



# **Planning for the Future Development of Ontario's Wine Industry**

**Final Report**

**SR9902-REC14**

**November, 2000**

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## Executive Summary

Recent newspaper headlines identify some of the challenges facing Ontario's rapidly growing "estate" wine industry. Headlines such as,

*"Winery Expansion Sours Neighbours<sup>1</sup>" and*

*"A Winery Resort Doesn't Belong on Niagara Peninsula<sup>2</sup>"*

point to the relationship between planning policy, the evolving estate wine industry and opportunities for economic growth and development.

Land use planning regulations, as influenced by community attitudes and local municipal decisions are critical to the on-going growth and development of the estate wine industry. These regulations established by municipal authorities and guided by provincial directions dictate acceptable agricultural land uses and related or secondary on-farm activity. Recent growth in Niagara's wine industry indicates that farms are diversifying by developing "farm and estate" wineries. The emergence of "estate" wineries and associated value-added products have placed the Niagara Region on the leading edge of the industry in Ontario while at the same time creating various land use changes and scenarios. The typical "estate" winery includes a variety of land uses, from agricultural to industrial and commercial. Wineries are now - growing raw resources (grapes), manufacturing and producing related commodities (wines, fruit wines, grape wreaths), retailing final products (on-farm sales), and providing a variety of other recreational and tourist opportunities. These opportunities have included - vineyard tours and wine tastings, bed and breakfasts, weekend barbecues, receptions and fine dining.

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<sup>1</sup> The St. Catharines Standard, Feb. 16, 1999

<sup>2</sup> Kitchener Record, Feb. 12, 1999,

The **purpose** of this research was to understand the relationship between the "estate" wine industry and related provincial, regional, and local planning policy. This policy is directly related to the future growth and development of the Niagara "estate" wine industry with numerous related rural economic development considerations.

This research focused on policy analysis and discussions with those directly involved in the "estate" wine industry. It drew on planning and economic development initiatives from the Niagara Region and the Okanagan Valley and consisted of four phases as follows:

**Setting the Context** - Issues related to Niagara's "estate" wine industry were reviewed and documented. This reflected an international, national, provincial and local perspective.

**The "Estate" Wine Industry - An Analysis**- Discussions with individual growers and wine industry operators provided insight into the changing dynamics of the Niagara wine industry.

**Planning and Economic Development Policy** - Key to the study was the documentation and analysis of planning and economic development policy as it relates to the "estate" wine industry. Interviews with planners, municipal politicians, growers, winery owners, and development corporations helped to document existing policy and identify areas of change that may be required if the Niagara industry is to adapt and evolve in its quest to remain competitive and expand. Documentation and analysis of the approaches used in British Columbia helped to identify further opportunities for Ontario.

**Analysis and Recommendations** - The report concludes by discussing the appropriateness of policy used in Ontario. How are the planning regulations which are applied affecting the Niagara estate wine industry (positively or negatively) and how should these criteria be altered to better suit the needs of this growing industry.

This research presents an overview of the opinions and attitudes of key stakeholders in the on-going development of Ontario's estate wine industry. It includes the results of detailed surveys of Members of the Grape Growers Association, of Owners/operators of existing wineries in Ontario and from community members within 400 feet of 11 existing wineries in the Niagara Escarpment Plan area. In addition an overview of the estate wine industry in British Columbia's Okanagan Valley is provided. This includes the results of interviews with estate winery owners and local government officials. The analysis of Ontario's industry also includes the identification of local planning policy within Ontario- this policy varies, sometimes significantly between municipalities.

**Survey results demonstrate the following:**

- There is a clear correspondence between “intensity” of the agri-tourism activity associated with the winery and the acceptance or perceived compatibility with neighbours and neighbouring wineries. These results can be summarized as follows:
  - Tours, Tastings and Retail: Activities such as tours and tastings, and wine sales have a high compatibility rating. Survey results indicate that a gift boutique and the sale of local products also met with approval. The sale of non-local products was poorly received.
  - Promotional Events and Activities: Promotional events and activities received mixed reviews. Some activities such as bus tours and indoor events tend to be positively received, whereas other activities such as the sale of non-local products and helicopter tours are not viewed favourably.
  - Restaurants: Survey results demonstrate that the larger the restaurant the less compatible it is perceived to be. For example small restaurant (seating 20 people or less) are fairly widely accepted but a large restaurant seating more than 100 people is considered to be incompatible by more than 50% of the respondents
  - Accommodations: Again the larger the facility the less likely it is to be accepted by grape growers, community members and Winery owners. For example, Bed and Breakfasts (maximum of 3 rooms) are strongly accepted, whereas large overnight

facilities (more than 20 rooms) are viewed as incompatible by a significant majority of survey respondents.

The above rankings, while not explicitly stated in local planning policy are reflected in the sense that perceived compatibility is an important component of local planning policy. As land use planning policy attempts to establish compatibility between different types of uses the relative ease with which different uses can establish is reflected under existing policy,

- The research provides insight into the estate wine industry in the Okanagan Valley, British Columbia relative to Ontario's wine industry (common issues and potential strategies). While Ontario's "estate" wine industry is continuing to evolve similar issues were identified in the Okanagan Valley. Likewise planning policy is being revised and adjusted to try to cope with growth.

- Ontario's municipalities are in the midst of developing policy to cope with the on-going development of the wine industry. Interim control by-laws have been passed, visions have been established through Official Plans and detailed regulation has been applied through zoning. The following general conclusions can be offered:

- Current Municipal Planning approaches to wineries vary by municipality
- Some municipalities have defined Agri-Tourism and dealt with wineries through related policy
- Some have no specific policy related to the estate wine industry
- Some municipalities have established definitions distinguishing Estate Winery vs. Farm Winery
- Various regulations have been developed in some municipalities which apply to size, and permitted uses (accommodations, retail sales, off-farm products, etc.), among other regulations.
- Generally, the policies prohibit the severance of Agri-tourism uses from the farm on which they are located.



The report concludes by offering a number of recommendations. These recommendations speak to the relationship and potential opportunities for an approach that strikes a balance between community aspirations and the continued growth and development of the wine industry.

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## **1.0 INTRODUCTION**

The expansion and diversification of Ontario's estate wine industry offers opportunities for agriculture, tourism and local economic diversification. It also has the potential to raise concerns amongst neighbours who are not always supportive of the full range of uses that can be part of a winery. Recent examples demonstrate the controversy that can occur as a result of the latest diversification and expansion of the estate wine industry. In June 2000, the Ontario Cabinet turned down a plan proposing over 50 guest cottages and a culinary teaching centre that were to accompany a new winery and 120-seat restaurant. In response to an appeal of a decision by the Niagara Escarpment Commission, Cabinet rejected not only the cottages and culinary centre, but also the winery and restaurant (Pim, 2000). Prior to Cabinet's decision, approval of the application was recommended by both the Niagara Escarpment Commission and the Hearing Panel subject to modifications to the size and scale of the development. In summary, Cabinet rejected the positions of both the Niagara Escarpment Commission and the hearing panel in favour of a position that was supportive of protecting the Niagara Escarpment from inappropriate development (Pim, 2000).

In February of 2000, the Town of Lincoln Council passed an Interim Control By-law that prohibited the establishment of new estate wineries and/or the expansion of existing wineries. The Interim Control By-law allowed planning staff to review and establish planning policy that reflected the larger scale development being proposed. As part of this process a special public meeting was held where a number of winery operators and community members expressed their ideas and concerns about the development of the wine industry. It is anticipated that planning staff will develop policy that will set out the general provisions for winery establishment. It is anticipated that this policy will be incorporated as part of an official plan amendment.

As the growth and development of the wine industry continues arguments over the expansion and intensification of the industry have been made from both sides, as seen in recent newspaper headlines –

“Winery Expansion Sours Neighbours”  
(St. Catharines Standard, 1999)

“A winery resort doesn’t belong in the Niagara Peninsula”  
(Kitchener Record, 1999)

“Winery resort a good use of farm land”  
(The Hamilton Spectator, 1999)

From this perspective the growth and development of the wine industry raises a number of questions concerning:

Compatibility with existing agricultural activities, surrounding land uses, and the open landscape character.

The impact of the growth and development of new wineries and expanding wineries on the resource base, environment, and community.

The appropriateness of these new activities within the context of existing land use policy.

The growth and development of the wine industry has restructured and revitalized the agricultural sector and has created numerous local economic opportunities. There are, however, both risks and opportunities. On one hand, development offers new employment and economic opportunities for the rural economy. On the other hand, it raises concerns within the community on the appropriateness and compatibility of commercial and tourist related activities in the agricultural setting. The development of the wine industry has and will continue to present a number of challenges to planners, winery developers, and the community.

### **1.1 Rationale for Research**

The wine industry is one of the fastest growing agri-businesses in the Niagara Region and provides numerous direct and indirect opportunities for growth and development. It is increasingly recognized as a unique and marketable

commodity with both local and global appeal. *The growth of the wine industry can be either promoted and enhanced or significantly restricted depending on the tone, direction and policy established through local planning documents (official plans and by-laws).* Consequently, the growth and development of the industry depends on the cooperation between regional and local government, the wine industry, and the surrounding community.

The future of the industry hinges on striking an effective balance between development and planning policy. The introduction of excessive non-farm activity runs the risk of consuming the agricultural resource. Through a better understanding of the dynamics of the wine industry and community perceptions on development there is opportunity to ensure that future planning decisions foster the continued growth and development of this important rural industry.

In summary, the research offers a better understanding of the dynamics between the development of the wine industry and the views of the community. Research results will provide a basis for policy development that ensures that will help to ensure that the industry remains competitive in today's global market. Information from this research will also guide the industry on how to build on existing conditions and take advantage of new opportunities.

## **1.2 Organization and Structure**

This study is organized into three basic sections. The first section draws from literature and previous research related to agricultural development and agricultural land use planning to establish the context for the research. Second, the research reviews and analyzes relevant planning policy and presents public perceptions associated with winery development. The paper concludes with the comparison of the opinion-oriented questionnaires and relevant planning policy.



### **1.3 Research Design**

This section reviews the research methods. The research used a combination of primary and secondary data focusing on the relationship between planning, public perception and the development of the wine industry in Niagara Region. The background material concentrates on the role of agriculture in rural development, the recent restructuring of the agricultural industry and agricultural land use planning. The research also analyzes land use policy regulating and promoting the wine industry.

The central purpose of this research is to review and analyze the perceptions of wineries and winery related development and appropriateness and the role of land use planning in connection with the estate wine industry. The research has three key objectives:

To review the recent growth and development of the "estate" wine industry and to identify the land use issues surrounding this development.

To determine how planners, wine industry members, grape growers and the community perceive the recent emergence of "estate" wineries and associated accessory uses.

To analyze and compare local and regional planning documents to determine the impact of the policy on the "estate" wine industry.

To review these objectives there are 4 key components to the research:

**Setting the Context** - Issues related to Niagara's "estate" wine industry are reviewed and documented from an international, national, provincial and local

perspective. This was done using a variety of sources (government, related industry organizations, and individual wineries).

**The "Estate" Wine Industry - An Analysis-** Discussions with individual growers and wine industry operators provided insight into the changing dynamics of the Niagara wine industry. Questionnaires were administered to participants in order to document their comments. This provided a perspective from the industry and how individuals directly involved have reacted and continue to react to the changing industry. It also provides the opportunity for these individuals to suggest what can be done in support of the "estate" wine industry.

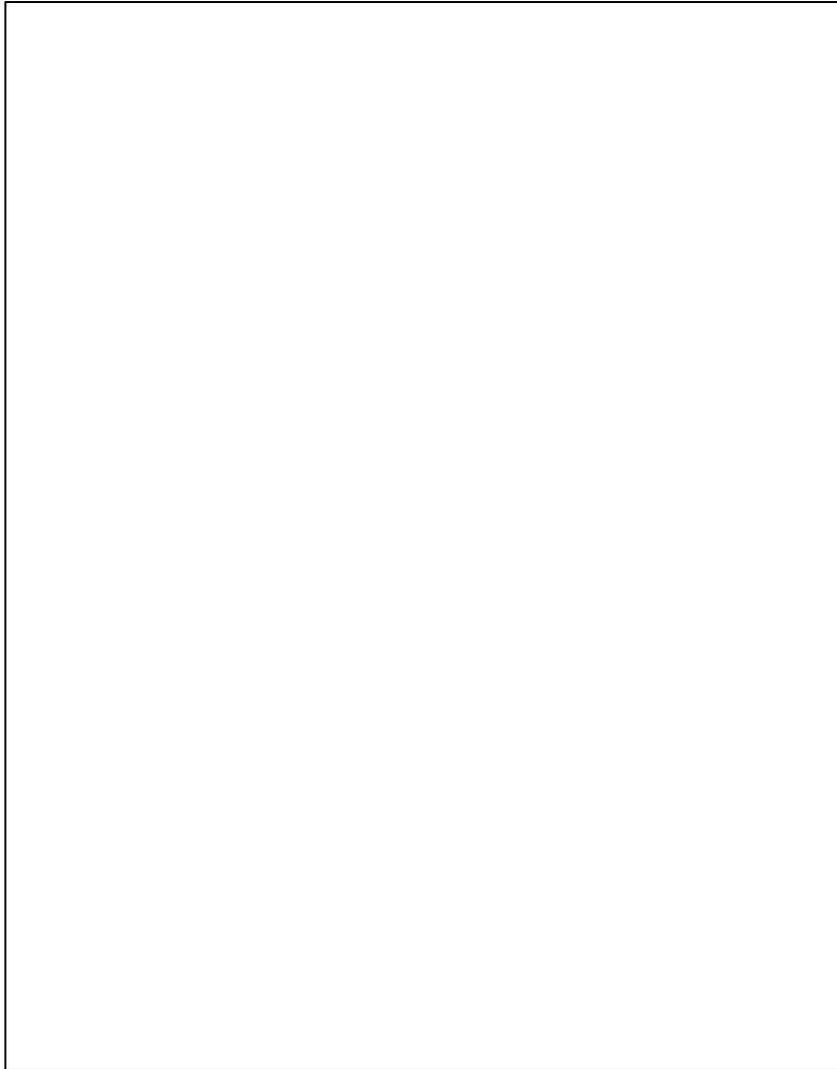
**Planning and Economic Development Policy** - Key to the study has been the documentation and analysis of planning and economic development policy as it relates to the "estate" wine industry. Interviews with planners, growers, and winery owners has provided insight into how the industry and planning policy need to adapt and evolve in its quest to remain competitive. Documentation of the approaches used in British Columbia are of potential assistance in Ontario.

**Analysis and Recommendations** - The report concludes with comments on the appropriateness of policy used in Ontario. How are the planning regulations affecting the Niagara "estate" wine industry (positively or negatively) and how should these criteria be altered to better suit the needs of the industry.

### ***1.3.1 Sample Size and Sampling Techniques***

Planners, stakeholders and community members need to find a balance between agricultural land use and secondary or accessory uses in the rural area. Recent change in land uses and activities have created numerous development issues and conflicts. The Niagara Region wine industry was chosen as a study area to understand perceptions of rural development associated with the change in typical agricultural practices, as this area is experiencing dramatic change as a result of the development of the wine industry. Figure 1.1 provides a summary of the methodology.

## Figure 1.1 Outline of Research Methodology



### **1.3.1.1 Questionnaires**

To better understand the views of those directly and indirectly associated with the wine industry, surveys were sent to the following:

- Owners/operators of wineries in Ontario,
- Members of the Grape Growers' Association in Niagara Region and Hamilton-Wentworth Region, and



- Community members within 400 ft. of 11 existing wineries in the Niagara Escarpment Plan Area
- A random sample of 20 residents across the Niagara Escarpment Plan Area.
- Regional and local planners in Niagara Region.

There were four different but related questionnaires designed - one for each of the interest groups (see Appendices). The questionnaires used a combination of open and closed questions and focused on gathering opinions regarding the growth and development of the wine industry, including issues of size, compatibility, and land use. The beginning of the questionnaires differed, since there was a need for background information from the targeted groups. The similarities were more important since these questions focused on the key issues of size and appropriate land uses. All of the surveys used compatibility rankings, which provided the best results for comparison amongst interest groups. Furthermore, all of the questionnaires asked the interest groups to identify risks and opportunities associated with the growth and development of the wine industry.

The community member and grape grower surveys were completed in conjunction with the Niagara Escarpment Commission (NEC) (see Appendices for resulting document). The research with NEC was done as part of preparation for the Niagara Escarpment Plan (NEP) Five Year Review, in which agricultural policies related to commercial uses and wineries are being revisited.

### **1.3.1.2 Responses to Surveys**

The survey response rates are presented in Table 1.1:

**Table 1.1 Survey Responses by Survey Group**

<b>Survey Group</b>	<b>Population (# of surveys mailed)</b>	<b>Responses</b>
Grape Growers	404	93
Community Members	124	37
Winery Owners/Operators	63	30
Local Planners	24	6

The Ontario Grape Growers' Marketing Board assisted in the circulation of surveys to members of the Grape Growers' Association located in the Hamilton-Wentworth Region and Niagara Region. These surveys were circulated as part of the research done in conjunction with the Niagara Escarpment Commission. Based on advice from the Grape Growers' Association, growers in Niagara-on-the-Lake were excluded since only a few of the growers provide grapes or juice to wineries in the Niagara Escarpment Plan Area.

The community surveys were completed in cooperation with the Niagara Escarpment Commission. Residents within 400 feet of all the wineries within the Niagara Escarpment Plan Area and a random sample of 20 residents within the Plan Area were taken to represent community perceptions.

Surveys were sent to all Ontario wineries licensed by the Liquor Control Board of Ontario (LCBO) (as of winter 2000 the LCBO reported 63 wineries). The list provided by the LCBO was reviewed and duplicate winery owners were deleted from the mailing list. A total of 56 wineries were surveyed and 30 of those responded, 16 of which were located in Niagara Region.

Finally, planners and planning directors in Niagara Region with experience in agriculture were surveyed.

#### ***1.3.1.3 Interviews with Local Planning Staff***

Interviews were also conducted in Niagara Region with local planners and winery owners and operators. The purpose of the interviews was to follow up the questionnaires and supplement the information they provided to gain further insight on the subject or obtain clarification. These interviews focused on general questions regarding the present size and the future of the individual estate winery. Interviews focused on key issues outlined in the questionnaires. Planner interviews

were done over the phone in Niagara Region. Since only six formal interviews were completed the sample size was too small to justify a detailed analysis. Discussions were useful, however, in helping to provide the context for the results.

On-site Interviews with local winery owners and operators were conducted between August and October 1999. The interviews were an excellent opportunity to tour facilities and gain further insight into the processes of producing and marketing the wine.

### **1.3.2 Secondary Data**

Local newspapers, industry publications (e.g., Wine Regions of Ontario and Grape Grower Newsletter), and various related magazines provided background information and added different perspectives on the status of the wine industry. The information has been most valuable in understanding the current events surrounding the wine industry.

### **1.3.3 Data Analysis**

The data gathered during this research has been organized and presented in order to understand perceptions of the key players in the wine industry and to evaluate the appropriateness of land use planning policy. The results are presented in various graphs and charts for ease of comparison.

The analysis has two key components. First, the questionnaire results focus on the land use compatibility ranking. The questionnaires also provided additional insight into the views and perceptions of various stakeholders. Second, the research analyzed existing planning policy and compared that policy with the responses from the surveys and interviews. Through this analysis it was possible to compare and determine if land use planning policy was consistent with the perceptions of the respondents.



## **2.0 AGRICULTURAL DEVELOPMENT**

Despite tremendous changes in the twentieth century in terms of economic development and urbanization, agriculture remains a critical element in our daily lives (Bryant and Johnston, 1992). Agriculture also remains a critical component of many rural communities and is often a cornerstone of rural development. As agriculture has restructured it has also had a fundamental impact on many rural communities. This section reviews some of these key changes and in the process sets the context for the research into Ontario's wine industry.

### ***2.1 Restructuring and Change in the Agricultural Industry***

In Canada, agriculture is defined most simply as farming and farm related uses and associated activities. However, further investigation has revealed that the total agricultural industry also includes: manufacturing, distributing, wholesale and retail sales of services and products, farm product marketing boards and sales agencies, food outlets such as institutions, hotels, restaurants, governments, research and educational institutions and the many organizations representing farmers, agribusiness, researchers and other involved in agriculture" (Troughton, 1974). Clearly, the total agricultural system contributes to nearly all sectors of the economy.

Agricultural growth is an expansion or increase in the number of agricultural uses in a region, province or country and is calculated by the actual increase in that number from one date to another. Growth in the agricultural industry results in growth in related economic ties, such as production, employment, and sales.

There are a number of trends in agriculture that have shaped the evolution of the industry. To remain economically viable in the present day economy agriculture has intensified, specialized and in some instances diversified.



Intensification is an increase in the use of land through additions of capital or labour leading to greater outputs per unit of land. Agriculture intensifies as more and larger buildings are placed on a single property or as more uses and activities occur on that property. Intensive agricultural uses have become the target for discussion in past years as large operations continue to expand in the number and size of structures and, in the case of livestock an increase in the number of animal units.

When a change in a farm operation occurs that results in the introduction of new uses or activities a farm diversifies. This change occurs as agriculture has been forced to look for alternative ways to increase farm returns. As a result, new farm activities and farm products are developed, such as genetically altered crops and agri-tourism. Diversity is key to agricultural development as farmers must continually adapt to new pressures and challenges.

Specialization occurs as agriculture focuses on the production of a particular farm product and/or farm activity. This allows the farmer to invest capital into an area of special interest. For example, farms totally devoted to cash crops are more specialized than farms with a variety of livestock and crops.

Conflicts often accompany agricultural change. Conflict in agriculture can occur between farmers, with non-farmers, and over economic and environmental issues. In most cases, friction between farmers and non-farmers occurs over a clash of property rights and is sometimes resolved through legislative bodies and the courts (Lapping et al., 1989).

## **2.2 *The Emergence of Agri-tourism: A New Agricultural Dimension***

Agricultural or rural tourism has emerged as a new agricultural activity. Farmers have realized the economic potential of tourism and have developed a variety of ways to engage tourists. With only a small percentage of Ontario's

population having farm related agricultural experience, it is no wonder that our urban neighbours long to be connected with their rural roots (Wiley, 1999). Agri-tourism has a strong connection to the land, and usually presents the nature of the farming business.

Agri-tourism brings urban visitors closer to their rural neighbours and has become a major component of the wine industry. The development of the Niagara Wine Route has seen steadily increasing visitor traffic to the area's estate and traditional wineries. Agri-tourism has created many spin-off jobs and offered extensive multiplier effects for local communities (Bergman and McKnight, 1993). More importantly agri-tourism generates jobs and cash, with minimal effect on the natural landscape. Howard Youth, in the article "The World Watch Report: Preservation Efforts Get Boost from Ecotourism", suggested that one of the best ways of protecting parks is to make them profitable (Youth, 1998). Hence, from an agricultural or rural perspective, the best way to protect the rural and farm community is to make them profitable.

The problems associated with a booming tourism industry have taken many small areas by storm, as towns have experienced many problems due to poor planning (Michelstein, 1997). Poorly planned development can easily ruin the natural beauty that attracts tourists to such areas in the first place (Youth, 1998). Environmental changes are caused simply by the building of hotels and accommodations, airports and roads in environmentally sensitive areas (Mathieson and Wall, 1982). National park communities in Canada face the challenge to accommodate seasonal tourists while keeping their year round residents happy and their natural surrounding flourishing (MacDonald and Aumonier, 1998).

A management framework for tourism development is needed, as an uncoordinated effort only increases the chances of misunderstanding between residents, tourists, and businesses (de Salaberry and Reid, 1999).

### **2.3 Role of Planning in Agricultural Development**

Land use planning policy has played and will continue to play an important role in the growth and development of agriculture. It provides a framework to resolve conflicts, encourage the rational use of land and helps communities to develop and plan for long range goals and objectives including the sustainable use of agricultural lands.

Planning potentially involves many actions of government, and the community as it plans for the use of land and resources (Archer, 1977). Planning must take into consideration mistakes of the past, provide for desired uses of today, and not restrict the needs of the future. It connects people by bringing them together to shape a common destiny for their places and selves (Neuman, 1998). Planning attempts to manage, maintain and improve all aspects of our daily life (Troughton and Nelson, 1974).

In Ontario land use planning includes policy development and implementation and involves landowners, municipalities and other relevant provincial ministries (Ontario Ministry of Agriculture, Food and Rural Affairs, 1998). It must take into account the dynamic nature of the physical, economic, and social environments and deal with constant change in these (Hartshorn, 1980). Understanding land use change is key to understanding other changes in the countryside, as it is generally the catalyst for economic, social, and environmental change (Nelson et al., 1998).

One component of planning in rural Ontario has been an emphasis on agricultural land preservation. For example, the Niagara Region has some of Canada's most valuable and productive areas of grape and tender fruit lands and there has been a

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concern for many years over their preservation (Krueger, 1956). In a very general sense, agricultural preservation remains a concern for planners, as urban development has consumed significant areas of prime agricultural land (Environment Canada, 1989). Equally important are the losses in productive capacity and flexibility that encumbers agricultural activity where urban development has occurred in rural areas. Numerous government policies and programs have stressed agricultural land preservation, but concerns over agricultural land loss continue.

Planning includes a strong regulatory component. Definitions are often provided for primary and secondary land uses. These definitions help to ensure that change is controlled, but at the same time can inhibit further development. Regulation of agricultural development has taken shape in a variety of ways. Governments have created vision statements and set objectives that are often similar in their goals of agricultural preservation and minimizing conflict. The Regional Niagara Policy Plan, for example specifically lists the goal *“To minimize conflict between incompatible land uses.”* Approaches to this are often encoded in local by-laws, which in themselves become sources of conflict. An Ontario Municipal Board (OMB) decision in 1997, for example, addressed the issue of appropriate agricultural development in a case relating to the construction of a brine tank on the Bick’s Pickle site. The appeal challenged the definition of secondary uses in prime agricultural areas and the scale of such uses in relation to agriculture. Neighbours raised concerns over land use compatibility issues, environmental issues (i.e., grading and water supply), and health and safety issues (i.e., increased truck traffic). It was argued that even though the balance of the land was actively farmed, the brine operation would become the primary use on the site. In conclusion, the development of the brine tank was approved, as the Board was satisfied that the proposal complied with the policies of the Plans and other policy documents (Krushelnicki, 1997).



## **2.4 Summary**

Agriculture and its relationship to the rural community will continue to evolve. Planning can either facilitate this evolution or inhibit it. There is a need to recognize the importance of agricultural *activity* – not just the agricultural land base. The human and economic side of agriculture needs to be prominent in planning just as planners and the community work to protect the physical land base. Planning for agriculture needs to be more than regulation - planning needs to develop partnerships and engage the community to establish a vision and to pursue this vision. Perhaps there are few locations where agricultural change and an evolving community come together as they do in the wine producing areas of Niagara Region. The result is the need for planning to help establish a long-term vision and to identify the tools to get there.

### 3.0 THE ESTATE WINE INDUSTRY AND AGRICULTURAL DEVELOPMENT

#### 3.1 *Grape Growing and the Wine Industry*

Winemaking is dependant on growing grapes. Grape growers have experimented with homegrown products and produced a number of different alcoholic beverages. Wines were made from native grapes, grape varieties dating back hundreds of years. The primary grape variety was labrusca, which produced a very strong and bitter tasting wine. As a result, Canadian wine was often criticized in the world market for poor quality. With the introduction of the North American Free Trade Agreement (NAFTA) and new types of grape products and grape hybrids in North America and around the world, grape growers were forced to keep up. In order to remain competitive growers were faced with inevitable change and began a period of adjustment and readjustment.

The Grape Acreage Reduction Program was a federal program that encouraged farmers to remove older, less desirable vines used in the production of table wines. The program objective was that newer, more productive winemaking vines, mainly vitis vinifera and French hybrid wine grapes, were to be replanted. In most cases this happened (Table 3.1). The Grape Acreage Reduction Program supported further development of the wine industry as better quality grapes produced better quality wines

Table 3.1 Transforming the Wine Industry (production in tonnes)

<b>Vine type</b>	<b>1977</b>	<b>1987</b>	<b>1997</b>	<b>2001</b>
Labruscas	29,000	34,300	11,600	decrease
French hybrids	13,800	15,900	19,700	extra 11,000
Vitis vinifera	180	2,700	11,000	extra 9,000

Source: The Ontario Grape Grower, 1998.

Some indication of the importance of the grape growing industry is found in the Niagara Escarpment Commission Winery Survey (see Appendices). Wineries were asked to indicate where the grapes for wine production were obtained and

according to results, 90% of the wineries in the Niagara Escarpment Plan Area obtained grapes from farms within the Niagara Escarpment Plan Area and Niagara Region. An additional 1% of the products came from outside Ontario and 2% came from outside of Canada.

The success of the grape growing industry is directly related to the success of the wine industry. These two industries are working together to enhance both wine and grape production.

### ***3.2 The Growth & Development of the Wine Industry: A Historical Overview***

The experience and technology of developing wines was unavailable to farmers in the early stages of the industry. Farmers were inexperienced seeking to improve wines that were produced for individual enjoyment. Therefore, the commercial economy was limited and usually informal. When farmers produced more than they could consume the surplus wine was traded between neighbours and friends. Farmers continued to produce homemade wines for decades and eventually produced surplus for sale.

Social change and increasing political pressure spurred the prohibition movement in the 1920s. This movement provided great financial opportunity for grape farmers that produced and sold surplus wines in what were the first wineries, known as cottage wineries. The Ontario Temperance Act, enforced in September of 1916, legalized native wine as the only legal alcoholic beverage (Rannie, 1978). The temperance minded legislators overlooked the potentialities of wine and turned a blind eye in the direction of the agricultural vote as represented by the grape growers of Niagara. The province's 12 operating wineries were not closed and the Board of Liquor Commissioners, who were all prohibitionists, issued licenses to operate wineries (Rannie, 1978).



Wineries exploited the new laws regarding prohibition and the number of establishments, both legal and illegal, skyrocketed. Winemaking spread rapidly into provincial centers far from the source and supply of grapes (which ignored the requirement that sales were only permitted from the winery premises and in limited quantities). The industry became an open and inclusive commercial form in which all wineries and winemakers had the opportunity to participate (Fuller, 1994). Wineries were in business for one reason, to make quick cash from local markets. In the United States, the Volstead Act forbade the sale of American native wines, which further opened the local market as Ontario wines were smuggled across the border.

Improperly issued licenses led to the establishment of wineries in barns, basements, and under stores. Most of these wineries were unsatisfactory, as they were unsanitary and lacked the fundamental knowledge and equipment for production. Inspection of the wine industry was nonexistent and wineries produced and sold products in any way that was profitable. Ironically, the Ontario Temperance Act and prohibition promoted the Niagara wine industry past all expectations of wine makers and winery owners.

Two stages of development characterized the drive to maturity for the wine industry. In the earliest stage was the establishment of the Liquor Control Board of Ontario (LCBO) in 1927. The LCBO came to the rescue of the grape growing segment of agriculture during the Depression by guaranteeing a 40 dollar return to growers for grapes sold to licensed wineries. In the 1930s, the LCBO created a number of crash courses for winemakers which were intended to clean up past processes (Rannie, 1978). At this stage of development there was a wide variety of competence amongst wineries; ranging from high standards of somewhat established licensed wineries to mysterious concoctions of newcomers and unlicensed makeshift wineries.



The LCBO set new and stringent regulations that required all wineries to conform to if they wished to gain shelf space in LCBO stores. Established wineries benefited at this stage, as they had no problems conforming to the province wide regulations, and easily gained desired shelf space. The makeshift wineries that could not conform were “weeded out” of the wine industry. The LCBO regulations set the stage for the development of a legalized and competent wine industry.

Larger established wineries began buying out the smaller cottage wineries. The result was separation of the wine industry and the grape growing industry. Farmers focused on producing grapes that were sold to the larger wineries. The Horticultural Research Institute of Ontario (HRIO) researched and bred new varieties of grapes that could be planted for commercial purposes. The HRIO recommended that farmers plant new varieties for winemaking purposes. The shift towards grape production primarily for wine purposes had begun and focused on the new breeds of grapes rather than the aged labrusca vines. Wineries began to purchase locally grown products, as well as importing products from the United States.

The later stages of the drive to maturity can be seen in the larger traditional and commercial wineries associated with present day, such as Andres Wines. These larger wineries are the product of mergers by a number of smaller established wineries. The quality of wine produced by the newer traditional wineries was far superior, as new grape hybrids and winemaking technologies were used in production. In addition, the volume and range of products associated with these wineries was far more extensive than earlier.

Traditional Niagara wineries began to dominate local market sales at the Liquor Stores. However, imported wines continued to outsell local products. The Niagara wine industry was still receiving disappointing reviews on the global market. The table wines were considered undesirable and incomparable to elegant European

wines. The wine industry was now forced to adapt in order to survive and compete with imported European wines. Competition from globally recognized, larger wine industries pressured traditional wineries.

### ***3.3 Niagara's Wine Industry in Today's Market***

Continued globalization has created dramatic changes in the economic environment, as it forces increased competition amongst economic systems (Glasmeier, 1994). Trade has become borderless especially in North America as enacted by the signing of the Free Trade Agreement and the North America Free Trade Agreement. The signing of trade and tariff agreements has encouraged cross-border and international trade of both grapes and wines. The world market became a crowded, highly competitive arena for these resources (Fuller et al., 1990).

Immediate views of the agreements were negative and many predicted that decline in the Niagara wine industry would be inevitable (Regional Niagara Planning and Development Department, 1988). The Free Trade issue dominated the industry for four years, 1985 to 1989, during which time grapes and wines were the only industries receiving any form of government compensation (\$145 million) to restructure and become fully competitive in the global market (The Ontario Grape Grower, 1998).

Although considered negative at first, the trade agreements were not as devastating as expected. Competition forced the industry to heighten the quality of products by rationalizing operations. Rationalization occurred as the industry designed better quality products and reorganized methods to reduce costs and improve sales. Firms specialized and focused on existing or new product lines in order to establish a niche marketplace (Regional Niagara Planning and Development Department, 1988).



Progressively winning awards and setting new standards, exports of local wines increased. A trade opportunity was now created for the local wine industry, as consumers targeted lower priced imported wines. However, the Wine Content Act of 1988, limited the amount of imported grapes and facilitated the decreased substitution of imported grapes and wines into domestic wines (Regional Niagara Planning and Development Department, 1988). Therefore, once Niagara wines were successfully marketed and promoted the impact of imported products was minimal. In fact, Niagara wines offered something of reasonable quality for a reasonable price (Selby, 1998).

Change rewarded the Niagara wine industry with medal winning standards and recognition in worldwide competitions with the ageless wines of European producers. Wine writers worldwide have documented Ontario products as a force to be reckoned with in New World wines (Wine Council of Ontario, 1998). The Niagara wine industry is now regarded as one of the major contributors to the Canadian wine industry (Wine Council of Ontario, 1998).

Traditional wineries have been pressured with the emergence of smaller independent wineries, referred to as estate wineries. Estate wineries are described as an infant industry, having been established in Ontario only recently. The growth of these wineries, however, has been phenomenal (Regional Niagara Planning and Development Department, 1988). Thanks in part to European emigrant wine makers (Charteris, 1998), farmers have recognized, once again, the opportunity for larger profit and have developed wineries on personally owned agricultural lands. Some estate winery products are available at Liquor Stores, but the majority of the products are exclusively purchased at the winery. Grapes that are used in wine production are almost always locally grown with little or no import blending. The concept of these wineries has been seen in the past with cottage wineries, but the magnitude and technology associated with the new estate wineries



is state of the art.

Traditional and estate wineries have enjoyed sustained growth and development, as society continues to develop a taste for Niagara wines. A survey released by the Wine Council of Ontario supports this, from 1991-1995, 25 percent of wine drinkers said they drank French wine exclusively, whereas in 1996, the figure had dropped to two percent. In the same survey, young people (19-24) the future consumer market, believed that Niagara produced award-winning quality wines (Wine Council of Ontario, 1998). The industry follows the market as recent consumer focus on red wines has triggered a massive planting/replanting surge in Niagara's vineyards.

### ***3.4 A New Face for the Wine Industry: Moving Beyond an Agricultural Focus***

Globalization has opened local markets to the world and trade has become borderless. Some sectors of agriculture are more prepared for the global market than others. For example, the wine industry has encountered these challenges and responded adequately and must continue to do so. The wine industry must remain competitive with these markets through technological advancement, development of value-added products and increased tourism.

Competition from larger international wine industries, such as the Napa Valley and European wineries have pressured and will continue to pressure traditional wineries and estate wineries in the Niagara Region.

#### ***3.4.1 Technology***

Publications related to the wine industry are printed daily in magazines and local newspapers. A program at Brock University, Cool Climate Oenology and Viticulture Institute (CCOVI), in cooperation with Inniskillin (a leader in the wine industry in the Niagara Region) has distinguished the Niagara Region as one of two wine institutes in the world focusing on this type of program (Meyers, 1998). Technology has influenced the wine industry in a number of ways and consequently the Niagara wine industry has not lagged behind, it has become a world leader.

#### ***3.4.2 Value-added Products***



Competition stemming from globalization has led the wine industry to develop numerous value-added commodities related to the wine industry. Value-added occurs as raw materials are transformed or developed to profit the manufacturer (Bergman and McKnight, 1993), which in this case is the winery. In 1990, the wine industry's associated value-added products equaled \$133.4 million (Statistics Canada, 1990), which increased to \$159.7 million in 1995 (Statistics Canada, 1995).

Ontario's Niagara Peninsula is the best region in the world for consistent ice wine production (Jurisic, 1998). A large portion of the exports from estate wineries is ice wine. Niagara's wineries have created and become world leaders in the market due to their competitive advantage. These wines are demanded worldwide and have produced large profits. For a single 375 ml. bottle of icewine Canadians pay between \$30 to \$60, while Americans are expending up to \$100 and Asians are spending near \$200 to \$250 (Bramble, 1998).

### **3.4.3 Tourism**

In cooperation with local levels of government the wine industry has provided a number of rapidly increasing value-added commodities and a strong tourism base. Tourism has become one of the largest growth sectors in the Niagara Region and has provided wine industries with much needed business.

Tourist spending in the Niagara Region has increased dramatically over past years. The most notable increases have been in the Entertainment and Recreation Category. Table 3.2 shows the changes in spending from 1996-1997 in the three categories - Accommodation, Food and Beverage, Entertainment and Recreation.

**Table 3.2** Tourist Spending in Niagara from 1996 to 1997

<b>Category</b>	<b>1996 Spending*</b>	<b>1997 Spending*</b>	<b>Percent Change</b>
Accommodation	\$196.8	\$244.7	21.6
Food & Beverage	\$244.7	\$285.7	16.8
Entertainment & Recreation	\$147.9	568.2	284.1

\* Spending in millions of Canadian dollars. Source: Canadian Tourism Research Institute

The Niagara wine industry has provided many opportunities to develop these activities and has provided a connection or linkage for businesses and activities throughout the Niagara Region. For example, the Grape and Wine Festival, hosted annually in the City of St. Catharines, has become a popular event that has attracted many tourists and local participation.

Relaxed agricultural land uses permitted the construction of value-added facilities and provided greater encouragement for on-farm business. It may be these initiatives that are necessary to promote the wine industry to its fullest potential. The industry has set clear goals and standards for the future, which have been very influential in the Niagara wine industry and are a large part of its success. Individual wineries have developed new marketing schemes for wines and the winery that have added to the industry and individual success. Wineries have become much more than a place for tasting and tours; they have become hosts to a variety of entertainment activities. This reflects trends in wine production and marketing that are happening globally. The Napa Valley, of California for example is an interesting comparison.

When considering tourism, Napa Valley has a distinct geographical advantage: climate. The California climate allows for year round tourism, whereas, the cold Canadian winters tend to make tourism a seasonal activity. The Napa Valley industry has been established for decades and has been host to millions of visitors. The intense use of land and diverse attractions make the Napa Valley one of the

premier destinations for wine country visitors. The Niagara Region wine industry, on the other hand, has only begun to emerge as a tourist attraction and must continue to evolve in order to compete globally. However, there has been concern over this development. Some people fear for the future of the environment, while others see the wine industry at a crossroad, and have suggested that innovative changes must occur in order to take the wine industry and its tourist base to the next step.

### **3.5 *Challenges Facing the Industry***

While growing at a rapid rate, the wine industry will continue to face many challenges. Urban forces that have historically conflicted with agriculture continue. Moreover, pressures of globalization have introduced a wider range of external pressures adding to the challenges facing the wine industry.

#### **3.5.1 *Urbanization and Urban Sprawl***

Expansion into rural regions has taken the form of urban sprawl, which is low-density development that consumes large quantities of land. In past decades development has sprawled over much of the specialty land in the Niagara region. Ralph Krueger (1959) in his important studies of the Niagara Region noted the importance of tender fruit production, and the tendency as early as the 1950's to fritter away this unique and important resource. In many ways planning decisions continue to face the challenges that Krueger identified many years ago.

Due to the path of urban development, vast amounts of prime and unique farmland have been lost. Since 1956, the fruit growing industry has been losing ground to non-agricultural uses (Chapman and Putnam, 1984). Unfortunately for fruit growing, this area is also in great demand for housing and industry due to its close proximity to Toronto and expanding cities, such as Hamilton. As such, sprawling urban land uses place development pressure on the specialized grape and fruit industry.

An indirect impact of urban development has been on local water. Development has depleted and polluted water sources. Rural homes produce human waste as they rely on septic systems and deplete groundwater resources as they rely on wells, rather than municipal services. A lack of adequate water has complicated the grape growing process. Pesticides and insecticides are diluted with chlorides and phosphorous as wastes run-off into nearby ponds, thereby decreasing the effectiveness of the solutions and potentially subjecting agriculture to disease and pests.

The consumption of some of the best and most productive agricultural lands for urban purposes has reduced agricultural efficiency, increased tensions between farmers and suburban neighbours, and created high tax burdens.

### ***3.5.2 Urbanization and Agricultural Development: Short Term Gain or Long Term Sustainability***

The nature of urban development in rural areas is often inefficient and costly, and can impact negatively on the natural environment, agriculture land uses and rural societies (Gayler, 1996). When weighing the positives and negatives of urban development the scales are often biased, since urban forms of development are often given preference over rural development. Moreover, urban development in rural areas can contribute to issues of land use compatibility in the future.

Edward Bennett debated the grassroots side of development in his paper, *Community Economic Development: A Grassroots Alternative to Chasing Smokestacks*. This paper suggested that conventional economics were to blame for the structural crisis in rural Canada. He suggested that the response to the crises should be framed in the context of community-based economic development because it is a meaningful and sustainable alternative (Bennett, 1992). Therefore, agriculture remains an important tool for development and a simple restructuring of agricultural activity may solve problems facing agricultural communities. A good

example of this is the recent development of the wine industry in the Niagara Region. When agricultural activity is economically viable and producing substantial capital and return a community should build on it. Building on the strengths of the community further leads to other forms of development, which may include residential and commercial development in the future. A community has three choices to face when considering development policy (Hoyman, 1997):

- 1) avoid growth and stay the same,
- 2) promote growth by bringing large outside development to the town, and
- 3) promote growth by generating growth in small businesses.

For rural communities a choice needs to be made concerning these 3 options. In many respects options one and three are the most desirable, however, many communities often struggle with pursuing option three.

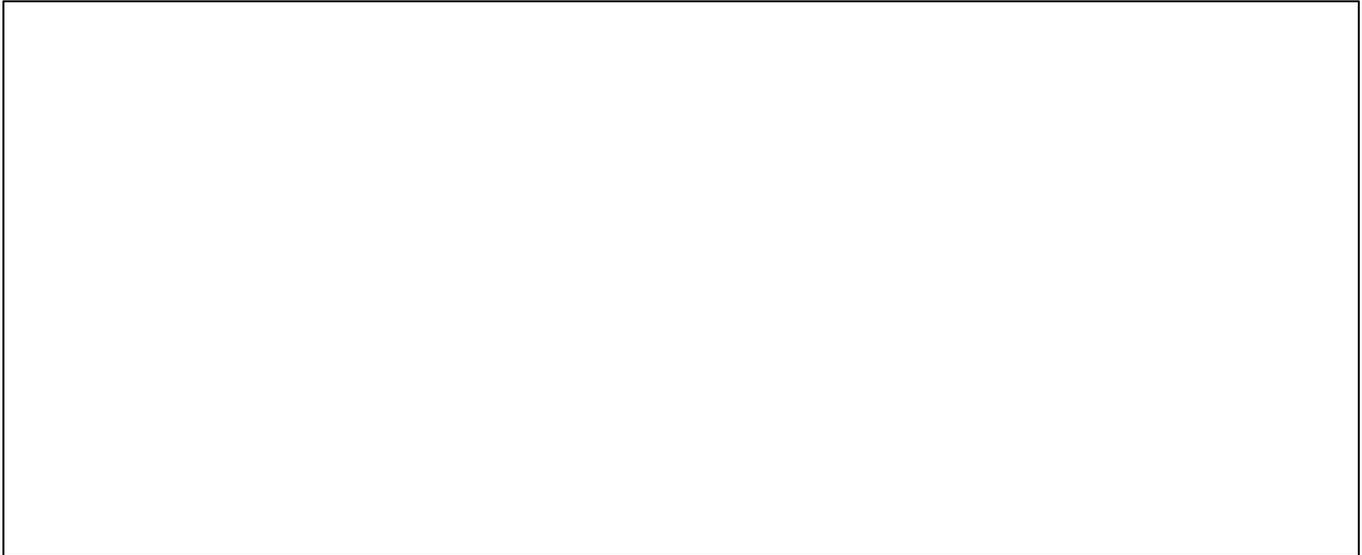
Clearly, the argument of agricultural development versus urban development is one that will continue in the future. Economists, environmentalists, community members, and scholars all have different opinions and pathways of development. For the numerous communities spread throughout rural Canada there is no single pathway, each community will have to weigh the options and consider which is best. This consideration must not overlook long-term implications on the community and at the same time must not ignore the importance of the agricultural land base.

### **3.6 Government Involvement in Agricultural Development**

Figure 3.1 provide a simple outline of the role of government and planning most typically associated with the wine industry in Niagara Region.

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### Figure 3.1 Government Involvement in the Wine Industry



#### **3.6.1 Federal Programs**

The federal government has few policies and planning initiatives specifically designed to influence agricultural lands or land use as it relates to the wine industry. Under the British North America Act and the Canadian Constitution, the rights of the provinces to control private and provincial lands within their boundaries was established. Nevertheless, there are numerous federal policies and programs, such as Grape Acreage Reduction Program, Free Trade Agreements, and agricultural subsidies, which have profoundly influenced the decision-making processes of provinces, municipalities, winery owners and grape growers.

#### **3.6.2 Provincial Authority and Policy**

General land use policy has commonly been associated with provincial activities and actions. The provincial government has long been a primary administrative body in the role of agricultural preservation. The Planning Act sets forth the provincial interest in matters related to land use:

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*“under this Act, shall have regard to, among other matters, matters of provincial interest such as,*

- the protection of ecological systems, including natural areas, features and functions;*
- the protection of agricultural resources of the Province;*
- the conservation and management of natural resources and the mineral resource base”.*

Source: Queen's Printer, 1996

The Planning Act has provided a statutory framework for land use planning throughout Ontario. It establishes a system that delegates municipalities the power to enact land use planning laws and controls. According to the Act, municipalities are required to prepare an Official Plan. In the Official Plan local governments are compelled to designate and protect farmlands in accordance with the Provincial Policy Statement. The Food Land Guidelines, which have been replaced by the Provincial Policy Statement, defined agricultural lands, as those where specialty crops are grown, those with the most productive soils, and areas where farming is economically viable or where market conditions ensure it would. Section 2.1.1 of the Provincial Policy Statement on Agricultural Policies stated that,

*Prime agricultural areas will be protected for agriculture. Permitted uses and activities in these areas are: agricultural uses, secondary uses, and agriculture-related uses.*

Proposed new secondary uses and agriculture-related uses will be *compatible with, and will not hinder, surrounding agricultural operations and further, under Section 2.1.2, new lots may be permitted for agriculture-related uses.*

(Ontario Ministry of Agriculture, Food and Rural Affairs, 1998)

While the agricultural policies focus on protecting agricultural lands, they also recognize agriculture-related uses and activities. The Policy has defined agriculture-related uses, as farm related commercial and farm-related industrial uses that are small scale directly related to the farm operation and are required in close proximity to the farm operation. Secondary uses are uses that are secondary to the principal use of the property, including home occupations, home industries, and uses that produce value-added agricultural products from the farm operation on

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the property (Ontario Ministry of Agriculture, Food and Rural Affairs, 1998).

### **3.6.3 Regional Niagara Policy**

The Regional Municipality of Niagara is one of several Regional governments established by the Province of Ontario. The purpose of these governments was to provide an effective basis for regional planning and the administration and provision of municipal services (Wolfe, 1985). Following the Niagara Region Local Government Review in 1966, the provincial government created the Regional Municipality of Niagara in 1970. The Planning Act of 1983 designated the Regional Niagara Official Plan as the primary document for regional planning.

The Niagara Region Policy Plan serves as a policy guide for decision related to issues of Regional concern. More detailed planning is completed by local municipalities. The Plan objectives are direct and straightforward. The basic agricultural objectives are:

#### *Objective 3.1*

*- to protect the agricultural industry and its land resources in recognition of its contribution not only to the economy of the Region and the nation but as a worthwhile lifestyle and an important component in the overall character of the Region*

#### *Objective 3.4*

*- to provide for expanded and more diversified employment opportunities for the residents of the Region through the encouragement of the manufacturing, tourist and agricultural industries*

Source: Regional Niagara Planning and Development Department, 1988

Section 6, Agricultural Policies, of the Regional Niagara Policy Plan provide detailed policies for agriculture lands. The policies have given unique agricultural lands highest priority, including grape lands. Specific objectives for agricultural areas also included the need to advocate and support government policies and programs that promoted the agricultural industry (Regional Niagara Planning and Development Department, 1998).

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### **3.6.4 Local and Community Role**

Local government exists for area inhabitants to express, debate and resolve local issues and concerns. Local municipalities through official plans provide land use maps for lands within their boundaries. Zoning by-laws and zoning provisions are developed and regulated by local governments. These documents are instated to control development within the community and avoid a conflict in land uses. For example, the Town of Lincoln, which presently accommodates over half of the Region's wineries, has designated agriculture land uses within its boundaries. Section 8 of the Town of Lincoln Official Plan has outlined the Agricultural Zone (Town of Lincoln, 1996). Agricultural zoned land coincided with the Regional Plan, but added more detail. The Official Plan and zoning identifies permitted uses and zone provisions, and more specifically establishes estate winery provisions.

Local municipalities realize the importance of agri-tourism and the impact that agri-tourism has on the agricultural sector. The City of St. Catharines and the towns of Lincoln and Niagara-on-the-Lake have all revisited their policy regarding wineries and agri-tourism over the past few years. The policies have recognized the need for agri-tourism, while at the same time attempt to preserve agriculture as the predominant land use (see Appendices).

### **3.6.5 Environmental Planning - The Niagara Escarpment Plan (NEP)**

The Niagara Escarpment Commission (NEC) has influenced planning in the Niagara Region through implementation of the Niagara Escarpment Plan (NEP). The Niagara Escarpment Commission is responsible for the planning and management of lands surrounding the Niagara Escarpment. The NEP jurisdiction is on lands falling within the designated boundaries, as defined by the Commission. The Plan holds precedence over local and regional plans if there is complication and/or disagreement between them. The NEC has initiated a five-year review of the NEP, of which one area of focus will be policies relating to wineries.

Where a winery development and/or expansion is proposed in the Niagara

Escarpment Plan area the planning process differs. Local zoning regulations are not applicable in the Plan area, but local planning department comments are required for a review of the application. Development applications are presented to the Niagara Escarpment Commission for approval or refusal. Should there be an appeal of the Commission's decision the applicant or appellant would appeal to the Niagara Escarpment Hearing Officer(s), rather than the Ontario Municipal Board (OMB). In some cases, the Hearing Officer's decision may be brought to cabinet for final decision.

### ***3.6.6 Local Planning Response to Development***

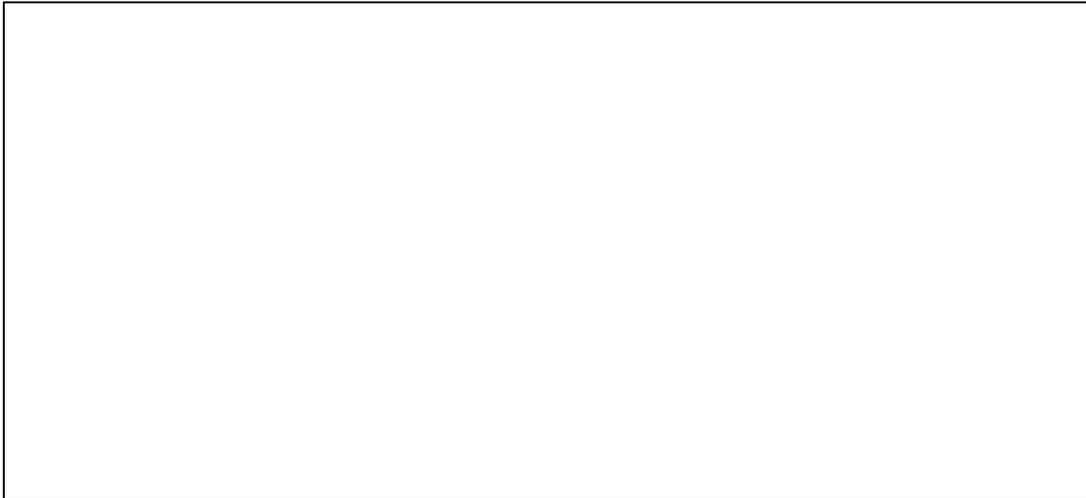
The recent diversification of the "estate" wine industry raises the issue of acceptable agricultural land uses. In the past, land use changes have simply been amendments to Official Plans; however, with new designs for "winery resorts" and other more intense land uses, changes must be made to the planning focus in order to ensure that development is controlled, but at the same time promoted. Municipalities must recognize that by-laws that unduly restrict the ability of agriculture to evolve may affect the competitiveness of agriculture and contribute to a declining agricultural sector (Caldwell, 1998).

The response to urbanization has focused on preservation of agricultural lands through policies and land use controls, which have not always been successful. Ontario has relied upon guidelines for land use planning rather than comprehensive controls and plans that promote the growth of the agricultural sector.

There are many different levels of planning regulation that are imposed on development, whether agricultural, industrial or commercial. These processes can be simple or complex (see Figure 3.2). The development of the wine industry and large scale related uses have begun to test the limits of some local planning processes. Some municipalities have developed policy that will simplify the

approvals process for certain aspects of estate wineries, whereas in other situations the approvals process is more complicated.

### **Figure 3.2 Levels of Complexity for Winery Development**



### **3.7 Conclusion**

In the Niagara Region, Okanagan Valley, and Napa Valley there is a strong desire to protect agricultural lands. The unique soil and agricultural activity is key to development and should be protected. Development on these lands is subject to controlled planning legislation and regulation. Although, urban development is pressuring agricultural activity, the continued development and evolution of the agriculture industry continues. Those involved in the wine industry have realized its importance and have developed new technology and marketing strategies to ensure agricultural viability. Planning initiatives need to recognize the fundamental changes that have occurred in the wine industry and adjust accordingly.

## 4.0 PROFILE OF THE NIAGARA REGION AND AGRICULTURE

This section provides an overview of the Ontario wine industry with a specific focus on the Niagara Region, which has the largest concentration of wineries in Ontario. This section helps to set the context for understanding planning policy and the survey results presented in following sections. An overview of key regional data, agricultural data and planning policy related to agriculture is presented. General descriptive information, such as the geographic setting, population data and employment data is presented. Additional information on Niagara's agricultural sector is reviewed with much of the focus placed on the grape and wine industry.

### 4.1 Wine Regions in Ontario

In Canada, there are three distinct regions that have the necessary physical character and climatic conditions to produce grape crops that are suitable for wine production. The three regions are found within Ontario, British Columbia (see Appendices) and Nova Scotia, and are mainly within Southern Ontario, the Okanagan Valley and the Annapolis Valley, respectively.

The Vintner's Quality Alliance (VQA) has designated three distinct geographic designations in Ontario (highlighted in green)

- Niagara Peninsula,
- Pelee Island, and
- Lake Erie North Shore.

The three areas are located within Southern Ontario, as the influence of two of the Great Lakes, Lake Ontario and Lake Erie, act like a thermostat to temper the winter cold

and the heat of summers, thus increasing the number of growing days.



Source:  
<http://www.wineroute.com/vqa.html>



### 4.1.1 The Niagara Peninsula

The Niagara Peninsula is at the heart of wine production in Ontario. It is located on the 43rd latitude, the same latitude as Northern California, and more southerly than the Burgundy region of France.

The Niagara Escarpment acts as a buffer for the on-shore winds from Lake Ontario and physically creates the conditions for continuous air flow, which minimizes the risk of frost damage. When the glaciers covering the area retreated the rich soils deposited in the Niagara Peninsula created optimum



Source : <http://www.inniskillin.com/vinifera/cool.html>

grape and tender fruit growing conditions. The Niagara Peninsula, is considered a cool-climate viticulture (grape-growing) region, as is Germany, Oregon, and New Zealand ([www.inniskillin.com/vinifera/cool.html](http://www.inniskillin.com/vinifera/cool.html), 2000).

### 4.1.2 Lake Erie North Shore

The vineyards in this area are situated along the north shore of Lake Erie in Essex, Kent and Elgin counties. The grape growing area follows the shoreline of Lake Erie from Amherstburg to Leamington, with a concentration of farms located around the Town of Blenheim. With the most sunshine hours in Canada, fruit from this area is harvested weeks before other parts of the province ([www.wineroute.com/vqa.html#regions](http://www.wineroute.com/vqa.html#regions), 2000).

### 4.1.3 Pelee Island

The most southerly point of Canada is also home to Canada's first commercial wine-growing operation. In 1866, a winery called Vin Villa was established reflecting the islands southern location and long growing season ([www.wineroute.com/vqa.html#regions](http://www.wineroute.com/vqa.html#regions), 2000)

## **4.2 Geographic Setting – Niagara Region**

The Niagara Region, commonly known as the Niagara Peninsula, is located approximately 45 minutes southwest of Toronto, in southwestern Ontario, between Lake Ontario (to the north) and Lake Erie (to the south). The Niagara River (to the east) forms a natural boundary between Canada and the United States. Dissecting the Region is the Niagara Escarpment, an outer rim of an ancient lakebed geologically known as the Michigan Basin (McKibbin, Lewis and Shaw, 1987). The natural features of the Niagara Peninsula have created the microclimate necessary for production of numerous fruit crops.

The area commonly known as the Niagara Fruit Belt is located within the Niagara Region. This area of sandy soils (part of the Iroquois Lake Plain) has enabled the Niagara Peninsula to become an outstanding fruit growing region (Chapman and Putnam, 1984). The Fruit Belt consists largely of Class 1 soils, as defined by the Canada Land Inventory. The outstanding soils and microclimatic conditions have created a unique agricultural area of great significance for Canada's tender fruit and grape industry (Gayler, 1991).

### **4.2.2 Administrative Boundaries**

Regional government replaced two counties and 26 municipal structures in 1969 when the provincial legislature enacted The Regional Municipality of Niagara Act. The Regional Municipality of Niagara (see Figure 4.1) includes the following twelve area municipalities:

- |                       |                 |
|-----------------------|-----------------|
| - Niagara-on the-Lake | - Fort Erie     |
| - Grimsby             | - West Lincoln  |
| - Lincoln             | - Port Colborne |
| - Pelham              | - Welland       |
| - Niagara Falls       | - Thorold       |
| - St. Catharines      | - Wainfleet     |

## Figure 4.1 The Regional Municipality of Niagara

### 4.2.3 Population Figures

In 1971, Niagara Region had a population of 351,300. Reflecting patterns of growth similar to that of the Province as a whole, the Region's population in 1996 was 400,506 (Statistics Canada, 1996). The City of St. Catharines is the largest urban center with 25% of the Region's total population with a population of 130,926 (Statistics Canada, 1996). Other major urban areas include Welland, and Niagara Falls. The population figures for the urban areas of Niagara Region are summarized in Tables 4.2 and 4.3.

Table 4.2 Population Figures for Niagara's Urban Areas

	Niagara Region	Fort Erie	Pt. Colborne	Welland	Thorold	Niagara Falls	St. Catharines
Population 1996	403,504	27,183	18,451	48,411	17,883	76,917	130,926
Population 1991	393,936	26,006	18,766	47,914	17,542	75,399	129,300
Population 1986	370,132	23,253	18,281	45,054	16,131	72,107	123,455
% change, 86-91	6.4	11.8	2.7	6.3	8.7	4.6	4.7
% change, 91-96	2.4	4.5	-1.7	1	1.9	2	1.3
Total Employment*	199600	13225	8555	23270	9065	38645	65195

Agricultural Employment *	7430	220	200	340	180	235	1465
% in Agriculture *	3.7%	1.7%	2.3%	1.5%	2.0%	0.6%	2.2%

\* Employment Figures for 1996 for all industries.  
 Source: Statistics Canada, 1986, 1991 and 1996

Most of the Region's urban areas have similar growth rates as the Region as a whole. Fort Erie experienced the greatest percentage population increase over the past 10 years, while Port Colborne experienced a population decline between 1991 and 1996. Generally the urban areas have limited specialization in agriculture, and limited agricultural employment compared to the region as a whole.

The municipalities shown in Table 4.3 are largely agricultural and rural. Although these areas include small towns and villages they have a significant percentage of the population employed in the agricultural and related services sector. Growth in the Region is occurring in the designated growth areas of these municipalities through subdivision approval. Local and regional planners in Pelham, Lincoln and Grimsby are continuously faced with development applications proposing urban development in rural and agricultural areas.

**Table 4.3 Population in Niagara's Agricultural Areas**

	Niagara Region	Wainfleet	West Lincoln	Pelham	N.O.T.L.	Lincoln	Grimsby
Population 1996	403,504	6,253	11,513	14,343	13,238	18,801	19,585
Population 1991	393,936	6,203	10,864	13,328	12,945	17,149	18,520
Population 1986	370,132	5,955	9,918	12,137	12,494	14,391	16,956
% change, 86-91	6.4	4.2	9.5	9.8	3.6	19.2	9.2
% change, 91-96	2.4	0.8	6	7.6	2.3	9.6	5.8
Total Employment (1996) *	199600	3380	5895	6995	6790	8750	9825
Agricultural Employment *	7430	400	1025	500	1115	1325	420
% in Agriculture *	3.7%	12%	17.4%	7.1%	16.4%	15.1%	4.3%

\* Employment Figures for 1996 for all industries.  
 Source: Statistics Canada, 1986, 1991 and 1996

Recently, rural and agricultural areas have experienced a higher rate of growth than the major urban areas within the Region. Most of the grape production in the



Niagara Region is from Pelham, Lincoln and Niagara-on-the-Lake (N.O.T.L.), which are the areas with the highest growth rates.

#### 4.2.4 Employment Sectors

The Niagara Region has a very diverse employment base, with manufacturing as the largest employment sector (Table 4.4). Automotive production is the major manufacturing industry in the Region, taking advantage of Niagara's close proximity to the major auto centres of southwestern Ontario and the United States. Major manufacturing employers include General Motors of Canada, TRW Canada Ltd., Atlas Specialty Steels, Dana Canada Inc. and John Deere Ltd.

The Town of Lincoln and Town of Niagara-on-the-Lake (N.O.T.L.) have been selected for a more detailed analysis as the majority of Niagara's estate wineries are found in these areas.

Table 4.4 Employment by Industry

EMPLOYMENT INDUSTRY	PERCENT OF EMPLOYMENT BY INDUSTRY				
	Canada	Ontario	Niagara	N.O.T.L.	Lincoln
Agricultural and related service	3.4%	2.4%	3.8%	16.7%	12.9%
Fishing and trapping	0.3%	0.0%	0.0%	0.0%	0.0%
Logging and forestry	0.7%	0.2%	0.0%	0.0%	0.0%
Mining (including milling), quarrying & oil	1.2%	0.5%	0.2%	0.1%	0.3%
Manufacturing	14.2%	17.1%	19.8%	13.3%	18.3%
Construction	5.7%	5.4%	5.6%	5.9%	7.5%
Transportation and storage	4.2%	3.7%	3.4%	2.4%	3.3%
Communication and other utility	3.1%	3.2%	2.2%	1.9%	2.1%
Wholesale trade	5.0%	5.2%	4.3%	3.0%	5.7%
Retail trade	12.4%	12.3%	13.6%	11.0%	9.9%
Finance and insurance	3.6%	4.2%	2.6%	2.4%	2.3%
Real estate and insurance agent	1.9%	2.1%	1.4%	1.6%	1.6%
Business service	6.5%	7.6%	4.9%	5.7%	4.4%
Government service	6.2%	5.6%	4.2%	2.5%	3.5%
Educational service	7.0%	6.8%	6.8%	6.2%	6.0%
Health and social service	9.8%	9.5%	10.0%	8.1%	11.3%
Accommodation, food and beverage service	6.9%	6.5%	9.2%	9.0%	5.4%
Other service industries	7.7%	7.7%	7.9%	9.9%	5.3%

Source: Statistics Canada Census Data, 1996

### **4.3 Agricultural Profile**

The Niagara fruit belt has been identified as one of the most valuable and unique areas of farmland in all of Canada (Krueger, 1956). In many ways, both the importance of the area for wine production and the efforts of Niagara Region to protect farmland are related to this limited resource.

#### **4.3.1 General Agricultural Statistics**

In 1996, the total area of land in Niagara Region was approximately 457,340 acres (InfoResults, 1989). According to the 1986 Census of Agriculture, the total area of land farmed in the Region was 236,942 acres (InfoResults, 1989). In 1996 this area had dropped approximately 7,000 acres to 229,832. These numbers mean that approximately fifty percent of Niagara Region's land area is farmed and this represents approximately 1.66 percent of Ontario's farmland (Ontario Ministry of Agriculture, Food and Rural Affairs, 2000).

The Ministry of Agriculture, Food and Rural Affairs reported a total of 2,672 farms in Niagara Region in 1996 (see Table 4.5).

Table 4.5 Farm Sizes for Ontario and Niagara

<b>Farm Size</b>	<b>Niagara</b>	<b>Province</b>	<b>% of Province</b>
Under 130 acres*	2,203	34,806	6.33
130 to 399 acres*	378	24,193	1.56
Over 400 acres*	91	8,521	1.07
<b>Total</b>	<b>2,672</b>	<b>67,520</b>	<b>3.96</b>

\* Reporting number of farms.  
 (Ontario Ministry of Agriculture, Food and Rural Affairs, 2000)

It is apparent that the Region has a larger portion of smaller farms in comparison with the Province.

#### **4.3.2 Grape Industry**

Only five percent of Canada is Class 1 farmland with a good combination of soils and climate (Canada Land Inventory, 1978). Only a small portion of that land is

suitable for grape crops, which are, of course, essential for the wine industry. The suitability of land for grape crops is very limited within the Region and within Canada (Krueger, 1984).

In 1999, Canada had 17,920 acres of vineyards. Ontario had the largest area with approximately 15,100 acres or approximately 84% of Canada's total. British Columbia had the next largest concentration with 2,328 acres (see Appendices for an overview of the wine industry in the Okanagan Valley of British Columbia) (Agriculture and Agri-Food Canada, 2000). In comparison with grape growing regions in California, Sonoma County has approximately 36,000 acres of bearing vineyards (Sonoma County Grape Growers Association, 1999) and Napa County has approximately 36,300 acres (Napa County Department of Agriculture, 1998).

The Niagara Peninsula has been Designated Viticultural Area (DVA) of the Vintner's Quality Alliance (VQA), and a major contributor to Ontario's wine industry. The Niagara Region had the largest area of harvested grapes with approximately 86% of total harvested acreage in the province in 1996 (Table 4.6).

Table 4.6 Grape Production in Canada, Ontario & Ontario's Regions (1996)

	Grape Production		% of Ontario Total
	Farms	Acres	
Canada	1228	17,041	-
Ontario	739	14,700	-
Hamilton-Wentworth Region	48	836	6%
Niagara Region	588	12,694	86%
Essex County	64	846	6%

Source: Census of Agriculture, 1996.

The towns of Lincoln and Niagara-on-the-Lake account for the vast majority of grape production in Niagara Region with 36.8% and 39.6% of Ontario's total acreage, respectively.

Average farm size in Niagara Region in 1996 was approximately 86 acres. Farm sizes for the grape industry are significantly smaller than farm sizes for other agricultural activities across the province, such as cash crops or livestock operations. Table 4.7 shows the number of farms by size of grape crop area in Ontario for 1999.

**Table 4.7** Number of Farms by Size of Grape Crop for Ontario

Crop Size Category	No. of Farms	% Farms
Less than 2 acres	64	10.68
2-9 acres	194	32.23
10-29 acres	199	32.96
30-49 acres	66	10.87
50-100 acres	57	9.39
More than 100 acres	23	3.87
Total	603	100

\* Crop area is a reasonable surrogate for farm size as the majority of the land is in grape production. (Source: Ontario Ministry of Agriculture, Food and Rural Affairs, 2000)

When reviewing farm sizes in the grape industry in Niagara Region, the predominance of small farms is evident. Table 4.8 summarizes the farm sizes in the Niagara and Hamilton-Wentworth Regions provided by the Grape Growers' Survey in 1999. There were 94 responses from grape growers across the Niagara Region as part of joint research done with the Niagara Escarpment Commission.

**Table 4.8** Size of Farm in Grape Production

	Farm Size (acres)
Minimum	0.5 ac.
Maximum	275 ac.
Mean	37.7ac.
Median	20 ac.

Source: Niagara Escarpment Commission Grape Grower Survey, 1999.

#### **4.4 Brief Overview Of The Wine Industry**

Two major types of wineries define Ontario's industry as has developed within Niagara – traditional and estate. The difference is based upon production, the actual number and volume of bottled wines. Traditional wineries are much larger

and produce high volumes with a wide range of products. Wineries of this type include Andres Wines and Vincor. These wineries have contracted local farmers to supply grapes, but imported grapes are often used to blend wines.

Estate wineries, which this paper focuses on, are described as an “infant” industry having only being established in Ontario in the last two decades. They are usually owned and operated by the resident of the farm and production is limited to small volumes of quality table wines. Grapes that are used in the wine production process are almost always locally grown with little or no imports. Although terminology differs the idea of smaller or estate wineries is found in all wine regions. Wineries around the world have been labeled differently, for example, “estate”, “cottage”, “boutique”, “infant”, and “on-farm”, including many other local definitions.

#### ***4.4.1 Ontario Wine Industry***

The wine industry in Ontario has emerged as one of the leaders in the world market over the past few years. Although the industry is focused on the Niagara area (with nearly 92% of Ontario's grapes produced here and in the adjacent area of Hamilton-Wentworth) Ontario has two other areas of production - Lake Erie North Shore and Pelee Island.

The size of the Ontario wine industry has increased dramatically. In 2000, the Liquor Control Board of Ontario (LCBO) reported 82 licensed wineries. In 1998 the Wine Council of Ontario reported 47 compared to just 18 wineries in 1991. Although these numbers are from two different sources, and reflect different criteria, they are indicative of the phenomenal growth in the industry.

In comparison, the size of the wine industry of other countries is as follows:

- United States – 1600 wineries
- New Zealand – 205 wineries
- Australia – 600 wineries

Source: Wine Council of Ontario, 1998.

In the United States there are over 700 wineries in California, with some 150 located in Sonoma Valley (Sonoma County Grape Growers Association, 1999) and more than 240 wineries located in Napa Valley (Napa Valley Vintners Association, 1999). The Sonoma Valley and Napa Valley are distinct viticultural areas of the larger counties, just as the Niagara Peninsula is a designated viticultural area in Ontario. These two valleys are of comparable size with Niagara Region, however, very different in landscape and climate. In comparison with international industries, the Ontario industry is considered a micro-industry. However, the industry in Ontario has undergone phenomenal change and is now adapting and evolving to remain competitive in the world market.

The contribution of the wine industry to the Ontario economy is significant.. In 1998, total retail sales were 275 millions dollars and the total related industry employment was 4000 (Wine Council of Ontario, 1998). Overall, Ontario wine sales have increased 16 percent in the past two years, while imported sales were up just a little over two percent in the last year (Statistics Canada, 1998). In comparison, the Napa Valley total value of wine sales in 1997 was between \$1.2 and \$1.4 billion and the total related industry employment was responsible for an estimated 17,000 jobs (Napa Valley Vintners Association, 1998).

#### ***4.4.2 Niagara Wine Industry***

The Niagara Peninsula is the major contributors to the Ontario wine industry, with more than 40 wineries established in the Niagara Region (LCBO, 2000). The size of the Niagara Region industry in terms of estate wineries is comparable to that of the Okanagan Valley in British Columbia, with nearly 30 wineries (B.C. Wine Institute, 1999). The Niagara industry, however, based on acreages in vineyards and total wine production is several times larger.

Once again, when comparing the number of wineries in the Niagara Wine Region to

wineries within the Napa Valley there is an enormous difference. Currently Napa Valley has over 240 wineries, however, in 1960 there were only 25 (Napa Valley Vintners Association, 1999). The Oregon wine industry, which has been characterized by two main regions – the Willamette Valley and the Umpqua Valley, is home to more than 125 wineries (Oregon Wine Advisory Board, 1998). Clearly, the Niagara wine industry has not reached the magnitude of the American industries. Clearly, however, the Niagara industry is part of a global market and is forced to compete with other wine producing regions in North America and from around the world.

The wine industry in the Niagara Region has developed numerous value-added opportunities; one of the largest is tourism. Over 300,000 people visited wineries in Niagara and Southwestern Ontario in 1998 and employment related to winery tourism has more than tripled between 1995 and 1998 (Wine Council of Ontario 1998). The increasing importance of the wine industry in the Niagara Region points to the long-term potential for employment and overall contributions to the Region's economy.

#### **4.5 Conclusion**

In conclusion, Niagara Region is unique, as it is one of the best areas in Canada for grape and tender fruit production. In addition, the Region has become world renowned for its fine wine and tourism. At the same time, the Region's climate, location and natural beauty make the area a residential destination. Together, these factors have created a situation that demands policy that protects and promotes agriculture; while at the same time there is a need to focus on appropriate residential and commercial development in its urban areas. The following section discusses the role and appropriateness of planning regulation and decision making in the context of the wine industry.

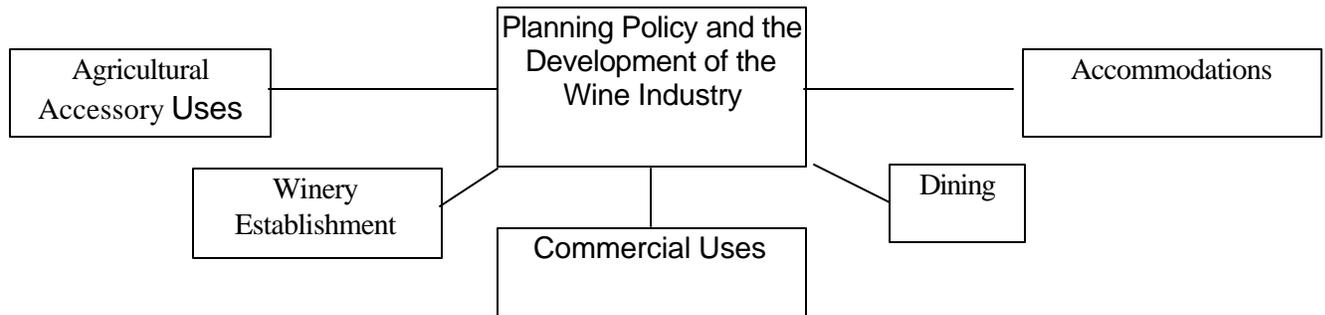
## **5.0 PLANNING POLICY AND THE WINE INDUSTRY**

The wine industry in the Niagara Region has undergone phenomenal changes over recent decades. The typical winery has a variety of land uses and activities, ranging from agricultural to industrial and commercial. Not only are wineries producing the raw resources (grapes), but they are also manufacturing and producing a variety of wines, and retailing the final products. At the same time they are providing a wide range of customer service and tourist opportunities. These opportunities have included bed and breakfasts, weekend barbecues, full dining options, and tastings and tours. Since 1995 employment related to winery tourism has tripled (Wine Council of Ontario, 1998). In fact, individual wineries can employ well in excess of 100 people.

Lower tier municipal governments, the Regional Municipality of Niagara, the Niagara Escarpment Commission and the Province of Ontario, have attempted, from a land use planning perspective, to develop planning policy which adequately responds to the growth and opportunities associated with the wine industry. Although the winery issue has been addressed in some planning policy, it is apparent that such policy should be reviewed to provide clear direction to regional and municipal governments, as well as, the community. Land use policy and regulations must be developed to ensure that as growth and development in the wine industry continues, issues of compatibility with the environment, and the community are addressed.

A more detailed review of the planning principles and regulations that are associated with agricultural land use and the wine industry follows. The review focuses on policy that directly influences the development of an “estate” winery, (Figure 5.1).

**Figure 5.1 Key Components of Planning Policy Associated with the Development of the Wine Industry**



Local planning policy can either encourage or inhibit development. In the context of estate wineries the policy can simplify processes to allow for the establishment of wineries and related activities or it can serve to inhibit further growth and development. Regulation of the wine industry has taken form in a variety of ways in the Niagara Region. Local municipalities are passing zoning provisions and regulations that attempt to establish a balance between agricultural land use, the wineries and issues of compatibility with neighbouring land uses. The general direction has been to establish planning principles to make certain that a winery has a legitimate agricultural use and is part of the agricultural fabric.

### ***5.1 Agricultural Accessory Uses***

A typical agricultural accessory use may include fruit stands or “end of lane sales”, where all sales are of products produced on the farm. However, when activities begin to include the sale of t-shirts, full service restaurants and overnight accommodations, the definition of secondary or accessory is challenged. The results from this research have been compiled in an attempt to understand the perceptions that individuals have on what uses should be considered as accessory to agriculture? What is an appropriate size for use accessory to agriculture and what activities should be considered compatible within an agricultural context?

In Niagara, a winery is generally considered to be accessory to agriculture. It provides an opportunity for direct farm sales of wine and in turn provides continued support to the agricultural use. In most planning policies the following uses related to the winery are also considered as accessory to agriculture:

- Production area (i.e., crushing of grapes, aging, processing and bottling of product),
- Storage area (i.e., holding tanks, bottle storage, and product storage),
- Farm equipment building,
- Warehouse,
- Office and laboratory uses,
- Tours and tastings, and
- Retail sales of wine.

Within the Regional Municipality of Niagara there has been a strong emphasis on agricultural land preservation. The Provincial Policy Statement also demands the protection of prime agricultural areas. Regional and Municipal Official Plans have defined uses that are secondary and accessory to agriculture in order to minimize non-farm development on agricultural lands.

The Regional Niagara Policy Plan permits a variety of secondary uses related to agriculture, for example, welding shops and small engine repair, bed and breakfasts, and uses that produce and market value-added agricultural products. These uses are permitted provided that the use is small scale and ancillary, that value-added products are from the farm property, the land remains zoned for agriculture, new secondary uses are compatible with and do not impact surrounding agricultural uses, and home industries are permitted by zoning by-law amendment.

Local municipalities in Niagara Region have also defined secondary uses or accessory uses to agriculture. Table 5.1 summarizes and compares agricultural policies in local municipalities where estate wineries exist and do not exist.



**Table 5.1 Definitions of Accessory Agricultural Uses from Local Official Plans in Niagara Region (see Appendices for detailed policies)**

City of Niagara Falls (no specific estate winery policies)	<i>Compatible uses such as small-scale industry and commercial uses may be permitted which is directly related to agriculture where they are compatible with the rural environment.</i>
Town of Niagara-on-the-Lake	<p><i>In the agricultural designation the following uses shall be permitted:</i></p> <ul style="list-style-type: none"> <li>- <i>Uses permitted with a Main Use:</i> <ul style="list-style-type: none"> <li>- <i>roadside produce outlets</i>   - <i>farm wineries</i>   - <i>group homes</i></li> <li>- <i>home industries and occupations including bed and breakfasts</i></li> <li>- <i>accessory buildings and structures</i></li> <li>- <i>additional dwellings for seasonal or full-time help</i></li> </ul> </li> </ul> <p><i>Uses permitted independent of a Main Use:</i></p> <ul style="list-style-type: none"> <li>- <i>agricultural markets</i>   - <i>estate wineries</i>   - <i>retirement lots</i></li> <li>- <i>small scale and commercial activities in close proximity to farms that are directly related to and serve agriculture</i></li> </ul>
Town of Pelham	<i>The major uses permitted in the Rural Area are; Agricultural uses. . where commercial and service uses are permitted such as retail outlets, service stations and other similar businesses, provided that they primarily serve the rural area and are for the purpose of meeting the needs of the rural inhabitants. (1.10.2)</i>
Town of Lincoln	<i>The uses permitted within this agricultural area are as follows: ... 2.1.3 (c) "small scale commercial and industrial uses which are directly related to, and serving the surrounding agricultural community and are necessary in close proximity to agriculture are also permitted.</i>
City of Thorold (no specific estate winery policies)	<i>Other permitted uses on agricultural lands include:</i> <i>b) those commercial or industrial uses that serve or directly relate to the agricultural area and cannot be located anywhere else (4.7.1)</i>
City of St. Catharines	<i>Secondary uses are permitted (i.e., cottage wineries) which are secondary and incidental to the main agricultural operations.</i>

Source: Local Official Plans with varying dates.

Regional policy defines secondary uses as uses that produce and market value-added agricultural products (which includes wineries). In comparison, there are a number of similarities in certain of the official plans referred to in Table 5.1. As expected, only the municipalities with existing wineries define a winery as a

permitted secondary use. In all cases, planning policy mentions the intent and nature of the accessory use and the need to for the accessory use to be directly related to or serve the primary agricultural operation.

### **5.1.1 Other Jurisdictions**

Other jurisdictions have also provided definitions for uses that are accessory or secondary to agriculture (Table 5.2). The Ministry of Agriculture, Food and Rural Affairs (OMAFRA) is responsible for the protection and promotion of agriculture and rural development for Ontario. The Niagara Escarpment Commission (NEC) has authority over lands that are within the Niagara Escarpment Plan (NEP) Area and have been designated Escarpment Rural, Protection and/or Natural Areas. Where lands are within the NEP, the regulations of the NEC have precedence over local municipal plans. The responsibility of the NEC is to protect and enhance the natural environment of the Niagara Escarpment.

**Table 5.2 Agriculture, Accessory Uses and the Policy of the Niagara Escarpment Commission and the Province of Ontario**

Niagara Escarpment Plan	Plan objective is to: 1) encourage agricultural uses in agricultural areas, to protect agricultural areas, 2) permit uses that are compatible with farming, and 3) encourage accessory uses that directly support continued agricultural uses". Plan permits uses accessory to agriculture provided that it will "maintain and protect agricultural areas from uses considered incompatible with sustaining agricultural use and/or land base".
Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA)	Provincial Policy Statement on agriculture: Agriculture-related uses: farm related commercial and farm-related industrial uses that are small scale and directly related to the farm operation and are required in close proximity to the farm operation. Secondary uses: uses secondary to the principal use of the property, including home occupations, home industries, and uses that produce value-added agricultural products from the farm operation on the property. (2.1.1)

Source: Niagara Escarpment Plan, 1994 and Provincial Policy Statement, 1997.

### **5.1.2 Analysis of Policy**

Some local municipalities have defined the uses that are accessory to agriculture,

whereas definitions used by other municipalities are very general. The policy for agricultural accessory and/or secondary uses is sometimes broad and open to interpretation. Consequently, the policy can permit or prohibit the development of an estate winery depending on the interpretation of the various definitions. The intent to protect agricultural lands is similar in the Regional Plan and local plans; however, there are differences in definition of accessory or secondary uses. There is a certain lack of continuity between local municipalities that contributes to a diversity of policy (and in turn zoning regulations) that affects the ease with which wineries can establish.

## **5.2. Establishment of A Winery**

A critical consideration in local planning is farm size. Farm size is one of the key criteria that can be used to ensure that agriculture remains the principal use of land and that the land base can produce the raw materials necessary for wine production. The intent of the policy is to protect agricultural lands for agricultural uses by ensuring that commercial and industrial uses are not established in the rural agricultural area without the agricultural land base to support the use.

Planning policy in Niagara Region aims to preserve Niagara's agricultural lands, by limiting the amount of non-farm development and providing for an efficient and orderly pattern of land use. This should lessen land use conflicts and maintain and enhance natural resources.

### **5.2.1 Minimum Lot Size**

The establishment of a minimum lot size and/or two classes of farm sizes have been applied in the Regional Municipality of Niagara by the Town of Niagara-on-the-Lake and the City of St. Catharines (Table 5.3).

These policies have addressed the minimum size required for the establishment of a winery, with the basis of the policy aiming at maintaining the agricultural use as the principal use. Neither the Regional Niagara Policy Plan nor any of the remaining local policies address the need for a minimum lot size for the establishment of a winery.

**Table 5.3 Lot Size and Planning Policy Related to the Establishment of a Winery in Local Municipalities in the Regional Municipality of Niagara**

<b>Jurisdiction</b>	<b>Terminology</b>	<b>Minimum Parcel Size</b>
City of St. Catharines	Agri-tourism Policy	Agri-tourism permitted on farm parcels with a minimum of 15 acres.
Town of Lincoln (Draft)	- Farm Wineries - Estate Wineries	Minimum Lot Area – 3.2 hectares (7.9 acres) Minimum Lot Area – 8 hectares (19.8 acres)
Town of Niagara-on-the-Lake	- Farm Wineries - Estate Wineries	Specified in the implementing zoning by-law. Minimum of 20 acres.
Other Local Policy		No specific policy

Source: Local Official Plans with varying dates.

The Liquor Control Board of Ontario (LCBO) has requirements for the establishment of a winery. These requirements must be met for the approval of a Liquor License. To be approved for a Liquor License a winery must be situated on premises consisting of at least 5 acres of land planted in vineyards.

### ***5.2.2 Winery Building And Relationship To The Agricultural Lot***

The agricultural lot or vineyard is essential for the establishment of any winery. Wineries are considered as uses that are exclusively devoted to the principal agricultural land use. Wineries range in size, from small scale to large scale, each with their own image, range of uses, and activities. Policy has been developed by certain local municipalities in the Region of Niagara to address the relationship between the agricultural lot size and the winery building size. The size of the winery includes the area required to process, bottle, and store the raw resources and the finished wine products.

Within Niagara Region, the City of St. Catharines and the Town of Lincoln have developed policy to address the relationship between the size of the farm lot and the size of the building that may be permitted (Table 5.4).

These policies establish maximum building size for wineries that may be permitted

without amendment to the Official Plan or Zoning By-law. However, the City of St. Catharines Agri-tourism policy requires an Official Plan amendment for wineries larger than 50,000 sq.ft. on a parcel larger than 15 acres. This approach essentially establishes a ratio or percentage for building size in relation to the agricultural lot.

These policies arise from local concerns that large scale facilities have or will establish on relatively small properties with little or no direct connection to production agriculture (i.e. if wineries are to be established on prime agricultural lands there needs to be strong connection to the production of the raw resource-grapes; conversely if the winery is not involved in the production of grapes (i.e. purchases juice) it could as easily be established in an urban industrial park). The result is that St. Catharines and the Town of Lincoln, for example, have established a clear relationship between agricultural lot size and total winery building size. The result is that larger lots are allowed to support larger wineries and smaller lots smaller wineries.

**Table 5.4 Wineries and Lot and Building Size Considerations by Local Municipality in the Regional Municipality of Niagara**

<b>Jurisdiction</b>	<b>Policy</b>	<b>Agricultural Lot / Winery Size</b>
City of St. Catharines	Agri-tourism Policy	On a minimum 15 ac. parcel a maximum building size of 15,000 sq.ft. Agri-tourism uses shall be permitted on farm parcels to a maximum of 1,000 sq.ft. as-a-right. Proposals greater than 15,000 sq.ft., but less than 50,000 sq.ft. considered by way of zoning by-law amendment Proposals greater than 50,000 sq.ft. are subject to a Regional Policy Plan Amendment and a local Official Plan Amendment.
Town of Lincoln (Adopted by Town Council, appeals outstanding)	Farm Winery Estate Winery	Maximum floor area is limited to 500 sq.m. (5382 sq.ft.) No maximum floor area, however accessory commercial is limited to a maximum floor area of 235 sq. m.

Source: Local Zoning by-laws with varying dates.

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In summary, local planning regulation establishes the basis for the establishment of wineries and the appropriate scale of the subsequent development. It is this policy that tends to drive much of the local debate around the issue of winery development and expansion.

### **5.2.3. ANALYSIS**

Through zoning, planning policy has the ability to limit the building size for a winery and regulate accessory and incidental uses. There remains, however, considerable local debate over the idea of setting a minimum or maximum building size. The philosophy is that such policy limits wineries located on small farm parcels and allows the potential for very large buildings and operations on large farm parcels. In either case the question is what is the best way to ensure that the growth and development of the wine industry maintains agriculture as a principle use, while at the same time encouraging compatible development.

A variety of approaches have been included within local plans. These include the following:

- the requirement for a minimum farm size for the establishment of a winery, as seen in the St. Catharines, Lincoln and Niagara-on-the-Lake;
- the provision for two classes of farm size upon which wineries may be permitted, as reflected in Lincoln and Niagara-on-the-Lake; and
- two winery classifications each with their own set of regulations, again, found in Lincoln and Niagara-on-the-Lake.

Another key issue for land use planning to address is compatibility with neighbouring uses. For example, a winery and related buildings and activities can produce noise, dust and odour levels that may be unattractive to surrounding residents. To minimize this type of conflict buildings are required to comply with a variety of regulations, including zoning (i.e. setbacks), and building codes. Zoning can also be used to help protect the winery from uses with which it might not be compatible (example livestock facilities or incompatible non-farm uses). Aesthetically, the winery should be built so that it compliments the surrounding

landscape, and contributes to the agri-tourism experience. It is important that the winery is not constructed in a way that creates conflict with neighbouring residents. A building constructed larger than the size and scale of surrounding uses may be perceived to be out of character. Local planning policy has been developed and implemented with a goal of decreasing the potential for conflict between wineries and neighbouring uses.

### **5.3 Commercial Uses**

Generally, non-farm related commercial uses are not permitted in agricultural areas; however, provincial and local policy often allows for the establishment of farm related commercial uses. In support of the need for the wine industry to remain competitive and economically viable, for example, commercial uses accessory to agriculture are permitted in Niagara Region. In this context “estate wineries” and a range of related commercial uses are sometimes treated as commercial as opposed to accessory farm uses (sometimes referred to as “farm wineries”). The implication is that a broader range of commercial type uses is allowed. There is an obvious benefit to the winery owner. By selling the product on-site the profit return is larger, due to decreased transportation costs and less LCBO margin of sales. The typical estate winery also establishes and sells value-added product (wine) and often creates a value-added experience (tastings and tours). Additionally, there is an opportunity to retail winery related merchandise and promotional items.

#### **5.3.1 Jurisdictions in the Regional Municipality of Niagara**

Increasingly wineries in Niagara Region are becoming more commercial and tourist oriented. Sometimes planning policy remains silent with regard to wineries, sometimes they are treated, from a policy perspective as similar to an apple orchard or farm market sales, and increasingly there is a tendency to include specific land use policy (Table 5.4).

**Table 5.4 Wineries as Commercial Uses: Local Planning Policy for Selected Municipalities in the Regional Municipality of Niagara**

<b>Jurisdiction</b>	<b>Official Plan Definitions for Commercial Uses Specific to Wineries</b>
Town of Niagara-on-the-Lake	<p><i>"Estate Winery"</i> Retail sales permitted as a secondary use. The scale of retail sales is limited by the zoning by-law so as not to detract from the main use of the land or affect other agriculture.</p> <p><i>"Farm Winery"</i> Retail sales of wine on site is permitted, where the maximum retail floor space is limited to 200 sq.ft.</p>
City of Niagara Falls	<p><i>Compatible uses such as small-scale industry and commercial uses may be permitted which is directly related to agriculture where they are compatible with the rural environment.</i></p>
Town of Lincoln	<p><i>The uses permitted within this agricultural area are as follows:</i> 2.1.3 (c) <i>"small scale commercial and industrial uses which are directly related to, and serving the surrounding agricultural community and are necessary in close proximity to agriculture are also permitted.</i></p>
City of Thorold	<p><i>Other permitted uses on agricultural lands include:</i> b) <i>those commercial or industrial uses that serve or directly relate to the agricultural area and cannot be located anywhere else.</i></p>

### **5.3.1.2 Provincial Jurisdictions**

Provincial policy recognizes the need for commercial uses or accessory commercial uses and generally permits commercial uses provided they are small scale and directly related to the farm product (Table 5.5). In general, the policy does not distinguish between wineries and other types of small-scale commercial uses, such as a roadside fruit market. Commercial sales in wineries range from the sale of wine to the sale of locally grown products and clothing articles, and more.

**Table 5.5 Provincial Policy on Commercial Uses**

<p>Niagara Escarpment Plan</p>	<p><i>Small-scale commercial uses are permitted provided that: It is subordinate, incidental and exclusively devoted to the principal agricultural use and is not considered a high intensity use out of character with the agricultural area.</i></p> <p><i>All buildings, structures and facilities, including parking areas, associated with the small-scale commercial use are accessory and designed and located to minimize the impact on the principal agricultural use, adjacent land use and the rural open landscape character.</i></p> <p><i>The majority of retail sales conducted as part of the small-scale commercial use accessory are limited to the sale of on-farm products</i></p> <p><i>Signage for small-scale commercial uses is restricted to non-illuminated signs that are compatible with the surrounding open landscape and cultural heritage features.</i></p> <p><i>A use incidental to the commercial use may be integrated within the accessory operation provided that it does not result in an intensification of the use.</i></p>
<p>Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA)</p>	<p><i>Provincial Policy Statement on agriculture: Agriculture-related uses: farm related commercial and farm-related industrial uses that are small scale and directly related to the farm operation and are required in close proximity to the farm operation.</i></p>

The LCBO permits commercial uses for winery retail sales provided there is only one store per manufacturer's license and the store is located on the same premises as the winery. The LCBO regulations also ensure that a wine is made from at least 75% Ontario grape/grape product and ferment on-site. The winery must also meet LCBO site inspection requirements, in accordance with LCBO standards. The interests of the LCBO are not necessarily land use related, however, there are land use implications. The policy focuses on the production and manufacturing of wine according to standards established by the LCBO.

### **5.3.2 Size and Scale of the Commercial Use Accessory to Agriculture**

Commercial activity including the retail of wine and related products are a normal component of a winery. A debate, can occur, however, when the activities threaten to become the principal use of the operation or alternatively have a minimal direct connection to agriculture (for example accommodations).

### **5.3.2.1 Jurisdictions in the Regional Municipality of Niagara**

While many of the jurisdictions in the Niagara Region have defined the commercial use accessory to agriculture as small-scale, only a few of the jurisdictions - Town of Niagara-on-the-Lake, City of St. Catharines, and Town of Lincoln - have set a specific size or scale for commercial uses accessory to agriculture (Table 5.6).

**Table 5.6 Local Planning Policy and the Size of Small-scale Commercial Uses**

<b>Jurisdiction</b>	<b>Zoning By-law Definitions for Sizes of Commercial Uses Specific to Wineries</b>
City of St. Catharines	Off-farm products shall be permitted up to a limit of 1/3 the total area of the commercial area, or a maximum of 1,000 sq.ft., whichever is less.
Town of Lincoln	Farm Winery - Maximum retail floor area of 200 sq.m. Sales of items other than the grown products (i.e., crafts, processed fruits) are limited to approximately 50 sq.m. (538 sq.ft.) of the total retail area.
Town of Niagara-on-the-Lake	Maximum retail floor space is limited to 200 sq.ft. (18.5 sq.m.) The scale of retail sales may be limited by zoning by-law so as not to detract from the main use of the land and not to adversely affect other uses permitted in the agricultural area.

### **5.3.2.2 The 1994 Niagara Escarpment Plan**

The Niagara Escarpment Plan does not define the size of a small-scale commercial use, but it must be small-scale and not considered a high intensity use out of character with the agricultural area (Niagara Escarpment Plan, 1994). The Plan suggests that a commercial use incidental to agriculture may be integrated so long as there is no intensification of the use and that any use must be designed and located to minimize impact on the principal agricultural use, adjacent land uses and

the character of the rural landscape (Niagara Escarpment Plan, 1994).

### **5.3.3 ANALYSIS**

Planners and decision makers have a difficult task defining small-scale commercial uses accessory to agriculture and identifying which of these uses should be permitted as-a-right or through planning approval. After deciding which uses are permitted some municipalities have responded by relating development to total building size or maximum floor space in relation to the principal use. Planning policy has also been developed to define whether or not commercial sales include the sale of imported or non-local products.

## **5.4 Dining and Food Services**

There is a direct correlation between the increase in agri-tourism and on-farm related commercial activity and an increase in the number of visitors to local wineries. To enhance the agri-tourism experience and improve economic opportunities some wineries have added additional services such as dining facilities or some form of accommodation. Others have added banquets and specialty events to encourage visitation. This has the benefit of contributing to what operators hope will enhance the profile of the Niagara area as well as encourage repeat customers.

### **5.4.1 The Regional Municipality of Niagara**

The Niagara Regional Policy Plan does not discuss the development of restaurants or dining facilities in agricultural areas. Similarly, many local planning documents have not clearly defined dining facilities as accessory uses.

The Town of Niagara-on-the-Lake adopted policy on dining that considers the use of a hospitality room if it is clearly demonstrated that these uses are accessory and compliment the winery. The Town of Lincoln policy has proposed the consideration of a hospitality room for wineries. A hospitality room is considered as part of a winery where wine and food may be served, but does not include commercial

cooking facilities to prepare food on-site for an eating establishment (Town of Lincoln, 2000).

The 1994 Niagara Escarpment Plan did not include provisions for on-site dining and dining facilities; however, four of the wineries in the Niagara Escarpment Plan Area have dining facilities. Two of these dining facilities have received appropriate planning approval, while it is reported that the other two were established without approval. When development occurs without planning approval tremendous pressure is placed on the planning system to either accept the development or to force the use to comply with planning regulation.

#### **5.4.2 ANALYSIS**

The development of dining facilities and food services in agricultural areas tests the definition of accessory uses and raises questions concerning the compatibility of such uses. If deemed accessory to agriculture, the appropriate size of the dining area should be established. This is necessary to ensure that the winery and the agricultural operations are maintained as the principal use and that the winery does not become anything more than a large restaurant. Questions surrounding hours of operation and types of functions that should be permitted are also being raised. These are two issues that may be difficult to address through planning policy and even more difficult to enforce.

#### **5.5 ACCOMMODATIONS**

On-site accommodations represent a new opportunity for wineries as the agritourism industry continues to grow. Accommodation in the countryside is generally permitted as bed and breakfast operations, usually with a maximum of about three guestrooms. These accommodations are in an existing home and run by the owner of the home. Local planning policy tends to permit the establishment of a certain size bed and breakfast, as there is usually little impact on agricultural land and surrounding uses.

As mentioned in the Introduction, provincial Cabinet recently refused an application proposing a large overnight accommodation operation in the Niagara Escarpment Plan Area. The purpose of the application was to locate 56 guest units on prime agricultural land in the Niagara Escarpment. The concerns surrounding this issue originated outside of the Region, as approval of the development may have set a precedent for development in other significant agricultural and environmental areas throughout Ontario.

### **5.5.1 Jurisdictions in the Regional Municipality of Niagara**

The Regional Niagara Policy Plan was amended in the late 1990's to permit up to 6 guestrooms as a secondary use in an agricultural area. The following table reviews the policy and criteria used by local planning authorities when considering development applications for bed and breakfasts.

**Table 5.7 Local Planning Policy and Accommodations**

<b>Jurisdiction</b>	<b>Local Official Plan Policies Relating to Accommodations in Rural Areas</b>
City of St. Catharines	<i>Accommodations shall be permitted to a maximum of 6 rooms.</i>
Town of Lincoln	<i>Bed and Breakfast are permitted in agricultural area under the following criteria: Must have convenient access to a major street. Shall be located in an existing building that requires no external expansion.</i>
Town of Grimsby	<i>Small Tourist Facilities shall require an amendment to the Zoning by-law and will be evaluated on the following criteria: Adjacent to a Regional or Collector road and to the Central Core Area or to natural amenities such as parks or where the conversion of an existing dwelling particularly warrants it. The area of the site is sufficient to provide adequate buffering for any adjacent low-density residential uses, on site recreation amenities, and adequate parking facilities. Adequate piped municipal sanitary and water services and storm drainage facilities can be provided. The use is located in an existing residential unit.</i>

<p>Town of Niagara-on-the-Lake</p>	<p><i>The limit of three bedrooms or an occupancy load of 10 persons is the most compatible and best suited upper limit for an as-of-right bed and breakfast.</i></p> <p><i>The plan gives consideration to a greater number of rooms provided:</i></p> <p><i>That there is sufficient lot area to accommodate the larger number of rooms and required parking spaces.</i></p>
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### **5.5.2 The 1994 Niagara Escarpment Plan**

Bed and Breakfasts and Farm Vacation Homes are permitted in the 1994 Niagara Escarpment Plan. The 1994 Plan defines the use as follows:

*“sleeping accommodation for the travelling or vacationing public within a single dwelling which is owned by and is the principal residence of the proprietor, to a maximum of three guest rooms, and may include the provision of breakfast and other meals and services, facilities or amenities for the exclusive use of the occupants”.*

### **5.5.3 ANALYSIS**

Planning policy permits bed and breakfasts so long as the building is an existing residence (including a farm residence) and is occupied by the operator. Consequently, under these criteria a winery may be permitted a bed and breakfast. These policies suggest that there is no justification for the establishment of a new bed and breakfast that is not within an existing residence.

Should a winery be permitted more extensive accommodations than permitted under the policies that allow a bed and breakfast? Should the size and scale depend on the agricultural parcel size, total production, total winery building size, or be a standard unit? Planning policy must determine the maximum number of units that should be considered accessory to agriculture and if a proposed development exceeds these standards they would require appropriate justification. Justification for establishing large overnight accommodations should include the need for additional units in relation to existing capacity in local settlement areas, the need for municipal services or upgraded private services, transportation issues and the connection and need for accommodation to be tied to agriculture.

## 5.6 Conclusion

Planning has attempted to come to grips with issues related to retail sales, dining facilities and accommodations in the context of agriculturally related or secondary uses. There is concern over how much farther these terms can be stretched and to what extent these definitions are misused. Change in typical agricultural land uses and activities has created the potential for problems that affect the entire community. The growth and development of the wine industry has and will continue to present a number of challenges to planners, winery developers, and the community as a whole.

There are many debates over which uses are agricultural and which uses are non-agricultural. The Regional Niagara Policy Plan recommends that non-agricultural uses should not be located in agricultural areas, as non-agricultural development has an adverse impact on agricultural land and natural resources. Once again, the interpretation of agricultural and non-agricultural uses is key. Uses such as restaurants and hotels or inns are generally viewed as commercial uses. These types of commercial uses would be restricted in agricultural areas as stand alone uses. As shown in Table 5.8, there is a lack of consistency in planning policy addressing uses associated with estate wineries.

**Table 5.8 Comparison of Planning Policy in Niagara Region: Presence or Absence of Policy**

Policy Potentially Related to Winery Development	NEP	Regional Plan	Local Municipalities with the Majority of Niagara's Wineries				Other Local Plans
			Lincoln	NOTL	St. Catharines	Grimsby	
Accessory Uses	X	X	X	X	X	X	X
Farm Size			X	X	X		
Commercial Uses	X	X	X	X	X		
Dining			X	X	X		

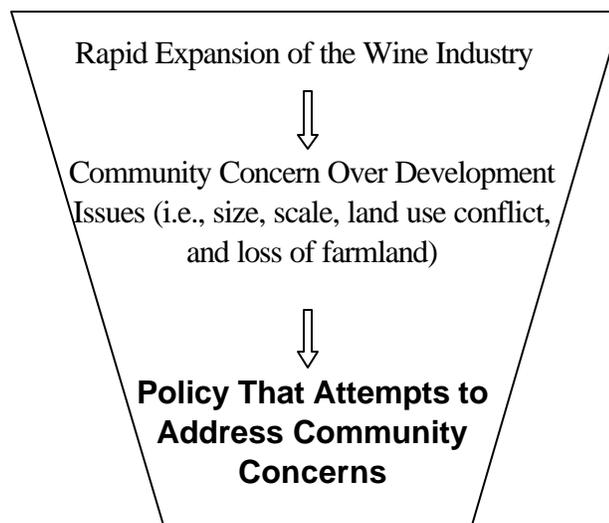
Accommodations	X	X	X	X	X	X	X
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Without proper policy or public acceptance of planning policy there is the potential for planning conflicts. Planning policy is effective when there is a clear direction and little opportunity for conflict to arise. It is essential that government initiatives and regulations be consistent and compliment the wine industry while respecting community values. The policies themselves are only a framework for planning and serve to control development. These must be combined with public participation and community decision-making in order to ensure that conflict over inappropriate development is resolved at both the planning and community level. This is done by understanding the views of the local community and their understanding and perception of the development of the wine industry. The following sections provide the results of surveys and interviews. These results will then be analyzed and used to form conclusions and make recommendations on the effectiveness and appropriateness of land use planning policy as it relates to Niagara's wine industry.

## 6.0 COMPATIBILITY OF WINERY RELATED LAND USES AND ACTIVITIES

A key component of this research has been to understand the relationship between an expanding wine industry and neighbouring land uses. This relationship and issues of perceived compatibility are of key importance to the development of land use planning policy. Where there are conflicts over activities associated with wineries it is likely that local policy will preclude or impede these activities. Conversely, community acceptance is likely to facilitate policy development and the eventual establishment of a winery or related accessory uses. The following section presents the views of those who are directly involved with the development of the wine industry. This is important as it provides insight into the appropriateness of existing land use policy and hints at directions for future policy development across the Region (Figure 6.1).

**Figure 6.1 Bringing Together Planning Policy and Perceptions on Winery Development**



This chapter parallels the last chapter and provides insight into the perceptions that people have on the development of the wine industry. This is done by identifying the

various views on the appropriate size, scale and composition of an "estate" winery and the compatibility and appropriateness of accessory uses in the agricultural and rural setting. By comparing the results of the survey with the existing policy there is opportunity to understand what policy may work and what may require change or review.

### **6.1 A General Understanding of Change**

First, it should be made clear that people in Niagara Region are noticing change in their areas. Community members and grape growers were asked to identify recent change in their surrounding landscape. This was an open-ended question intended to help identify residents' views on changes occurring in Niagara Region. Those that noticed a significant change described it as follow:

- Agricultural Development - i.e., vine planting
- Farmland Abandonment i.e., wasted land, vine removal
- Land Change - i.e., grading changes, tree removal on Escarpment brow
- Residential Development
- Winery Construction
- Other - i.e., land rezoning, quarry expansion, greenhouse construction, golf course development.

The same respondents were asked to identify accessory land uses that are positively and negatively impacting agriculture and surrounding uses. This change is generally described in Table 6.1.

**Table 6.1 Accessory Uses that are Having Positive and Negative Impacts on Agriculture and Accessory Uses**

<b>Positive</b>	<b>Negative</b>
Small scale commercial activity	Large scale commercial development
Wine sales and promotions	Land alterations and removal of trees
Economic opportunity and employment	Outdoor storage (i.e., temporary buildings)
Sale of local products	Traffic and large truck movement

The responses provided in Table 6.1 provide a general understanding of the views held by Niagara residents towards development in rural areas and more specifically towards development associated with the wine industry.

## **6.2 Winery Establishment**

The establishment of a winery is controlled through local planning policy. Policy tends to vary, however, but may reflect the size of the winery, the square footage of building, the land base on which the winery is located and the range of uses and accessory uses present. In some cases the establishment of a small farm winery exists as a right in agricultural areas and in other instances it will require a rezoning prior to construction. Where uses are considered that go beyond what is expected under policy an Official Plan Amendment may be required.

### **6.2.1 Minimum Lot Size**

The Niagara Escarpment Commission (see Appendices) and University of Guelph surveys addressed the issue of a required (Table 6.2) minimum parcel size for the establishment of a winery. The recommended minimum parcel size varies as presented in Table 6.2.

**Table 6.2 Survey Results - Minimum Parcel Size for Establishing a Winery**

<b>Participants</b>	<b>N*</b>	<b>Median</b>	<b>Mode</b>	<b>Mean</b>
Winery Owners/Operators	63	5 acres	5 acres	12 acres
Grape Growers	404	20 acres	25 acres	37 acres
Community Members	124	50 acres	50 acres	49 acres

\* N – Sample Size

\*\* Applies to all Ontario wineries.

Source: Niagara Escarpment Commission & University of Guelph Surveys, 1998-2000.

The minimum agricultural parcel size recommended by the respondents for the establishment of a winery was between 5 acres and 50 acres. This is consistent with the existing winery properties in Niagara Region. Community members recommended a minimum lot size of 50 acres. This is understandable, as landowners that live closest to the wineries are exposed to the potential land use conflicts, i.e., increased car, truck, and bus traffic, noise from outdoor barbecues, and odours from composting material. A larger property has the potential to distance the winery use from adjacent landowners.

The winery survey also requested information on the size of property on which the winery was situated and the area of grape production on that property. The average size of the property was approximately 62 acres, of which about 22 acres were for grape production. The surveys also indicated that existing wineries were located on properties ranging from 4 acres to over 200 acres. About half of the wineries owned or leased additional land off-site.

Wineries range in size, from small scale to large scale, each with their own image, range of uses, and activities. Planning policy often attempts to ensure that the scale of the building is in keeping with the size of the property. The size of the winery includes the area required to process, bottle, and store the raw resources and the finished wine products.

Once a winery has been established it is important to ensure that the growth and development of the winery maintains the existing agricultural context and landscape, while at the same time encouraging compatible development with neighbouring land uses.

### **6.3 Commercial Uses**

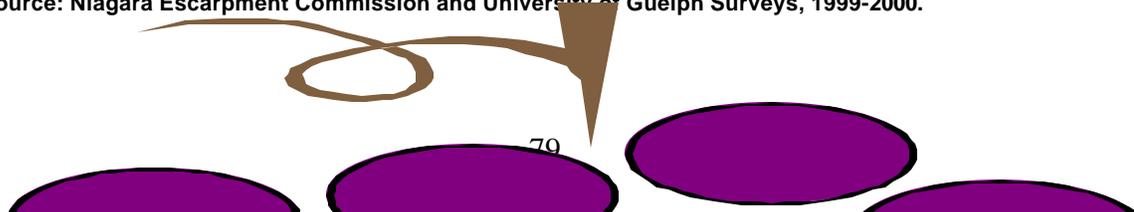
The typical winery has a variety of land uses and activities, from agricultural to industrial and commercial. Not only are wineries producing the raw resources (grapes), but they are also manufacturing and producing a variety of wines, and retailing the final products. In addition, they often provide for a wide range of customer service and tourist opportunities.

In general, the following uses were identified as uses that are permitted or that could be considered as small-scale commercial uses accessory to agriculture (Figure 6.1):

- Retail sales of wine to restaurants and other businesses,
- Tours and tastings, and
- Sales of other agriculturally related local products.

### **Figure 6.1 Compatibility of General Commercial Uses**

Source: Niagara Escarpment Commission and University of Guelph Surveys, 1999-2000.

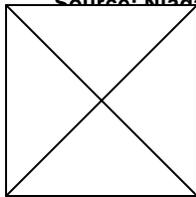


The surveys determined that the sale of products other than wine should be primarily local. A local product could be considered something that is produced or created in Niagara Region.

The three groups also determined that other activities that are typical of many wineries, such as bus tours and special events are generally acceptable. The activity that was least desirable was helicopter tours. This is probably due to the uncertainty of how noise levels may impact residents and visitors (Figure 6.2). The results also show that community members viewed these uses as less compatible than the wineries or grape growers did. This may suggest that compatibility of the uses are related to the distance from the winery and may require careful planning policy surrounding location and design of the winery building.

### **Figure 6.2 Compatibility of Service Related Commercial Uses**

Source: Niagara Escarpment Commission and University of Guelph Surveys, 1999-2000.



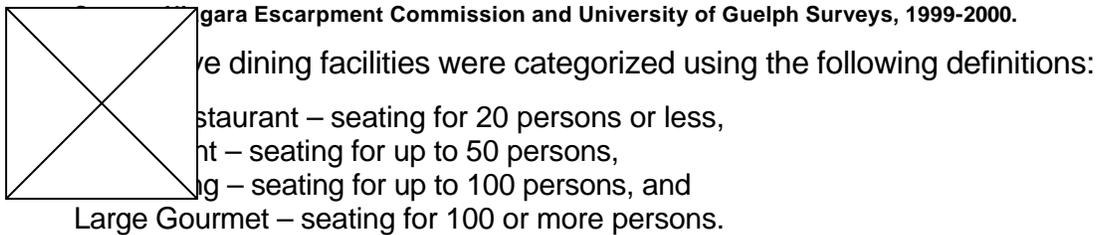
y, these results point to the need for appropriate planning to ensure that  
ent that may offend surrounding residents is appropriately regulated.

### ***6.4 Dining and Related Services***

A typical wine tasting and winery tour may take an entire morning or afternoon, whereas a tour bus may make a quick stop of an hour or less. Wineries have realized the desire for visitors to experience dining at the winery, rather than travelling to the nearest city or town. This is a strategy of the winery, since the longer a winery can retain customers on-site, the more money the customers are likely to spend. This is also part of a broader marketing strategy whereby the winery operators want to provide an experience comparable to that of other winery producing areas in the world.

Dining facilities on agricultural lands are not defined as traditional agricultural uses. It could be argued that dining uses should not be permitted on agricultural lands and that such uses should only be permitted in urban areas. Again, the size and scale of the dining facility may provide flexibility for determining the appropriateness of a dining facility on agricultural lands. Dining facilities are becoming increasingly popular, and so is the use of wineries for special occasions, such as weddings, banquets, and conferences.

**Figure 6.3 Compatibility of Dining and Related Services**



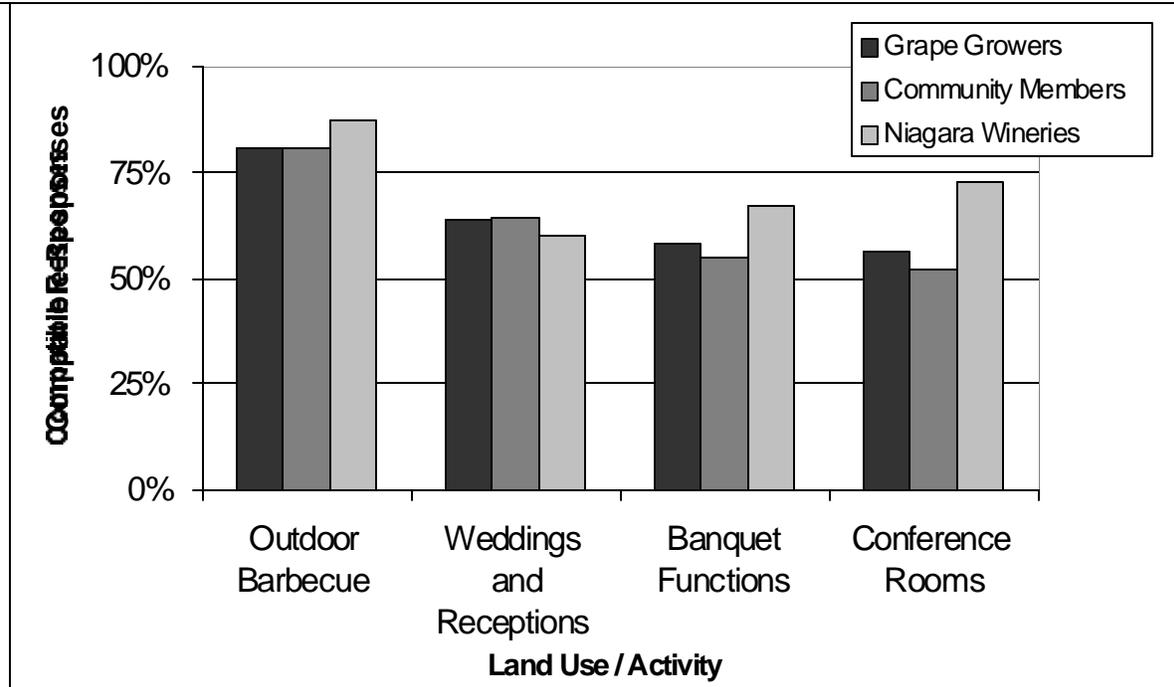
The results of the survey demonstrate that small-scale facilities are acceptable, but as the size and intensity of the use increases, the compatibility level decreases (Table 6.3). Dining facilities that could seat up to 20 persons were compatible in the eyes of all groups. Conversely, facilities that were larger in scale with seating for more than 20 persons were less compatible.

Most agricultural land use policy encourages commercial uses such as dining facilities to locate in urban areas. At what point, however is it appropriate to view these types of uses as accessory to wineries and therefore agriculture? From the perspective of many winery owners the serving of food is an essential ingredient of the “winery experience” and from this perspective needs to be permitted under local policy. From the perspective of the community if the facility is an appropriate size, then the restaurant is a compatible use.

The use of wineries for special occasions was generally viewed as somewhat compatible (Figure 6.4). These types of uses generally create large amounts of traffic and are also associated with large crowds and late hours of operation.

**Figure 6.4 Compatibility of Special Occasion Uses at a Winery**

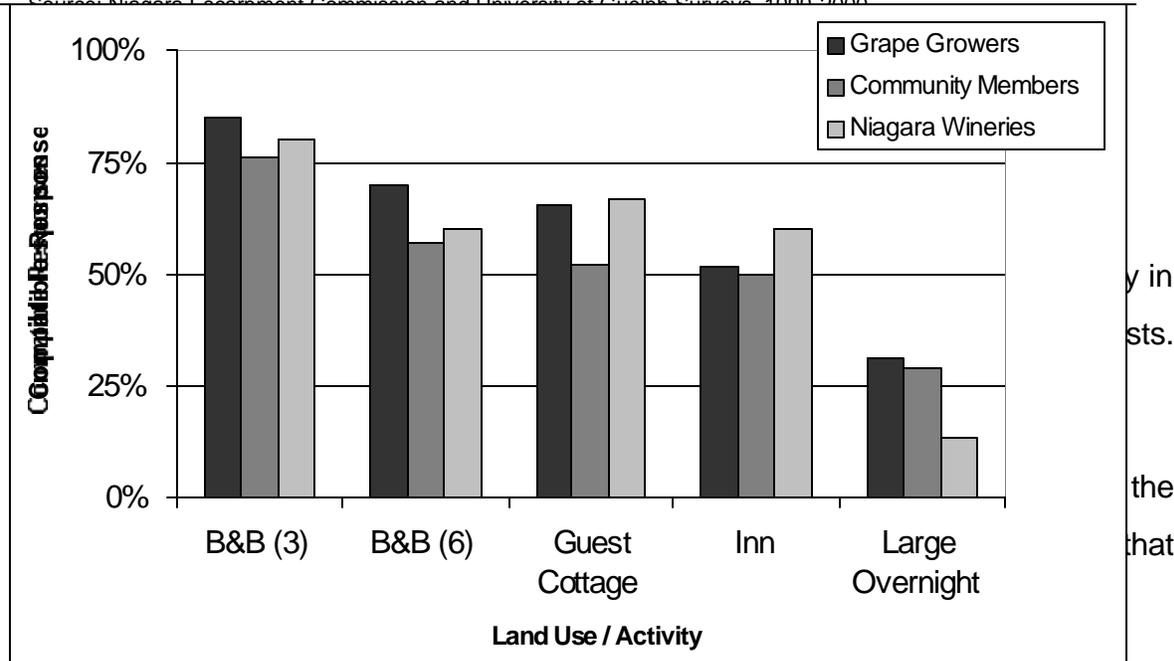
Source: Niagara Escarpment Commission and University of Guelph Surveys, 1999-2000.



establishment of new operations (Figure 6.5).

**Figure 6.5 Compatibility of Types of On-site Accommodations**

Source: Niagara Escarpment Commission and University of Guelph Surveys, 1999-2000.



as the intensity of the use increases the compatibility of the use decreases. There is no surprise over the concerns associated with large overnight accommodation uses, since all respondents viewed them as incompatible.

## **6.6 Conclusion**

The purpose of this chapter was to understand the views of those that are directly involved with or associated with the development of the wine industry. The entire region is experiencing change as the industry evolves. By understanding the views of the winery operators, local grape growers, and winery neighbours, planners may be more able to create policy that meets the needs of all parties.

Land uses and activities that were ranked with the highest compatibility are probably not responsible for recent land use conflicts nor are they likely creating the political pressure to revise existing policy. Even where more than 50% of respondents view a use as compatible there is still obvious potential for localized problems and complaints.

A review of the complete results from this chapter, which combine commercial, dining and accommodation uses, clearly identifies that some uses are more compatible than others (Table 6.3). This chart has the potential to be of assistance in delineating the extent of review that should be attached to new winery proposals. From the perspective of the stakeholders there is the basis for suggesting that compatible uses would be justified as a right in agricultural areas, whereas those which are somewhat compatible could be permitted by rezoning under appropriate official plan policy, while those rated as Least Compatible, may simply not be appropriate.

**Table 6.3 Summary of Compatibility Rankings**

Compatible	Somewhat Compatible	Least Compatible
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Tours and Tastings Wine Sales Gift Boutique Sale of Local Products Outdoor Barbecue B & B (max. 3 rooms)	Bus Tours Outdoor Events Indoor Events Small Restaurant Restaurant Fine Dining Weddings & Reception Banquet Facilities Conference Rooms B & B (max. 6 rooms) Guest Cottage Inn	Sale of Non-local Products Helicopter Tours Large Gourmet Large Overnight
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In most jurisdictions, planning policy already permits the uses that are viewed as compatible. Thus when creating policy for wineries, planners may determine these uses to be part of any winery. The uses that are somewhat compatible may require further definition or regulation in planning policy by way of zoning regulations. These uses may be permitted by way of zoning amendment or development application approval on a case by case basis. In Niagara Region, planning policy permits a bed and breakfast up to six rooms, even though this use was categorized as incompatible there has been no documented conflict. The larger scale uses were consistently viewed as incompatible and inappropriate in an agricultural setting. Clearly, these large-scale uses require some type of planning process to ensure that if the use is going to be developed that it is done through a public process and in the public interest.

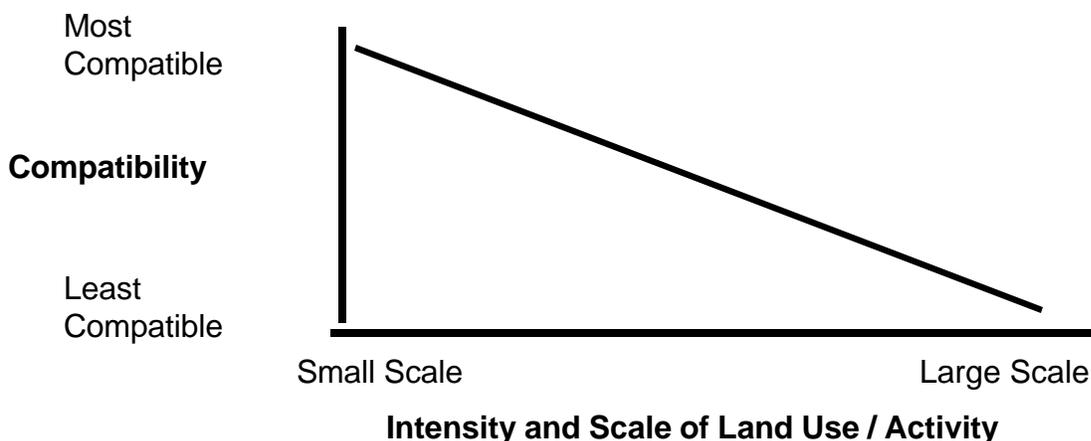
## 7.0 CONCLUSIONS AND RECOMMENDATIONS

As the number of on-site estate wineries has increased they have attracted the attention of neighbouring property owners. The result is often unpredictable. Sometimes, neighbours are supportive or ambivalent towards the new use, but sometimes there is considerable animosity. As a result, municipalities struggle to develop policy which protects the rights of neighbours, while also recognizing the opportunities associated with further estate winery development. As part of this, municipalities want to ensure that members of the local community are informed, educated and part of the policy development process. By more clearly understanding the community perspective on this issue, there is the opportunity to avoid, resolve or minimize potential conflict.

### 7.1 *General Trends in the Compatibility Rankings*

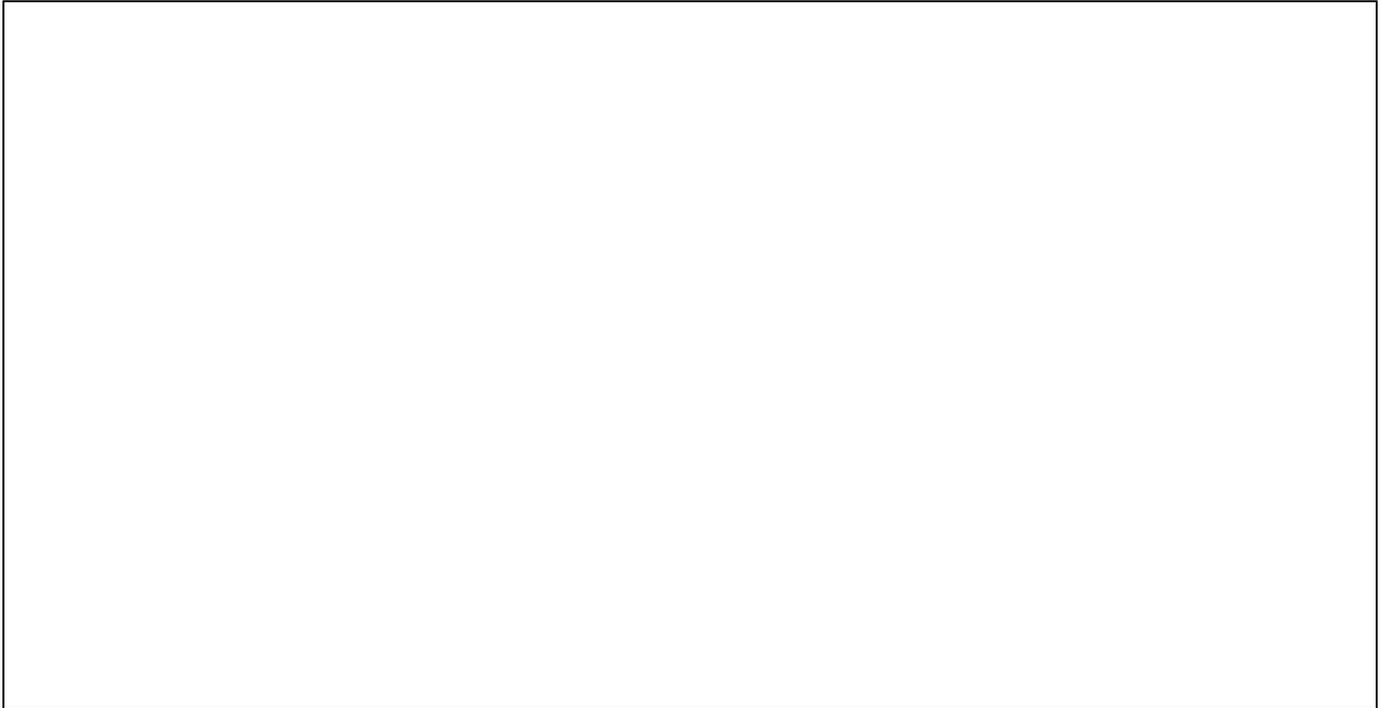
This research has provided insight into the relationship between winery related uses and the local community. This information will be of benefit to those reviewing local planning documents. When reviewing these land uses from the perspective of their perceived compatibility the trend can be seen more clearly. Figure 7.1 shows the relationship between perceived compatibility and land use intensity.

**Figure 7.1 Views on Land Use Compatibility – A General Idea**



Specific examples, reflecting the research results are presented in Figure 7.2.

**Figure 7.2 Views on Land Use Compatibility – Specific Examples**



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Generally, as land use intensity increases there is a tendency for individual land uses to be viewed as increasingly incompatible.

***7.2 Comparing Planning Policy and the Views on Compatibility***

By comparing the views on compatibility and planning policy, an analysis was done on the effectiveness and appropriateness of existing policy. An initial review suggests that recent planning policy is working. However, with such rapid expansion and development of new uses policy may lag behind. Constant review and research is required to understand the perceptions of development in order to reduce land use conflict.

Planning policy has addressed a variety of land uses, the majority of which were used in this survey. Table 7.1 shows how existing planning policy compares with the uses that were seen as compatible by the survey respondents.

**Table 7.1 Comparison of Existing Planning Policy & Survey Respondent Views**

Land Use / Activity	Generalized Planning Policy	Survey Respondent Views	
		Compatible Uses	Somewhat Compatible Uses
<b>Commercial Uses</b>	<ul style="list-style-type: none"> <li>• Must be small scale in nature and serve the principal use, such as:               <ul style="list-style-type: none"> <li>• Retail Wine Sales</li> <li>• On-farm Product Sales</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Tours and Tastings</li> <li>• Wine Sales</li> <li>• Gift Boutique</li> <li>• Sale of Local Products</li> </ul>	<ul style="list-style-type: none"> <li>• Bus Tours</li> <li>• Outdoor Events</li> <li>• Indoor Events</li> </ul>
<b>Dining and Related Services</b>	<ul style="list-style-type: none"> <li>• No clear regulation, only done by planning amendment or planning approval on a case-by-case basis.</li> </ul>	<ul style="list-style-type: none"> <li>• Outdoor Barbecue</li> </ul>	<ul style="list-style-type: none"> <li>• Restaurants seating less than 100 persons</li> </ul>
<b>Accommodations</b>	<ul style="list-style-type: none"> <li>• Bed and Breakfast with a maximum of six guest rooms</li> </ul>	<ul style="list-style-type: none"> <li>• Bed and Breakfast with a maximum of three guest rooms</li> </ul>	<ul style="list-style-type: none"> <li>• Guest Cottage</li> <li>• Bed and Breakfast with a maximum of six guest rooms</li> <li>• Inn</li> </ul>

The relationship between planning policy and survey results is fairly consistent. Generally, those uses which are identified as “compatible” tend to be permitted under local planning policy.

With the diversification and intensification of the wine industry, it is probable that development will continue to include more land uses that are not typical in the agricultural setting. The surveys show that some of these uses are acceptable (i.e., bed and breakfasts) and that some could be considered acceptable in the future (i.e., small restaurants). There is a need to find a balance between the future development of the wine industry and the views of those involved or impacted by development to ensure that development is compatible with the agricultural setting and the rural community. Failure to do so is likely to lead to increasingly restrictive

by-laws; thereby forcing a larger number of proposals and a broader range of uses through formal review under the provisions of the Planning Act.

The information included within Table 7.1 has been analyzed and reconfigured in Table 7.2 to demonstrate the extent of planning approvals required for winery developments. Compatible uses, subject to appropriate by-law requirements tend to be permitted as-a-right on agricultural lands, whereas the least compatible uses are subject to Official Plan and zoning amendments. This ensures the most rigorous and thorough review, with no certainty that such uses will be approved. Those uses which are subject to zoning by-law amendments only, tend to be uses which may be permitted under existing official plan policy, but which need to demonstrate compliance with this policy.

**Table 7.2 Levels of Planning Approval for Winery Development: Results from Survey Responses**

<b>As-a-right Under Standard Zoning By-laws (only Building Permit required)</b>	<b>Zoning By-law Amendment</b>	<b>Official Plan and Zoning By-law Amendment</b>
Tours and Tastings Wine Sales Gift Boutique Sale of Local Products Outdoor Barbecue B & B (max. 3 rooms)	Bus Tours Outdoor Events Indoor Events Small Restaurant Restaurant Fine Dining Weddings & Receptions Banquet Facilities Conference Rooms B & B (max. 6 rooms) Guest Cottage Inn	Sale of Non-local Products Helicopter Tours (or similar promotional activities) Large Gourmet Large Overnight

### **7.3 Recommendations**

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The following recommendations have been developed through the research, including discussions with local planners, the research advisory committee, community members, estate winery owners and grape growers. The recommendations are intended to be of assistance in developing future policy initiatives related to the estate wine industry.

### **7.3.1 General Recommendations**

- Not only do we need to preserve agricultural lands, we also need to promote agricultural activity. If agriculture provides a sustainable and viable income for farmers, then it is highly probable that the land will remain in production. Consequently:
  - The establishment of additional estate wineries is likely to contribute to continued agricultural and estate winery diversification.
  - There is an opportunity to enhance business development through workshops or seminars that are focused on winery management and development.
- Stakeholders should continue to develop agri-tourism and the wine industry. From an employment and agri-tourism perspective there are advantages to focusing on small and local development. Industry representatives, municipalities and rural residents should work together to identify strengths and opportunities.
- Land Use Planning Policy needs to acknowledge that the wine industry needs to remain competitive in the global market.
  - From a planning and development perspective this means protecting the ability of the grape growers to produce grapes and of the estate winery owners to produce a world-class product. As part of this, the researchers came to recognize the importance of building on the agri-tourism experience; both as a

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marketing strategy, but perhaps even more importantly as the basis upon which much of the “luster” and associated demand for the wine itself is established.

- Marketing schemes that draw people to Niagara will benefit the wine industry. Potential partners include municipalities, Wine Council of Ontario, Niagara Economic Development Council, and local Chambers of Commerce.

- The continued development of technology and knowledge of the grape and wine industry is likely to help enhance the development of the estate wine industry (i.e., Brock University and Niagara College). In addition, more focus on land development and planning policy in combination with knowledge areas in viticulture and oenology is recommended.

- The validity of this research would be enhanced through additional research that extends the geographic coverage of the survey population. Additional research that focuses on education of the community and the identification of conflict resolution strategies (between wineries and their neighbours) would be of value.

### ***7.3.2 Land Use and Planning Policy Recommendations***

From a land use perspective, local regional and provincial authorities should:

- Develop policy for winery and agri-tourism development that is more consistent across the Region. This policy should determine appropriate and compatible secondary and accessory uses to agriculture.

- Continue to monitor development in Niagara Region and understand the pressures of development on agricultural land. One of these pressures is the development of non-farm uses on agricultural lands. Planning policy must ensure that agriculture remains a principle use in prime agricultural areas.

- Complete further research on future winery development (and related planning policy). For example, what is the projected number of wineries in 10 or 20 years and is there enough land base to support future development of the industry. A comparison with other wine producing areas, such as Napa and Sonoma Valley and the number of wineries per land area may provide further insight.
- The Town of Lincoln has committed to reviewing the planning policy that relates to the wine industry. This is an important step that should be considered by other wine producing jurisdictions in Niagara and elsewhere. In addition there is an opportunity for co-ordination between the jurisdictions.
- The notion of a specific “winery designation” to be potentially included within Official Plans should be investigated. As envisioned this would serve to make it easier for legitimate winery related uses to establish in a given area – while at the same time serving to restrict those uses which might compromise the long – term establishment of a “winery landscape” and agri-tourism designation that could rival the most prestigious wine producing areas in the world.
- Visioning: For many years the Niagara area has grappled with the relationship between agriculture, other rural land uses and urban development. A long-term vision of an area dominated by estate wineries and related agri-tourism will not simply happen- a vision needs to be established, and implementation aggressively pursued.

### **7.3.3 Research Related Recommendations**

- The Town of Lincoln and Town of Niagara-on-the-Lake have established planning policy that clearly outlines rules for the development of the wine industry. The keys to these policies are the specific references to the size and scale of development in relation to the classification of winery type.

- The City of St. Catharines Plan allows for flexibility when reviewing development applications. This provides greater opportunity for winery developers to justify their establishment and/or expansion. This also gives flexibility to the approval authority and allows for a case-by-case review.
- Municipalities should review the perceptions of the community, grape growers, and Niagara wineries, as identified by this research and incorporate these views into future policy.
- A collaborative approach, involving all stakeholders, is needed to determine the direction of winery development. Partnerships between the community and the public and private sector have the potential to be a major impetus in identifying long term planning goals and appropriate and effective policy.

In the future the agricultural industry and rural communities will continue to evolve. Clearly, land use planning, and planning in general, must anticipate and respond to the changes that lie ahead and begin to develop land use planning programs that respect the role of agriculture in the local community. The continued growth of the “estate” wine industry has the potential to offer long term benefits to both agriculture and the broader rural community. The growth of this industry, however, is neither certain nor guaranteed. Its’ growth will be contingent upon finding the right balance between public policy, the needs of the industry and the aspirations of the broader rural community. In this context the planning process and planning regulations are key. Planning can be an impediment to development, or conversely it can establish clear, objective and fair criteria that will facilitate a balanced approach that will contribute to the positive development of Ontario’s wine industry.