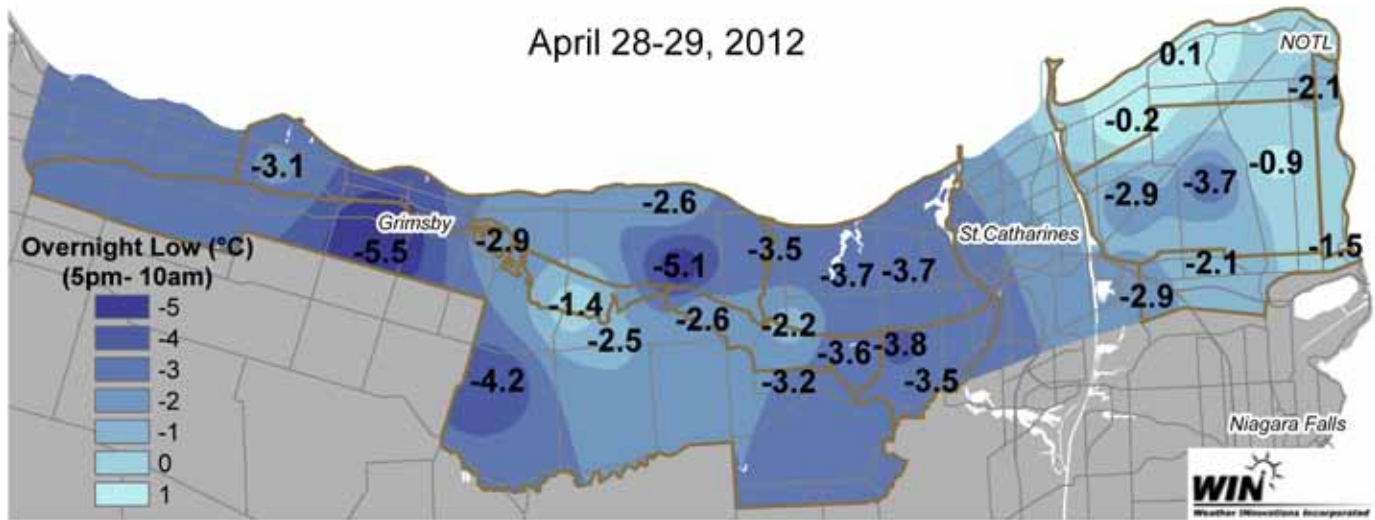
Debbie Zimmerman,  
CEO, Grape Growers of Ontario

# 2012 Weather Report



2012 was noteworthy for its superb temperatures and suitable rainfall for grapes. Above-normal daytime temperatures prevailed throughout, leading to a steady and high accumulation of growing degree days.

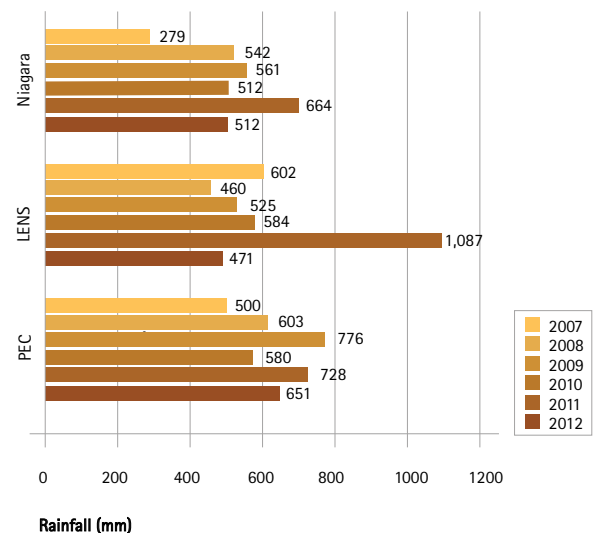
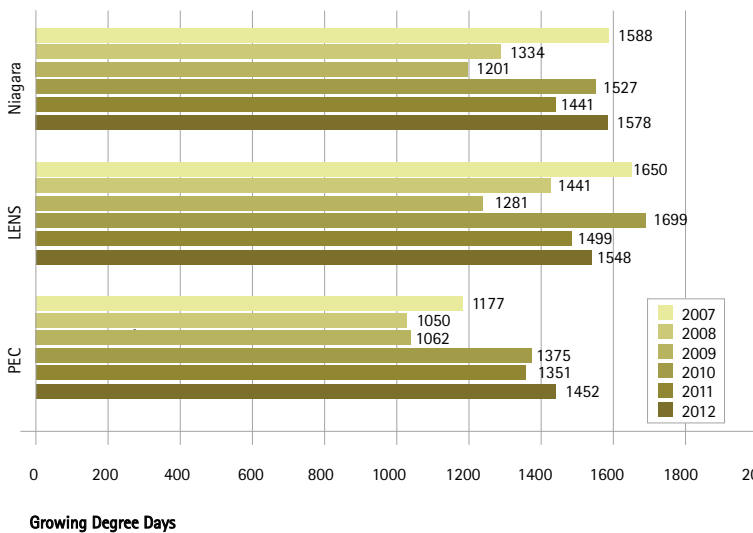
Vines entered bud break in good shape following a mild winter. Extremely warm March temperatures resulted in an early and hasty start to the growing season. The spring of 2012 was similar to the favourably warm spring of 2010, ultimately pushing maturation a couple weeks ahead of normal. Accordingly, overnight lows in April repeatedly threatened to dip into critical ranges, requiring frequent use of wind machines. Areas without wind machines dipped between  $-2^{\circ}\text{C}$  and  $-4^{\circ}\text{C}$  on April 28-29. Grapes came through the event relatively unscathed, while apples and tender fruit suffered a greater impact.





Precipitation varied between appellations, although each experienced a very dry spring. Lake Erie North Shore experienced above-normal summer precipitation, but the dry trend continued into the summer for Niagara and Prince Edward County. As of the end of July, Niagara averaged only 60% of normal rainfall accumulation. The persistent combination of heat and lack of rainfall led to suitable soil moisture conditions for established vines, although irrigation became a necessity for some.

The fall months brought change with above-normal rainfall totals in September and October. Although the Niagara region received a staggering 6-7 inches of rainfall in October, 3-4 inches of this total were the result of remnants of Hurricane Sandy and did not fall until the last 5 days of the month. Lake Erie North Shore finished the growing season with below-normal rainfall, while Prince Edward County experienced above-normal fall precipitation following an extremely dry August. Fortunately, the high seasonal accumulation of growing degree days enabled the majority of the grape harvest to be completed before the rain and cold set in.



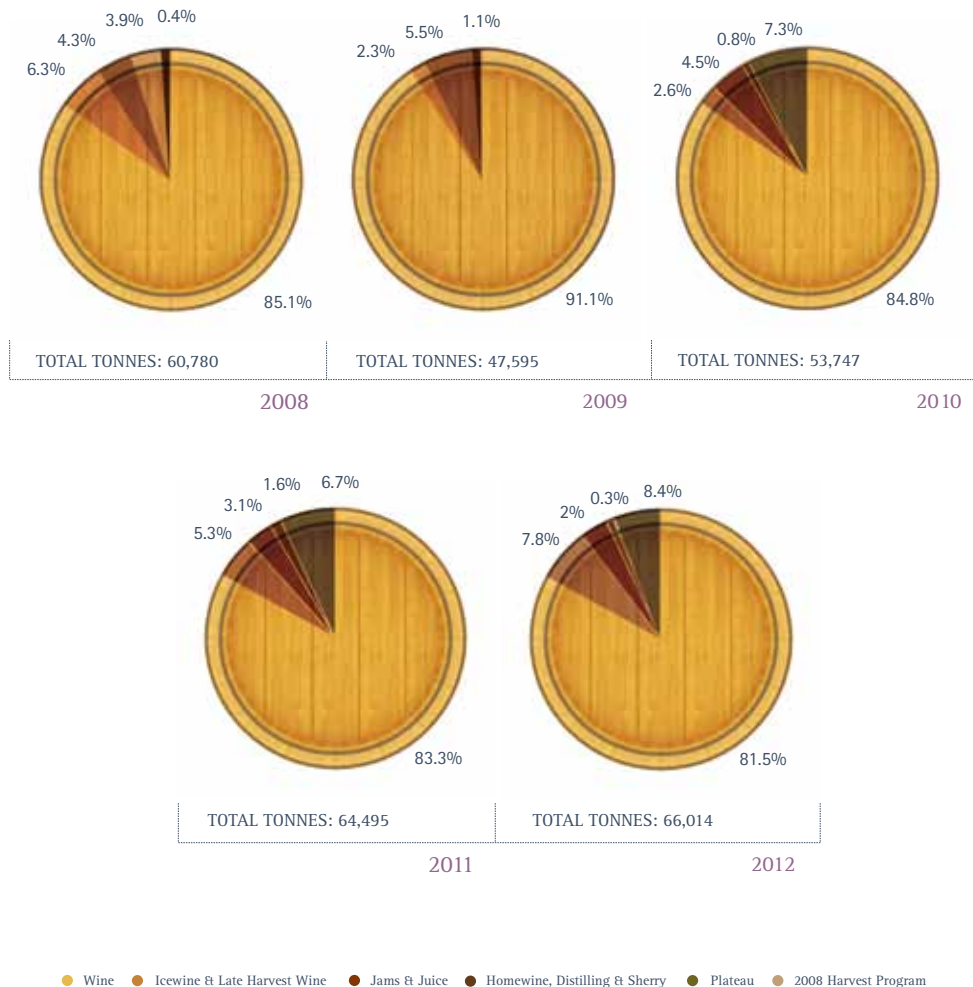
2012 wrapped up with temperatures much warmer than normal for the second December in a row, resulting in an extremely minimal number of ice wine hours. The accumulation of December ice wine hours ranged from only 0-4 hours across Niagara and 5-9 hours across the Lake Erie North Shore appellation. Prince Edward County, however, accumulated 62-83 hours.

The phenomenal growing season temperatures and suitable rainfall will no doubt render the 2012 growing season as a benchmark year for superior growing conditions.

For more detailed weather data, management tools and weather reports throughout the year, visit [www.vineinnovations.com](http://www.vineinnovations.com) - sponsored by the Grape Growers of Ontario.

## Production

**TABLE I** presents the production and disposition of grapes from 2008 through 2012. Grapes purchased by licenced Ontario wineries for wine, icewine and late harvest wine equaled 66,484 tonnes. Overall production increased 1,519 tonnes which represents a 2.4% increase from 2011.



## Processing Prices

Agreement was reached on April 25, 2012 on Classes 5 – 10f grape pricing for 2012 and 2013. This agreement provides for price increases and an extension of the plateau pricing framework for Chardonnay, Riesling, Cabernet Franc and Cabernet Sauvignon for two years. Late Harvest and Icewine juice prices were negotiated separately from Classes 5 – 10f to provide an opportunity to negotiate a new structure, with a one-year agreement signed on July 20, 2012. Classes 1, 2 and 3 were set through negotiations on August 20, 2012.

### Icewine and Late Harvest Grapes

The minimum price to be paid for all grapes left on the vine to be used for Icewine is 125% of the price based upon normal harvest at the appropriate sugar level determined by samples taken at regular harvest time.

Late harvest hybrid and vinifera juice at 26°Brix	\$ 4.58 per litre
Hybrid icewine juice at 35° Brix	\$ 9.05 per litre
Vinifera icewine juice at 35° Brix	\$19.00 per litre

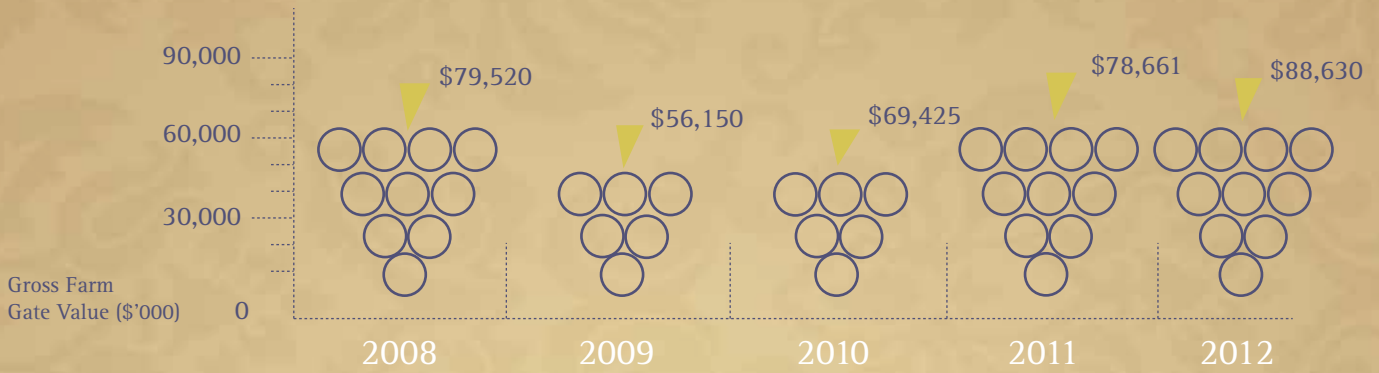
The minimum price established for each class of grapes sold for processing in 2012 is shown in **TABLE II** with the 2011 price listed.

**TABLE II – Processing Prices for Grapes (\$ per tonne)**

Class	Variety	2011	2012	Plateau Price
1	Concord, Fredonia, Patricia, President, Suffolk Red and Van Buren	\$ 444	\$ 473	
2	Niagara and Wiley White	\$ 438	\$ 449	
3	Delaware, Elvira, Himrod, Sovereign Coronation, Veeblanc and Veeport	\$ 536	\$ 543	
5	De Chaunac and Rosette	\$ 659	\$ 666	
5a	Leon Millot and Marechal Foch	\$ 780	\$ 788	
5b	Baco Noir, Castel, Chambourcin, Chancellor, GR7, Le Commandant and Villard Noir	\$ 843	\$ 851	
5c	Experimental Red Hybrid, Frontenac, Landot, Lucy Kuhlman and Red Amourensis	\$ 643	\$ 649	
6	New York Muscat and V64111	\$ 520	\$ 525	
7	Aurore, Cayuga White, J.S. 23-416 and S.V. 23-512	\$ 493	\$ 503	
7a	Seyval Blanc and Vidal 256	\$ 600	\$ 612	
7b	Geisenheim hybrids, GM 311, GM 318 and GM 322	\$ 520	\$ 530	
7c	experimental white hybrid, Traminette, V65232 and White Amourensis	\$ 456	\$ 465	
9	J. Riesling	\$ 1,396	\$ 1,417	\$ 1,200
9a	Auxerrois, Kerner, Scheurebe and Welsch Riesling	\$ 1,216	\$ 1,234	
9b	Chardonnay Musque and Chardonnay	\$ 1,424	\$ 1,445	\$ 1,200
9c	Gewurztraminer	\$ 1,554	\$ 1,577	
9d	Pinot Gris	\$ 1,595	\$ 1,619	
9e	Sauvignon Blanc	\$ 1,570	\$ 1,594	
9f	Aligote, Alsace Muscat, Chenin Blanc, experimental white vinifera, Melon de Bourgogne, Morio Muscat, Muscat Ottonel, Pinot Blanc, Riesling Traminer, Savignin, Semillon and Viognier	\$ 1,238	\$ 1,257	
10	Gamay and Zweigeltrebe	\$ 1,283	\$ 1,283	
10a	Pinot Noir	\$ 1,933	\$ 1,933	
10b	Cabernet Sauvignon	\$ 1,875	\$ 1,875	\$ 1,300
10c	Cabernet Franc	\$ 1,676	\$ 1,676	\$ 1,300
10d	Merlot	\$ 1,894	\$ 1,894	
10e	Sirah, Shiraz and Syrah	\$ 2,164	\$ 2,164	
10f	Dornfelder, experimental red vinifera, Limberger, Malbec, Nebbiolo, Petite Sirah, Petit Verdot, Pinot Meunier, Sangiovese and St. Laurent	\$ 1,366	\$ 1,366	
	Distilling	\$ 125	\$ 125	
	Sherry	\$ 300	\$ 300	

# Value of Crop Purchased

TABLE III – Farm Gate Value of Grapes Sold for Processing



Grape Kings Past and Present with Celebrity Luncheon Guest Speaker and television personality, Red Green (Steve Smith)



## Licence Fees

**TABLE IV Licence Fees per Tonne by Class and Variety (including R & D fee of \$2.05)**

In the aggregate, licence fees for the 2012-2013 fiscal year represent approximately 1.5% of the total farm gate value of the crop. This represents a 0.1% decrease from the 2011-2012 fiscal year in which licence fees represented approximately 1.6% of the crop value.

Class	Variety	2011	2012
1	Concord, Fredonia, Patricia, President, Suffolk Red and Van Buren	\$ 10.00	\$ 10.00
2	Niagara and Wiley White	\$ 10.00	\$ 10.00
3	Delaware, Elvira, Himrod, Sovereign Coronation, Veeblanc and Veeport	\$ 10.00	\$ 10.00
5	De Chaunac and Rosette	\$ 15.65	\$ 15.70
5a	Leon Millot and Marechal Foch	\$ 16.85	\$ 16.95
5b	Baco Noir, Castel, Chambourcin, Chancellor, GR7, Le Commandant and Villard Noir	\$ 17.50	\$ 17.55
5c	experimental red hybrid, Frontenac, Landot, Lucy Kuhlman and Red Amourensis	\$ 15.50	\$ 15.55
6	New York Muscat and V64111	\$ 14.25	\$ 14.30
7	Aurore, Cayuga White, J.S. 23-416 and S.V. 23-512	\$ 14.00	\$ 14.10
7a	Seyval Blanc and Vidal 256	\$ 15.05	\$ 15.15
7b	Geisenheim hybrids, GM 311, GM 318 and GM 322	\$ 14.25	\$ 14.35
7c	experimental white hybrid, Traminette, V65232 and White Amourensis	\$ 13.65	\$ 13.75
9	J. Riesling	\$ 23.00	\$ 23.20
9a	Auxerrois, Kerner, Scheurebe and Welsch Riesling	\$ 21.20	\$ 21.40
9b	Chardonnay Musque and Chardonnay	\$ 23.30	\$ 23.50
9c	Gewurztraminer	\$ 24.60	\$ 24.80
9d	Pinot Gris	\$ 25.00	\$ 25.25
9e	Sauvignon Blanc	\$ 24.75	\$ 25.00
9f	Aligote, Alsace Muscat, Chenin Blanc, experimental white vinifera, Gruner Veltliner, Italian Muscat, Melon de Bourgogne, Morio Muscat, Muscat Ottonel, Muscat Petit Le Grain, Pinot Blanc, Riesling Traminer, Savignin, Semillon and Viognier	\$ 21.45	\$ 21.60
10	Gamay and Zweigeltrebe	\$ 21.90	\$ 21.90
10a	Pinot Noir	\$ 28.40	\$ 28.40
10b	Cabernet Sauvignon	\$ 27.80	\$ 27.80
10c	Cabernet Franc	\$ 25.80	\$ 25.80
10d	Merlot	\$ 28.00	\$ 28.00
10e	Sirah, Shiraz and Syrah	\$ 30.70	\$ 30.70
10f	Blauberger, Dornfelder, experimental red vinifera, Limberger, Malbec, Nebbiolo, Petite Sirah, Petit Verdot, Pinot Meunier, Sangiovese, St. Laurent, Tannat and Tempranillo	\$ 22.75	\$ 22.75
	Distilling	\$ 5.50	\$ 5.50
	Sherry	\$ 7.75	\$ 7.75

Note: 2012 Vertically Integrated Tonnage licence fee rebate is \$2.00 per tonne.

## Production of Processed Grapes by Variety

TABLE V – Purchases by Processors by Variety (in tonnes)

	2008	2009	2010	2011	2012
Classes 1-3					
Concord	2,118	1,966	1,746	1,524	1,094
Elvira	49	60	12	-	-
Niagara	1,048	1,209	1,066	935	478
Miscellaneous 1-3	4	14	6	8	3
<b>SUB-TOTAL (Labrusca)</b>	<b>3,219</b>	<b>3,249</b>	<b>2,830</b>	<b>2,467</b>	<b>1,575</b>
Classes 5-6					
Baco Noir	2,105	2,867	2,750	2,866	2,836
Chambourcin	608	421	488	630	681
De Chaunac	462	304	403	330	325
Marechal Foch	884	802	879	961	800
New York Muscat	55	38	19	33	28
Rosette	30	-	-	-	-
Villard Noir	68	64	69	61	50
Miscellaneous 5-6	128	201	251	282	313
<b>SUB-TOTAL (Blue/Red French hybrids)</b>	<b>4,340</b>	<b>4,697</b>	<b>4,859</b>	<b>5,163</b>	<b>5,033</b>
Classes 7-7c					
S.V. 23-512	357	223	233	259	164
Seyval Blanc	894	874	650	771	553
Vidal 256	10,288	9,906	11,836	14,510	13,218
Geisenheim Hybrids	1,769	823	903	727	639
GM 322	145	133	42	453	465
Miscellaneous 7-7c	51	17	23	90	88
<b>SUB-TOTAL (White French Hybrids)</b>	<b>13,504</b>	<b>11,976</b>	<b>13,687</b>	<b>16,810</b>	<b>15,127</b>
<b>SUB-TOTAL (Hybrids)</b>	<b>17,844</b>	<b>16,673</b>	<b>18,546</b>	<b>21,973</b>	<b>20,160</b>

	2008	2009	2010	2011	2012
Classes 9-9f					
Auxerrois	206	155	126	176	194
Chardonnay and Chardonnay Musque	8,712	6,292	6,900	7,735	8,919
Gewurztraminer	1,415	919	902	1,586	1,802
J. Riesling	6,786	5,407	6,088	7,176	8,497
Pinot Blanc	126	137	119	144	135
Pinot Gris	1,270	919	1,275	1,714	1,895
Sauvignon Blanc	1,810	1,257	1,272	1,898	2,193
Miscellaneous 9-9f	518	437	349	602	574
<b>SUB-TOTAL (White Vinifera)</b>	<b>20,843</b>	<b>15,523</b>	<b>17,031</b>	<b>21,031</b>	<b>24,209</b>
Classes 10-10f					
Cabernet Franc	5,952	3,547	4,532	5,747	5,450
Cabernet Sauvignon	3,906	1,842	2,772	3,808	4,245
Gamay	1,640	1,232	1,244	1,549	1,599
Merlot	4,326	2,733	3,846	4,110	4,734
Pinot Noir	1,789	1,998	1,908	2,613	2,559
Shiraz, Sirah, Syrah	625	408	547	555	807
Zweigeltrebe	388	241	298	359	348
Miscellaneous 10-10f	248	149	193	283	328
<b>SUB-TOTAL (Red Vinifera)</b>	<b>18,874</b>	<b>12,150</b>	<b>15,340</b>	<b>19,024</b>	<b>20,070</b>
<b>SUB-TOTAL (Vinifera)</b>	<b>39,717</b>	<b>27,673</b>	<b>32,371</b>	<b>40,055</b>	<b>44,279</b>
<b>TOTAL HYBRID &amp; VINIFERA</b>	<b>57,561</b>	<b>44,346</b>	<b>50,917</b>	<b>62,028</b>	<b>64,439</b>
<b>GRAND TOTAL</b>	<b>60,780</b>	<b>47,595</b>	<b>53,747</b>	<b>64,495</b>	<b>66,014</b>

## Wine Grape Sugar Testing Program

The Wine Grape Sugar Testing Program was once again coordinated by Errol McKibbon of McKibbon Associates, a privately-owned company acting as third party tester. The total number of samples tested in 2012 increased to 4,537 from 4,520 in 2011. The number of wineries/processors serviced by this program was 148. Growers were provided with sugar test results at the same time as the wineries.

## Tabulation of Growers with Production

The number of growers with production registered with the Grape Growers of Ontario in 2012 increased by 1.1% from 473 in 2011 to 478 in 2012.

**TABLE VI – Number of Growers with Production Registered with the Board**

		2008	2009	2010	2011	2012
District 1	Town of Niagara-on-the-Lake	171	154	163	170	173
District 2	City of St. Catharines	49	45	45	40	39
District 3	Town of Lincoln	155	141	157	149	154
District 4	Town of Grimsby, Township of West Lincoln and City of Hamilton	32	29	28	28	24
District 5	Southwestern Ontario	34	29	36	36	37
District 6	Prince Edward County	43	38	52	50	51
<b>TOTAL</b>		<b>484</b>	<b>436</b>	<b>481</b>	<b>473</b>	<b>478</b>

## Wine Sales in Ontario

**TABLE VII** below shows the five-year history of wine sales in Ontario. Total wine sales in Ontario grew by 2.6% to 159 million litres in 2012. Ontario wine sales increased by 2.7% to 61.1 million litres. Imported wine sales increased by 2.6% to 97.9 million litres, while out-of-province wine sales in Ontario increased by 2.6% to 0.46 million litres. Market share for Ontario wines has remained steady at 38.3%.

**TABLE VII Wine Sales in Ontario\* ('000 litres)**

	2008	2009	2010	2011	2012
Ontario wine sold in Ontario*	56,118	57,507	58,364	59,503	61,100
Annual change	3.8%	2.5%	1.5%	2.0%	2.7%
Imported wine sold in Ontario	87,112	89,409	92,209	95,501	97,978
Annual change	3.8%	2.6%	3.1%	3.6%	2.6%
Out-of-province sales in Ontario	756	684	528	455	467
Annual change	-0.1%	-9.5%	-22.8%	-13.8%	2.6%
Total wine sold in Ontario	143,986	147,600	151,101	155,459	159,545
Annual change	3.8%	2.5%	2.4%	2.9%	2.6%
Market share of Ontario wines in Ontario	39.0%	39.0%	38.6%	38.3%	38.3%

*Ontario Wine Sold in Ontario for 2010-11 has been revised by LCBO.*

*Fiscal Year April 1 to March 31 (statistical data provided by the LCBO)*

*\* Includes sales through LCBO, Winery Retail Stores, Direct Delivery to Licensees, embassies, airlines and industrial sales.*



## VQA versus Non-VQA Sales

**TABLE VIII** below shows VQA versus non-VQA sales in Ontario to March 31, 2012. VQA sales in Ontario increased 6.1% from 14.2 million litres in 2011 to 15.1 million litres in 2012. Non-VQA wine sales in Ontario increased 1.6% from 45.2 million litres to 46.0 million litres in 2012. VQA sales outside of Ontario increased by 13.5% from 1.35 million litres in 2011 to 1.53 million in 2012.

<b>TABLE VIII VQA versus Non-VQA Sales in Ontario ('000 litres)</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Ontario wine sold in Ontario*	56,118	57,507	58,364	59,503	61,100
Total VQA sales in Ontario**	10,394	12,142	13,856	14,222	15,090
Total non-VQA sales in Ontario	45,724	45,365	44,508	45,281	46,010
Total VQA sales outside Ontario**	1,067	1,243	1,204	1,345	1,527
Market share of VQA wines in Ontario	18.5%	21.1%	23.7%	23.9%	24.7%

\*Fiscal Year April 1 to March 31 (statistical data provided by the LCBO)

\*\*VQA figures from VQAO Annual Report – March 31, 2012

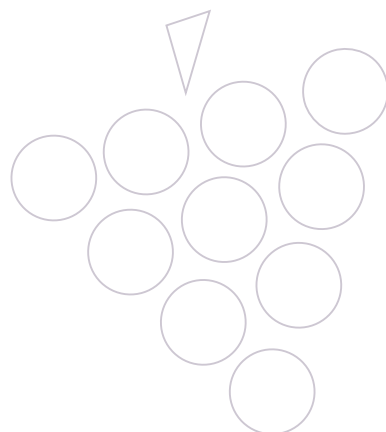
### Legislative Wine Tasting



2011 Conspiracy from The Foreign Affair Winery is selected official red wine of the Legislative Assembly for 2013. Marisa and Len Crispino with Honourable Speaker Dave Levac



2009 Burning Ambition from Small Talk Vineyards is selected official white wine of the Legislative Assembly for 2013. Jacqueline Boyl and Lambert Hunse with Honourable Speaker Dave Levac



## Blending Materials Imported into Ontario

**TABLE IX** below shows the quantity of blending grape product imported into Ontario over the last five years. The Ontario Wine Content and Labelling Act (WCLA), which came into effect January 1, 2001, required that Ontario wine contain a minimum of 30% Ontario grape content. The WCLA has been amended to 25% Ontario grape bottle content and a 40% average Ontario grape content for blended wine packaged on or after September 1, 2010. Wine imported for blending purposes decreased by 7.7% from 23.9 million litres to 22.0 million litres. Concentrate increased by 137% from 3,616 equivalent tonnes to 8,579 equivalent tonnes. Grape juice is up 10% from 982 equivalent tonnes to 1,084 equivalent tonnes. In total, blending material was up 7.1% from 36,506 equivalent tonnes in 2011 to 39,107 equivalent tonnes in 2012.

<b>TABLE IX Blending Materials Imported into Ontario</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Wine (litres)	25,178,128	15,361,137	25,504,088	23,930,798	22,082,863
Concentrate (equivalent tonnes)					
(@ 165 litres per tonne)	875.47	1,728.12	4,512.16	3,615.52	8,579.41
Grape Juice (equivalent tonnes)					
(@ 750 litres per tonne)	2,115.11	1,648.43	1,975.81	982.43	1,084.13

Statistical data provided by LCBO

## Importation of Wine

**TABLE X** presents the quantity of importation of wine categories from 2008-2012. The total imports of all wine categories in Canada increased by 4.4% from the previous year to 308 million litres. Still wine was the greatest contributor at 280 million litres.

<b>TABLE X Quantity of Importation of Wine Categories ('000 litres)</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Aperitif	928	851	808	795	825
Champagne	929	841	928	1,017	1,039
Miscellaneous wines	10,485	9,600	10,708	11,734	12,861
Port	2,153	1,958	1,921	1,857	1,764
Sherry	796	698	648	619	588
Sparkling wine (includes crackling table)	6,258	6,655	7,557	7,897	8,683
Still wine	241,525	249,849	260,023	269,021	280,295
Vermouth	2,589	2,471	2,352	2,295	2,234
<b>TOTAL</b>	<b>265,663</b>	<b>272,923</b>	<b>284,945</b>	<b>295,235</b>	<b>308,289</b>

Statistical data provided by Association of Canadian Distillers and Canadian Vintners Association.

## Importation of Wine

**TABLE XI** shows the volume of still table wines by country of origin imported into Canada from 2008-2012 inclusive. In 2012 total importation of still table wines into Canada increased by 4.2% to 280 million litres compared to 269 million litres in 2011. Imports from the United States had the greatest increase at 15.6%. Italy is the largest single importer into Canada followed by France and the United States.

**TABLE XI Importation of Still Table Wines by Country of Origin ('000 litres)**

	2008	2009	2010	2011	2012
Australia	42,394	40,025	40,338	41,752	42,150
Eastern Europe	583	630	634	621	615
France	53,334	49,954	50,019	49,536	51,191
Germany	4,361	4,304	4,396	4,616	4,672
Italy	48,657	49,406	51,820	54,182	56,722
Portugal	4,763	4,972	5,078	5,416	5,881
South Africa	7,971	8,903	8,624	8,199	8,012
South America	34,563	43,307	44,917	44,133	41,812
Spain	11,167	12,438	13,264	14,090	15,694
United States	28,644	31,080	34,841	39,117	45,222
Other Countries	5,089	4,830	6,092	7,359	8,324
<b>TOTAL</b>	<b>241,526</b>	<b>249,849</b>	<b>260,023</b>	<b>269,021</b>	<b>280,295</b>

Statistical data provided by Association of Canadian Distillers and Canadian Vintners Association.



Lieutenant Governor David Onley, with Mrs. Ruth Ann Onley, presents the Prime Minister of Jamaica, the Most Honourable Portia Simpson-Miller, with a gift of Ontario wine

## Crop Insurance

Data included in **TABLE XII** below was supplied by Agricornp, the Corporation responsible for delivering Crop Insurance Programs and providing the statistical history of the Grape Crop Insurance Program, 2003-2012 inclusive. The number of accounts decreased slightly. Claims decreased from 72 in 2011 to 60 in 2012. The dollar value of the claims was down from \$1.8 million in 2011 to \$952,000 in 2012.

**TABLE XII Crop Insurance**

Year	No. of Accounts	No. of Claims	Total Premiums* \$'000	Total Claims \$'000	Premiums less Claims \$'000
2003	286	241	2,061	16,714	-14,653
2004	329	149	4,743	3,641	1,102
2005	332	283	5,188	22,308	-17,120
2006	336	51	7,205	1,046	6,159
2007	316	65	7,763	1,136	6,627
2008	308	77	7,088	1,495	5,593
2009	292	145	7,800	3,820	3,980
2010	288	90	6,668	1,223	5,445
2011	289	72	5,909	1,805	4,104
2012	281	60	5,538	952	4,586

\*Total grower and government premiums

### Ontario Vineyard Improvement Program: Producer Support Component (PSC)

The Ontario Vineyard Improvement Program (OVIP) PSC is a cost-share program funded by the Ontario Ministry of Agriculture, Food and Rural Affairs. Of the applications received in Intake 1, 85% were from the Niagara Region, 5% were from Essex County and 5% were from Prince Edward County. The remaining 5% of applications came in from Chatham, Leeds Et Grenville, Hamilton, Norfolk and Northumberland.

There were a variety of improvements selected by growers including:

- 31% for equipment for improved viticulture (e.g. pre-pruning machines, vine trimmers, sub soiling machinery and drift reduction sprayers)
- 24% for cold injury prevention activities (purchase and installation of wind machines and hilling up equipment)
- 18% for vine trellis systems
- A total of 185 acres have been removed as a result of the program through Intake 1 of the program.

### Ontario Vineyard Improvement Program: Industry Support Component (ISC)

The OVIP Industry Support Component is a fund provided by the Ontario Ministry of Agriculture, Food and Rural Affairs and administered by the GGO through a management committee, to assist the sector as a whole with access to additional technologies and capacities to help improve grape production in the vineyard. Current projects include:

- Third Party Testing pilot
- Inversion Towers
- Sustainability Winemaking in Ontario Module/ Viticulture Component
- Vine Certification
- Weather Information
- Spray Drift Workshops
- Chardonnay Education Sessions
- Grape Tracker Online Grower Training
- International Speaker Program
- Grower Workshops: Bird Control, New Growers, Succession Planning
- Effects of Post-harvest Abscisic Acid Applications (ABA) on Grapevine Cold Hardiness
- Winter Injury Bud Sampling
- Resource Information Development



Prince Edward County OVIP Grower Meeting

## Memberships and Sponsorships

The Grape Growers of Ontario is a contributing member and/or sponsor to a number of agricultural and trade organizations. The organizations supported in the 2012/2013 year include:

<b>Memberships</b>	<b>Amount</b>
Agricultural Adaptation Council	150
British Columbia Grape Growers Association	150
Canadian Horticultural Council	12,741
Grimsby and District Chamber of Commerce	240
Lincoln Chamber of Commerce	180
Niagara-on-the-Lake Chamber of Commerce	200
Ontario Agri-Food Education Inc.	500
Ontario Agricultural Commodity Council	1,000
Ontario Fruit & Vegetable Growers' Association	20,000
Ontario Federation of Agriculture	710
Ontario South Coast Wineries & Growers Association	89
President's Council	250
St. Catharines - Thorold Chamber of Commerce	310
St. Catharines Club	720
<b>TOTAL</b>	<b>37,240</b>

<b>Sponsorships</b>	<b>Amount</b>
Grape & Wine Industry Insight Summit	10,000
Grape King	2,500
Grape Stomp	400
In Stride Productions - Niagara Running Series	1,500
Lincoln Agricultural Society	200
Niagara Grape and Wine Festival - 2012 Niagara Wine Festival	20,000
Niagara Peninsula Fruit and Vegetable Growers' Association	750
Official Guide to Wineries of Ontario	4,000
Ontario Wine Awards	3,000
Outstanding Young Farmers' Program - 2012	350
Prince Edward County Winegrowers Association - Terroir Wine Festival	8,000
Essex Pelee Island Coast - Lake Erie North Shore Wine Festival	10,000
<b>TOTAL</b>	<b>60,700</b>



**TABLE XIII – Promotional Expenses**

Celebrating 65 years, the Grape Growers of Ontario continued with promotions to build the grape grower brand through Facebook contests, Twitter and grower stories. Grower members from Prince Edward County as well as Lake Erie North Shore were promoted in 2012 through sponsorships to the Prince Edward County Winegrowers Association and Essex Pelee Island Coast Wine Association. The Grape Growers of Ontario continued with a series of activities such as the annual Media Day, the Grape Stomp, Harvest Media Event at the Queen's Quay LCBO store, and Wine Tasting at the Legislative Assembly of Ontario. Congratulations to the Foreign Affair and Small Talk wineries whose wines were chosen as the official wines to be served at the Ontario Legislature for 2013. The Grape Growers of Ontario continues to be a proud sponsor of the Niagara Grape and Wine Festival, and this year, supported the design and building of a new Grape King float for the Grande Parade. A special thank you is extended to Howard Staff and Bill Schenck for their assistance with the float.

	2010/2011	2011/2012	2012/13
Promotions, Sponsorship & Public Relations	\$64,708	\$70,051	\$121,198
Miscellaneous – Wines	6,868	9,020	9,926
<b>SUB-TOTAL</b>	<b>\$71,576</b>	<b>\$79,071</b>	<b>\$131,124</b>
Grape & Wine Festival and Grape King's Crowning	23,510	23,800	28,802
International Cool Climate Chardonnay Celebration	50,000	50,000	35,000
Grape Growers of Ontario promotion	6,937	101,642	25,100
<b>TOTAL</b>	<b>\$152,023</b>	<b>\$254,513</b>	<b>\$220,026</b>

## Education and Research

Research continues to be an integral part of the Grape Growers of Ontario business. In 2007, Ontario Grape and Wine Research Inc. (OGWRI) was created. Matthias Oppenlaender is currently the Chair of the organization, and with the support of the Grape Growers of Ontario, Wine Council of Ontario and Winery & Grower Alliance of Ontario, long term funding for the organization is underway. OGWRI is dedicated to insuring prosperous and sustainable growth within the Ontario grape and wine industry through focused, industry driven research. Currently, OGWRI has funded a range of projects that incorporate the key industry disciplines of viticulture, oenology and market research, including:

- Establishing Best Practices Guidelines to Optimize Grapevine Winter Hardiness;
- Fine-Tuning Management of Grape Berry Moth;
- Management of Sour Rot and Volatile Acidity in Grapes;
- Consumer Perceptions of Quality for Horticultural Products and Wines: Impact of Production Practices and Region of Origin;
- Sustainable practices for repelling MALB and seven spot lady-beetles from Ontario Vineyards;
- Confirming lady-beetle taint from 7-spot beetle and remediation of MALB and seven spot taint from juice using a protein-based fining method;
- Determining Activity Patterns of Multi Coloured Asian Lady Beetle in Niagara to Optimize Control Practices.



Essex Pelee Island Coast Wineries attend Corks and Kegs event at Walkerville Brewery

## Pesticides

The GGO continues to work closely with employees from the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA), Agriculture and Agri-Food Canada (AAFC), the Pest Management Regulatory Agency (PMRA) and chemical manufacturers and consultants, in order to secure access to new and/or more effective crop protection products and procedures.

Wayne Roberts has been retained by the GGO to represent the grape industry at the Minor Use Priority Setting Workshop each year in Ottawa during the annual meetings in March. This workshop provides an opportunity to highlight priorities for grapes, for example, the sour rot complex on grapes.

Wayne also represents the grape industry at the Fruit Technical Working Group. This group is responsible for the inclusion of products in Publication 360 "Guide to Fruit Production".

The following are pest concerns and new registrations in 2012:

- Emergency registration of Lannate, Malathion and Clutch for control of the Brown Marmorated Stink Bug (BMSB).
- Emergency registrations of Delegate, Entrust, Ripcord, Malathion and Pyganic for control of the Spotted Winged Drosophila (SWD).

Both the BMSB and the SWD have been observed and reported throughout Ontario. Neither pest has yet resulted in economic losses to grapes.

- Re-evaluation is on-going for Sevin (carbaryl).
- The synthetic pyrethroid, Ripcord, was registered in 2012 for control of wasps and yellow jackets on grapes. This product has a two day interval to harvest. The synthetic pyrethroids are critical products to our industry.

Wayne continues on-going liaison regarding pesticide and pest related issues with members of the chemical manufacturers, researchers and extension personnel on behalf of the GGO.

## Cool Climate Oenology and Viticulture Update

Brock University's Cool Climate Oenology and Viticulture Institute (CCOVI) is a leading research facility that works to address concerns of the grape and wine industry. Much of CCOVI's ability to provide the industry with innovative support programs, applied practices and outreach services is made possible by funding through Growing Forward's Developing Innovative Agri-Products (DIAP) program at Agriculture and Agri-Food Canada.

CCOVI works with the project's lead -- the Grape Growers of Ontario -- to address industry-set priorities, including:

- viticulture research and outreach to increase grapevine cold-hardiness, while maintaining premium fruit quality to overcome climatic barriers. CCOVI's team is studying factors that impact grapevine hardiness -- crop load, disease pressure, water stress -- to develop a best practices guide for growers;
- oenology research and outreach that focuses on acid reduction projects, methoxypyrazine remediation and appassimento wine production to increase the market competitiveness of Canadian wines.

CCOVI's outreach services for the industry include:

- VineAlert, a risk-management tool to mitigate the impact of cold weather events by helping growers know when to use wind machines;
- the Grape Pre-harvest Monitoring Program, which tracks grape development and helps growers and winemakers make informed vineyard management and harvest decisions;
- CCOVI's Analytical Services, which provide testing services to over 100 clients in the grape and wine community, and is the official testing centre of the GGO's dispute resolution process;
- the 'Calibrate with CCOVI' workshop series, helping grape and wine professionals improve various aspects of their operations, from improving the accuracy of juice and wine testing to using better winter pruning practices;
- expanded VQA Winemakers Forums to include CCOVI scientists. In an interactive setting, the forums help winemakers with best practices and techniques suited to Ontario's climate to improve vine performance and wine quality.

## Creating new local wines – Appassimento-style research at Vineland Research and Innovation Centre

A project with Rennie Estate Winery and Angels Gate Winery is developing a locally-adapted, high-efficiency technique for drying grapes in the appassimento-style.

This process, which has traditionally been used for the production of Amarone, a richly flavoured Italian wine, has tremendous potential for local production of premium vintages in an otherwise heavily imported market place. In addition to adding value to high quality grapes, the process can also help to mitigate risk for various production pitfalls such as poor drying conditions that can result in mould.

Although a small number of wineries have pioneered the appassimento technique locally, the application can be better utilized. Bernard Goyette, Vineland's biosystems engineer, is assessing drying variables such as air flow rate, humidity and temperature control on grape quality with a specific focus on Merlot, Cabernet Franc and Cabernet Sauvignon varieties. Research results will be available as early as April 2013.

The appassimento technique is not new to wine production but adapting the process to local grape varieties and local climatic conditions in the interest of developing a premium wine category is a new concept. John Young with Angels Gate Winery and Graham Rennie with Rennie Estate Winery are looking to the near future when locally-produced appassimento-type vintages can carve their rightful place on the retail shelf.

Beginning in 2013, project partners will meet with wineries and growers to discuss specifics of the drying process and the potential for large scale, commercial drying facilities. This project offers tremendous opportunity to meet growing market demand for full-bodied, complex wines made with Ontario-grown grapes. Both local growers and wineries will see bottom-line benefits to developing a niche market that successfully competes with imports.

Funding for this project was received in part from Agriculture and Agri-Food Canada's Agricultural Innovation Program, which supports the development and commercialization of innovative new products, technologies, and processes for the agricultural sector.



**Award of Merit Presentation: Bill George, Chair; Matthias Oppenlaender, Vice Chair; Rick Dykstra, MP; Debbie Zimmerman, CEO.**



**Kevin Watson, GGO Director, and Curtis Fielding, Grape King present Rob Saliba, LCBO Queens Quay Store Manager with Icewine Grapes at GGO's Harvest Media Event**

## Independent Auditor's Report

To the Members of  
Grape Growers of Ontario

We have audited the accompanying financial statements of Grape Growers of Ontario, which comprise the statement of financial position as at January 31, 2013, January 31, 2012 and February 1, 2011 and the statements of internally restricted net assets, operations and unrestricted net assets, and cash flows for the years ended January 31, 2013 and January 31, 2012, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Grape Growers of Ontario as at January 31, 2013, January 31, 2012 and February 1, 2011 and the results of its operations and its cash flows years ended January 31, 2013 and January 31, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

St. Catharines, Canada  
February 27, 2013



Chartered Accountants  
Licensed Public Accountants

# GRAPE GROWERS OF ONTARIO

## STATEMENT OF FINANCIAL POSITION

February 1,

JANUARY 31

2013

2012

2011

### Assets

#### Current

Cash	\$ 743,697	\$ 433,150	\$ 56,972
Guaranteed investment certificates	3,315,953	2,817,286	2,751,381
Accounts receivable	92,832	121,859	117,736
Contributions receivable (Note 11)	231,070	208,127	111,292
Prepaid expenses	12,008	9,011	5,306
	<u>4,395,560</u>	<u>3,589,433</u>	<u>3,042,687</u>

#### Long-term

Due from related parties (Note 4)	174,494	130,418	84,677
Investments (Note 5)	191,867	191,867	191,867
Software (Note 6)	-	10,600	21,210
	<u>\$ 366,361</u>	<u>\$ 332,885</u>	<u>\$ 297,754</u>

**\$4,761,921**                      **\$3,922,318**                      **\$3,340,441**

### Liabilities

#### Current

Accounts payable and accrued liabilities	\$ 560,837	\$ 324,078	\$ 154,514
Government remittances payable	204,374	192,335	123,409
Deferred contributions (Note 11)	82,639	39,282	59,338

847,850                      555,695                      337,261

### Net Assets

#### Unrestricted

Invested in Grape & Tender Fruit (Ontario) Limited	191,867	191,867	191,867
Available for operations	1,010,967	1,010,967	720,355
	<u>1,202,834</u>	<u>1,202,834</u>	<u>912,222</u>

#### Internally restricted

Research and promotion fund	664,657	689,757	841,399
Operational reserve	1,348,225	1,000,000	1,000,000

#### Ontario grape and wine research fund

Growers contributions	428,518	342,700	249,559
Processors contributions	269,837	131,332	-
	<u>698,355</u>	<u>474,032</u>	<u>249,559</u>
	<u>2,711,237</u>	<u>2,163,789</u>	<u>2,090,958</u>

**\$4,761,921**                      **\$3,922,318**                      **\$3,340,441**

Approved on behalf of the Board



Director



Director

See Accompanying Notes to the Financial Statements



# GRAPE GROWERS OF ONTARIO

## STATEMENT OF INTERNALLY RESTRICTED NET ASSETS

YEAR ENDED JANUARY 31	2013	2012
<b>Research and Promotion Fund</b>		
Expenses		
International Cool Climate Chardonnay Celebration	\$ -	\$ (50,000)
Grape Growers of Ontario promotion	<u>(25,100)</u>	<u>(101,642)</u>
	<u>(25,100)</u>	<u>(151,642)</u>
Fund Balance - Beginning of year	<u>689,757</u>	<u>841,399</u>
Fund Balance- End of year	<u>\$ 664,657</u>	<u>\$ 689,757</u>

	2013	2012
<b>Operational Reserve</b>		
Transfer from unrestricted net assets	<u>348,225</u>	-
Fund Balance - Beginning of year	<u>1,000,000</u>	<u>1,000,000</u>
Fund Balance - End of year	<u>\$ 1,348,225</u>	<u>\$ 1,000,000</u>

	2013	2012
<b>Ontario Grape and Wine Research Fund</b>		
Growers contributions		
Revenues		
Growers fees	<u>\$ 131,918</u>	<u>\$ 126,141</u>
Expenses		
Contributions to OGWRI	<u>(46,100)</u>	<u>(33,000)</u>
Excess of revenues over expenses for the year	<u>85,818</u>	<u>93,141</u>
Fund Balance - Beginning of year	<u>342,700</u>	<u>249,559</u>
Fund Balance - End of year	<u>\$ 428,518</u>	<u>\$ 342,700</u>

<b>Processor contributions</b>		
Revenues		
Processors fees	<u>\$ 138,505</u>	<u>\$ 131,332</u>
Fund Balance - Beginning of year	<u>131,332</u>	<u>-</u>
Fund Balance- End of year	<u>\$ 269,837</u>	<u>\$ 131,332</u>

# GRAPE GROWERS OF ONTARIO

## STATEMENT OF OPERATIONS AND UNRESTRICTED NET ASSETS

YEAR ENDED JANUARY 31	2013	2012
<b>Revenues</b>		
Licence fees	\$1,579,491	\$1,489,063
Vertically integrated rebate	(31,221)	(30,806)
Appropriation for research and development	(270,424)	(257,618)
	<u>1,277,846</u>	<u>1,200,639</u>
Government and industry funding for research and other projects	842,058	838,097
Interest and other income	66,215	50,430
	<u>2,186,119</u>	<u>2,089,166</u>
<b>Expenses</b>		
Directors' fees, honoraria and benefits	68,615	72,235
Salaries and benefits (Note 7)	400,377	415,623
Travel	47,648	52,044
Meetings and conventions	24,295	20,318
Office supplies and expenses	58,218	62,746
Postage	11,238	10,076
Telephone	19,504	20,394
Dues and subscriptions	21,510	14,794
Professional fees (Note 8)	78,356	69,603
Utilities and maintenance	24,255	21,660
Building insurance and property taxes	14,854	14,906
Amortization	22,000	25,212
Festival	28,802	23,800
Assessment O.F. & V.G.A.	20,000	20,000
Research and other projects (Note 11)		
Grape Growers funded portion	56,072	28,576
Government and industry funded portion	804,085	832,955
Promotional projects (Note 11)		
Grape Growers funded portion	93,151	56,659
Government and industry funded portion	37,973	22,412
Professional development	15,311	5,138
Maintenance agreements	16,325	29,201
Labour issues co-ordinating committee	5,000	5,000
Loss on foreign exchange	994	2,820
Bad debts	474	2,502
Expense recoveries from other associations	(31,163)	(30,120)
	<u>1,837,894</u>	<u>1,798,554</u>
Excess of revenues over expenses for the year	348,225	290,612
Net Assets - Beginning of year	1,202,834	912,222
Appropriation to operational reserve	(348,225)	-
Net Assets - End of year	<u>\$1,202,834</u>	<u>\$1,202,834</u>

See Accompanying Notes to the Financial Statements

# GRAPE GROWERS OF ONTARIO

## STATEMENT OF CASH FLOWS

YEAR ENDED JANUARY 31	2013	2012
Increase in cash		
<b>Operating</b>		
Excess of revenues over expenses for the year	\$ 348,225	\$ 290,612
Research and Promotion Fund	(25,100)	(151,642)
Ontario Grape and Wine Research Fund	224,323	224,473
Adjustments for non-cash items		
Amortization	10,600	10,610
	<u>558,048</u>	<u>374,053</u>
Changes in non-cash working capital		
Accounts receivable	29,027	(4,123)
Contributions receivable	20,414	(116,891)
Prepaid expenses	(2,997)	(3,705)
Accounts payable and accrued liabilities	236,759	169,564
Government remittances payable	12,039	68,926
Due to Grape and Tender Fruit (Ontario) Limited	(44,076)	(45,741)
	<u>809,214</u>	<u>442,083</u>
<b>Investing</b>		
Increase in guaranteed investment certificates	(498,667)	(65,905)
Increase in cash	310,547	376,178
Beginning of year	433,150	56,972
End of year	<u>\$ 743,697</u>	<u>\$ 433,150</u>

# GRAPE GROWERS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

JANUARY 31, 2013

---

## 1. Nature of operations

The Grape Growers of Ontario is a board which operates under the Farm Products Marketing Act, established for the purpose of marketing and promoting Ontario grapes for processing. The Board is a not-for-profit organization incorporated without share capital under the laws of Ontario, and is exempt from income taxes under the Income Tax Act.

## 2. Significant accounting policies

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CICA Handbook and include the following significant accounting policies:

### Fund accounting

The Board follows the deferral method of accounting for government and industry contributions and reports using fund accounting.

The Board follows the restricted fund method of accounting for grower contributions. Revenues and expenses related to marketing operations and administrative activities are reported in the operating fund. Revenues and expenses related to research activities are reported in the research fund. Fees and payments collected from growers and processors and contributed to Ontario Grape and Wine Research Inc. (OGWRI) are reported in the Ontario Grape and Wine Research Fund. The operational reserve fund reports the net assets which have been internally restricted by the Board as an operational reserve.

### Financial instruments

#### Measurement

The Board initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

Financial assets or liabilities obtained in related party transactions with a person or entity whose sole relationship with the Board is in the capacity of management are accounted for in accordance with financial instruments.

The Board subsequently measures all of its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are not quoted in an active market which are measured at cost less any reduction for impairment.

Financial assets and liabilities measured at amortized cost include cash, guaranteed investment certificates, accounts receivable, contributions receivable, and amounts due from related parties, accounts payable and accrued liabilities, government remittances payable and deferred contributions.

Financial assets measured at cost less reduction for impairment include investments.

#### Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in excess of revenues over expenses for the year.

## Investments

Investments in joint ventures and significantly influenced investees are accounted for using the equity method.

The equity method is a basis of accounting for investments whereby the investment is initially recorded at cost and the carrying value, adjusted thereafter to include the investor's pro-rata share of post-acquisition earnings of the investee, computed by the consolidation method. Profit distributions received or receivable from an investee reduce the carrying value of the investment.

The Board's share in losses in excess of the carrying amount of the investment are recorded if the Board has guaranteed the obligations of the investee; or, the Board is otherwise committed to provide further financial support to the investee; or, the investee seems assured of imminently returning to profitability.

## Property and Equipment

Property and equipment which are shared with other marketing boards are capitalized by Grape and Tender Fruit (Ontario) Limited. The amortization charge for property and equipment is reported according to the cost sharing arrangement by each benefiting board.

## Software

Software is amortized on a straight line basis over 3 years.

## Revenue recognition

The Grape Growers of Ontario has the authority to collect licence fees under the provisions of the Farm Products Marketing Act. Fees are recognized as the crop is received, weighed and graded by processors and collection is reasonably assured.

## Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in operations in the period in which they become known. Actual results could differ from those estimates.

## 3. Impact of the change in the basis of accounting

The organization has elected to apply Canadian accounting standards for not-for-profit organizations.

These financial statements are the first financial statements for which the organization has applied Canadian accounting standards for not-for-profit organizations.

The financial statements for the year ended January 31, 2013 were prepared in accordance with the accounting principles and provisions set out in Section 1501, First-time Adoption by Not-for-Profit Organizations, for first-time adopters of this basis of accounting.

The impact of adopting these standards has not resulted in any material changes to the opening financial statement for the current or previous period.



#### 4. Related party transactions

The Grape Growers of Ontario exercise significant influence over Ontario Grape and Wine Research Inc. (OGWRI), an entity incorporated to perform research and development activities related to the grape and wine industries. Transactions with OGWRI, include recovery of salaries (disclosed in note 7) and contributions to research projects (disclosed in the statement of changes in internally restricted net assets). Additionally, OGWRI contributed \$60,000 (2012 - \$60,000) towards the DIAP - Harvesting Innovation for Growth and Sustainability. These transactions are measured at the exchange amount.

The Grape Growers of Ontario is related to Grape & Tender Fruit (Ontario) Limited (GTFOL), a jointly controlled enterprise who operates the Marketing Boards' shared offices and who owns the shared land and building.

#### The Grape Growers of Ontario proportionate share of GTFOL is as follows:

	2013	2012	February 1 2011
Assets	\$ 368,040	\$ 358,993	\$ 312,520
Liabilities	\$ 176,193	\$ 167,146	\$ 120,673
Net Assets	\$ 191,847	\$ 191,847	\$ 191,847

Expenses include a \$147,538 (2012 - \$153,986) charge for the Board's share (50% (2012 - 50%)) of management operation costs incurred during the year by GTFOL. These amounts are recognized in the form of allocated rent payments at the exchange amount by the Board, and represent the Board's share of the revenue and expenses of the joint venture.

#### Amounts due from related parties:

	2013	2012	February 1 2011
GTFOL	\$ 162,064	\$ 130,418	\$ 84,677
OGWRI	12,430	-	-
	<u>\$ 174,494</u>	<u>\$ 130,418</u>	<u>\$ 84,677</u>

#### 5. Investments

	2013	2012	February 1 2011
Grape & Tender Fruit (Ontario) Limited			
94 common shares (47% interest)	\$ 47	\$ 47	\$ 47
1,918 special shares (40% interest)	191,800	191,800	191,800
Ontario Grape and Wine Research Inc.			
20 common shares (50% interest)	20	20	20
	<u>\$ 191,867</u>	<u>\$ 191,867</u>	<u>\$ 191,867</u>

#### 6. Software

	2013	2012	February 1 2011
Computer software cost	\$ 31,820	\$ 31,820	\$ 31,820
Accumulated amortization	(31,820)	(21,220)	(10,600)
	<u>\$ -</u>	<u>\$ 10,600</u>	<u>\$ 21,220</u>

## 7. Salaries and benefits

	2013	2012
Total salaries and benefits	\$ 605,078	\$ 548,207
Recoveries:		
Project management	(191,701)	(124,784)
Ontario Grape and Wine Research Inc.	(13,000)	(7,800)
	<u>\$ 400,377</u>	<u>\$ 415,623</u>

## 8. Professional fees

	2013	2012
Audit	\$ 14,688	\$ 18,538
Legal	10,488	17,957
Industry consulting	53,180	33,108
	<u>\$ 78,356</u>	<u>\$ 69,603</u>

## 9. Financial instruments

The company is exposed to various risks through its financial instruments. The following analysis provides a measure of the Board's risk exposures and concentrations at January 31, 2013:

### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Board's main credit risks relate to its accounts receivable. The Board provides credit to its customers in the normal course of its operations.

### Market risk

Market risk is the risk that the fair value of expected future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Board is not exposed to any significant market risk.

## 10. Comparative figures

Certain comparative figures have been restated to reflect financial statement presentation adopted in the current year.

## 11. Contributions for research and other activities

	Deferred (Receivable) Contributions February 1, 2012	Government/ Industry Contributions Received 2012/13	Total Expenses 2012/13	Grape Growers of Ontario Portion 2012/13	Deferred (Receivable) Contributions January 31, 2013
<b>Research and Other Projects:</b>					
Pesticide initiatives	\$ -	\$ 19,692	\$ -	\$ -	\$ 19,692
Harvesting Innovation for Growth and Sustainability	(100,661)	236,111	348,412	37,003	(175,959)
Traceability foundations initiative	-	50,890	98,044	18,016	(29,138)
Control and location of bird control devices	(6,435)	6,435	-	-	-
Niagara Native Plant Cover	(5,680)	5,680	-	-	-
Canadian Agricultural Adaption Program	-	-	19,503	-	(19,503)
VQA Grape Information Systems Initiative	20,538	13,652	34,190	-	-
Enhancing Pest Management in Ont. Viticulture Regions	(3,742)	13,821	11,132	1,053	-
OVIP - Vineyard Improvement Program (Admin)	(17,101)	85,000	74,369	-	(6,470)
OVIP - Vineyard Improvement Program (ISC)	(42,140)	362,500	274,507	-	45,853
	<u>(155,221)</u>	<u>793,781</u>	<u>860,157</u>	<u>56,072</u>	<u>(165,525)</u>
<b>Promotional Projects:</b>					
Celebrity Luncheon	18,744	36,323	37,973	-	17,094
Non-Grant Funded Promotion				93,151	
				93,151	
<b>Grape Growers of Ontario Promotion</b>	<u>(32,368)</u>	<u>32,368</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ (168,845)</u>				<u>\$ (148,431)</u>
<b>Comprised of:</b>					
Contributions receivable	\$ (208,127)				\$ (231,070)
Deferred contributions	39,282				82,639
	<u>\$ (168,845)</u>				<u>\$ (148,431)</u>

It has been *65 years* of remarkable change through great challenges... and great success.

Milestones of progress achieved together by persistence, dedication, commitment.

A story... of entrepreneurial spirit, vision, skill and determination in an ongoing quest for quality, recognition, and just rewards... for honest toil by a special breed of people with a clear mission, powerful partners, and a unified future focused voice.

- 1950's Bevis Walters made a pitch for a Festival "by Growers and for Growers", and the Niagara Grape and Wine Festival was born.
- 1960's prototype mechanical harvesters were introduced.
- 1970's investment in research and technology allowed growers to plant French hybrid and traditional European varieties.
- 1980's saw explosive growth in supplies of grapes for table wines. The Vintners Quality Alliance was formed and there are now 3 DVAs: Niagara Peninsula, Lake Erie North Shore and Prince Edward County.
- 1990's Ontario's wine stores can now accept credit cards and on-site winery stores can open on Sundays.
- 2000's brings a new era for the industry with Cadbury Schweppes Beverages' 2007 closing of the original juice plant started by the Growers Cooperative in 1948.
- Growers continue to invest in research, innovation and technology, like wind machines, to improve cool climate grape production and quality.



**Fred Parker, chairman of the Ontario Grape Growers' Co-operative, delivers the first load of grapes for juice, at the newly completed plant on Yale Crescent, St Catharines, in 1948.**



**Tom Davis, the first Grape King, 1956, is shown with Chateau-Gai executives Allen Marshall, Tom Comery, and David Diston, at Irish Acres, 1974.**



**Celebrating 65 years with a new Grape Kings Float, at the 2012 Niagara Grape and Wine Festival Grande Parade.**



**Ron Moyer, Chair Ontario Grape Growers Marketing Board 1965-1980.**



# 2012 *Grape King*

Curtis Fielding



Curtis Fielding was crowned Grape King on September 19, 2012 in the Beamsville vineyards of Fielding Estate Winery



#### ADDRESS

1634 South Service Road, St Catharines, Ontario L2R 6P9

Phone: 905.688.0990

Fax: 905.688.3211

Email: [info@grapegrowersofontario.com](mailto:info@grapegrowersofontario.com)

Web: [www.grapegrowersofontario.com](http://www.grapegrowersofontario.com)

#### MAILING ADDRESS

P.O. Box 100, Vineland Station, Ontario L0R 2E0



[grapegrowersofontario](https://www.facebook.com/grapegrowersofontario)



[@grapegrowersont](https://twitter.com/grapegrowersont)