

# Ontario Artisan Wineries

## Vignobles Artisansaux De L'Ontario

1



# Ontario Artisan Wineries

- ▶ Incorporated in spring 2022
- ▶ Represents artisan non-VQA member wineries (i.e., <2000 cases)
- ▶ Members in Eastern Ont., Prince Edward County, and Erie North Shore
- ▶ Distinct from Eastern Ontario Wine Producers (“EOWP”)



**Seeking  
Support / Advocacy**

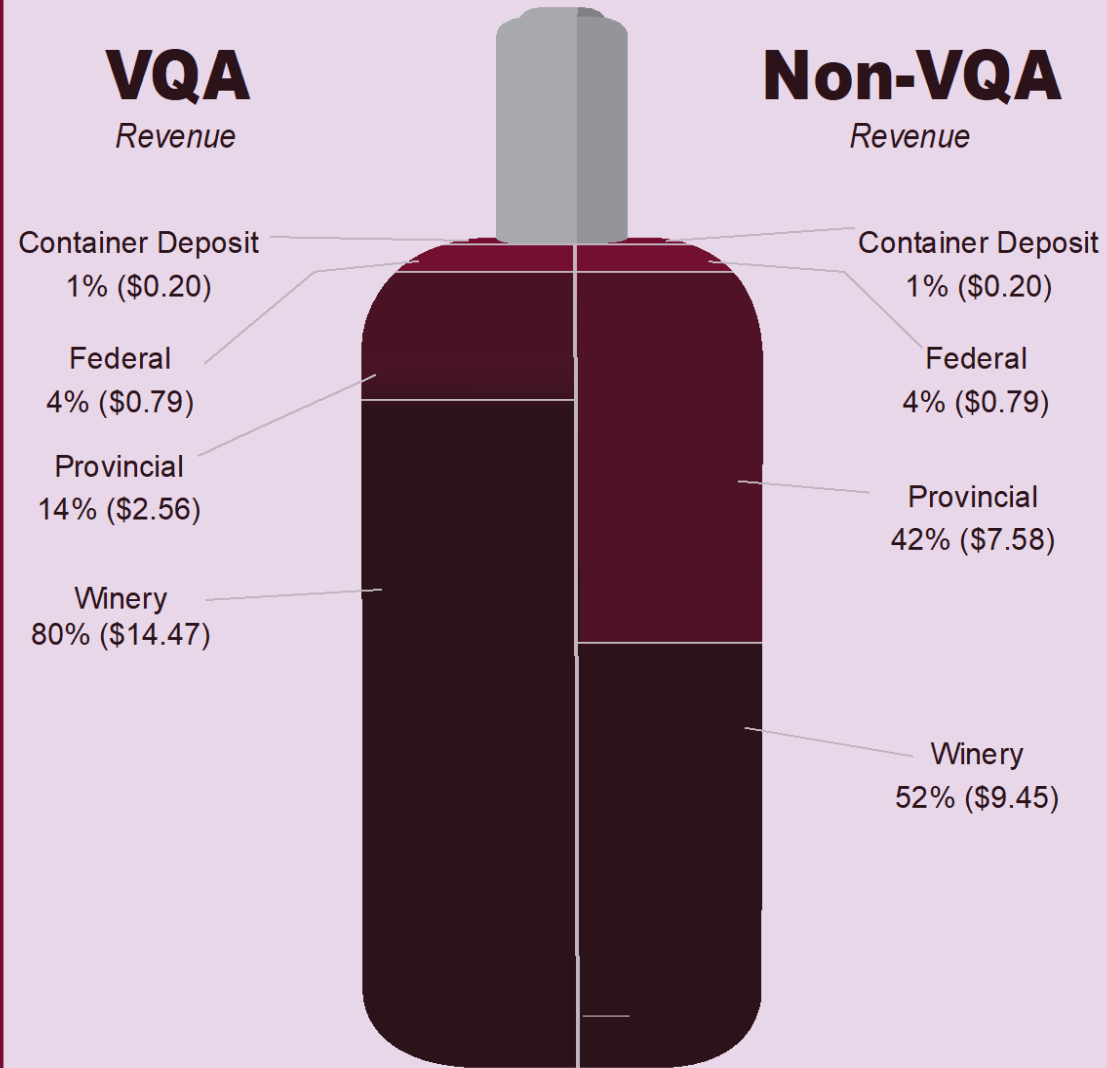
**Eliminate the LCBO Mark-up  
and Wine Levy imposed on the  
Direct Delivery of 100% Ontario  
Non-VQA Wine to a Licensee**

# LCBO Mark-Up and Wine Levy on 100% Ontario Non-VQA Wines

4

- ▶ In effect has barred sale of wine by local artisan wineries to local licensees (e.g., restaurants, event venues)
- ▶ Limiting development of local agri-tourism and rural diversification
- ▶ Punishing and discriminating against growers and producers using 100% Ontario grapes
- ▶ Adversely impacting sustainability of local artisan wineries and development of rural/local economies
- ▶ Inconsistent with Ontario being “Open for Business” and “support local”

# Direct Delivery to a Licensee of 100% Ontario Wine



\* Non-VQA costs 28% more and earns 28% less revenue

1. Based on the sale of \$20.00 bottle of wine
2. LCBO Calculator form example completed 22-07-17
3. Both VQA and Non-VQA use 100% Ontario grapes
4. Difference in revenue/fees arises from **LCBO Mark-up (\$1.2150)** and **LCBO Wine Levy (\$6.6707)** imposed on Non-VQA wine
5. Distribution may not add to 100% due to rounding

# Direct Delivery to a Licensee Example

## Both Use 100% Ontario grapes

6

Retail Price \$20.00	VQA Wine		Non-VQA Wine	
Selling Price \$18.02 (HST, Discounts etc.)	\$18.02		\$18.02	
Winery Revenue	80%	\$14.47	52%	\$9.45
Provincial Revenue	14%	\$2.56	42%	\$7.58
Federal	4%	0.79	4%	0.79
Container Deposit	1%	0.20	1%	0.20
Total Tax/Charges	19.7%	\$3.55	47.5%	\$8.57
Excise Tax .60	23%	\$4.15	50.8%	\$9.17

- Does not add to 100% due to LCBO rounding
- % of tax/charges is based on \$18.02 selling price as determined by LCBO
- **Difference is LCBO Mark-up (\$6.6707) and Wine Levy (\$1.2150) totaling \$7.8857**
- Based on LCBO calculator completed 22-07-15



# Financial Implications – Prov. Charges: Both Selling 100% Ontario Grapes

## VQA

- ▶ **Case of Wine**
  - ▶ \$173.64 Winery Revenue
  - ▶ \$30.72 Prov. Charges
- ▶ **1,000 cases / 12,000 bottles**
  - ▶ \$173,640.00 Winery Revenue
  - ▶ \$30,720.00 Prov. Charges
- ▶ **2,000 cases / 24,000 bottles**
  - ▶ \$347,280.00 Winery Revenue
  - ▶ \$61,440.00 Prov. Charges

## Non-VQA

- ▶ **Case of Wine**
  - ▶ \$113.40 Winery Revenue (**\$60.24 less**)
  - ▶ 90.96 Prov. Charges (**\$60.24 more**)
- ▶ **1,000 cases / 12,000 bottles**
  - ▶ \$113,400.00 (Winery Revenue **\$60,240.00 less**)
  - ▶ \$90,960.00 Prov. Charges (**\$60,240.00 more**)
- ▶ **2,000 cases / 24,000 bottles**
  - ▶ \$226,800.00 Winery Revenue (**\$120,000.00 less**)
  - ▶ \$181,920.00 Prov. Charges (**\$120,000.00 more**)

# Financial Implications – Total Charges: Both Selling 100% Ontario Grapes

## VQA

- ▶ **Case of Wine**
  - ▶ \$173.64 Winery Revenue
  - ▶ \$42.60 Total Charges
- ▶ **1,000 cases / 12,000 bottles**
  - ▶ \$173,640.00 Winery Revenue
  - ▶ \$42,600.00 Total Charges
- ▶ **2,000 cases / 24,000 bottles**
  - ▶ \$347,280.00 Winery Revenue
  - ▶ \$85,200.00 Total Charges

## Non-VQA

- ▶ **Case of Wine**
  - ▶ \$113.40 Winery Revenue
  - ▶ \$102.84 Charges
- ▶ **1,000 cases / 12,000 bottles**
  - ▶ \$113,400.00 (Winery Revenue **\$60,240.00 less**)
  - ▶ \$102,840.00 Total Charges (**\$60,240.00 more**)
- ▶ **2,000 cases / 24,000 bottles**
  - ▶ \$226,800.00 Winery Revenue (**\$120,480.00 less**)
  - ▶ \$205,680.00 Charges (**\$120,480.00 more**)



# LCBO Authority to Impose Mark-up and Wine Levy on Non-VQA Wine

- ▶ The LCBO Mark-up and Wine Levy imposed on the direct delivery of 100% Ontario Non-VQA wine to a licensee arise from the “natural rights” provision in subsection 4(1) of the *Liquor Control Board of Ontario Act*, S.O. 2019, which gives the LCBO “the capacity, rights and powers of a natural person for the purposes of carrying out its objects.”
- ▶ It is a discretionary **policy decision** that can be changed and does not require legislative amendment
- ▶ Eliminating the LCBO Mark-up and Wine Levy will **increase** Provincial Revenue as Non-VQA wineries can start selling direct to local licensees and support rural economic development

# Changing LCBO **Policy Decision** Will Require Sustained and Multi-Interest Advocacy

**Grape Growers of Ontario (“GGO”) Board of Directors Resolution adopted October 3, 2022:**

- ▶ “ ...[GGO] Board...**agrees that all 100% grown ‘non-VQA wine be eligible for the same direct delivery benefits to a licensee as afforded to VQA wines’**” (bold added)

**OFA AGM delegates (96.3%) (November 22, 2022) and OFA Board of Directors (Jan. 26, 2023) both approved Resolution 12 (supported by GGO) that the OFA:**

- ▶ Lobby the Ontario Ministry of Finance and LCBO to eliminate the LCBO Mark-up and Wine Levy imposed on the direct delivery of 100% Ontario Non-VQA wine to a licensee, and
- ▶ Request that the Minister of Agriculture, Minister of Economic Development, Minister of Red Tape Reduction, and Minister of Tourism support the elimination of the LCBO Mark-up and Wine Levy

# Changing LCBO **Policy Decision** Will Require Sustained and Multi-Interest Advocacy

**Township of North Glengarry council (November 28, 2022)** supported the elimination of the LCBO Mark-up and Wine Levy

**Township of North Glengarry** and **OAW delegation** and **MPP for Prescott-Russell-North Glengarry** presented (January 24, 2023) to the **Ministry of Finance** at the Rural Ontario Municipal Association conference on the elimination of LCBO Mark-up and Wine Levy

**Seeking further support from MPPs, municipal/township/united councils, local Chambers of Commerce, and other business associations/agricultural organizations**

# Current OAW Wineries Impacted

- ▶ Fernwood Estates (Bainsville)
- ▶ Stonehouse Vineyard (Lochiel)
- ▶ StoneCropAcres (Morrisburg)
- ▶ Smokie Ridge Vineyard (Mountain)
- ▶ Vankleek Hill Vineyard (Vankleek Hill)
- ▶ Vignoble Clos du Vully (Navan)
- ▶ Domain Perrault (Navan)
- ▶ Jabulani Vineyard (Richmond)
- ▶ Green Gables Vines (Oxford Station)
- ▶ Domaine Darius (Hillier)
- ▶ Gravel Hill Vineyards (Hillier)
- ▶ Erie Shore Vineyard (Harrow)
- ▶ **Estimated 30-40 Non-VQA Wineries impacted**

# Ontario Artisan Wineries - Contacts

**Craig S. MacMillan,**

O.O.M., B.A., M.A., LL.B., Ph.D.

Chair (Interim) OAW

Stonehouse Vineyard

Lochiel, ON

[craig@stonehousevineyard.ca](mailto:craig@stonehousevineyard.ca)

[craig@ontarioartisanwineries.ca](mailto:craig@ontarioartisanwineries.ca)

**Joanne R. Pratt,**

B.A., M.A., Somm.

Director (Interim) OAW

Stonehouse Vineyard

Lochiel, ON

[joanne@stonehousevineyard.ca](mailto:joanne@stonehousevineyard.ca)

**Robert Humphries**

Director (Interim) OAW

Fernwood Estate Winery

Bainsville, ON