

HANSARD

NOVA SCOTIA HOUSE OF ASSEMBLY

COMMITTEE

ON

RESOURCES

Thursday, May 21, 2015

LEGISLATIVE COMMITTEES OFFICE

Winery Association of Nova Scotia

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Resources Committee

Mr. Gordon Wilson (Chairman)
Mr. Keith Irving (Vice-Chairman)
Mr. Lloyd Hines
Mr. Bill Horne
Ms. Margaret Miller
Hon. Pat Dunn
Mr. John Lohr
Hon. Sterling Belliveau
Ms. Lenore Zann

[Mr. Brendan Maguire replaced Mr. Keith Irving]
[Mr. Stephen Gough replaced Mr. Bill Horne]

In Attendance:

Ms. Kim Langille
Legislative Committee Clerk

Mr. Gordon Hebb
Chief Legislative Counsel

WITNESSES

Winery Association of Nova Scotia

Mr. Gerry McConnell, Interim Chair and President
Ms. Gillian Mainguy, Manager



House of Assembly
Nova Scotia

HALIFAX, THURSDAY, MAY 21, 2015

STANDING COMMITTEE ON RESOURCES

9:00 A.M.

CHAIRMAN
Mr. Gordon Wilson

MR. CHAIRMAN: I'd like to call the meeting to order. Good day, everybody, happy summer to you folks. I see smiles on our faces when we have sunny days. My name is Gordon Wilson and I am the Chairman of the Standing Committee on Resources.

Today the committee will be having a presentation from the Winery Association of Nova Scotia. At this point I'd like to ask the committee members to introduce themselves for the record, stating their name and constituency.

[The committee members introduced themselves.]

MR. CHAIRMAN: I also would like to remind everybody at this point, and in the crowd, if you could turn your cellphones to vibrate, or off - sometimes it's nice to have a break. The agenda today is for our presentations from the wine industry. We have two witnesses for that.

We have no real committee business. Our next meeting date will be June 18th. At that point in time we have the Nova Scotia Silviculture Contractors' Association and potentially an agenda setting. We have one more witness after that. I believe we break for the summer and we will be meeting in September, so we can talk about that a little bit later on.

I would ask if it's possible that we wrap up at about 10:45 a.m. as usual, to deal with the committee business and any closing remarks you might have.

Let's start by welcoming the witnesses and asking them to introduce themselves.

[The committee witnesses introduced themselves.]

MR. CHAIRMAN: Thank you, the floor is yours.

MR. GERRY MCCONNELL: Thank you very much, Mr. Chairman and committee members. First I want to thank you for the opportunity to appear here this morning and to talk about the Nova Scotia wine industry. We have a short slide presentation with some factual information that we'll go through, and Gillian and I will do a bit of a tag team where necessary. We'll get through that and then we're open for a Q & A session.

The Nova Scotia wine industry has moved forward fairly significantly over the last 10 years and, in particular, in the last five years we've seen some significant growth. I think more importantly for the wineries, over the last couple of years we have seen the general public in Nova Scotia be more interested in what's happening in the wine industry. To a large extent it has been my experience, and I've been involved in the business since 1999, when I first established our winery in the Gaspereau Valley, that the wine industry was a bit of an orphan. It didn't get very much attention, it didn't have very much traction, and when my wife and I, Dara Gordon, started Benjamin Bridge we recognized the mountains that were in front of us to achieve a successful business in the winery. Up until that time - and it carried on for a number of years after that - there wasn't good quality wine being produced in Nova Scotia. What was being produced created an attitude in the mindset of Nova Scotians that we weren't capable of making quality wine. So the wine that was being produced was of lower price and not very good quality.

I remember going to functions at the Metro Centre - and I'm sure all of you folks have been there and you would have seen a bottle of red and a bottle of white plunked on top of the table, and that was wine that really wasn't Nova Scotia wine. That was wine that was juice imported into the province from locations that had surplus wines. They were cheap so it was easy to land or truck juice to manufacturing plants - André Wines in Truro. Hans Christian Jost also imported a lot of wine from outside. That was his business plan and he was successful at it, but we really didn't have what I would call an authentic Nova Scotia wine industry and the lack of quality was a substantial hindrance to growing a successful wine industry in this province. In fact, most Nova Scotians, I don't think, understood or believed that we could grow grapes, first of all, in the province.

So that continued on and the mountain that I saw - the measurement that my wife and I used to say to each other, it will only be a success in Nova Scotia if the south enders would dare let Nova Scotia wines pass their lips because they wouldn't dare be seen drinking Nova Scotia wines. That was a way of us describing what was in front of us.

If I can tell this story about Benjamin Bridge because I think epitomizes the successes that we have had, but what we had to do to achieve the point where we are today, where Nova Scotia wines are more readily accepted and people are prepared to pay a higher price. My wife and I really enjoyed wines and when we used to drive through the beautiful Gaspereau Valley and Hans Christian Jost was building the Gaspereau Vineyards - I used to drive by there coming to the city - I'd look up to the left and see this beautiful undulation of the land, very precise vineyard structure and we said, we should try that.

It took us a substantial period of time to acquire land in the Gaspereau Valley because farmers there are very much attached to the land and don't want to sell. The first land that we picked up was the Westcott farm, and the Westcott farm had been in their family for seven generations. They were very reluctant to let it go, but eventually we were successful in getting that.

My wife and I recognized that we weren't experts in viticulture, we weren't experts in wine making, so our objective was to produce wine that would be recognized nationally and internationally. We knew we couldn't do that so I retained the best consultant in Canada, a person by the name of Peter Gamble from the Niagara region in Ontario, and his wife Ann Sperling, who was Winemaker of the Year a number of times in Ontario but was from the Okanagan - she and her family were from the Okanagan Valley in B.C.

I hired Peter and Ann and they were familiar a little bit with Nova Scotia and the taste profiles that existed in this province with grapes, and also strawberries and also blueberries. There's a theme that runs through that that I'll make a general comment on.

Peter and Ann did an investigation for a year and they came back to us and said they believed that Nova Scotia, because of our climate, had the opportunity to produce world-class sparkling wines; that is, champagnes. If you think of our climate in Nova Scotia, it's about like this; Niagara is like that, the Okanagan is like that, California is like that, and Australia and Chile are about like that. In France there are places that are like that but the area that produces champagne, which is Champagne, their growing season is about like that, like ours.

We faced challenges because of that short growing season and most of the wineries that existed around the time that I'm speaking of, they were trying to produce wines that would taste like stuff from California or Australia. That's an impossibility because of our climate, we just don't have the climate to produce world-class red wines. We can make palatable red wines but we can't make world-class ones, and that was our objective: to make world-class wines.

When Peter and Ann said there was that potential, I asked them if they ever made world-class champagne or sparkling. I knew what the answer was, it was no, they hadn't. So I said to Peter that I want to find the best consultant in the world on sparkling or champagnes and see if we can't bring him to Nova Scotia - or her - and see if we can't retain somebody like that to assist us if we are going to go that route.

Probably the best-known critic and wine writer of champagne in the world is a person by the name of Tom Stevenson, who is in the United Kingdom. Peter knew of Tom and he got in touch with Tom and asked Tom if he could recommend the three top consultants for champagne in the world and rank them - I wanted them ranked one, two, and three. The person at the top of the list was named Raphaël Brisbois and I had a hard time convincing Raphaël to come to Nova Scotia in the first place. He often said jokingly in other situations, he said the first time he was travelling to Nova Scotia to look at the potential of wine-growing, he thought he was going to the edge of the Arctic Circle. That was his mindset. So the skepticism that he had when he arrived here was of the highest order.

With the assistance of Hans Christian - and Hans Christian was very generous in providing wines that had aged for a very long time. Most of them weren't very good but there were a couple of them that Raphaël tasted and the light kind of went on in his head that maybe there was the possibility here. What he was looking for were wines of structure that could last a very long time. By that I mean 10, 15, 20, or 25 years. The backbone of that was acidity - that gives the structure to the wine.

Up until that time most wineries in Nova Scotia were trying to hide, camouflage the acidity because it's not good-tasting unless you use a lot of techniques. So instead of looking at it as a negative from a sparkling wine point of view, it's an absolute necessity for world-class wines, and instead of trying to hide it, we should be celebrating it and embracing it because that's what makes this region different than most other regions in the world.

In fact, if I can make the comment, there are only two areas outside of Champagne that are capable of making world-class wines. There is a small area in southwest United Kingdom, where one of the leading wineries is Nyetimber and they won, I think it was two or three years ago, the best champagne in the world which shocked the French that that did occur. The only other region is here in Nova Scotia, and what's special is that the constituent grapes of making world-class sparkling wines are the vinifera grapes of Chardonnay, Pinot Noir, and Pinot Meunier. Those grapes have to be able to become physiologically mature and retain high acidities and low sugars and have had the opportunity to create the flavours. You can't do that in California or Australia, or in the Okanagan, or do it very well in the Niagara region, in my opinion.

By physiologically mature I mean that the seeds inside the grapes are brown, the stems are brown, and the flavours have had the hang time on the vines that their flavours have developed, but at the same time the level of sugar that's there is around 18 or 19 Brix, which is a measurement of sugar, and it has a high level of acidity. Those are the constituent elements of making world-class sparkling wines.

Raphaël came in and he helped us, he would come up three or four times a year and he would do the tastings, and then the critical part was to do the blendings.

If I can just finish off, in making world-class sparklings, you make the wine, say from last year's picking, the wines now in our cellar are made, and what has to happen now is that you blend - and that's a very tricky thing that I could talk about for a long time because that blending is critical - and then you add sugar and yeast and you put like a beer cap on the bottle and it goes for a secondary fermentation. There are rules and regulations as to how long it has to be on that secondary fermentation in the bottle to classify as "Méthode Classique" which is the description of the traditional way of making champagne. To be called sparkling you have to leave it there, I don't know if it's 18 months or 20 months or 24 months.

We, Benjamin Bridge, put our first batch down in 2002 and those still have not been bottled or released today, because they don't meet our standard of quality. We have 2003 that are still laid down. The 2004, which was the very first release of sparkling wine from Benjamin Bridge, didn't occur until November 2010. Those wines were acclaimed by critics both nationally and internationally when they were released because of their quality. Obviously, that took a lot of capital, a lot of patience and commitment to make those wines and have no revenue coming in.

We were fortunate in the creativity of Peter and Ann and they envisaged this other form, which is not a true sparkling, which turned out to be Nova 7, which is a godsend to us individually as a revenue generator, but it has become really the iconic wine for the Nova Scotia wine industry. That wine is made with seven or eight different varieties of grapes. Great care goes into making that. It takes meticulous work to have that done.

The reason I take time before we start into the presentation and some of the facts - what's fundamental to our story is quality. It's quality using 100 per cent Nova Scotia wines - 100 per cent juice from Nova Scotia grapes, I should say. Today - and you'll see some of the facts - in Nova Scotia through sales of the NSLC, we only have 7 per cent of the market. Compare that to Ontario; Ontario wines represent 33 per cent of the wines through the Ontario liquor board. In British Columbia it's 42 per cent.

The overall percentage of the market, if you include direct sales like at farmers' markets or from the farm gate - that is from the wineries - probably 12 per cent of the sales of wine in Nova Scotia are drunk by Nova Scotians and purchased by Nova Scotians. So we have a long way to go to catch up to Ontario or British Columbia, but if the industry is going to succeed, not only does it have to continue on the path of making quality wine, because Nova Scotians won't drink - yes, they will drink plonk and lower priced, but we will not build an industry in the wine business unless we're recognized by "come from aways" of having the capacity and the ability to make quality wines. If we do that, I'm absolutely confident that our industry can grow and we can start to catch up to where Ontario is and where British Columbia is.

A very important element of that is that the sales through the Nova Scotia Liquor Corporation have to increase. We need, in my personal view - and I think it represents the view of most of the wineries and WANS - we need more shelf space and we need more

promotion of Nova Scotia wines. Many of the liquor stores that you go into, you have to kind of search around if you're looking for Nova Scotia wines. Where are they? I'm not picking on the NSLC because structurally in our way that we control alcohol and what the role of the NSLC is, is primarily to provide that cheque to the Department of Finance and Treasury Board of \$200-plus million on an annual basis, and we all recognize the province needs that.

If I can, in short order, so that it's in your thinking, one of the greatest things that WANS achieved as an organization was what we called the preferred markup, which is when you take your wines to the NSLC - I'll try to make it simple - they mark it up 43 per cent and then it's sold, so that your price jacks up, but the margin for the Liquor Corporation is 43 per cent.

When they bring in wine from Australia, China or wherever, the markup there is 100 per cent, 120 per cent, and I understand up to 200 per cent. So there's no question from a business point of view that the NSLC doesn't like having Nova Scotia wines at such a smaller markup. Their whole structure of management incentives, managers of individual liquor stores, their incentive is to make as much money as they can for the province. That's their fundamental mandate and I don't debate that. But in practical terms from the Nova Scotia wine industry, if we're looking at the NSLC as an outlet to assist us in selling more wines and having a bigger share of the market, I think one of the things that has to be looked at is how we create the incentive for the NSLC to give us more shelf space and to promote us more, like they do in B.C. and like they do in Ontario.

I understand the quandary that creates: on the one hand, you have to produce all that money; and on the other hand, they are supposed to be supporting the Nova Scotia wine industry. I think what I would like to see, and we've talked about this generally, I'd like to see in the mandate for the NSLC - and there is a clause in there, and I don't have it in front of me today, but it essentially is supposed to be the third mandate, which is they're supposed to assist the alcohol industry to grow and thrive. I think it's important that there be a target put in that mandate, that the 7 per cent share should be higher, to reach 15 per cent, say, by the year 2020. There has to be something so that it's there, mandated in numerical terms, and that the measurement of success and good performance by the NSLC is more absolute, and that box they tick that translates into their incentives and their floor managers receiving their bonuses, that that's an important component to receiving it.

Those kinds of things that I'm talking about are absolutely essential to growing this industry, because the margins that exist in the wineries these days are relatively small but the potential is there really to grow it. To summarize: quality is extremely important and that costs money; the cost of goods sold is high in Nova Scotia compared to, say, in Ontario or other places. Therefore, for us to continue to grow and stay on a growth path, at the back end, we clearly need the market and the demand to continue to increase.

When we first got in the business I remember Hans Christian - he's a good friend of mine - saying, Gerry, you could never sell a bottle of wine in Nova Scotia for more than

\$20. That was the view. I should let you know that a 2004 that we released, our first release of sparkling, we delayed it a year and we had only a small amount - I think it was 600 bottles - and it was priced at \$288 a bottle. It was the highest price tag ever on a Canadian bottle of wine and it sold out in less than 48 hours. The reason for that was the reputation of Benjamin Bridge and sparkling wines had spread amongst the wine geeks, if you want, and they were eager to get hold of this stuff, but that's what we've got to do. The other wineries have to do that and everybody is striving to produce those wines that will be recognized nationally and internationally.

I know what I've just talked about is not here, but I think it's important for you as individuals to understand some of the issues that we have and I've used. I apologize for that - I use my own experiences and the experiences of Benjamin Bridge because it was the reputation that we were building that attracted people to the Nova Scotia wine industry and other wineries, instead of trying to make red wine, were all focused on doing what we do best here, and that's not to fight Mother Nature, but to co-operate with her and take what she gives us. What she gives us is very special because of what I talked about - the acidities that we can have, but with wonderful, wonderful flavours.

If I can - and I apologize if I'm going on too long . . .

MR. CHAIRMAN: It's probably one of the better preamble openings that we've heard in quite a while. (Laughter)

MR. MCCONNELL: If I can just finish with this - I challenge anybody to find a strawberry from any other place that tastes as good as a Nova Scotia strawberry at the end of June and July. Likewise with our blueberries. I eat blueberries every morning and they come from Argentina and they're so acidic, but I eat them because they're supposed to be good for you. Then it comes up to Chile. Now it's California, and soon it will switch over to Florida, come up to North Carolina, and finally we'll get our blueberries. The flavours that we have can't be matched any other place.

The most recent example of what Mother Nature is doing for us here in Nova Scotia and making it special is the Honeycrisp apple. The genesis of that is it occurred in Minnesota or Wisconsin for the cold climates that they have there and, of course, now all the apple farmers are producing the Honeycrisp because of the price that they can get for it, but it's known generally in the North American apple trade that the best-tasting Honeycrisps come from Nova Scotia.

So there's something special here and we're seeing that in the flavours that we're getting from our grapes. It's something that's special and unique. What we don't want to do as an industry - which I think would be a fatal flaw - is to try to make wines that are similar to Niagara or similar to California. Don't do that. Do what we do best, which is fresh, crisp, sparkling, lovely tasting wines. The trend worldwide is the kinds of wines that we are capable of making here. That's what the chefs of the culinary world want, is the

kinds of wines that we make on the white side because they pair so good with the food that we do best here, too, which is seafood. So it's a wonderful match.

With that, we'll go through our presentation, which I believe you have in front of you. We have it up here as well. The first slide gives you some of the statistics. You can see from 2005 to 2015 the increase that there has been in wineries, acres, and growers really have multiplied as well. Then on this first page you'll see the six main growing regions, as well, and it's quite diverse: the Annapolis Valley, Avon River Valley, Bear River, Gaspereau Valley, LaHave, and the Northumberland coast.

That doesn't mean that there are no other areas in the province that are capable of growing. In Cape Breton, for example, the Marble Mountain winery that was started by an American and most recently, a couple of years ago, was sold to somebody from Cape Breton. There's some good quality wines coming out of there and in the Antigonish area there are some vineyards there that are making some good quality wines as well.

The next slide is trying to indicate the impact that our industry has on the provincial economy. You can see the various statistics there so that the total economic impact is \$196 million and you can see it on the bottom line. In addition to that there is an important figure that you should have in your head because the largest number of sales to the NSLC come from foreign-produced wines and comparing the economic impact in Nova Scotia of what I call an authentic, 100 per cent Nova Scotia wine, that has an economic impact, every bottle, of \$16 to \$17.

The imported wines from Chile or wherever and where the NSLC makes its money, the economic impact is about 70 cents a bottle. It's remarkable the difference there is and that figure alone to me is the one that stands out and why, if you just measure - if success for you is producing revenue, i.e. the NSLC, I question whether that's - yes, that's necessary but is that the right measurement? Why shouldn't it be, what's the economic impact? If you think of it in those terms, then the Nova Scotia wine industry really should be encouraged because of the economic impact it has.

The next slide here is the origins of the Winery Association of Nova Scotia. We joined together the various wineries in 2003. The organization that really represented the wine industry up until 2003 was the Grape Growers Association of Nova Scotia. It was the view of some of the wineries that we should have our own association so that we could talk to government. We knew that government was tired of having individual wineries come forward and make their own presentations. It was important for us to, therefore, have our own association so that we spoke with one voice.

We currently have 12 members. We are working much closer with government than we ever had. I should say that the Department of Agriculture, under Minister Colwell, has shown great leadership in pushing the wine industry and trying to help us. One of the major things that occurred was reconstituting the Wine Development Board. I think that will be looked at five, 10, 15 years from now as one of the most critical, beneficial things that

occurred, because what has happened is the Wine Development Board is like one-stop shopping; we have tourism there, economic development was there, the NSLC is there, so we have a time to talk directly to the stakeholders, and having that kind of forum is a major step.

I remember when Minister Colwell had the first meeting with the wine industry, the executive of the wine industry, it was down at the Old "O" in Wolfville. I got the invitation to go and I wasn't going to go because all my previous experience was that it was a waste of time, that government really wasn't there for the wine industry. When I went there and I got the sense of his enthusiasm and what he had planned, I've become re-engaged.

I'm not the chairman of WANS, I'm an interim chairman and I'm here to speak to you today in that capacity, and I've re-engaged myself in working with government, NSLC, and the other departments to move forward because I don't see it as a waste of time anymore. I see it as very productive time, and in particular because of the Wine Development Board there's an opportunity to put our issues on the table and like everything in life, we're not getting everything and don't expect to get everything, but just to have that forum and that opportunity. Then the Minister of Finance and Treasury Board requested that the Winery Association meet with her so that she could better understand some of the issues that we had as an organization.

I have never had an opportunity or there was never a request from any Finance Minister to meet with us. To me that was another indication that the wine industry is finally getting the attention that it should receive because of the significant benefits that it can bring to the province and it's just not for the wine industry, it's for all of the spinoffs, it's just a wonderful industry for government to try to assist us as much as they can.

The next slide is the current state of the Nova Scotia wine market. The figures are there and I spoke of some of the figures that are on this page, and what's in front of us is increasing the demand for Nova Scotia wines through having other channels potentially looked at for the sale of wines. One of the things that we have looked at as an organization - and we just didn't have the co-operation or the capital to pull it off - was to have a Nova Scotia wine store inside security at the airport with just authentic Nova Scotia wines. I think that is really something that we should be doing and it's one of the things that we came close to getting, but then we just didn't have the financial capability as an association to pull that off.

The last slide that we have here are threats and opportunities. On threats, NSLC's Emerging Wine Regions Policy, which is a fancy description of a preferred markup. An emerging regions policy is used so hopefully we can continue to duck any trade attack because we're giving preferential treatment to an industry in the province. I remember how hard it was for us to get that through, and God bless the NSLC and others that went ahead with it, but the argument was oh, we'll get at the bureaucratic level and the reluctance was

NAFTA, NAFTA, NAFTA - we're going get NAFTA. Who in the hell would come after the Nova Scotia wine industry back then, we didn't even exist, so I'm glad it's there.

The NSLC recognizes that maybe we can do something in another form to have the same beneficial impact, but if that goes, I can tell you the Nova Scotia wine industry goes. It's a wonderful industry, but by comparison to other wine regions in the world, it's still just an infant and we need continued assistance.

Government regulations, a lot of those go back to the prohibition era and nothing has changed and no government wants to come about and try to make those changes, but at the development board, when we did talk about the need for maybe a new wine authority and somebody taking on the task of redoing all of the regulations and modernizing them, I was really impressed that Bret Mitchell with the NSLC agreed that that's - because there are a lot of things, I think, that the NSLC wants changed as well, but government - no one had the courage to take on that task.

Import competition - again, that goes back to the 7 per cent and the 12 per cent. The more that the importation is incentivized, in my view the more cannibalization that's going to occur to the Nova Scotia wine industry, so there has to be a turnaround there. Consumer mindset, again, that's founded in quality and if we don't continue to push as an industry - and there are wonderful young winemakers who have come to the province or are here. Those young wine folks are meeting on a regular basis and they exchange information and they're helping each other. They recognize that the need for quality here is fundamental to the success of the Nova Scotia wine industry.

The other thing that has been a bit of a sore point through the years is the lack of support from tourism in supporting the wine industry. I'm just verbalizing the complaints internally as we speak - tourism takes advantage of all those pretty pictures of vineyards and all of that but were really not assisting us when we were looking for some assistance, but tourism is there now and we're working closely with them.

On the opportunity side, I just see, because of our climate and because of the dedication that the wineries have now of addressing quality, we have the opportunity, which 15 years ago you'd be thought crazy, as people thought of me - crazy to think that we could have a national and international reputation in the worldwide wine industry, but we do, but we have to continue to nurture and if we do, it's going to be wonderful. I encourage government to continue to work with us, as they've demonstrated over the recent past. If we all work together it can continue to be a wonderful story.

Those are the comments that I wanted to make. Gillian, I would certainly turn it over to you if you would like to add anything; otherwise, with your agreement, Mr. Chairman, we can open it up to a Q & A.

MR. CHAIRMAN: Do you have more to add, Gillian?

MS. GILLIAN MAINGUY: Yes, I do. Thank you, Gerry - a fantastic overview, wouldn't you say, everyone? You're feeling the flow, you're feeling the passion. I just wanted to mention one thing and that's the capacity of the grape and wine industry for job creation in the rural economy - such a divide between urban and rural, especially here - and not only job creation but retaining young people. We are keeping young people - recent graduates who are attracted to this industry, who want to be a part of it, and also attracting young people from away. As Gerry alluded, we have a number of educated winemakers who are being educated in Ontario and elsewhere - other wine regions of the world, France and California included, who have done work terms all around the world - coming to Nova Scotia. So those are some key points that I wanted to highlight.

Second, I wanted to mention, last week I was in Ottawa. It was the Canadian Vintners Association lobby day on Parliament Hill. We had the opportunity to speak with a number of ministers at the federal level, to talk about what's needed for a Canada brand, of which Nova Scotia would fall under - so wines of Canada, B.C., Ontario, and Nova Scotia. As we get into the talk about export and export readiness - and people don't know provinces, they know Canada and they know the products there and they have a strong connection to the quality of those products.

At a reception we had with ministers, MPs - it was hosted by the Speaker of the House - the level of surprise on how fantastic the Nova Scotia wines were. They were aware - oh, I was kind of aware, but didn't realize when they tried some of the wines that we had there, Nova 7 being one of them - wow! And then it was, where can I get it - can I get this at the LCBO? No, you can't - well, Nova 7 you can, but by and large that's another piece of the interprovincial trade piece. Bill C-311 was passed almost at the end of June 2012, so we're almost at the three-year anniversary of that. So far only two provinces removed the regulations in terms of direct-to-consumer delivery: B.C. and Manitoba.

Now thankfully Nova Scotia is being a leader here and the Minister of Finance and Treasury Board did a consultation process to get some feedback from stakeholders regarding this and I believe, I don't know exactly, you know pen to ink and I don't know in terms of when it's passed, but Nova Scotia will be the next province to do so and we're hoping there will be a little bit of a domino effect there. Obviously Ontario and Quebec are really huge ones to take down those interprovincial barriers, but we have to look at that if we're going to talk about exploring new markets and reaching consumers.

So similar to what's happening at the national level with the Canadian Vintners Association, and they're developing a national branding strategy for Canada wines, Nova Scotia is undertaking - we are undertaking an exercise to redo our branding, to do a better job of consumer education and outreach so that people understand that the wines in their backyard are pretty darn good. They need to start trying them, they need to replace the import that they have on the table because they're not really sure but they're like, go with this one - start replacing that with some Nova Scotia wine. As it happens, those people will become ambassadors for the local products, for the Nova Scotia wine industry, and in turn the story goes on and on and on.

The better job we can do to tell our story, from a branding perspective, from a marketing perspective, the better we will do as an industry. Those are some of the things that this association is working very closely with the different levels of government, tourism and agriculture being the ones that I probably work with the most, but also an increased attention to research and the research needs of the industry.

I was contacted by Agriculture and Agri-Food Canada at the Kentville Research Station, to start the discussion on let's set some priorities for the research side of things and let's get ready for Growing Forward 3 for 2017-18, depending on when that's released. There are a lot of things happening at the same time but there is the need for a gentle push, if you will.

We're going to succeed anyway, the wine industry is made up of many successful entrepreneurs who have put the capital into this industry, with little to no support from government. They will continue to do that and we will attract new investors to purchase land and establish wineries, no question.

What we could do is if you want to put a little bit of a push behind this industry, imagine what could be done with a small investment from the province to help match the money of the investors of the winery owners to move things along. The growth could be exponential, it will be exponential. I just wanted to leave with that point. Obviously we heard Gerry's story in speaking so much about the individual winery level, and what the Winery Association of Nova Scotia is doing is trying to bring the high level - what does the industry need, where do we need to go, and how do we make that happen? So I'll leave it at that. I could go on but I'm going to leave it at that.

MR. CHAIRMAN: Thank you very much, both of you. Ms. Miller.

MS. MARGARET MILLER: I think my first question - you answered some of them. I was thinking about that very thing about the Department of Agriculture - are there any incentives there to put more production, more grapes into production - so you've answered that question, something that certainly can be discussed at all levels.

I was concerned, you said 7 per cent of the market and the goal is 15 per cent by 2020. You talked about marketing and promotion. I'm just wondering - I'm from a dairy background - there was always a fee based with the dairy industry for marketing the products. I don't know if I'm just not watching a lot of TV but I don't see a lot of promotion of Nova Scotia wines on TV.

I don't even drink wine but I've gone into the NSLC (Interruption) It's a physical thing; it's an allergy, sorry. I've actually gone in and picked up something for my husband now and again and made a point of promoting - if somebody is at the wine counter saying, have you tried Nova Scotia wines, have you tried Selkie, have you tried some different things, and gotten people to change, but I'm not seeing that. Is that something that your association is looking at anyway - promoting your products? I think people just need to

know the quality of wines that we have here. When they see it on TV and they see the advertising they try it. Is that something to look towards?

MR. MCCONNELL: It costs money to take out a TV ad. The dairy industry is huge compared to what the wine industry is at this stage and the cost of doing that - that's why co-operation from tourism and doubling up on some of their budgets is an important way to go. The other is getting the assistance of the NSLC so that some of their resources are put forward at the liquor stores, which are the main outlet. That's what I meant by more shelf space and better promotion. They're tremendous retailers. Over the last number of years they really have turned that whole retail aspect of alcohol around, but we still aren't getting our fair share, in our point of view, but we don't have the capacity. I mean, individual wineries do promotions, but the winery association itself doesn't have the financial capacity to do it.

MR. CHAIRMAN: Mr. Lohr.

MR. JOHN LOHR: First of all, I'm very partial to Nova 7, I will say that. I do applaud the industry and certainly have seen it grow and think it's just fantastic what's happening. All of your message - I appreciated all parts of it and see that and just think that's terrific. I say all that because I just wanted to ask a question about - you had mentioned juice, concentrate, coming in. I'm just wondering if that is still going on in the industry. Also, I realize that another aspect of concentrates from other parts of the world coming in is the u-vint juice coming in. If you could comment on the impact, if any, that has on your industry.

MR. MCCONNELL: Yes, imported juice coming in, that's the business model of Andrés in Truro, which is owned by Peller, which is one of the majors in the wine industry in Canada - Peller and Constellation are huge giants. They can land juice here at Halterm for about 65 cents or 75 cents a litre and then truck it to wherever and put it in a bottle and call it - I'm not sure what they can put on the label these days, but they used to be "product of Nova Scotia" because it was bottled here and put on the shelves through the NSLC, and that is a business model that they have and continue to do that. So a huge amount of profit comes from what Andrés is doing.

There are a couple of wineries that do import juice and they're part of our association, and our association's view is that we had to be inclusive rather than exclusive and that there were different business models that we should accept as part of the wine industry, because in Canada at least, most of the other regions have a lot of imported wines that do come in. Up until now, we've always taken the approach that there has to be room for those different business models.

The u-vint, I haven't paid attention to. I'm not in a position to make comment on that.

MS. MAINGUY: Me neither, on the u-vint side.

MR. LOHR: If I could just follow up. I realize we're going to be short for time on questions, but the other thing you didn't mention - I don't think I heard you mention - was educational opportunities for young people wanting to learn about this industry. I know NSCC has expressed interest in that. I don't know if Kingstec Campus is doing something. Can you comment on that? You did mention Ontario a couple of times and people coming from Ontario who have had these, what is it, vinology? Is that the word?

MS. MAINGUY: Viticulture.

MR. LOHR: Viticulture, of course. Can you just mention something about that?

MS. MAINGUY: Sure, I can speak. At NSCC Kingstec Campus they do have an MOU with Niagara College and are working closely with them to develop the curriculum to offer a sister program here in the province. It's just in the development phase.

Kingstec Campus does have over an acre of land across from the campus where they have a vineyard established. It's kind of a teaching vineyard for the students, for the horticulture students and for those who are taking the grape growing courses. They do offer, through continuing education, grape growing, winemaking, cider producing, and a few other kinds of craft distilled beverage courses as well, so they have their finger on the pulse of what's happening with the industry and certainly with the education needs. I think that will only develop as we develop.

The relationship is good between industry and the educational institutions that if they have questions, we're always open, and there's a seat for the winery association on one of their advisory boards for that.

MR. CHAIRMAN: Thank you. Mr. Belliveau.

HON. STERLING BELLIVEAU: If you could take your projector and move it back to the map of Nova Scotia there, during your presentation, Gerry, you made reference that these are not the only different geographical areas that winery is a participation in. You also pointed out Cape Breton, Antigonish and some other areas in there. There's one point I want to just bring your attention to, if you look at the southwest corner there where the last two circles are, there was a climate study done by southwest Nova Scotia. I'm just asking if you are familiar with that because they recognized that there is a potential grow area for what we're talking about here. I noted that wasn't in your presentation.

You also made note that you're not here to fight Mother Nature, you're here to work with Mother Nature. The climate in that area, to my understanding - my background is from the fishing industry so help me out here - I believe the soil is the most acidic there is in Nova Scotia, and that's something that you're actually looking for. I guess it's just an observation.

What you're looking at, those regions have been established from existing farmlands that have basically gone in a new direction. In your presentation you talked about if the government had a small investment, so my question - in a long-winded way - is that basically your industry has doubled in the last 10 years so a small investment, what that looks like, what potential is there for the next 10 years? This is actually what the Ivany report talks about, what you're saying about creating jobs and keeping people in rural Nova Scotia, so could you expand on that?

MS. MAINGUY: Sure, I'll speak first. You're absolutely right about the land in that area being hot - the number of heat-degree days and frost-free days, a very good area. One thing that we're lacking that I'm looking to develop a proposal, kind of brought in some different players across some institutions as well as through Perennia and Agriculture, is looking at developing a proposal for funding, first going through Growing Forward 2 - a mapping project of the available lands in Nova Scotia, showing the ideal locations.

Much of the data set already exists, it just hasn't been coordinated specifically and indeed, a mapping project of that sort has other value adds that could be used for other crops. Specifically this application would be looking at grape and vineyard development. We don't have such an inclusive so looking at climate data, which is part of your southwest Nova Scotia study that you mentioned - David Colville, one of the leads from COGS is the one who has that data set involving soil analysis, specifically for vineyard slope and geography, the actual topography of the land.

This is a large study but you're hearing some interest from municipal levels, from provincial levels, from the federal level as well, because this hasn't been coordinated. Again, that is one of the many multi-faceted pieces of things going on that we're trying to bring together. But yes, I think that once we have that together in terms of a report showing the available land and the best places to grow and to have vineyards, you would see a very big level of investment from current wineries looking to expand their landholdings, as well as attracting winemakers or owners who want to set up vineyards here in the province from Europe, as well as the rest of Canada.

MR. CHAIRMAN: Mr. Hines.

MR. LLOYD HINES: Thank you very much for your very informative presentation. It's interesting to hear about this industry since it was - was it Hans Peter Jost, the first guy who was here?

MR. MCCONNELL: Hans Christian. The leaders were Hans Christian and Hans Peter. I was the third - I'm Hans Gerald. (Laughter)

MR. HINES: Indeed. Welcome - willkommen, Mr. McConnell. Just a preamble in terms of your comment earlier about him using imported juice. I think back in those days, which probably would have been the mid-1970s, there weren't too many grapes grown in

Nova Scotia. So it's certainly wonderful to see the kind of growth that has actually happened and the recognition of that industry and the fact that it is established well now.

On your map, I represent that giant black hole on the left-hand side where there aren't any circles, but I would be encouraged to find out about this proposed review that you're talking about that will hopefully include all the province and root out the potential mini climates that do exist around the province. I spent a long time sort of in the farming business. I had a golf course for a long time and grew Kentucky blue grass and bent grass, and there are micro climates around the place.

Having said that, I'd be interested in your views on the NSLC. I'm interested in hearing what you're talking about there and, of course, they are a wholly-owned subsidiary of the Department of Finance and Treasury Board. The minister is the sole shareholder for that corporation so I'm encouraged by your remarks about the two ministers showing an interest in this industry. Of course, the Finance and Treasury Board Minister being the single shareholder de facto owns the Nova Scotia Liquor Corporation, which last year turned over \$224 million in profit to the province and we're very pleased to talk about a 55 per cent margin in that endeavour. I'm not sure if that's a good performance by a monopoly or not, but there is a whole bunch of the 45 per cent overhead in there that would be interesting to explore to a large extent, but you can't sort of fault them for going after the low-hanging fruit, which is the imported wines.

My question is, I understand that there is some preferential treatment, as it were, for the craft brewing industry in Nova Scotia when it comes to that particular sector of the alcohol business. I'm wondering if you're aware or the recipient of similar indulgences from the corporation when it comes to locally grown grapes.

MR. MCCONNELL: I know that there have been some accommodations that had been given to the craft brewery and distillery. My understanding was - and I wasn't involved and our association wasn't involved in those discussions - the Craft Brewers Association was trying to catch up to the preferential accommodation that was made on our markups and they were trying to get in the same spot that we were. That's my general understanding of it.

MR. HINES: It just seemed to me that there's a parallel in terms of the local nature of the endeavour.

MR. MCCONNELL: I should comment that the craft brewery situation is not comparable to the economic impact that the wine industry brings. Craft brewing, they bring in a lot of - almost all of their material is from outside the province. The wine industry doesn't do that - the authentic wine industry in Nova Scotia. We plant the vines and we tend to them, and the amount of workers that we require to tend to that and then come harvest, the number of employees that we have to add to our payrolls, the economic impact is well beyond what the craft brewing - I'm not being critical, I'm just stating a fact.

There has been some discussion that maybe the craft brewing guys should be in our association and I think there would be a pushback to that because of the differences. But it's interesting, Hans Christian Jost and his family, who are, in my view, responsible for there still being a wine industry in Nova Scotia because of what his dad did and then Hans Christian jumped in when his father died prematurely and was a real contributor to where we are today - he sold out to Carl Sparkes. But Hans Christian now is crafting beautiful beer in Tatamagouche, so it has kind of come full circle. I think from an economic impact there is no comparison.

MR. CHAIRMAN: Thank you. Mr. Dunn - he has been very patient.

HON. PAT DUNN: I thank you for the wonderful presentation. I think I can speak on behalf of all of us that we should be very, very proud of the industry in Nova Scotia and the progress it has made in a very short time, when you think of international countries that have been involved in it since even before I was born. (Laughter)

Anyway, I'm going to go back to the promotion and education part of it because I will run into people who are really not aware of the great Nova Scotia wines. They have that mindset that because the wine is from somewhere else it's a better wine, and it just goes right down to education and a lack of experience with Nova Scotia wines.

I'll touch on something that Mr. Lohr mentioned about promoting and so on. He mentioned Kingstec, I believe, and so on, but I'm going to back up from that and ask, have you ever attempted to use the curriculum in our high schools to educate people to promote the industry? For example, right now the Department of Education and Early Childhood Development is introducing a new course at the high school level called the citizenship course. To me that particular course could cover a variety of things, and as you were talking earlier, I was thinking that if the wine industry information was provided as part of that program, that if it's taught either in a semester or it could be a course that lasts all year, that it would be a nice way to educate the youth with regard to what's really happening in Nova Scotia, where perhaps they wouldn't be exposed to that otherwise.

Again, I guess my question is, have you ever thought of doing something like that? Have you ever thought of going to the Department of Education and Early Childhood Development and saying - you know what I mean, in most large high schools there are agricultural courses, there are entrepreneurial courses so, again, it's just a thought.

MS. MAINGUY: Mr. Chairman, I can comment on that. We haven't thought about approaching the Department of Education and Early Childhood Development, but oddly enough, again, NSCC Kingstec, one of the faculty members from their business, hospitality, tourism faculty there is developing a Nova Scotia wine industry course, with an overview of the different business models and looking at a number of things, again, on this piece of educating those like-minded individuals who are interested, but that's at the college level. Certainly, if there was an appetite and if there's already a course being

developed or a stream, we would be absolutely interested in talking more about that initiative. Great idea.

MR. DUNN: Just another question and it's going back to the type of winter we just had. What sort of impact, or was there any impact, on your industry with regard to the winter? Did it hurt the industry? Did it delay it?

MR. MCCONNELL: It was a hell of a winter, as we all know, and none of us have ever experienced that before. This is a real learning experience to see what impact that kind of winter is going to have on the vineyard.

What we're seeing so far, and we're just all trying to catch up with the pruning work that has to be done, we're not seeing the amount of winter damage that there was last year. Last year was just a terrible year and impacted the amount of fruit that came from the vineyards. We were down maybe 20 per cent so we were wondering about what kind of a year we were going to have, and then with the amount of snow that came, it really provided a blanket of comfort to the vines. It was like putting a nice wool blanket over them and I think that has really helped the winter survival.

It remains to be seen as we get some heat, it's only then that you really know what the impact has been so we're two or three weeks away yet from really seeing what it is. The indication so far is that we've been really blessed with that heavy snow, it did protect, but I think our delayed winter is helping us. The next threat that we always try to duck is that late frost that comes at the end of May or the first part of June. So if you have an early Spring and everything sprouts out and then you get that late frost which we did last year, it really caused a lot of damage. But because we're delayed, I don't think that's a threat this year.

MR. CHAIRMAN: Thank you. Ms. Zann.

MS. LENORE ZANN: Thank you very much for your presentation, it was really interesting and enjoyable. My last name is Zann and my family came from Croatia, so their last name was Zaninovich They grew wines in Dalmatia so we have several family strains that now live in California and Oregon, so Zaninovich grapes are quite well known. One of the cousins, his name is Tudor - actually, Tudor Zaninovich - so Tudor Wines are related to us.

Knowing that, I went to visit there and met with my living ancestors today. I found something really interesting about the wine industry, and you're probably aware of this, but a lot of people in Europe became quite wealthy selling wine, growing the grapes, selling them, and our family had ships so they plied them back and forth across the Adriatic to all the different countries. They became really wealthy when there was a grapevine blight, called phylloxera, which basically wiped out most of the grapes in France. It kind of took its time to make its way down the coast so it didn't hit Dalmatia until about 20 or 25 years later. There's still no cure. They found out that it actually came from America and there

are some places in America that have had a recent resurgence of it and there's still no cure. As you know, it's like a little aphid that comes from the roots.

Are you ever concerned about any of the diseases that might come from the United States and hit our grapes here? Is there anything we can do to protect ourselves?

MR. MCCONNELL: We're always on top of that, I mean disease is one of the things that really harms us, for example, the kind of summers that we have, particularly the end of July, the first part of August, where we have those 22 degree, 23 degree days and we have rain. That just causes mildew and that's a killer for us. So diseases, we're all on top of it.

We know that phylloxera exists here, but I'd say it's dormant so it's not a real threat, but we're continuously looking at experiences throughout North America and in Europe and making sure that we're ahead of it rather than behind it. That's all you can do. I mean we are essentially farmers and Mother Nature sends a lot of things at us - as well as good things.

MR. CHAIRMAN: I don't know if Hansard picked up that knock on wood, but I'd like to note that.

MS. ZANN: One thing I did just find out that they said there were a few different areas that seemed to magically escape it and they seemed to be sandy soils with a lot of wind. In Australia, it has so far been resistant because - I was born in Australia so a lot of winemaking areas there, a lot of those ones have remained untouched, but they're in these sandy soils with high winds, which I thought was very interesting.

The other thing I noted was that this other one, esca, has now hit the grapes in France and last year their farmers declared esca as an international emergency and it already cost their industry \$1 billion last year, and their wine industry there is worth more than €13 billion, or \$10 billion a year. Again, that particular one doesn't really have a cure either. Have there ever been any circumstances of esca coming to North America?

MR. MCCONNELL: Not that I'm aware of.

MS. ZANN: That's good. Good luck with everything. Never say never, but I think you're placed in a good place. If the French wines are going under for a little while, our champagnes might be ready to take off.

MR. MCCONNELL: The other thing that's happening in Champagne with climate change is the description that I gave you at the beginning of Nova Scotia and Champagne almost being parallel, the heat units in Champagne are increasing, and as a result of that, they have more difficulty maintaining the acidity and the lack of sugar, so the way they've been approaching it, they have very - it's a highly regulated industry in Europe compared to here in Nova Scotia, as I'm sure you'd appreciate. They have limits on the yields that

you can have, for quality purposes, but they're starting to increase it because the more that they have on the grapes it will counteract the impact of warming, but my view is that's going to water down the quality of that famous region.

There are always winners and losers when Mother Nature changes her patterns, but I think the climate change that we see occurring, which is a gradual increase in the climate here, I think is really beneficial to us.

MS. ZANN: Make hay while the sun shines.

MR. CHAIRMAN: Ms. Miller.

MS. MILLER: I thought there would be a lot more questions in between my second round at this. I just want to let you know, too, that I love your enthusiasm when you're talking about the industry, and I can tell you that it's matched in our caucus. When the minister talks about the wine industry, he is so passionate about it and so passionate about the possibilities. I've also had, while campaigning in 2013, lessons from my Member of Parliament, Scott Brison, who is actually a huge supporter as well. Part of my constituency where our farm used to be is along the Shubenacadie River and that whole area - when you look at the possibilities on how much farmland there is not in production, and they are old properties, the possibilities are just endless.

My next question to you is about a little bit of the market demands. First of all, how much of the Nova Scotia wine actually leaves this province? How much goes out in the country? Are you now meeting your market demand and what do you see is the potential for the market? I mean, you're looking at 2020. Do you think it could grow much faster than that? Where do you see yourself going in the future?

MR. MCCONNELL: Benjamin Bridge was the first to be listed at the LCBO. No other winery did that. It's a grind. All of these other jurisdictions grind you so that you're not encouraged to come there, so it takes a lot of perseverance and commitment to enter into the export side of it.

Our winery is now in every province in Canada, including the Yukon. We also have put small amounts in Tokyo. The other wineries primarily are centred in Nova Scotia and haven't taken that step. We're driven there in the sense that the amount of inventory of sparkling wine or champagne that's going to come on in the next years, we've assessed that Nova Scotia doesn't have the capacity to absorb the amount we would bring to market. Our objective has always been to prime the other markets primarily with Nova 7, which is an easy sell, and then our name is out there. In behind that will come the sparkling wines. So we are driven to the exporting for the long term because of the amount of sparkling wines that we'll be bringing to market.

MS. MAINGUY: Can I answer on the capacity piece? I think that many of the wineries right now do have the capacity to increase their production. Gerry is absolutely

right because only probably three wineries currently in Nova Scotia are exporting out of province or out of country. The majority are at the business model where it's really here at home, through the farm gate, NSLC, farmers' markets, that sort of thing.

However, with that growth, the majority of the wineries right now have plans to expand, whether it's landholdings, whether it's production facilities, whether it's warehouse space, you name it, they're expanding their production. So with that comes an increased cost of production. However, there is a level where there's kind of a sweet spot, where you've already got the infrastructure that was needed to get to this level, and we have that, and maybe with a few adjustments in terms of equipment pieces or new equipment, warehouse space, bottling - different things, for example - it wouldn't be too difficult to increase the capacity.

Certainly a number of the member wineries are interested in export-readiness workshops. It may not be on their radar right now but it's something they want to learn a bit more about so it's certainly the discussion. Right now it's primarily within the province.

MS. MILLER: I have another question - just a short one. I've heard something about the Tidal Bay projects with the wine. Can you elaborate on that a little bit?

MR. MCCONNELL: Just to put it in a little bit of an historical context; the wineries a number of years ago were looking at doing an "appellation" wine; in other words, a wine that would represent the region. There was quite a debate. The first push for an appellation wine was a red, so I'm sure you sense where I would be with that; as a wine representing Nova Scotia, it just didn't. It was actually Peter Gamble who I asked to come down and speak to the winery association that if we were going to do an appellation, it should be a white and the parameters of that.

Peter got together with the enthusiastic and talented winemakers that we have in the province and they came up with a recipe for a wine that we thought would be very representative of the unique characteristics that we have and what we do best in the province. So that evolved into producing Tidal Bay. We spent a lot of time trying to come up with what the right name would be.

Every winery is entitled to participate and there are parameters of grape varieties and levels of sugar, acidity, et cetera, but it has to meet a certain profile. Then we have an independent expert panel that tastes - you have to submit your wines to make sure they are within that range or the parameters of what Tidal Bay should taste like and how it should reflect the best attributes that we have as a wine region.

That has been very well received, and actually Ontario and B.C. are envious that we were able, as a small organization, to get a consensus as to what the appellation wine should be, get a consensus on a name and then on a process to ensure that we're going to produce a very high quality wine.

We're always excited every Spring to see the new Tidal Bay come out. For those of you who are going to be around on June 4th, you should come down to the Marriott where we're going to be launching the 12 new Tidal Bays for the 2014 vintage. If you don't go to that, you're missing the biggest event of the year.

MR. CHAIRMAN: Thank you. Plugs are allowed here. Mr. Lohr.

MR. LOHR: Mr. McConnell, you were talking about the fact that the industry needs to focus on world-class sparkling wines with high acidity and low sugars, and from what I understand, they probably didn't initially do that or maybe they're shifting that way. I'm just wondering, how many of those 700 acres - do you need to put in different varieties or can you take the existing 700 acres of existing varieties and just change the winemaking process to go in that direction? That's my question.

MR. MCCONNELL: There are a variety of ways that you can do it. I don't want you to think that I was saying that sparkling is the only way to go. Tidal Bay is another representative wine that it's the aromatic whites and you can do all different kinds. You can do a Chardonnay by itself or some of the - L'Acadie is a very important grape and L'Acadie Vineyards is using that grape to produce a very good sparkling wine. But that's not what's recognized around the world, the L'Acadie grape - usually Chardonnay, Pinot Noir and Pinot Meunier are the ones that are the recognized constituent grapes. But we have produced in 2004 - we were using non-vinifera, the European varieties. We were using French hybrids in those.

The wine snobs would turn down, if they see a French hybrid in a sparkling wine - but let me just tell you this. Tom Stevenson, the person who is the recognized - he wrote the encyclopedia of champagne for Sotheby's and he just released a new one - he's the guy who recommended Raphaël Brisbois for us. He came over - this is five or six years ago - to visit Nova Scotia and our winery because he wanted to see what we were doing. During that tasting - there were all kinds of tastings going on - he took our 2003, I think it was, and he did all the performance of tasting it and all that. He said, this is 100 per cent Pinot Noir, isn't it? Peter Gamble said, no, it was all made of French hybrids. He was - I'm not allowed to say the word, but he was ticked off that we sort of maybe had set him up on that one, which we didn't at all. It was only his kind of aggressive reaction, but that illustrates the point.

We've made some very, very good - the top guy in the world thought it was Pinot Noir and it was a French hybrid, which most of the wine world would say you can't make a world-class sparkling with that, but you can. Bruce Ewart with L'Acadie is making beautiful sparkling wines with a L'Acadie grape that was created here in North America, in Ontario.

MR. LOHR: Just one last question. I remember a few years ago there was always a lot of talk about icewine. I haven't heard you mention icewine. Where is that on this sort of agenda?

MR. MCCONNELL: There is not very much icewine that's produced in the province because it's costly to do it, but if I may, Mr. Chairman, Ontario has the reputation as making the best icewine in the world. My view is that's dead wrong. Let me tell you, when we produce icewine here, because of our high acidities, we have a 17 or 18 measurement of acidity naturally occurring. In Niagara, because of their warmer climate, their natural acidity that comes out is at seven or eight, and to balance off the sugars in the icewine, they have to add acid to cause that balance. I always knock the CVA when they were trying to do national standards and were going to marginalize the Nova Scotia wine industry, I would use with them, how come you add - does the public know that you add acid to your world-class icewines? Oh no, they don't want to talk about it.

We make the best but unfortunately we don't make very much of it, it's actually Warner Vineyards which is an absolutely beautiful vineyard and one of the largest in the province. They produce a lot of icewine juice and then that juice is sold to other wineries who then will ferment and make their own icewine, so there aren't a lot that make icewine from scratch because of the expense.

MR. CHAIRMAN: Thank you. Ms. Zann.

MS. ZANN: I'd just like to ask you a quick question, what makes it so expensive to grow icewine instead of the regular kind?

MR. MCCONNELL: Well, the way you make icewine is that you have to leave your grapes on the vine until you get two days of colder than minus 8 or minus 9, and then you pick them. But sometimes that doesn't occur until February so you've had to net, and animals get in and birds get in. Then what happens when it freezes is that what freezes in the grape is the water and what's left is the pure nectar. Then you squeeze that and out comes the nectar. Ordinarily there would be that much juice and then when you do this process there is that much, if the birds haven't taken it.

MS. ZANN: So you need to grow a lot more then.

MR. MCCONNELL: Yes, and then everybody who produces does a limited amount.

The other thing that happens that you have to weigh is the impact of leaving those grapes on the vine, sometimes the vine doesn't shut down properly for the coming winter so there's potential winter damage that occurs from it. That's why it's so expensive.

MR. CHAIRMAN: Thank you. Mr. Dunn.

MR. DUNN: Just one quick question, I'm just wondering, what further steps can the government take to help your industry grow and flourish? It's not as simplistic as that but if you are given the opportunity to say if you at least do this to help us, it would really be appreciated.

MR. MCCONNELL: What's occurring is that there's a real push to increase grape production and create more juice and create more wines. That can end up in the wrong place unless we increase the demand for Nova Scotia wines and have the outlets to be able to sell. Fundamentally it's the relationship we have with the NSLC and it's incentivizing the NSLC to promote - they are great promoters - Nova Scotia products more vigorously and aggressively. That's critical.

MR. DUNN: Thank you very much.

MR. CHAIRMAN: We've got a couple of minutes here, so if you don't mind, I'd like to also make a couple of comments. We talked briefly but I wanted to share this with all the committee and maybe even get your comments on the record for it. I really think your branding initiative, I wish there were a lot of other sectors in our fine province, in the resource sectors that certainly would take advantage of that and see the fruits of it.

One thing that we talked about briefly was the fact that - I shouldn't say it's a fact but I think it's one that we should work on, that we've been growing grapes here for over 400 years. We were probably, from what I understand, one of the first grape-growing areas in North America. The French brought it over, from what I understand, as a gift to the First Nations and interestingly enough, in my area in Bear River a few years ago, they organized what I thought was a wonderful idea of a celebration and it was called Fall for Bear River. They had small wine glasses made up with that engraved on it. They had invited grape growers and vineyard people from right across North America, at least brought them aware of it. The wineries and vineyards in the area had opened up. There were tours and it was a celebration of the industry, but more importantly, they tried to establish the fact that the Bear River area actually was the area where First Nations were given those grapevines. I forget the name of the individual. I should know my history better.

In two parts, first off on the branding side of it, is the fact that potentially Nova Scotia is the first place in North America that grew grapes something that can be used? Secondly, and I know you made the pitch for June 4th, but collectively is there a celebration around the grape industry or is there a potential for that? We do such a great job in this province celebrating everything from the lobster industry to the Wharf Rat Rallies - two questions, I guess.

MR. MCCONNELL: That concept that you did speak to us just before the session started, Mr. Chairman, I had never reflected on that. Although I was aware of 1604, 1605, those dates being used - and there's absolutely no question in my mind that a good marketing group could build that as potentially a signature foundation event for the wine industry that if you could take that concept and then promote externally about what that means for the Nova Scotia wine industry, I very much see a lot of potential for that.

We have struggled as an organization because of the lack of funding on how we - we had the Icewine Festival, which used to occur in Wolfville on an annual basis. That has kind of morphed into something else. Then there's always the debate of - well, if you're

going to do that, where should you do it? Should you do it in Halifax, where all the media is and all of that? Should it be in February or should it be in the Fall of the year? So there are a whole bunch of factors that we've debated over the years. The closest we're coming to celebrating something is June 4th, the Tidal Bay.

People who are in this industry are in some ways like the lobster fishermen: independent thinkers. Everybody has their own individual view and it's very difficult to get everybody to agree on anything at any particular time. (Laughter) Is the sun coming up tomorrow? Pssssh! So they're independent but they're passionate - they're really committed. That's why this industry has grown to where it is. It's because of the individual passion that people have for the industry, but paying attention to marketing and branding is clearly more in the forefront of the discussion than it has been for years. Everybody is on to their own thing as opposed to the big thing.

MR. CHAIRMAN: Don't undersell yourself - you have a board that represents the industry and you've already branded yourself, so I think you've done quite a bit. Anyway, just some closing remarks if you have any.

MR. MCCONNELL: Just on behalf of the wine industry of Nova Scotia, I would express our collective gratitude for you as representatives from across the province, taking the time and to have the interest to hear us out and to pose some good questions to us.

Again, this is a milestone. Today's meeting is a milestone and it's a further indication of not just the growth of our industry, but it's an indication that we're now on the radar of organizations and departments that can now come in and contribute to the very bright future that we have for making world-class wines that are unique to Nova Scotia so that when you stick your nose in there, people 10 or 15 years from now, just like you can do with a New Zealand Sauvignon Blanc, people are going to stick their nose in it and say that's from Nova Scotia, and not throw it away but say I want more of that. (Laughter)

I thank you, Mr. Chairman, and all the members for the courtesy and hospitality that you've extended to us today. Thank you.

MR. CHAIRMAN: Thank you very much. I must say in getting the last word in here, you folks certainly did bring what I would say is probably one of the broadest and more in-depth discussions to the table here that we see from a lot of our stakeholders and it's greatly appreciated, you did a wonderful job.

We'll recess for about five minutes at the most, if you don't mind, and then reconvene for the rest of our business meeting. Thank you.

[10:46 a.m. The committee recessed.]

[10:52 a.m. The committee reconvened.]

MR. CHAIRMAN: We'll call the meeting back to order, please. Thank you, folks.

I guess we don't have too much here, I don't believe there's any correspondence in between. Our next meeting date is June 18th, so that falls in the regular order that we've been in - the Nova Scotia Silviculture Contractors' Association. We have one more witness after that so at the suggestion of the clerk, we would hold an agenda-setting meeting on June 18th as well, if everybody is agreed. So no problems with that?

MS. MILLER: Mr. Chairman, can you tell me who is going to be representing on behalf of the Silviculture Contractors' Association? Do you have a name?

MR. CHAIRMAN: David McMillan.

So if there's no further business, I would suggest that we adjourn. Would all those in favour of the motion please say Aye. Contrary minded, Nay.

The motion is carried.

We are adjourned. Thank you everybody.

[The committee adjourned at 10:54 a.m.]