



**"From Our Glen to Your Glass"**

**On Land Settled by the MacMillan Family in 1793  
In Ontario's Celtic Heartland  
Where Ontario Began**

# North Glengarry Council Meeting

Craig S. MacMillan  
November 28, 2022

► Requesting Support/Advocacy  
to:

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

# Stonehouse Vineyard

- ▶ 100 Acre farm: 5.4 acres /@4600 **cold climate grapes** in 4 vineyards
- ▶ Very cold hardy (-35c to -55c) and good disease resistance
- ▶ Red: Frontenc Noir and Marquette
- ▶ Whites: Frontenac Blanc, Frontenac Gris, Swenson White
- ▶ 25 Experimental varieties
- ▶ Reds are barrel aged minimum 2 years
- ▶ Nine “estate” wines: White, Rose, Red & Fortified
- ▶ **Fresh, Vibrant and Flavourful wines**

# Ontario Artisan Wineries

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

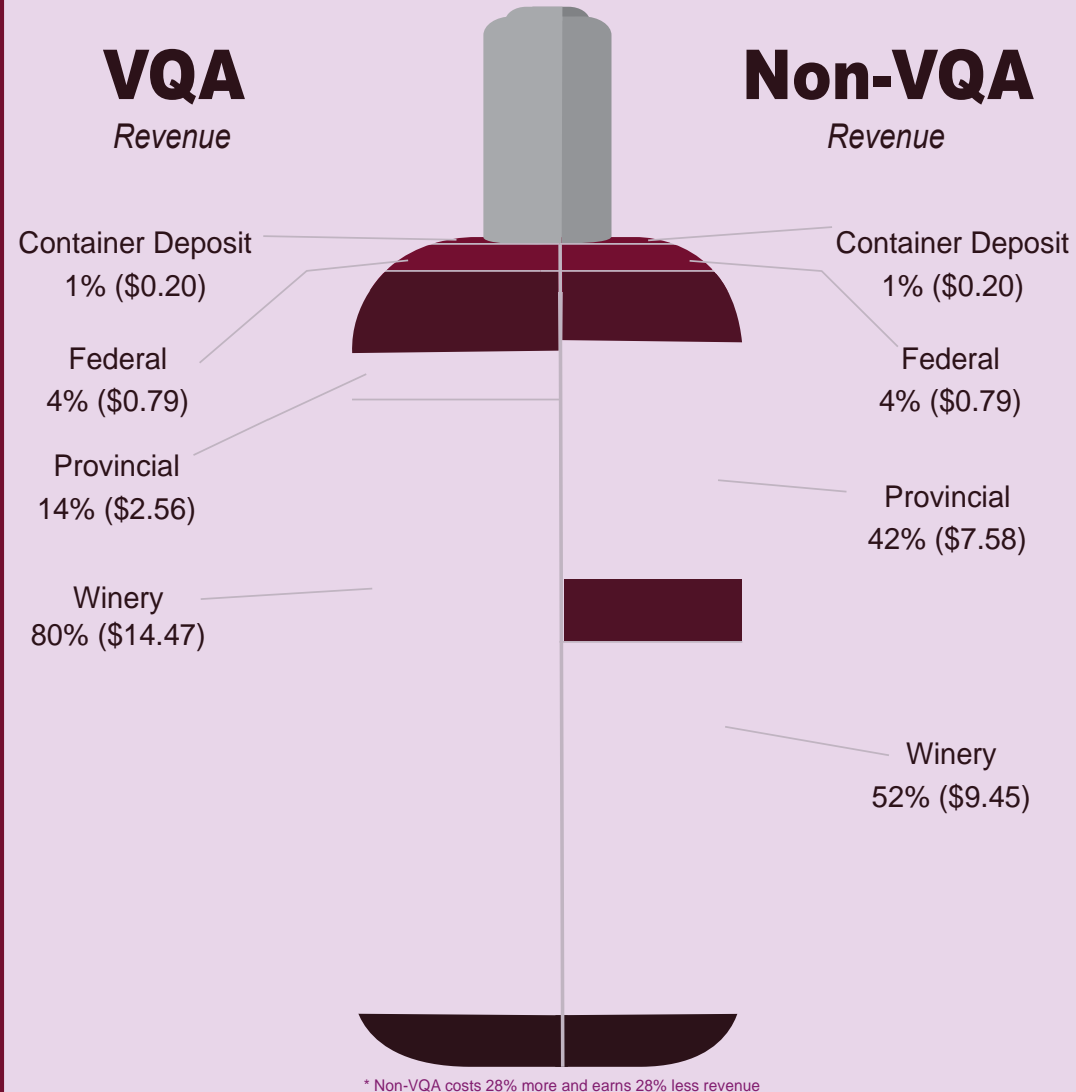


# LCBO Mark-Up and Wine Levy on 100% Ontario Non-VQA Wines

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- ▶ In effect has barred sale of wine by local artisan wineries to local licensees (e.g., Bonnie Glen, La Buvette, Curling Club, etc.)
- ▶ Limiting development of local agri-tourism and rural diversification
- ▶ Punishing and discriminating against growers and producers using 100% Ontario fruit
- ▶ Adversely impacting sustainability of local artisan wineries and development of rural/local economies

# Direct Delivery to a Licensee of 100% Ontario Wine



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

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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: 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

Stonehouse Vineyard

## Non-VQA

- ▶ Case of Wine
  - ▶ \$113.40 Winery Revenue
  - ▶ 90.96 Prov. Charges
- ▶ 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)



# Changing LCBO Policy Decision Will Require Sustained, Broad-Based 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'".

OFA AGM approved Resolution 12 (November 22, 2022) (supported by GGO) that the OFA (subject to review and final approval by the OFA Board of Directors):

- ▶ 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 Finance, 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



# Ontario Artisan Wineries Contacts

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