

Introductory Material -

Project Title - Planning for the Future Development of the Niagara "On-Farm" Wine Industry

Name and Address of Research Establishment -

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Other - Advisory Committee Participants

- Regional Municipality of Niagara
- Town of Lincoln
- Industry – Local Grape Grower
- OMAFRA - to be appointed

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Planning for the Future Development of the Niagara "On-Farm" Wine Industry

Executive Summary -

Recent newspaper headlines identify some of the challenges facing Niagara's rapidly growing "on-farm" wine industry. Headlines such as,

"Winery Expansion Sours Neighbours"

(The St. Catharines Standard, Feb. 16, 1999)

"A Winery Resort Doesn't Belong on Niagara Peninsula"

(Kitchener Record, Feb. 12, 1999),

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

Planning regulations established by provincial and municipal authorities 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 "on-farm" wineries. The emergence of "on-farm" wineries and associated value-added products have placed the Niagara Region on the leading edge of the industry while at the same time creating various land use changes and scenarios. The typical "on-farm" 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.

Recently, the Ontario Municipal Board has approved the construction of a four seasons "winery resort", which is beyond what most planners and community members feel is appropriate. This diversification comes with risks and opportunities. On one hand this type of development *offers new employment and economic opportunities and diversification potential* that is needed to elevate the industry one step further. On the other hand *it raises questions concerning compatibility with existing agricultural activities* and leads to questions concerning the appropriateness of these new activities in an agricultural context.

While Ontario's "on-farm" wine industry is continuing to evolve similar situations can be seen elsewhere in Canada, primarily the Okanagan Valley wine

region in British Columbia. A comparison of the situation in Niagara Region with that of the Okanagan Valley will allow for recognition of common issues and possible alternatives, solutions, and strategies for future planning.

The **purpose** of this research is to understand the dynamics of the "on-farm" wine industry and to evaluate the appropriateness of related provincial, regional, and local planning policy. This policy is directly related to the future growth and development of the Niagara "on-farm" wine industry with numerous related rural economic development opportunities.

This research will focus on policy analysis and discussions with those directly involved in the "on-farm" wine industry. It will draw on planning and economic development initiatives from the Niagara Region and the Okanagan Valley and will consist of four phases as follows:

- **Setting the Context** - Issues related to Niagara's "on-farm" wine industry will be reviewed and documented. This will occur from an international, national, provincial and local perspective.
- **The "On-Farm" Wine Industry - An Analysis**- Discussions with individual growers and wine industry operators will provide insight into the changing dynamics of the Niagara wine industry.
- **Planning and Economic Development Policy** - Key to the study is the documentation and analysis of planning and economic development policy as it relates to the "on-farm" wine industry. Interviews with planners, municipal politicians, growers, winery owners, and development corporations will 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. Documentation and analysis of the approaches used in British Columbia will help to identify further opportunities for Ontario.
- **Analysis and Recommendations** - The report will conclude by evaluating the appropriateness of policy used in Ontario. How are the planning regulations which are applied affecting the Niagara on-farm wine industry (positively or negatively) and how should these criteria be altered to better suit the needs of this growing industry.

Consistent with OMAFRA's Special Research Project Criteria for Proposals this project will focus on advancing rural Ontario economic development. It seeks to understand current trends and barriers affecting the economic growth and development of the Ontario "on-farm" wine industry. It will look for indicators of successful policy and will attempt to establish benchmarks for municipalities in developing and implementing strategic long-term planning policy related to the "on-farm" wine industry. Building on this the report will identify recommendations for the effective development and implementation of policy that is supportive of the future prosperity of the Ontario "on-farm" wine industry. Rationale / Objectives of Project –

The "on-farm" wine industry is one of the fastest growing agri-businesses in

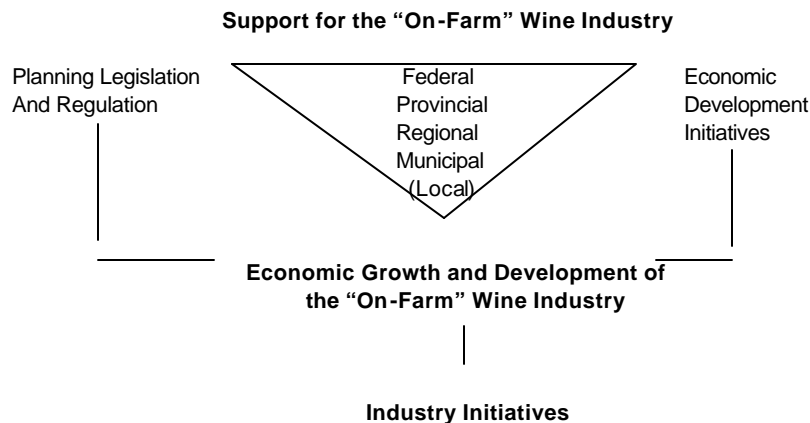
the Niagara Region and provides numerous direct and indirect opportunities for growth and development of the region on whole. The Niagara Region has a commodity that is unique and marketable both locally and globally. With proper planning control and economic development initiatives the wine industry has potential to develop far beyond present day standards. Many opportunities surround the wine industry, but they must be promoted and developed in a controlled manner so that success is achievable. The growth and development of the industry will depend on initiatives by regional and local governments and the cooperation of the industry. These initiatives must consider present day planning while at the same time address and focus on long-term strategies.

Despite the opportunities that exist for the "on-farm" wine industry, there are risks. Increasingly there are proposals to establish related uses, such as restaurants, resorts and bed and breakfasts. While these activities are positive from the perspective of employment, there is not a good understanding of how they relate to the commercial agricultural sector.

The comparison with the Okanagan Valley may present some alternatives or lessons that could be used by government and the industry. The wineries in the Okanagan Valley are also expanding. "On-farm" wineries have become familiar structures on the agriculture landscape, just as they have in Niagara. From an agricultural policy perspective many of the issues experienced in Niagara have also been experienced in British Columbia.

The **goal** of this research is to understand the dynamics of the "on-farm" wine industry and to evaluate the appropriateness of related provincial, regional, and local planning policy. This analysis, in conjunction with the Okanagan experience, will serve as a framework for long-term growth strategies that will be important for the future economic growth, development and sustainability of the "on-farm" wine industry, as well as, the future of the Niagara Region as a leader in the agricultural industry.

The following diagram presents the direction of the research:



The goal will be achieved through the following objectives:

1. To explore the growth and development of the Niagara “on-farm” wine industry and to provide an overview of it's current status
2. To examine the impact of past and present government policy and planning initiatives and determine how (or if) those changes have supported or inhibited the growth and development of the wine industry through,
 - the study of the past and present policy implementation and
 - the review of various revisions and alterations in planning legislation and regulation and economic development initiatives.
3. To determine if government policy and planning initiatives have complimented economic development initiatives and the goals of producers and the industry.
4. To compare the government and industry initiatives of the Niagara wine industry with that of the Okanagan Valley wine industry.

Anticipated Benefits To / Impact on the Industry –

The future of the Niagara wine industry depends on striking an effective balance between agricultural production, marketing, on-farm activity, estate wineries and agri-tourism. The introduction of too-much non-farm activity runs the risk of consuming the agricultural resource. Through a better understanding of the dynamics of the on-farm wine industry and provincial and municipal planning policy there is an opportunity to ensure that future planning decisions strike the appropriate balance - fostering the continued growth and development of this important rural industry.

The benefits of the research are to those directly involved in the “on-farm” wine industry, as well as those indirectly involved. Local communities, regional centers, and the province as a whole will benefit from the long-term viability of this sector. Specific groups that will benefit include:

- local grape growers
- local winery owners (present and projected)
- local store owners
- local employment rates increase -as direct and “spin-off” jobs are created
- local entertainment and leisure activities (e.g. festivals, Bruce Trail)
- other related agri-tourism revenues
- recognition of products on a national and global scale
- among others

In summary, the research will provide a basis for planning and development initiatives to guarantee that the Niagara wine industry continues to grow and develop and to ensure that the wine industry remains competitive in the global market. Results will allow for building upon existing conditions, while taking advantage and control of new opportunities. The benefits go far beyond those that will be visible directly on the industry - they encompass the entire region and each

community within the region.

Literature Review –

Recently, the Ontario wine industry has undergone many changes, one of the most predominant changes is the growing number of smaller, on-farm wineries (Meyers, 1999). The “on-farm” wine industry is at a crossroads that could make or break it over the next five years. The crossroads focuses on complacency and innovation, between maintaining and consolidating the status quo or branching off into something new (Bramble, 1999). Peter Gamble, executive director of VQA Canada, suggested “those who think the industry have no further to go have lost sight of the bigger picture” (Bramble, 1999).

The development of “on-farm” wineries and the related uses have drawn much attention to the Niagara Region over the past year. Earlier recommendations to the Niagara Region regarding “estate wineries” focused on the need for encouragement and support of estate type wineries by identifying and protecting those areas which have unique grape production potential, and by integrating grape production, processing and marketing into one policy perspective for these areas” (InfoResults, 1989). This recommendation has long been outdated with the new development proposals and expansions being prepared for review and possible approval through local and regional governments and the Niagara Escarpment Commission.

Proposals for winery expansions to accommodate even more extensive uses have been the focus of much attention. Once again, this can be seen in local newspapers – “Winery expansion sours neighbours” (Benner, 1999) and “Winery’s resort plan too much for escarpment” (Molnar and Pim, 1999). Much of the new development goes far beyond the present definitions of agricultural related or secondary uses. However, a long-term outlook is shared by movers and shakers in the grape and wine industry. Some places have already produced showpieces “knocking the socks off the industry” and are positioning themselves for more growth in the next century and are very optimistic about the wine business, the tourism business, our international exports (Wakulich, 1997). It could be argued that this type of development is necessary to ensure the continuing competitiveness of Niagara’s agricultural sector. Therefore, dynamic partnerships between public and private sector organizations that build on existing initiatives and pursue new opportunities will be a major component and catalyst in achieving positive results (Niagara Renewed an Economic Framework for Our Future, 1998).

Land use planning is confronted with a new dynamic in terms of agriculture and agriculture land uses (Douglas et al., 1990). Rather than traditional Municipal planning, which has historically been to plan for development (Singh, 1976) and basically serve the needs for policies which protect the best agricultural lands, and establish firm defensible boundaries (InfoResults, 1989); planning and planning regulation should promote long-term interests (Szojka-Parnell, 1997). Proper planning and economic development initiatives will interest local partners looking for investment opportunities with strong growth potential (Jurisic, 1998), this will only

provide more economic opportunities for the Niagara “on-farm” wine industry. However, it is essential to recognize and focus on the rural planning issues that confront the “on-farm” development of the Niagara wine industry.

Experimental Procedures –

The important aspect of the research is that it will be written from an “inside” perspective – simply, utilizing the views of those that are directly involved and associated with the growth and development of the “on-farm” wine industry. The research will also focus on policy analysis and the role policy has played in shaping the industry. It will draw on planning and economic development initiatives from the Niagara Region and the Okanagan Valley and will consist of four phases, as follows:

- **Setting the Context** - Issues related to Niagara's "on-farm" wine industry will be reviewed and documented. This will occur from an international, national, provincial and local perspective. Using a variety of sources from the government, related industry organizations, and individual wineries a background for the research and a basis for all evaluations will be provided.
- **The "On-Farm" Wine Industry - An Analysis**- Discussions with individual growers and wine industry operators will provide insight into the changing dynamics of the Niagara wine industry. Questionnaires will be administered to participants in order to document their comments. This will provide a perspective from the industry and how individuals directly involved have reacted and continue to react to the changing industry. It will also provide the opportunity for these individuals to suggest what can be done to further support the economic development of the “on-farm” wine industry.
- **Planning and Economic Development Policy** - Key to the study is the documentation and analysis of planning and economic development policy as it relates to the "on-farm" wine industry. Interviews with planners, municipal politicians, growers, winery owners, and development corporations will 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. This will also address obstacles that producers have encountered during recent expansion and what regulations are appropriate to reflect the needs of agriculture and the local community. Documentation and analysis of the approaches used in British Columbia will help to identify further opportunities for Ontario.
- **Analysis and Recommendations** - The report will conclude by evaluating the appropriateness of policy used in Ontario. How are the planning regulations which are applied affecting the Niagara “on-farm” wine industry (positively or negatively) and how should these criteria be altered to better suit the needs of this growing industry.

* All discussions and questionnaires will be consistent with and adhere to the University of Guelph Code of Ethics. The procedure is now in review under the Experimental Protocol – Review of Ethical Standards for

Communications Plan –

The purpose of the communication plan is to ensure that the material resulting from this research, the ensuing recommendations, and the final report are made available to all interested parties. It is extremely important to relay the results of the research in a consistent fashion to affected parties. In order to create a partnership of planners, owners/operators, industry members, and other associated personnel it is vital to make the report and recommendations as readily available as possible, while at the same time ensuring the opportunity for dialogue with the researchers.

Annual interim reports (2) – These will be submitted to the Ministry of Agriculture, Food and Rural Affairs and the established Advisory Committee.

Final Report - The final report will be given to those that supported the project - OMAFRA, planning departments, and industry personnel. A copy will also be available at the University of Guelph in the School of Rural Planning and Development and the University of Guelph school library.

Article for the popular press – The intent of the research is to support and encourage the continued development of the “on-farm” wine industry and related economic conditions in rural Ontario. Consequently, a summary of the results will be circulated to a number of magazines and journals in the industry:

- Municipal World
- Ontario Planning Journal
- Newsletter for Ontario Grape Growers Marketing Board
- Vines Magazine
- Summary for Local Newspapers
- Summary for the Wine Council of Ontario Newsletter
- Summary for Farm and Country Magazine
- Summary for Canadian Fruitgrower Magazine

Publish results in scientific literature – It is also important to submit the report to respected scientific and academic journals. Taking this into consideration a related paper will be submitted to one of the following:

- Plan Canada
- Canadian Geographer
- Journal of Soil and Water Conservation

- Cdn. Journal of Agriculture Economics

Additional Outreach – In addition too submitting the report to the press and journals a workshop will be organized with invites extended to the Ministry of Agriculture, Food and Rural Affairs personnel, interested planners and associates, industry related members and farm groups, and local personnel. As well, there may be the possibility to make paper presentations at other conferences (e.g. Ontario Planning Conference, a Rural Ontario Council Conference, and an Economic Development Conference).

An Advisory committee has been established to evaluate, track, and monitor the research as it proceeds. This committee will meet once every three to four months for a briefing of the research status. Here, any concerns or new directions will be discussed and worked into the research if relevant. The committee will include:

Representative from the Ministry of Agriculture, Food and Rural Affairs,
Member of Regional Planning Department,
Member of Municipal Planning Department,
An Industry Related Member,
Principal Researcher, and
Graduate Student.

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