

**HANSARD**

**NOVA SCOTIA HOUSE OF ASSEMBLY**

**COMMITTEE**

**ON**

**ECONOMIC DEVELOPMENT**

**Tuesday, October 11, 2016**

**COMMITTEE ROOM**

**Department of Agriculture/Winery Association of Nova Scotia**

**Printed and Published by Nova Scotia Hansard Reporting Services**

## **ECONOMIC DEVELOPMENT COMMITTEE**

Mr. Joachim Stroink (Chairman)  
Ms. Suzanne Lohnes-Croft  
Mr. Derek Mombourquette  
Mr. David Wilton  
Mr. Chuck Porter  
Hon. Pat Dunn  
Mr. John Lohr  
Hon. Sterling Belliveau  
Hon. Denise Peterson-Rafuse

[Mr. Derek Mombourquette was replaced by Mr. Iain Rankin]  
[Mr. David Wilton was replaced by Mr. Bill Horne]

### In Attendance:

Ms. Kim Langille  
Legislative Committee Clerk

Mr. Gordon Hebb  
Chief Legislative Counsel

## **WITNESSES**

### **Department of Agriculture**

Mr. Kim MacNeil, Deputy Minister  
Mr. Ernest Walker, Director of Policy

### **Winery Association of Nova Scotia**

Ms. Gillian Mainguy, Manager  
Mr. Tim Ramey, Owner, Blomidon Estate Winery



House of Assembly  
*Nova Scotia*

**HALIFAX, TUESDAY, OCTOBER 11, 2016**

**STANDING COMMITTEE ON ECONOMIC DEVELOPMENT**

1:00 P.M.

CHAIRMAN

Mr. Joachim Stroink

MR. CHAIRMAN: Good afternoon folks, we'll call this meeting to order and start our afternoon. Today we have the wine industry in town to do a presentation for the Economic Development Committee, the Winery Association of Nova Scotia is here.

We'll go around and do some introductions. We have some people from Cape Breton who are out as they've got their hands full up there, which is understandable.

[The committee members introduced themselves.]

MR. CHAIRMAN: Just a reminder to everybody to turn off your phones and make sure they are on silent. The washrooms are just out here on the left.

We will now turn it over to Ms. Mainguy to start.

MS. GILLIAN MAINGUY: I'm the manager for the Winery Association of Nova Scotia. I want to first thank the Chairperson for inviting us to speak to the committee today. I recognize some of you from the Standing Committee on Resources when we had the presentation last year, I was presenting with Gerry McConnell, chairperson for the association. Today I have with me Tim Ramey, owner of Blomidon Estate Winery.

I have a little bit of a presentation here. I believe there's a slide deck handout if you'd like to follow along. This came, it was very timely actually because the Winery Association has recently been working on our new strategic plan for the next five years so this was a great opportunity to share kind of a high-level overview of that new plan because there is a lot of work being done on the wine file right now, a lot of work. My colleagues from Agriculture will speak to that a little bit later.

What I wanted to talk about in terms of our wine industry is where we've come from, where we're headed, and that we're a great potential in terms of an economic driver in rural Nova Scotia.

The first slide there is just showing a bit of a growth trajectory from 2005 to 2015. Indeed, one thing I should mention before I get in too deep is that right now Nova Scotia Agriculture is doing a situational analysis for us in terms of all those things that we don't know what we don't know. There's a lot of data that is being collected, and they're doing one-on-one interviews with all grape growers and wineries to find out a lot of this information. This is information that is a little bit outdated currently in terms of what I'm presenting, but that's just because that new data has not yet been released.

Right now nine wineries in 2005, 20 wineries in 2015 - some would argue 21, but I'm going to go with 20 at the moment - and look at the growth in acreage as well. I would say that we're getting the final numbers in terms of data about the actual acreage, but with the new Vineyard Development and Expansion Program offered through Agriculture, it has brought a lot of expansion both to wineries and growers that were already growing but also welcoming new investors to put grapes in the ground.

Just highlighting the main growing regions. I know you got this in quite a large briefing document - 218 pages, my goodness - so I hope you probably recognize some of this information already.

Again, I just wanted to highlight that this is from a national economic impact study that was done based on data from 2011 but released in 2013. This now is the same company that did this economic impact for the Canadian Vintners Association, and they're redoing it based on data from 2015 which will be released in 2017. So again, this is outdated and would be far greater now. I'd be happy, should you be interested, come the winter of 2017, to share the new numbers from the economic impact study. This just gives you an idea, an overview of full-time equivalents, wine-related tourists, tourism impact, taxes, and liquor board markup; again, the total economic impact is just shy of \$200 million. Of course we'd be well above that mark now because this is data from five years ago, and the industry has grown significantly since then.

A little bit about the Winery Association itself. We have 13 wineries and seven associate members. We really are the voice of the industry in terms of working with government. We work with all levels of government: municipal, provincial, and federal. We're also a board member for the Canadian Vintners Association. We have individual

wineries and a regional association seat for the CVA. Essentially, WANS are really the strong and effective advocate for Nova Scotia's grape and wine industry. We need to promote the industry's overall interests and goals in terms of effective marketing and regulatory efforts. It's a lot of government relations work and also a lot of marketing and raising that brand as well for Nova Scotia wines.

This is new. This is our first glimpse - even my colleagues in Agriculture are probably very excited to see it - of our strategic plan. I'll just flip to my page so that I have the same one. Vision: a world-class wine industry with a unique regional style that is a source of pride for Nova Scotians and is woven into the fabric of our culture. Mission: create the finest wines and visitor experience, reflecting our terroir and culture. This was really important to the membership because there was a lot of verbiage around how we were going to express what it is that we're trying to do. The words that often came up were "terroir" and "culture," so we knew that those had to be included in our mission statement. I'll just go over - I won't read them out - our values: quality, accountability, genuine passion, respect, diversity, innovation, and prosperity.

Here we've got our three strategic pillars. I'll just go over a little bit about them. The biggest piece is that the underlying foundation of these pillars is quality. We can't underplay the role that quality plays in terms of the products that we're producing in this province. Building capacity and alignment through strong leadership, effective governance, financial sustainability, and communications and collaboration among wineries, partners, and stakeholders. Creating conditions for sustainable growth and expansion by working collaboratively and proactively with government and partners to advocate for what the wine industry needs to thrive. Also by conducting research and trends analysis to stay on top of issues and opportunities. Growing markets by conducting market research, targeting key markets, executing savvy and cost-effective marketing strategies, and focusing outreach efforts on influencers and consumers. Remaining unwavering in our commitment to quality as the foundation of our wine industry.

The industry, in addition to its significant growth has the following strengths that can be leveraged to build a long-term strategic plan: a shared set of core values; high-quality award-winning products, which I know both Tim and Deputy Minister MacNeil will speak to; a positive established relationship with both the NSLC and the provincial government; and a positive customer experience, that front-line visitor experience both for people here and for visitors from away. Tim.

MR. TIM RAMEY: If I could add for one second, I know typically the word that always comes up is "wine." We're far more than wineries. We're actually a farm that manufactures a product that's in the tourism industry.

Actually, we are educators as well. If you came to the winery on a busy day, you would see there are people from all over the world, signing guest books. Some of them are amazed that we have wine in Nova Scotia, but we do, and they're pleased.

The amount of time that goes into growing grapes, and for those who understand what grape growing is, it's very labour-intensive. It is farming. Then of course, you're manufacturing your raw materials, and that takes place on site.

Again, the tourism component is huge. On a busy day, there will be hundreds and hundreds of people going through our winery. It's great for rural Nova Scotia. In the past, there may have been other forms of farming that aren't very tourism-friendly, but wineries certainly are.

Again, the educational component - we have a huge opportunity not just in our province, but we have to educate Nova Scotians. Historically, wine has not been the first beverage of choice. We can debate what it was or what it is, but the fact is, wine has proven - certainly the reds - to have a medicinal benefit to it.

Beyond that as well, we've got a wonderful thriving culinary scene in Nova Scotia now. What pairs really well with food? Wine. That's the other part where we are in the educational segment, where we're growing our penetration of Nova Scotia consumers, not just in terms of the ones who consume wine but also the ones who consumed other beverages, to the wine world. That's something we work hard at all the time.

MS. MAINGUY: So strategic pillar one, building capacity and alignment. Our goals here are the focuses of this pillar - leadership, governance, financial sustainability, communication and collaboration.

Strategic pillar two, creating conditions for sustainable growth. Here we're looking at government relations and provincial regulations, partnerships and research and trends analysis. There are a number of initiatives, particularly with Minister Colwell's Nova Scotia Wine Development Board and its related subcommittees that are really driving things along in terms of advancing this industry and helping us. In particular, there is a new subcommittee of his development board - a research subcommittee. This is going to really change things for the industry because we haven't been able to create that shopping list of research priorities.

Both the Winery Association and the Grape Growers Association have been charged with creating that list of priorities for research. Again, any industry that's growing we need to pay attention to quality industry-driven research that can help us, especially when we look to our counterparts in British Columbia and Ontario who are about 20 years ahead of us in terms of where they are. There are a lot of missteps that they took that we don't need to take; we can learn from them. In the same way, there is research that has been done there that we could likely benefit from here as well.

The last one - and so important and so near and dear to our hearts - is grow markets. Grow markets and then marketing and outreach - the goal here to increase the sales of the wines of Nova Scotia within the province and Atlantic Canada and the rest of Canada, at a rate matching the industry's total output.

I should mention that there was a lot of discussion with the winery members and our associate members about export. We know export is so important, but we also look at export in terms of the definition as any new market outside of Nova Scotia - whether that's Atlantic Canada, the rest of Canada. We really want to focus on winning at home, both in the province and then also the rest of Canada, and then going outside the country.

There are wineries already, a handful of wineries, exporting out of country and many have it within their plan in terms of seeing how their production is going to increase and with the new grapes in the ground the production is certainly going to increase. So we do need to look for those markets. This is an area that is very important and we're thankful to Finance and Treasury Board for offering money for market development, and we're working with the Department of Agriculture on that for that subcommittee.

High level targets - full alignment and collaboration among wine industry partners and stakeholders. We need to secure ongoing funds for the association, for our operations and initiatives. We need an increased awareness and understanding of the wines of Nova Scotia.

I should just stop myself for a second because there are two designations in terms of the policy and regulation. When we say "wines of Nova Scotia", that's wines made with 100 per cent Nova Scotia grape content, but then when we say Nova Scotia wines or N.S. wines, those are wines that are made with 85 per cent Nova Scotia grape content and 15 per cent grape content from the rest of Canada. When we work with the NSLC, they don't break it down - they have it just as one category so they would just say all wines, like Nova Scotia wines. But in terms of the language I'm using here, I should mention that.

Coordinated and proactive research in trans-analysis - I spoke to this briefly. We want to grow our NSLC growth to 15 per cent market share. We're currently 7 per cent or 8 per cent at the NSLC. We want to grow that Atlantic Canada and Canadian market share as well. We're looking, of course, to optimize the tourism impact in partnership with Tourism Nova Scotia - something that we have done over the years. Just recently we took part in their Inspiring Content Partner Program, which is a great cost share for developing new visual assets - videos, drone footage, et cetera.

Of course, the overall increase in economic impact to the province. We have a winning industry here. We have owners who have dumped significant capital into the winery business and we're really starting to see those returns on investment.

That's all I wanted to say, but before I turn it over to the Department of Agriculture, perhaps if Tim wanted to say anything.

MR. CHAIRMAN: Mr. Ramey, do you have a few words you'd like to add?

MR. RAMEY: Yes, I do. When we first bought a vineyard in the Canning area in 2005 and then Blomidon in 2007, it was at that time there seemed to be a lot of things

percolating. Much of success is about having some vision, and having had the good fortune of travelling to a lot of different wine regions, Nova Scotia had a lot of good attributes. We have the resources, we have the geography, but certainly historically it is not a wine region, as I said earlier, we had more of a passion for other types of beverages.

I think what you're seeing now, and this has been going on for possibly 10-plus years, is a very committed group of owners that understands this is very long term, and while most of us probably on a day-to-day basis aren't very patient people, this is an industry that challenges that. We've always said that it has potential, and it's almost much like kicking the can down the road, but the evidence has been here and it has been now for a number of years.

I cite a few things - and I'll speak about Blomidon for a second. Over the past number of years we've won national awards, we've won silvers, we've won golds in our national wine awards. Let me give you some context. Canada is a very good wine region and a respected wine region in the world in producing some very good wines. So for Nova Scotia wines to stand on their own against excellent wineries in Ontario, excellent wineries in B.C., let's put that into context: that is a very positive thing.

Two years ago we won a gold for our Cuvée L'Acadie - I should say one year ago - and against some excellent products from other parts. This year we won another gold for our Crémant, which is another sparkling product, against some very good, top competition, something we're very proud of. In addition to that, *Quench Magazine* - I'm not sure who is familiar with *Quench* but *Quench* is a national food and drink publication. Some of Canada's top critics write for that publication, probably most noteworthy is Tony Aspler. In the July/August issue of this year there was a review of 18 sparkling wines and these included sparkling wines from France, the Champagne region; from Trentino; from Prosecco, Italy; from other parts of Canada; as well as from Nova Scotia. The two top-rated wines were, I'm proud to say, one was our Late Pick Chardonnay, and the number two rated wine was our Cuvée L'Acadie. I'll also make note that Domaine de Grand Pré was in there, they scored very well, as well as Benjamin Bridge and Gaspereau Vineyards.

We hope and we have a vision that this is pretty clear evidence about what we can do and what we can do well. Now those are sparklings. We are also producing some excellent table wines in Nova Scotia. I think the key is that this industry itself, this is evidence, this is not us hoping.

One other thing I'd like to add to this, when we think of the history of Nova Scotia, and I'm a proud Nova Scotian, I lived away many years and chose to come back. Wine in many parts of the world, especially when you consider such regions as Champagne, France, that's a luxury product, that's a luxury brand being produced there. Fast-forward a little bit, imagine that Nova Scotia could be producing a luxury product; that's not a bad thing to add to a resumé.



We don't take that lightly. We, as owners, bought this because we did not want to purchase something to produce an average product. We felt we could produce an exceptional product - not in Nova Scotian terms, not in Canadian terms, but potentially international terms. That was very significant for us.

I think this industry is a beacon for all the good things Nova Scotia can do and the people it can attract. We talk about tourism but I think we could also add that there are a number of people who are looking at Nova Scotia that might be a next great region that perhaps we should be investing more money into, purchasing land in rural Nova Scotia. If we look at the price of land in the Valley - I can't speak for all over - the price of land today is nothing like it was in 2003, 2004, creating jobs for a lot of rural Nova Scotians.

If I could say that categorically, across the board, there's a very good movement from the owners in that at the ownership level there's a very deep commitment to making us not only individually successful, but the industry as a whole successful.

It does take more than just us as owners, it does take a committed province and committed consumers for us to be able to carry forward and execute what we feel are important visions for us.

MR. CHAIRMAN: Over to you, Mr. MacNeil, if you want to introduce your team and do your presentation.

MR. KIM MACNEIL: Sure. I'd like to introduce on my right Ernest Walker, he's the Senior Director of Policy in Corporate Services. Also behind us we have Lori Kittilsen, Melissa Vieau, and Scott Hosking.

Thank you for inviting me to present to the committee this afternoon. I'm particularly pleased to join Ms. Mainguy of the Winery Association and Mr. Ramey from Blomidon. Our partnership with the winery industry is key to what government is doing to help the sector grow its success. Talking with industry, working closely with industry and in fact helping them to take the lead in developing jobs and economic activity is why I believe we're on the right track for seeing continued growth and success in Nova Scotia's wineries. In the 2015-16 provincial budget government announced a targeted investment of Nova Scotia's wine industry. The industry is very focused on producing high-quality wines while expanding its reach nationally and internationally, and for good reason.

We've seen this sector grow significantly in the last few years and we want to continue to support this. For example, in 2015 it has \$15.4 million in sales and another \$300,000 in exports. With exports worth 2 per cent of annual wine sales, we know there's room to grow the industry through export development.

Our wines are also winning awards, as Mr. Ramey outlined, and our producers continue to make inroads into new markets. To expand our reach we need to continue to build the capacity of the industry to meet the demand. The One Nova Scotia report called

for doubling both domestic markets and exports in the agriculture sector and identified wineries as a potential area for new market opportunities and regulatory reform.

The investment announced with this year's budget is meant to support this potential growth, something industry has been telling us is very possible. When the minister created the Nova Scotia Wine Development Board in 2014 he committed to working with industry to find ways to grow this sector, to create jobs, and to increase sales. Since that time the minister and our staff have met regularly with the board and listened to their concerns and advice. The decisions we have made to invest in growing the winery industry resulted from that dialogue with the board. We announced the commitment of \$3.5 million in the 2016-17 budget to support the continued growth of this industry.

This investment will be used to enhance marketing and export development initiatives for Nova Scotia wine, continue support for expanding grape growing through the Vineyard Development and Expansion program that was announced last December, support research and development of grape growing and wine production practices to help the industry continue its focus on quality and expanding the amount of grapes grown here in Nova Scotia, and look at the possibility of implementing a quality standards program like the certified Vintners Quality Alliance - or VQA as it's commonly known - programs that exist in British Columbia and Ontario. This will assist us in export expansion.

Studies in both British Columbia and Ontario wine industries identified that VQA wines provide almost 16 times the economic value of imported foreign wines. VQA wines were shown to provide between \$11 and \$14 in GDP per litre, compared to between 65 and 85 cents of GDP per litre for imported, foreign wines. We want to see that happening in Nova Scotia as well.

This investment along with the dedicated departmental resources are expected to yield an export target of 15 per cent of Nova Scotia wine sales by 2020. This is actually part of a four-year \$12-million investment through the province's vineyards and wineries investment program. Again, we're responding to industry's advice with an investment that will support the sector's capacity to grow and satisfy the increasing demand for Nova Scotia's high-quality award-winning wines. This is part of our approach as government to work with industries like the wine sector to support them as they take the lead on creating jobs and economic growth.

In closing, I want to acknowledge the industry and our current partners, including Perennia, Agriculture and Agri-Food Canada, Acadia University's Atlantic Wine Institute, the Nova Scotia Wine Development Board, the Winery Association of Nova Scotia, and the Grape Growers Association. That is a model for success, when we have government, industry, and academia working together to create the conditions that will allow the wine industry to grow and succeed. That's exactly what the One Nova Scotia Commission talked about: bringing different players together for a common purpose. Thank you.

MR. CHAIRMAN: I will turn it over to Mr. Porter for some questions.

MR. CHUCK PORTER: I thank all of you for joining us today on what has certainly been happening over a lot of years but is indeed a great success story. I come from the Valley, more specifically, the Avon region, as you have it noted up there, with a couple of great wineries there. I'm sure you know both well, and we've had some great people involved there.

It is very nice to see not only some award-winning wines, which is great in and of itself, but also the fact that we're employing people there. The amount of work that actually goes into making it all happen, I don't think people, unless you have visited and have watched this process - as you said, Mr. Ramey - you wouldn't really understand it. We're fortunate to have a number of growers as well, and a lot of different links. The value-add piece is quite unique; all the different things happening in the wine industry.

I keep thinking about those giant pumpkins, I guess, because we were paddling them on the weekend - maybe an interesting idea yet to be had there, that someone will come up with.

Anyway, I didn't really have much by way of questions, but I just wanted to recognize on the record how great this industry has been for the area I come from, all throughout the Valley, and certainly across the province. I'm hopeful that will continue to get bigger and bigger. This is a big piece of the agricultural sector and an important piece. I think people really need to recognize, as I said, how important that is to our employment opportunities in this province.

Selling Nova Scotia around the world - all of us in this room or most of us have Facebook. I've seen different people from around the world that we are connected to holding up a bottle of Nova Scotia wine. How great is that? It could be anywhere, especially out of Europe as you mentioned and other places and Italy and around the world where that might never have been a reality. We are very competitive here in Nova Scotia and certainly in this country, ranking right up there with the very best coming out of Ontario and B.C. and others.

Good on all of you. Thanks for staying involved in the game, and I hope you're in it for a long time because it's a big business for us. Thanks very much.

MR. CHAIRMAN: Mr. Dunn.

HON. PAT DUNN: Thank you for the presentation. It's a pretty exciting industry. As you see it grow, it must be something that you have a lot of pleasure in, the fact that the hard work is showing great dividends.

In the introductory remarks, you mentioned NSLC growth to 15 per cent; I believe it's around 7 per cent now. Do you have an approximate target date when you would like to see it reach 15 per cent?

MS. MAINGUY: We've worked with the NSLC, and we work very closely still. Bret Mitchell, the CEO and president, sits on Minister Colwell's Wine Development Board. He was initially the one who said that he would commit to doubling the Nova Scotia wine sales in the NSLC by 2020, provided we could provide the product which is always a challenge for some of the smaller producers. That was what we were working with. Heather MacDougall, who is VP for policy and external relations, sits on our board for the Winery Association.

The other thing I wanted to note about the NSLC was that they work very well with us and have done since the association was established. A big initiative that they're undertaking in their stores is the complete renovation of what they call the "warm room," so anything that isn't refrigerated in terms of merchandising, they're going to completely change so that the priority and the focus - similar to what you see in Ontario and British Columbia when you walk into a liquor store and they have that VQA section, or that Ontario section or British Columbia section, that they're going to have pride of place for Nova Scotia wines.

That in itself is a big project and I'm sure they're going to roll it out in some of their bigger stores where they have the full complement of Nova Scotia wines, or wines of Nova Scotia. That in itself shows a great commitment from the NSLC as a partner.

MR. DUNN: Just dealing with supply and demand, you also mentioned in your introductory remarks the fact that you're trying to grow markets in Atlantic Canada and then across the rest of Canada and so on. With the growing pains of the industry, do you see any problems in the foreseeable future with regard to the supply and demand, if the demand starts to increase rapidly?

MR. RAMEY: It's an ongoing challenge in a sense where you're a farm relying on nature. I can speak for Blomidon, our goal is always 100 per cent Nova Scotia wine, meaning all of our grapes are 100 per cent from Nova Scotia, and the variables of farming and weather make it always a challenge to predict what your production could be to meet your potential demand. So it's always that balancing act to say this is what we think we are going to produce this year and this is what we think we're going to sell.

I can say that this year has been our biggest and our best year ever. The demand is big and that's why we aren't getting too far ahead of ourselves at this moment, we are selling out and meeting all the demand we can keep up with in Nova Scotia. Clearly that's why we're also planting, so credit to the government, this Vineyard Development and Expansion program, we have been taking advantage of it. We have bought more land, we have put more plants in the ground but the sad part about this industry is that it takes five years before you even produce your first wine, so therein lies a challenge as well.

We are living in the present, we are looking for the mid term, and we are certainly looking at the long term because we do envision where we will have adequate numbers to

supply Nova Scotia. The next step is other parts of Canada, and certainly if there is the requisite demand, then for other parts of the world.

I can add, too, that we're very pleased. We are, for the first time, going to the Vancouver International Wine Festival next year and the focus is on Canada, so we will be there, we will have some of our wines. In addition to that, we're also pleased that we were invited to attend ProWein in Düsseldorf, Germany. I think Düsseldorf, Germany, is the largest international wine fair in the world. We will be taking actually the wine I referenced, our 92-point Late Pick Sparkling Chardonnay, traditional method, to Düsseldorf, Germany, again putting Nova Scotia on the international wine stage.

MR. CHAIRMAN: Mr. Belliveau.

HON. STERLING BELLIVEAU: Thank you very much, certainly an interesting presentation. There's a number of questions I could ask but I picked up on a couple of comments regarding the Ivany report and the possibility of doubling the wine industry in moving forward, which I think is great for rural Nova Scotia.

Mr. Chairman, if I could just get that second slide regarding the different zones in Nova Scotia back, it raises an interesting point in my observation.

MR. CHAIRMAN: Just hang on, Mr. Belliveau, so we can get that. We'll have to get that on the other presentation.

MR. BELLIVEAU: The zone, that's the one I was making reference to. First of all, I think there's a transition going on because the baby boomers are moving from certain beverages to the wines, so I just wanted to personally endorse that. I think there's a great opportunity here but when I look at the Ivany report and I see the potential there and when I look at the zones in Nova Scotia - and again I don't have the expertise of yourself and that's why I asked the question - there was a study done in southwest Nova Scotia and forgive me for referencing southwest Nova Scotia, it's literally the banana belt of the Atlantic Provinces, to my belief, and yet there is a southwest climate study and it's not identified there, there's basically no farms. So that's my question. You made reference to Canada being a very good region. Well Canada is a very large place but what I'm asking you is, there are zones in Nova Scotia that have less frost-free days so I think that has an effect on the wine industry. Can you expand on that? I'm interested in the potential of expanding those industries in rural Nova Scotia.

MR. CHAIRMAN: Who wants to take that on? Mr. Ramey.

MR. RAMEY: There's a lot of truth to it. Your growing season is your last frost of Spring, your first frost of autumn or winter. That's the time period when you've got heating units in order to not only grow but ripen your grapes; it is important.

We are blessed at Blomidon because we are on the Minas Basin. That is actually a very important thing for our particular winery, of course not only to help grow the grapes but also aesthetically, the tourists love it - it's a beautiful site.

Now there can be issues with having too much exposure to an ocean. With Halifax, I don't know if the soils would permit it, but the Valley on average - and I can't speak for all regions of Nova Scotia - has roughly 50 more sun days a year. You need more heat so that is very important so aside from your frosts, you need heat units. Your heat units then are what create your Brix levels, which are the sugars in the grapes. So if you are in a longer frost-free zone, it's great, but you also need to ensure that you have heating units available to ripen the grapes. That's something that is very critical, I think, and I hope that answers your first question.

The other component, and what is very important to the wine industry is, when they created the small farm and the farm winery rules, they permitted selling of products. So the first point was about growing grapes. The second point is that because we have grape growers and we have grape growers that are also wineries, a very important component is the whole element of having customers being able to purchase wine at the wineries. That is critical. If anybody knows the farming world, the farming world margins are thin. I can tell you even from the wine world that margins are very thin.

In Canada, it is known that it is more expensive to make wine in Canada. Going one step further, I would even then argue that it's even more expensive probably to make wine in Nova Scotia than it is in the rest of Canada, because of yields, your raw material, your grapes. It means that your margins can be razor thin so you have to watch your distribution channels.

The NSLC has been a great partner, there are private wine stores and there are restaurants, but there is an element where we have to discount our product. I can tell you and I can speak for us, if we discounted all of our product through those distribution channels we would have no margin. So the component of customers being able to drive directly to your winery and buy your product - that margin is ever critical to ensure that you have money left on the table to reinvest in expansion.

I missed one last thing. There is somewhat a core, and if you see where most of the wineries are in the Annapolis Valley and Gaspereau, there's a reason for that because it's roughly about an hour and 15 minutes from Halifax. Halifax is a big population centre; we get a lot of customers from Halifax who may make the day drive. Years ago they drove along the South Shore for the Sunday drive, well the Valley is actually blessed now because a lot of those people are driving to the Valley and buying products directly from the farmers.

MR. BELLIVEAU: Just one follow-up question. Both presenters talked about purchasing more land so a Gordon Sinclair question: if you had the magic wand, where would you purchase the land to double the industry?

MR. RAMEY: To double the industry itself? Well if I could buy more land right now, I'd buy more land right around where my winery is because it has within that one hour and 15 minutes from the city, from a tourism perspective - many tourists go to Halifax, but they also may make day drives to the Valley. Also it does have long periods of time for that frost-free zone and it does have tremendous heat because it is in the Annapolis Valley.

MR. CHAIRMAN: Mr. Horne.

MR. BILL HORNE: I'm glad you are here today. You are saying some very positive things about Nova Scotia; we like to hear that. I'm kind of curious about the idea of having a board that's relatively new, as of 2014. What do you expect the winery board is going to do to really improve production, types of wines, and so on? Maybe both the Government of Nova Scotia and the association would like to talk.

MS. MAINGUY: My first comment about Minister Colwell's Nova Scotia Wine Development Board is that it has really become the catalyst for industry to put a fire under us to get organized and get moving. That's not to say that we weren't organized, but I think it has provided a focus across a number of different departments. There is representation on that board from a number of different folks: government, NSLC, restaurant association, wineries, and grape growers. There had been a similar board in existence before, back in Linda MacDonald's days, that brought people across departments or across industry, but it had gone defunct. So by just bringing this back, the opportunity for those individuals around the table is a big opportunity.

I think the other piece is on the Legislature side, in terms of the policy that needs to be either amended or drafted. Certainly in the case of the establishment of a Nova Scotia Wine Authority, for example, or if we're going to explore establishing a regional VQA standard, it's so important to have the leadership of Agriculture in terms of the minister and his staff to aid industry as we go through that.

I think sometimes industry says, oh, jeez, it was established in 2014, and it's 2016 - how much have we actually gotten done in two years? I think it's staggering, and I think it's very impressive. When I look at the timeline of the Winery Association from its establishment until now and then within that two-year period since the wine development board was established - I'm seeing head nods from my colleague here - I think that will only continue to grow over the course of this next four years, certainly.

MR. CHAIRMAN: Mr. MacNeil, did you want to follow up on that?

MR. KIM MACNEIL: Sure, I'll just add a little bit. We see it as a place where we can have a common vision for the growth of the sector. It also has helped the government establish priorities for the industry, which are vineyard development and expansion, research and innovation, quality enhancement, and market development.

If I could, I would like to mention some of the people on that board. I think they're some of the best people that we have in the industry. They do represent the wine industry, grape growers, and restaurants, and government as well. It's chaired by Minister Colwell, and here are just some of the names. We have Stewart Creaser, from Avondale Sky Winery; Carl Sparkes, with Devonian Coast Wineries or Jost Wineries; Michael Lightfoot, of Lightfoot and Wolfville Vineyards; Gerry McConnell, from Benjamin Bridge; Jim Warner, who I believe is the largest grape grower in the province; Gillian from the association; Luc Erjavec, from the Canadian Restaurant and Foodservices Association; along with a number of government departments, including Agriculture, Business, and Tourism Nova Scotia.

MR. CHAIRMAN: Mr. Lohr.

MR. JOHN LOHR: It's a pleasure to hear the presentation. Certainly I've seen, being in Kings North, I think the largest grape grower in the province is one of my constituents, and Mr. Ramey, your winery is certainly not far from where I've farmed all my life, too, and have a tent.

It's nice to see how the wine industry is really starting to create opportunities for other types of farms, too, I think, in terms of traffic and tourism. The industry itself is expanding, which is terrific. The opportunities are starting to come for tourism operations of various sorts. I think it's making the Annapolis Valley a destination as you said.

An interesting thing I heard from the discussion - I've been thinking about the impact the government has had on the wine industry through the Wine Development Board. Gillian, I think I heard you say how profound that was and I appreciate the deputy minister's comments about who is on that board. I was wondering if the deputy minister could comment on whether there are any plans in place or are you thinking of doing for any other sectors? I think of many other sectors in the agricultural world that can benefit from this sort of focused government effort.

Is there any intent to provide this for the beef industry, the haskup industry, or the cold crop industry? There are a variety of different sectors. I'm just wondering where your department sees those sectors as a priority and would you see implementing something similar to the Wine Development Board in another sector and what would be the process to do that?

MR. KIM MACNEIL: I think that is something that we would like to see, and we have started that on several fronts. We have met with all those sectors that you have already mentioned. We have also worked with the Nova Scotia Fruit Growers Association for the apple orchard innovation program which is also a sort of a similar model. So we do think that opportunity is there.

We also believe it's important that the key factor to success is the participation of the sector itself in the involvement of the sector and the willingness in this case of the wine



industry for the desire to grow and to see the opportunities there and to take advantage of those opportunities.

Certainly, we do meet with other groups and we really do see this as a model, if you like, for other sectors; we're certainly working with many other sectors at this time. This is certainly the one where we have achieved a tremendous amount of success and again it's through co-operation with the industry as well as the supporting industries like the restaurant association and academia that it has been made possible.

MR. LOHR: I appreciate that all those factors have to come together - the willingness to invest in opportunities there. If I were to be talking to my friends in other sectors, maybe you could tell me what the process is for the industry to organize itself. To meet with the minister - is that the process?

MR. KIM MACNEIL: Yes, it is always best when we have an organized industry or sector. It's always terrific to have that when you meet so that there is a common voice for the industry. I think to expand on that a little bit, we are very lucky in Nova Scotia that we have a group that represents all sectors of the industry.

I like to tell the story of my first federal-provincial meeting. The deputy from Alberta came up to me and asked me if I knew how lucky I was to be Deputy Minister of Agriculture in Nova Scotia. He proceeded to tell me that the Nova Scotia Federation of Agriculture was the biggest asset the province had in the agricultural sector because coming from Alberta, he dealt with a multitude of sectors and there was no one organization that spoke for the entire industry.

I think we have taken advantage of that relationship certainly with the federation and we meet regularly from the minister to the deputy and down the staff, with representatives from the federation. So we do see organization as a huge asset for any sector and for the whole industry as well.

MR. CHAIRMAN: Mr. Rankin (Interruption) Sorry, Mr. Belliveau. I apologize

MR. BELLIVEAU: Thank you very much. The wine industry certainly goes back thousands of years - I do not have the original date but it is biblical, they made reference to it. Again I'm amazed at this question I'm going to ask because there is synthetic alcohol that has been created by chemists. If you look at the CBC show, The Current it actually talks about this particular synthetic alcohol. They stopped short of saying it's the silver bullet that gives you all the possible headaches or the hangovers.

To me I am sitting here saying here is an industry that is really to double in expansion and some chemist has created this synthetic alcohol. Is there a concern there from the industry or is this just something that will evaporate as the morning fog does in the Bay of Fundy?

MR. CHAIRMAN: Who wants to take that on? Mr. Ramey, good luck.

MR. RAMEY: I know they are speaking of robots arriving and driverless cars and I guess you could almost compare that to synthetic wines. That's not something that worries me. I still think there's a core group of people around the world who want to see - if you look at our world, the farming world, it's grapes growing on a vine that are figuratively and literally rooted to the ground, rooted to the terroir of Nova Scotia and that's important for people.

When they developed the wine licences, one of the components that was added to that - if you wanted to produce wine in Nova Scotia, you had to have a manufacturing facility adjacent to the vineyard. I'd like to add that there are other industries that are exciting that are developing here. That's a key component, but a huge cost to the winery world. The acreage of vineyards are incredibly labour intensive.

I always tell people that the vineyard manager goes to work every day and he has a relationship with 36,000 plants. That's what we roughly have - 36,000 plants, planted over roughly 25 acres. They hand-prune those, they hand-tie those, they hand-tuck those, they hand-thin the fruit if it's not okay, and they hand-harvest the grape that then goes into a tote by hand and then by hand into the manufacturing facility.

I do think there's a core group of people around the world, me for one - if someone said here's a bottle of synthetic wine, and then here we are trying to promote the brand of Nova Scotia wine and it is 100 per cent grown from our terroir, I have a feeling that they would probably lean towards what's real.

MR. CHAIRMAN: Thank you. Are you sure you want to ask another question, Mr. Belliveau?

MR. BELLIVEAU: I have plenty, I'll wait. (Laughter)

MR. CHAIRMAN: Mr. Rankin.

MR. IAIN RANKIN: I do want to commend you for all your hard work. I did visit the Blomidon Estate Winery and it was a great experience. The young gentleman there - I think he makes the wine - was very knowledgeable. One of the things I do like about the industry is the co-operative spirit. I don't know what you'd term it - co-operative competitiveness - because I know you actually share equipment with some of the other operators and things like that. I think that's something positive - in terms of clustering in one geographic area, there's certainly some strengths with the tours and the buses and stuff like that. I did try the sparkling stuff, it was quite good.

My question is around what government is doing and how critical that is, in terms of growing the industry. You mentioned British Columbia 20 years ago, they had the head start. How critical is the Vineyard Development and Expansion Program in terms of trying

to get some exponential growth? Are we able to get to where B.C. was in less than 20 years, because of that? Where do you see the industry going and was that initiative driven by the private sector and partners, or was it something that the bureaucrats kind of said this is a good program?

MR. RAMEY: When we bought in 2005, there were rules put in place. Part of what I already mentioned earlier was the ability to sell your products at farm gate, as we call it. At that time I came from a previous life and a previous career, and that was the private sector. But when we look at it, and I will speak for us, we had significant investment, and to this day we still do, investment of time and resources. When I look at a province that I love, and I've always said we've got the resources, and we've got the geography, why aren't we more successful? One of the reasons why we weren't was because some of our biggest and our best and our brightest were moving away. Some of our resources and raw materials we were sending away. Someone was making some margin, but it was probably in many other places.

But here's an industry where we can probably create an exciting product, bring young people back from other places, and keep that value-add here. We've really done that in many cases. You reference our young winemaker - that's Simon Rafuse. He actually has roots, but he has his master's degree in winemaking and vineyard management from Montpellier, France, one of the top winemaking institutions in the world. He chose to move back; that was a plus for our province. We just added last year a vineyard manager who is actually from Quebec, but spent 17 years and has a family of four that moved here from the Okanagan and in fact, is now living here and contributing.

We see an industry that has evolved a lot. We have, over the years, reached out to government. In 2007, when the emerging wine region policy came into effect, it helped the wine region tremendously. Since that time, I have always had a strong opinion - and I'm one opinion at the table, but again, there's a lot of good, committed owners - that the province has a really important role to play in this whole process, the province in terms of regulation, the province allowing us to be more successful.

When I looked at our creating a document such as this where it shows we're creating \$196 million total economic impact to the province, if I was an executive sitting somewhere in a board room, I would say, show me the executive summary. Show me that first one page. How can we get that \$196 million to \$600 million? That would be the first question I would ask. Then once the question was, is everybody interested in that? I would think the answer would be yes. Okay, how do we get there?

MR. RANKIN: Okay, maybe I can get the department's opinion. Are those types of orders of magnitude achievable with this new program that's launched in terms of the economic impact or the FTE growth? Is that achievable?

MR. ERNEST WALKER: Yes, I think certainly the investment that government is making will have a substantial impact. Our estimates are that it will probably add about

950 acres to acreage in Nova Scotia, which is more than double. By the end of the program, I think we're anticipating about another \$22 million impact in GDP. I think that's probably a low-end estimate at this time. I think the estimate for jobs is around 500 or so. I think the Winery Association has said for every acre, it's approximately one FTE that is created. So it's significant.

MR. CHAIRMAN: Mr. Dunn.

MR. DUNN: I have a couple of youngsters who live in California, and of course when I make trips out there - I try to get out there every year - you know where they take me. It doesn't take long to get from San Francisco across the Golden Gate Bridge, and you're in wine country. I keep impressing on them, wherever you go, keep putting plugs in for Nova Scotia, or you won't be in my will. (Laughter)

I believe this past summer, Ontario, B.C., and Quebec made an agreement for interprovincial purchase of wines and so on. I guess my question is, is the present government trying to get a similar agreement for us in Nova Scotia?

MR. WALKER: The short answer is yes. We do currently allow direct-to-consumer purchases to come into Nova Scotia. That was an agreement last year; new regulations were created to allow that. The Premier and our minister have been active trying to lobby their colleagues across Canada to open up borders. It was an active point of discussion around the agreement on internal trade, and I think that discussion will continue. Our interest is really to open up the markets across Canada. Again, we're competing on quality, and we certainly think that we have a quality product that can go into markets across Canada.

MR. DUNN: Perhaps just one last comment. When they bring the wine back to California I told them that if they run into any problems at the airport security to call you, Tim.

MR. CHAIRMAN: Mr. Belliveau, off to more robots.

MR. BELLIVEAU: There's a number of agreements, the Trans-Pacific - I always say "proposal" but you're familiar with what I'm talking about - and also NAFTA. Recently there has been a vote in the U.K. but all these different agreements mean different things to different sectors. Fisheries may have a different appreciation.

My question is, in the wine industry, are there concerns there? Can you elaborate on them or can you bring some attention to these agreements there because you want to push that market out to these different parts of the world?

MR. RAMEY: It's really not, at this point in time, in our windshield. I mean these are - to Mr. Walker's point, we are essentially selling most, if not all of our product in Nova Scotia, and credit to the government that they do allow individuals to bring in wine for

their personal consumption in Nova Scotia. We applaud them to continue to lobby other provinces to do the same.

For us it's somewhat frustrating when we see our federal government, I know they've been lobbying to have each of the provinces drop the borders. They are negotiating free trade agreements globally but yet we don't have free trade in Canada, so I applaud the federal government. They've been working towards that, they've been trying to convince the provinces to allow interprovincial shipping for consumption for personal purposes - not to other restaurants or other liquor jurisdictions. As I say, the Nova Scotia Government has, and I applaud them for that and they are lobbying.

I would hope if there's time and resources and energy, that before we start worrying about great exports to other parts of the world, that we continue to work hard to allow us to export to P.E.I., New Brunswick, Newfoundland and Labrador, Ontario, Quebec - to all the provinces that do not allow it.

By the way, if we chose to, there are three provinces that have signed on right now: Nova Scotia, Manitoba, and British Columbia. So if a consumer from those three provinces wanted wine shipped to one another, there is no law preventing them from doing that. But if someone from Alberta, Saskatchewan, Ontario, or Quebec called a winery in Nova Scotia and wanted it shipped, technically they're not allowed to do that. If they wanted to do that they'd have to sell it through the provincial liquor jurisdiction, at a massive discount. It basically means, as I said, margins are thin. It's something that all wineries are ever mindful of.

MR. BELLIVEAU: To me it goes back to earlier when you said about the farm gate, right now there are restrictions on allowing the farmer to sell at the farm gate, so what needs to be changed?

MR. RAMEY: There aren't restrictions. Right now, provided you meet all the criteria, if you want a farm winery licence you must have a minimum 10-acre vineyard, you must have a manufacturing facility, and that vineyard must be adjacent to the production facility. That production facility must have the requisite production equipment to manufacture the wine. So from that perspective there are no restrictions.

There are some restrictions, though, I believe we have roughly five licences right now: we have a licence to manufacture wine, we have a licence to retail wine, we have a licence for our hospitality facility, we have a licence for some form of food, and we have a licence for wine by the glass. That doesn't include our licence to sell wine at the farmers' market. I'm at six, maybe I'm missing one.

Those are some of the things where perhaps we could lighten the regulations. I know that's something I'm pretty certain the government has been working towards. But aside from just someone arriving at the winery to want to buy a bottle of wine, there are no

restrictions, provided it's 85 per cent or above Nova Scotia content. If it's not, you're into a different licence, which is a commercial licence.

MR. CHAIRMAN: Ms. Lohnes-Croft.

MS. SUZANNE LOHNES-CROFT: Your statistics were very interesting. When I see the growth in the wine industry, the acreage and the number of growers, I'm wondering if we've kept up with our educational supports for growers, for the industry.

Has anything changed? Are there programs? When I talk to grape growers, for example, and winemakers, they seem to have a very big interest in taking courses and whatnot, and a lot of them have done it pre-going into the industry. So what is there here in Nova Scotia?

MS. MAINGUY: I'll speak to that. Currently we don't have a full-time program in terms of a full curriculum. We are fortunate that the Nova Scotia Community College has a memorandum of understanding with Niagara College in Ontario and so they are looking to develop that kind of full-time need. But where industry didn't have the full need to be turning out graduates of a program yet, in terms of employability for winemaking, or viticulturists, they haven't kind of pressed the trigger on that program. Of course there's other things, like resources and that sort of thing.

I will say that NSCC, Kingstec Campus in the Valley, through their continuing education program, offers a number of grape growing and winemaking courses. So a number of growers and certainly a lot of the members of the Grape Growers Association, if they're new to the business, have gone through those courses. They are taught, the instructors are winemakers or growers who have been in the industry many years, many of the names people would say, oh, they're one of them, that family has been growing for a long time.

I should also speak to at Acadia University there are a number of resources there, both in terms of research but also the newly-established wine analytics lab, which will be providing - again, that's not education per se but it's a service to the wineries in terms of lab services, because previously they had been shipping their samples outside the province to get the chemical analysis.

Certainly there isn't a program and our winemakers in the province have all been educated outside of the province so many of them - either at Brock University through the Cool Climate Oenology and Viticulture Institute, or Niagara College, their two-year winemaking and viticulture program, and many outside the country. Mr. Ramey referenced Simon in France and we have people who have done education in California, UC Davis and have done work terms in other wine-producing regions in the world.

I think we will get there, there will be a need. As this industry grows we will need to have employees, or potential employees, educated, particularly in the vineyard because

the quality of the fruit is so important for the quality of wine produced. There is a challenge in terms of labour in the vineyard, absolutely. So I think that's coming and I'm happy to see that the partners and academia are kind of growing alongside and developing curriculum. We're just not there yet.

MR. KIM MACNEIL: Just another couple of points there, we also have Perennia Food and Agriculture that provides extension services to the farming community.

What's also interesting and I think is a product of being in Nova Scotia and being a fairly tight-knit community, especially in the Valley, we do have Agriculture and Agri-Food Canada - the federal Department of Agriculture essentially - working with Acadia and NSCC, the Kingstec Campus on the research they are doing in Kentville. We also see that as the education of those workers at Kingstec who are looking at things like pruning and trimming as a real asset, especially when it's in conjunction with the federal government and the local university.

MR. CHAIRMAN: Mr. Lohr.

MR. LOHR: I was just thinking as we were talking it would have been so much more helpful for us understanding all this if there had been samples. (Laughter) Maybe you should turn the invitation around and invite the committee . . .

MR. CHAIRMAN: An emergency meeting.

MR. LOHR: Next time, next time. I'm just doing the math in my head. It is more math than I can do because I don't know the industry that well. But what I think I heard said was that four or five years ago, we were at 300 acres and there is a five-year wait to get production of course, or full production maybe. I'm just wondering, where does that leave us say in four or five years? How many million litres of wine would be produced in the province and how much more room is there for more wine acreage? Where are we heading with these numbers of the increase in production? That's my question - Mr. Ramey might be best to answer that.

MR. RAMEY: I think in many cases that also comes down to, who do you want to be and what do you want to be. Do you want to be just a mass producer and try to flood the market of average or below average quality product. So there are ways of controlling demand. From a supply perspective, that's quality, and typically along with quality comes price.

I will just speak from our perspective, it is not our mid- to long-term objective to be a big, big producer producing 200,000 cases of wine a year. That is probably not realistic because again if you start to look at margins locally, then margins internationally, you get into export markets. There is the producer, there is the middle man, and there is an end retailer - and possibly someone else in the middle - so at the end of the day, what is left

there? I think what you have to do - at least from our perspective, we look at what we produce to supply Nova Scotia. Hopefully, the best it can possibly be.

We then look at what a wine is. Think about it from another perspective - there are great wine regions of the world. To think we are going to replicate some great red Barolo, we are not, or to think we are also going to replicate some other styles of wines from other regions more suited for those styles of wines. We have to determine what the styles of wines are that can be successful in our province, in our country, but then also can compete and potentially better than other great wine regions. Sparkling potentially is one of those. There are also many regions of the world that can't produce a very nice ice wine - that is another example of one. You need cold as well as a region capable enough to ripen the grapes.

I don't think there are any exact numbers. It's really quite shocking how much has evolved in the last three years. It is quite shocking the evolution of the last three years and those last three years represent that kind of imperial evidence that we have the potential, we have the ability - now we are somewhat in catch-up mode. But some of these programs being put in place by the government are fantastic because for us to shoulder the load 100 per cent really probably doesn't make it that viable.

MR. LOHR: So let us go back to the basic math. Say there are 935 acres, so let's say there is 1,000 acres - two and half tons to the acres is I think what I saw. How many litres of wine does that make?

MS. MAINGUY: We say roughly 250 cases of wine so that is a nine litre case - I can't do the quick math there, but 250 cases of wine for every acre and that is cropped to two and a half or three tons an acre. That gives you an idea, so if we are approaching the 1,000 mark, we are at 250,000 cases of wine being produced.

In 2017, if we say roughly again - Agriculture would be like, we can give you the figures, but if you say we've got another 75 acres coming on line in 2017, it's another 19,000 cases. So I think the biggest struggle for us is finding a home for all this wine. That's the big challenge.

One piece that I just wanted to add, and that's the success of our Tidal Bay program, our Appalachian wines. I spoke with the winemakers last year because I did a presentation in the United States because the Illinois association wanted to learn about our Appalachian program; very exciting. I asked the winemakers year over year what their production rates have been.

I'll just use this last example of vintage 2015 for Tidal Bay. Every winery doubled their production of Tidal Bay and most of them thought okay, that will bring us through to next year's production when the new Tidal Bay comes online. One is sold out already, a number of them are about to sell out and we're still not at the end of the season. That's doubling production of just that one skew.



So the success of Tidal Bay, if we use that as an example of what's happening, we're going to see an increase in Nova Scotia wines. The margins are best sold from the farm gate, absolutely, but certainly we can't dismiss our biggest seller - the NSLC, of course - across the province.

There's going to be a lot more wine coming on so where are we going to find a home for that? We can't sell it all here. So opening up Atlantic Canadian provinces, the rest of Canada - as I said earlier, winning at home for our wines. But we are producing some tremendous sparkling and aromatic whites, and that's our focus.

MR. CHAIRMAN: Mr. Porter.

MR. PORTER: A question that came to mind was, Mr. Ramey you talked a few minutes ago about government's role and how they've been involved for some years, so I would actually direct the question to the deputy. I often think about when we invest in anything or if I do myself, whatever it might be, value for dollar - this appears to be something that's a good story and obviously we're getting good returns. I would just ask Mr. MacNeil perhaps, what are we getting in return? What is it doing for our province from a financial perspective? We haven't talked much about that in general, but I'm interested in it.

MR. WALKER: I think there's a number of benefits and I think the deputy in his opening remarks referred to the focus on quality and the significant return that provides back to not just producers but the province as a whole - it's 16 to 17 times what you'd get versus an imported product. That's certainly a direct contribution to the province, in terms of return, because there's tax revenue. I know everybody loves to pay tax, so there's direct return in terms of tax revenues.

The agri-tourism piece of this, my friends at the other end of the table talked about this earlier. There is a significant impact - forget the multiplier effect of agri-tourism but that's a huge impact. Particularly in the Valley region where any Sunday you go down there, you can just see tons of folks who are touring those wines and tasting wines. They're not just at wineries - they are at other places as well, buying goods and services in that region. So those are two sort of significant impacts that we see to the province because that all returns tax revenue to the province.

MR. CHAIRMAN: Mr. Dunn.

MR. DUNN: The government has invested several million dollars over a period of two years toward the industry. I guess my question is, how is this funding allocated? What are the reporting measures or the accountability? Is the funding just for certain wineries or is it for all of them or how does that work?

MR. KIM MACNEIL: For the Vineyard Expansion and Development Program, which the objective is to increase the acreage, government has invested \$6,550 per acre of

vineyard developed. That money goes towards land clearing and/or vine removal, tile drainage, ditching, plant material purchase, trellis vine stakes, grow tubes, site consultations, and contracted labour. The province pays up to a maximum of 50 per cent for each of those, except for the tile drainage and ditching, we pay a maximum of 25 per cent.

The money goes through a similar program we share with the federal government. In fact the wine lab, the federal government has also invested in the wine lab. We have a branch within the department, a programs branch, that administers and allocates that money. In all cases, we inspect to ensure that the work is done when the money is supplied, so there is an auditing function. As well for other programs, the federal government also conducts an audit on how the money is spent.

MR. WALKER: I guess just to elaborate a little bit, all these programs, as was mentioned earlier, there are working groups within the minister's Wine Development Board that support each of the streams of the funding. We have four streams: the Vineyard Development and Expansion Program, research and development, market development, and quality enhancement. Each of those areas of funding is supported by industry/government collaboration. In each of those program areas also there will be program guidelines. The Vineyard Development and Expansion Program has a set of guidelines that are drafted by our programs branch that sort of set out the accountabilities and reporting mechanisms for producers.

MR. CHAIRMAN: Mr. Belliveau.

MR. BELLIVEAU: A lot of the talk has been about the creation of jobs, and to me it's the period of the last frost in the Spring to the first frost in the Fall, but I know from my background that there's a lot of work outside of that too. My question is, are these all seasonal jobs? Is it a high and low where you attract people in? Are they high-paying jobs to understand the soil and what's going on and growing the grapes? Can you elaborate on whether it's seasonal and the wage structure?

MR. RAMEY: In the ideal world, you open a business where you're at full capacity, full production, and full sales. You have your requisite staff to support all that. In this world, when you're starting a small business, a small winery, you take a huge leap of faith.

As I said, it takes five years to get your first crop. You pick your first crop, but that is after a lot of work from consultation on where you plant your vines and then what equipment you need. That takes people who have the knowledge and the ability.

As I mentioned, Simon Rafuse is our winemaker, and that's his career. He is year-round. We've also reached a point where our office manager is year-round. We've also reached a point where our vineyard manager is year-round. They're very good-paying jobs.

You do bulk up in Spring when your 36,000 or 48,000 or 100,000 plants need to be all hand-pruned. You also do bulk up when the tourism season kicks into gear, so you hire many students to execute your customer service as well, and those are seasonal jobs. But even now, we're into a period of time where I think 80 per cent is still left on the vines, so you need people to pick the fruit by hand. You're then looking for a seasonal crew to harvest, but those are seasonal.

Yes, it would be great that in your quietest time of year, you could go down. But we go down to three full-time people, and in the world view, we're not a big winery. In Nova Scotia, we're probably a middle-sized winery. Our goal is to be an excellent winery regardless of the size.

MR. BELLIVEAU: In some sectors, because of the seasonal pressures, there are certain challenges to attract workers. Are you experiencing any of that yet?

MR. RAMEY: Absolutely. Gillian mentioned it earlier. Let me step back a few years ago.

You could see that the industry here was starting to emerge when others wanted to come here to be part of this exciting new region. That's partly why Simon wanted to join us as well as some other very good winemakers at other good wineries.

Then a little bit later you started to see the vineyard managers, which is a very technical position as well, but typically the staff below that level is a little bit more difficult to find. So that is critical for us over time, that as the industry grows, it will attract a lot of those Nova Scotians or maybe Maritimers who went away because there wasn't work for them, but it's a passion that they found somewhere else and it's an opportunity for them to come home.

In addition to that, perhaps as the industry grows as well, which it is - we require qualified people, not necessarily at the director or the manager level but also at the worker level, who have the requisite knowledge and courses where they can then support the managers who are year-round. Yes, of course as the business grows you have the capacity to have more full-time people.

MR. CHAIRMAN: Mr. Horne.

MR. HORNE: This is for Mr. Ramey mostly, I guess. The exciting news of winning a competition in Germany or in France or wherever it might be and for other winery owners, I'm just wondering what your feelings were then. Were you there at the time?

MR. RAMEY: Well sometimes you're given a heads-up. Last year we received a prestige award from Taste of Nova Scotia, which was the Producer of the Year. That was a phone call that I received from the director of Taste of Nova Scotia after an application was made and after, I would assume, a very vigorous review of the different people put up

for the award. So that was a very proud moment to say Producer of the Year. When we bought it, we had a vision of what we could be and it's very gratifying when you start to see the awards.

In some cases you are not alerted and the award appears, in other cases, like national magazines, no, they don't call you and say be prepared, get next month's issue - it happens. So when you do receive these magazines and you open it up and you're not only on the list but you are at the top of the list, it's incredibly gratifying. What it does do is it convinces that of all the vision, all the hard work and all those sometimes sleepless nights when you go through a full growing season and the vineyard manager has gotten over his protecting the crop from disease and then the huge, 500 to 1,000 flocks of starlings come in and try to eat every grape, or every racoon on North Mountain gets hungry, and then you get it all harvested and you get it in the tank and it wins an award, it's fantastic.

I think that getting back, it's an industry that represents what all Nova Scotia could be. It could be a beacon for the province.

MR. HORNE: Just to follow up, I believe that birds seem to know when the alcohol is the highest in the grapes or whatever other product - roses and so on.

I'm still interested a little bit in Acadia University's input, being that there's a lab there and offering you lots of potential analysis, I guess. As a chemist, I'm kind of interested in knowing what kind of analyses they are doing, besides I guess alcohol content and acidity and that sort of thing. I'm curious where you see that lab going. Are they going to be offering courses themselves?

MS. MAINGUY: In terms of the parameters for the chemical analysis at the Acadia lab. The lead chemist, Dr. Anthony Tong, looked to what was being done in Ontario for their VQA standards that is currently run through the lab at the LCBO. So he modelled his protocols after theirs, again not knowing if we're going to have VQA or not but just setting to a standard.

Now the LCBO lab, a multimillion dollar lab, is an ISO-certified lab. Certainly we're not there, but we'll get there. He has a full-time technician, I believe he has some admin support. The official launch has not happened, in terms of intake of samples - although I have heard from wineries asking when this lab is coming, and I'm like, I'll find that out for you. So no, on the education side there is nothing yet afoot but I wouldn't be surprised in the future. Certainly now it is really a fee-for-service structure, if wineries have samples to submit for chemical analysis, but he'll do anything, from pesticides to you name it. I think he's going to have a tiered structure in terms of if you just want a basic TA or RS - residual sugar, acidity, all these sorts of things. He can do pretty much anything. He used to work at a federal facility for water testing, but he has been very interested in the grape and wine industry for sure.

MR. HORNE: Just a follow-up - a quick one. Pesticides were mentioned back further in our discussions and then you just mentioned it again. Is that a real problem at this point in time or could be a problem? How much work would be required and how many chemicals and that sort of thing?

MS. MAINGUY: That's a tough one. I don't want to comment too much. I guess my comment would be currently the CFIA doesn't require a full label in terms of the labelling requirements, but it has certainly been brought up at the national level. We were talking about labelling, particularly as it related to blended wine. What if all of a sudden we have to list every single ingredient in a bottle of wine? What does that look like? We're not there yet. I don't know if that's necessarily something we want to see happen - let's get real - but otherwise I won't comment on the pesticides.

MR. CHAIRMAN: Mr. Lohr.

MR. LOHR: We had quite a storm last night and I know our friends in Sydney had nine inches of rain and, Mr. Ramey, you just mentioned that 80 per cent of the crop is still out in the field. I'm just wondering, what was that storm's effect on your crops and fellow winery owners last night - what could it be?

MR. RAMEY: I think it's too early to say, but I will say that we had a very good Spring and a very good, dry summer. The quality of the fruit and the canopy going into the rain was very good. If it was diseased fruit and unhealthy fruit it might be a different story, but I believe it should have weathered it fine. The ground was incredibly dry. I mean, you're from the Valley, and I know the province as a whole was dry, but I think the Valley was even more so.

So there was probably a certain degree of run-off, but there was seepage. I don't think in the end it will affect the crop, but clearly it's something you're always worried about. Aside from the birds and the raccoons there's always the weather. I think we should be fine. I'm hopeful as an owner.

MR. LOHR: In my mind I'm thinking, your grapes, you prune them all so they're right down at the bottom of the plant so I was thinking you should be okay, but I'm glad to hear you say that.

I guess I would like to flip - on my second question for Ms. Mainguy. I notice that there were five non-wine wineries, so I assume they're fruit wineries. Could you tell me what they are and who they are and how they're doing, or give me a little update on that? I'm interested to know. You represent them, I presume.

MS. MAINGUY: That's a good question because sometimes when I'm dealing with partners, particularly in terms of funding, they see there are 20 wineries in the province and you have 14 as members. It's a great comment because a number of those wineries in that 20 are fruit wineries, so non-grape wineries, or they do fruit and grape blends.

We used to have a few of them as members in the early days - before my time certainly. Then they left the association because they thought, this is really going grape wines. They didn't feel that it was something for them in terms of value to membership at the time.

So certainly of the non-member wineries, yes, a number of them are fruit wineries. I would love to have them at the table because there are certain wineries that are members now that dabble in fruit, and certainly there is a strong initiative and interest in terms of creating a premium wild blueberry wine as well in the province. I would like to have every winery in the province as a member of the association. I think it gives a strong, unified voice for industry, but as in any industry you have the malcontents as well who don't want to be at the table. Not that I want to end on a negative note, but there are certainly folks that don't want to be a part of the association and it isn't a mandatory thing at this point.

MR. CHAIRMAN: Mr. Belliveau, do you have any more questions?

MR. BELLIVEAU: It was certainly an interesting presentation. One of the things I observe when I purchase a wine is, I notice that the ice wine is in a very small bottle but yet has a much higher price than the ordinary wine. My question is, what percentage of the Nova Scotia wine industry goes to ice wine?

To me, it's a matter of economics. I'm sitting here saying, well, all we've got to do is put all our eggs in one basket and create a real good niche market here, and maybe the farmer could create three times the economics of it. Is it that simple, or is this a specialty item that we have to understand how it gets there?

MR. RAMEY: If it was that simple, we'd be doing it. You're right, it's expensive. It's liquid gold. It's typically a 200-millilitre bottle, and it depends on the winery, but it's probably around \$30 a bottle. If you do that over a 750-millilitre bottle, you're talking about a very nice number.

But if you have a ton of grapes, you get about 700 litres of wine from a ton of grapes for a normal table wine. For an ice wine, it's somewhere around 200 to 300 litres because you must allow the grapes to freeze on the vine, and you must process them. All that comes out of that processed frozen grape is nectar. That's why it would go from about 700 litres in a ton for normal table wine to about 300 litres. So you have much less liquid to start with. Plus, there is huge risk. We all know Nova Scotia weather. In certain places it's fairly safe to say it's going to get colder faster and get colder longer. But there are also places, especially in some regions, where the temperature varies.

When the plant defoliates after the first killing frost, those grapes must stay on the vine, and then you're protecting them with layers of nets because of the starlings and because of the raccoons. They must remain there until temperatures get a constant minus-8 Celsius or colder. But we also know in Nova Scotia that it's not normal to have minus-8 Celsius as a daytime high. That might not happen until - I don't know, January. Then if it

does, it's normally not happening in the middle of the day because I think the average high in Nova Scotia in January is about 1 degree. That probably means it needs to be picked in the middle of the night, with lights, with tractors, with snowmobiles - whatever it might be - and willing workers, who don't mind freezing and don't mind getting up in the middle of the night.

Then, to come to conclusion on your question, you need a market for it. I can guarantee the market in Nova Scotia for a \$30, 200-millilitre bottle of wine is not huge. That then means, where is it going? If you need to export it, there are middlemen, and there are end retailers. So all of a sudden, that nice margin that you might have if you sold it all at farm gate or even to our friends at NSLC is now diminished to the point where you probably aren't really making anything on it.

MR. CHAIRMAN: Mr. Dunn.

MR. DUNN: You touched on this a few minutes ago. How serious are the challenges with nature's predators? What is the approximate cost that you have to spend to avoid this?

MR. RAMEY: I'd be happy to answer this one because it's a frustration for sure. I live and work in the city; we're blessed by having good people who run the winery on a day-to-day basis. We're owners and hopefully good shepherds of it.

I do recall one year before we netted most everything, we had a block of l'Acadie blanc grapes, and there were 40 rows. We lost 20 of them to birds. Someone dropped the ball because before we netted, there was manpower. We would have a person driving around with a starter's pistol with flares doing nothing but scaring birds from morning to night. Someone dropped the ball. What do you do when the grapes are gone? They're gone. But it did probably equate to somewhere in the area of \$80,000 worth of wine. As an owner, you cry and hopefully the people who work for you cry too and don't make that mistake again, but that doesn't always work that way.

MR. CHAIRMAN: Thank you very much. This is a good opportunity to offer if you guys would like some closing remarks from today. I'll start with Ms. Mainguy.

MS. MAINGUY: Sure, I just want to again thank the committee for giving us the opportunity to share part of our story here today. Certainly I welcome if you have any further comments or questions, or if any of you would like to visit the wine region, certainly do contact me. We are approaching the end of tourist season but certainly I know a few people if you want to go and visit a winery, okay. Thank you so much and thank you for your continued interest in this industry.

MR. CHAIRMAN: Thank you. Mr. Ramey.

MR. RAMEY: Mr. Chairman, thank you and thank you everyone for allowing us to speak. As an entrepreneur, someone who is an optimist, I wake up every day thinking all is good and all will end great. In this world that's certainly true.

Going forward that remains the case but I can tell you that this is an exciting industry and Nova Scotia has huge potential beyond the wine world and we appreciate everybody's support.

MR. CHAIRMAN: Thank you. Mr. MacNeil.

MR. KIMMACNEIL: We'd like to thank you for the opportunity to present today. We'd also like to thank our industry folks here for their continued co-operation and participation and we feel that with the continued co-operation of all the folks who are involved, we can continue to have a wine industry that's sustainable, profitable and will make Nova Scotians proud.

MR. CHAIRMAN: Thank you. With that, I will call a five-minute recess so we can clear the room and get on to some committee business. We'll reconvene at about 2:50 p.m.

[2:42 p.m. The committee recessed.]

[2:46 p.m. The committee reconvened.]

MR. CHAIRMAN: We'll get down to committee business. Just a couple of things to follow up from the last meeting. One was just confirmation about sitting and having these meetings during the House sitting. I hope we are all in agreement with not sitting during the House session because it will make it very difficult. If we're all okay with that, then we'll instruct the clerk to schedule our first meeting in January.

The other committee business is the annual report; it was circulated to the members prior to this meeting. If there are no changes, I ask for a motion to approve the 2016 Annual Report for the Standing Committee on Economic Development.

MS. LOHNES-CROFT: I so move.

MR. CHAIRMAN: Seconded by Mr. Dunn. Thank you very much.

I ask that before you leave to sign the report. Kim has it here and it will go around. If you would sign that, that would be great.

With that, if there's no other business, I call for adjournment. Thank you, Mr. Lohr.

[The committee adjourned at 2:47 p.m.]