

Ontario Winery Guide

January 2024

Grape Growers of Ontario

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While the information provided in this Winery Guide is accurate at date of publication (January 2024), regulations are evolving and it is the responsibility of readers to use the links and references that are provided to ensure the most current information.

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1. Introduction to the Grape & Wine Industry







This Winery Guide is designed to provide some practical information on the resources available for prospective new wineries:

- To help understand the complexities of managing a commercial wine business in Ontario.
- To guide commercial vintners through the process of preparing a business plan for establishing and operating a commercial winery in Ontario. A step-by-step reference to the rules, regulations, agencies and policies that govern the establishment and operation of a winery and winery retail store (WRS) in Ontario, and the organizations needed to start, grow and operate a vineyard and winery business.

While the information provided in this Winery Guide is accurate at date of publication, regulations are evolving and it is the responsibility of readers to use the links and references that are provided to ensure the most current information.

Organizations in the Grape and Wine Industry

There are six main regulatory organizations involved in the Ontario grape and Wine industry. A brief introduction is provided here, with more detail in *Section 4*. A list of contacts can be found in *Appendix 1*.

Alcohol and Gaming Commission of Ontario (AGCO) is a regulatory agency for the beverage alcohol industry. AGCO reports to the Ontario Ministry of the Attorney General (MAG) and issues licences, permits and authorizations pertaining to the sale and service of beverage alcohol.

Canada Revenue Agency (CRA) administers the tax programs for the Government of Canada and for most provinces/territories. The Excise Duty Program of the CRA issues the federal licence to produce or package wine in Canada, collects excise duties and inspects licensed premises. The CRA also issues business numbers and program accounts including HST, corporate income tax and import export, and collects taxes.

Ontario Ministry of Finance administers the beer and wine taxes on all purchases other than those administered by the Liquor Control Board of Ontario (LCBO).

Ontario Farm Products Marketing Commission (OFPMC) is an agency of the Ontario Ministry of Agriculture and Food and Ministry of Rural Affairs (OMAFRA). OFPMC administers the *Farm Products Marketing Act.* A person may engage in the processing of grapes or late harvest juice only under the authority of a licence as a processor of grapes or late harvest juice (O.Reg. 350/00). OFPMC issues licences to process grapes and certain other fruits that are regulated by marketing boards.







Ontario Wine Appellation Authority (OWAA) (formerly Vintners Quality Alliance Ontario) is a regulatory agency designated by the province of Ontario as the wine authority to administer and enforce the Ontario *Vintners Quality Alliance Act, 1999* and its associated regulations. OWAA is responsible for maintaining the integrity of regional wine appellations including Designated Viticultural Areas (DVAs), and enforcing winemaking and labelling standards that VQA wine must meet to use regulated terminology.

Organizations for Grape Growers and Winemakers

Grape Growers of Ontario (GGO) is a marketing board operating under authority of the Farm Products Marketing Act. **All processing grape growers are required to be registered with and receive a GGO number before commencing or continuing to engage in the producing or marketing of grapes or late harvest juice (O. Reg. 414: Grapes for Processing – Marketing)**. A letter of confirmation from Grape Growers of Ontario is required as a condition of the Processor's Licence for grape wineries issued by the Farm Products Marketing Commission.

GGO is the advocate of all processing grape growers in Ontario working to achieve sustainable growth and profitability for the Ontario grape and wine industry. GGO provides many benefits and services for their grower-members to help them produce the best quality grapes, protect their investments in land and plantings, and achieve profitability in the marketplace.

Ontario Craft Wineries (OCW) (formerly Wine Council of Ontario) is the trade industry association of VQA wine manufacturers in Ontario. OCW works closely with the Liquor Control Board of Ontario (LCBO) and various ministries of the provincial government to champion and advocate for the growth and success of Ontario VQA wine producers. Membership in the OCW is voluntary.

Wine Growers Ontario (WGO) (formerly Winery and Grower Alliance of Ontario) is an industry association with winery and grower members. The association represents wine produced in Ontario including VQA and International Domestic Blend (IDB) wines. WGO works closely with government ministries and the LCBO to grow the value and profitability of the Ontario grape and wine industry. Membership in the WGO is voluntary.

Tender Fruit Ontario is a marketing board operating under authority of the Farm Products Marketing Act. It represents all growers of peaches, nectarines, pears, plums and prunes for fresh markets, and all growers of peaches, pears, plums and sweet or sour cherries for processing markets. A letter of confirmation from Tender Fruit Ontario is required as a condition of the Processor's Licence for fruit (non-grape) wineries.

Wine Growers Canada (WGC) (formerly Canadian Vintners' Association) is a national association of wineries. WGC represents member issues of a national scope, such as export and inter-provincial sales and national standards and regulations. Membership in the CVA is voluntary.

Contact information for these organizations and associations is found in *Appendix 2*.

Tourism and the Ontario Wine Industry







Wineries play an important role in regional tourism. In 2019, an estimated 2.6 million tourists visited wineries in Ontario, with an economic impact of wine related tourism of over $1 billion[1]. Winery tours and tastings are popular events around the world.

Areas with a high concentration of wineries create special interest areas for tourists, with wine associations and other regional organizations hosting various wine and culinary events, such as the Niagara Grape and Wine Festival, Essex Pelee Island Coast Wine Country Dinner Series and Prince Edward County Wassail. Wine Marketing Association of Ontario is dedicated to promoting the VQA wines of Ontario and provides the Ontario Travel Guide as well as social media and other marketing opportunities to wineries.

Association contact information is provided in *Appendix 1*.

From Grapes to Wine

The financial investment and time required to establish a vineyard means that consideration should be given to the grape production before starting a winery. The growing conditions in Ontario (soil and climate) are variable and suitable to growing a wide variety of grapes from hybrids such as Vidal and Marquette, to traditional European vinifera varieties like Cabernet, Merlot and Chardonnay.

Full production from a new vineyard could take up to five years from planting to mature production and require an investment of $51,385 to $57,678 per acre plus land costs. (*Establishment & Production Costs for Grapes in Ontario, 2023*)

Minimum grape prices are negotiated between Grape Growers of Ontario (GGO) and processors and are published in the GGO's Annual Reports.

In addition to market considerations for winery location, site selection is a critical component of the long-term viability of the vineyard with consideration given to soil type, drainage, irrigation and climatic factors (length of growing season, heat units, incidence of frost, winter temperature extremes).

Grape varieties have different tolerances for winter hardiness, relative heat unit requirements, length of growing season and disease susceptibility. Grape Growers of Ontario's publication "*Grape Varieties in Ontario wine Regions*" provides risk ratings for a number of grape varieties and regions in Ontario.

Resources for growing grapes and vineyard establishment can be found in *Appendix 4.*

Steps in Starting a Winery Business

Starting a winery is a complex process. There are the usual elements involved in

[1] Ontario's Wine Economy – Growth and Innovation Through Global Challenges; The Economic Impact of the Wine and Grape Industry in Ontario 2019. Commissioned by Wine Growers Canada, Wine Growers Ontario, Wine Growers B.C. and Wine Growers Nova Scotia

developing a business, plus the added regulations, licences, authorizations and approvals for the manufacture, management and sale of beverage alcohol.

Table 1 summarizes the business considerations and licensing requirements to establish a winery business in Ontario. Some steps apply to businesses, some apply to the manufacture and sale of wine, and some apply to winery retail stores that sell wine to consumers. A few steps apply only if fortified or specialty wine products are made, or if wine and meals are served in a restaurant or "tied house" associated with the winery.

Table 1: Business Considerations and Licensing

Considerations and Licensing	Activity	Provider
Winery Business Concept	• Decide business organization type • Prepare a strategic plan • Conduct feasibility study and analysis • Develop business plan (including marketing plan)	Owner Owner Owner Owner
Develop the Business	• Register the business • Request for Business Number • Apply for federal licence(s) • Apply for relevant zoning, building, occupancy permits, etc.	MGCS CRA CRA Municipal
Prepare to Manufacture Wine	• Register to market grapes • Register to process grapes • Obtain Licence to Process Grapes • Obtain Licence to Process Tender Fruit • Establish Quality Control Process	GGO GGO OFPMC OFPMC Owner
Sell Wine	• Manufacturer's Licence Application • Ontario Vendor's Permit • Product Management Policy and Procedures • Train Servers in Smart Serve® training	AGCO MOF LCBO Smart Serve Ontario
Establish Quality Control Policy	• Submit LCBO Site Inspection Application • Obtain Laboratory Guidelines for Chemical Analysis • Review VQA requirements/ documentation if required • Make VQA Membership Application • Make VQA Wine Approval Application • Submit VQA Late Harvest Product Monitoring Form	LCBO LCBO Owner OWAA* OWAA* OWAA*

Considerations and Licensing	Activity	Provider
Warehousing	• Determine off-site warehousing policies, regulations and licensing requirements that may apply	LCBO CRA
Winery Retail Store Operation	• Obtain Winery Retail Store Authorization and related endorsements (by-the-glass, caterer's, delivery, temporary extension) • Obtain Retail Guidelines • Obtain guidelines/instructions on how to collect Beer and Wine Tax	AGCO AGCO MOF
Hire an Agent	• Agent Completes Licence to Represent a Manufacturer	AGCO
Design Labels	• Review Labelling Standards and make request for Label Examination (optional) • Review excise duty label requirements	LCBO OWAA CRA
Product Listing (LCBO)	• Make application for product listing	LCBO
Tied House/ By the Glass	• Make Application and review Guide for a New Liquor Sales Licence (Tied House) • Apply for By-the-Glass endorsement • Obtain Food Premises Regulation Approval • Train Servers in Smart Serve® training	AGCO AGCO MOH Smart Serve Ontario
Delivery	• Obtain Direct Delivery to Licensees endorsement (winery only) • Obtain Third-Party Carrier Authorization	LCBO AGCO







*Required for VQA wines

MGCS – Ontario Ministry of Government and Consumer Services
MOF – Ontario Ministry of Finance
MOH – Ontario Ministry of Health
CRA – Canada Revenue Agency
LCBO – Liquor Control Board of Ontario
AGCO – Alcohol and Gaming Commission of Ontario
OWAA – Ontario Wine Appellation Authority (formerly Vintners Quality Alliance of Ontario)

2. Planning Your Winery Business







Starting a winery business costs hundreds of thousands, if not millions, of dollars. This type of venture requires a significant amount of planning. A rule of thumb suggests that *10% of the cost of establishing a business should be spent on planning for its success*.

Developing and operating a winery has four components – planning, business management, winemaking, and marketing. No winery will be successful without good wine to sell. Careful business planning and sound management are also important to success.

This section describes the basics of business planning theory and offers practical advice to help new winery owners improve their prospects for financial and personal success through sound decision making and analysis.

Business planning falls into three categories:

- the strategic plan
- the feasibility analysis
- the business plan

The Strategic Plan

Strategic planning determines what the winery business will look like down the road and plans for how to make that happen. The plan results in a business strategy – the way to reach your objectives.

This planning process requires imaginative thinking and honesty. It is an opportunity to visualize the business venture and lifestyle, and then modify it by carefully considering what can realistically be achieved in a given timeframe.

Strategic planning needs to involve the entire family and any business associates and significant employees who will be affected by the outcome.

There are six main components to the strategic plan:

- the vision statement
- the mission statement
- strategic analysis
- analyzing critical issues
- developing your strategy
- implementing your strategic plan

The Vision Statement







How do you want your business to look in five years? In 10 years? Visualize the kind of winery you would be proud to own and can optimistically hope to achieve. Visualize the kind of product services you wish to offer customers.

A vision statement should be clear and concise and kept to one sentence and two or three lines long.

A vision statement may read something like this:

Sample Winery will make and sell the finest wines in the Trout River Valley.

The Samples see themselves as makers of the highest quality wines in their area. Note that they have not yet defined how they are going to make that happen or what their marketplace will be.

Vision statements act as a guide in daily decision making. If any decision will not contribute toward achieving that vision, assess whether it is a correct decision. The vision statement might form the first sentence of the executive summary of the business plan.

The vision is unique to each business and should be an honest declaration of the intent of the winery.

The Mission Statement

The mission statement outlines what your preferred course of action will be, who your preferred customers will be and how you will achieve your vision. In other words, what you plan to do, for whom, and why you are uniquely valued.

Mission statements reflect your winery's values, culture and philosophy, and provide a focal point to check all future planning exercises or strategic directions against. The mission statement may be modified several times during the planning process as things change.

The mission statement may read something like this:

Sample Winery will build a reputation for quality and service that exceeds the expectations of discerning customers.

This statement indicates the Samples' intention to develop an elite winery and attract customers willing to pay extra for a fine wine.

A competing winemaker might produce a different mission statement:

Sample Two Estates Winery will make and serve quality wine to satisfy both the palate and the budget.

This statement identifies the Sample Two's target customer as a price-conscious, but discerning, customer who seeks wines for all occasions. It values the everyday buyer.

Strategic Analysis







Strategic analysis is an in-depth look at factors that will help or hinder you in achieving your vision and carrying out your mission. This analysis involves gathering facts from many sources and confirming that the information is correct.

There are many ways to conduct a strategic analysis. One popular method that ensures all areas are considered is a **SWOT analysis** – **S**trengths, **W**eaknesses, **O**pportunities and **T**hreats.

Strengths are the *internal features* of a business organization that help it to succeed. Here are some examples:

- Susan is a skilled winemaker.
- Joe has strong analytical skills.
- Mary is good at meeting people and would excel at running the store.
- We have a good capital reserve.
- We have an established orchard and/or vineyard.
- We have a building that can easily be converted to a winery retail store.

Weaknesses are *factors within an organization* that may prevent you from achieving your goals. They indicate areas that may require hiring outside expertise, training existing staff or limiting responsibilities to certain people. Some examples are:

- Nobody is particularly good at accounting or budgeting.
- Sam often makes snap decisions and holds to his opinions without much analysis.
- We have little experience marketing directly to consumers.
- We have very little equity.
- Our winemaker has no experience in commercial winemaking.

Opportunities are *external factors* that may benefit a business. Taking advantage of these factors will improve your competitive position. Here are some examples:

- We are located in a Designated Viticultural Area.
- We are located on a busy commuter route.
- There are good tourism initiatives in the area.
- There is no other winery serving this community.

Threats are *outside influences* that are outside your control. They may seriously impede your business, or even prevent you from having a winery. Consider these examples:

- A short growing season makes fruit production difficult.
- The municipal council refuses to grant new business licences.
- We can't get enough financing to proceed with our plan.
- Regulatory environment.
- Competition from other wine outlets.

The SWOT analysis is an ongoing process. As planning progresses, new winery owners will continue to gather information. Returning to the SWOT analysis on a continuing basis will build credibility and confidence in the final result.

Analyzing Critical Issues

Consider which issues have the greatest impact, positive and negative, on your ability to establish a winery? Rank them according to impact.

- Will any of these issues make it difficult or impossible to succeed?
- How great is the risk?
- Have we been honest about the abilities of our working partners?
- Do the *strengths* and *opportunities* outweigh the *weaknesses* and *threats*?

Developing Your Strategy

Consider what effect each SWOT factor has on your ability to establish a winery. What can or cannot be done to take advantage of the strengths and opportunities, or to overcome the weaknesses and threats. Table 2 provides examples of SWOT factors and strategies to address them.

Table 2: SWOT Factors, Effects and Strategies

SWOT Factor		Effect	Strategy
Strength	We have an established orchard/ vineyard	• Reliable source of raw material at the cost of production	• Look at options for adding value: winery, juice supply, farm store, etc.
Strength	Existing buildings will convert into winery and store facilities easily	• It won't cost a lot to construct this part of the winery	• Proceed with the rest of the planning
Weakness	We don't have good accounting skills	• Our records don't give us enough information to make decisions	• Hire a good management accountant and develop a workable system
Weakness	Susan makes excellent wine but has no experience with large volumes	• Our first wines may not be well accepted or production of good wine could be inconsistent	• Susan to enroll in an oenology training program • Hire a consulting winemaker in the interim • Delay startup
Opportunity	Located on busy commuter route	• Customers should be easy to attract	• Go to municipality for permits and zoning ruling • Start to design a sign announcing new winery location
Opportunity	There is no other winery serving this community	• We should have little competition for a specialty winery	• Determine why there are no other wineries • Plan a market survey to find out how a winery will be received in the community

SWOT Factor		Effect	Strategy
Threat	Bank will not finance because of low equity	• Prevents us from buying equipment • Operating funds • Carrying inventory	• Look for used equipment • Start smaller • Look for another source of credit • Look for a financial partner
Threat	Cannot grow fruit well because of climate	• Cannot meet AGCO requirement for on-site fruit growing • Risk inconsistent supply	• Look for new location in a fruit-growing area or an existing orchard/ vineyard
Threat	Competition from other wine outlets	• Uncertainty of market/sales	• Hire an agent to expand market opportunity beyond retail store • Determine how to differentiate your product and consumer experience







Look for creative ways to solve problems and take advantage of positive circumstances. Ongoing, objective analysis of each situation will help develop successful business strategies. Understanding risks and having a game plan to manage them will increase your chance of a successful startup.

Implementing the Strategic Plan

Each of the strategies in Table 2 has a number of tasks that need to be done. Each task requires time, allocation of human resources and a timeframe to complete it. This is where the hours of thought, discussion and argument that go into planning

begin to pay off.



Here is an order of events to start the planning:

- List the tasks that arise from the strategies.
- Establish time frames for completion of tasks and specific results expected.
- Delegate tasks to those who are most suited to the job.
- Set meeting times to monitor the progress of each task, to solve problems and to review the plan.
- When the plan is complete, celebrate with a good dinner and a glass of Ontario wine. Congratulate everyone on a job well done. It's now time to examine the feasibility of the idea.



The Feasibility Analysis



Take another look at your vision statement. Given your resources and needs, can you achieve your dream? That's what the feasibility analysis tells you. This analysis also helps collect the information needed for your business plan and provides the confidence to know your new winery will fulfill your expectations and vision.

There are five steps to a feasibility analysis:

- demand or market analysis
- technical or production analysis
- cost analysis
- sensitivity analysis
- financial analysis

Demand Analysis

The demand analysis will help determine a reasonable expectation of volume of sales, acceptable price points, and the styles and varietals of wine that have the best market potential in your area.

Technical Analysis

The technical analysis identifies the process and equipment necessary to establish a commercial winery of the size identified in the demand analysis, and what it will cost. It could include the analysis of human resources already completed in the SWOT analysis, and identify whether the location is suited for growing the type of wine grapes or fruit needed to meet market demand.

Cost Analysis

Record all the costs identified in the other analyses to give accurate startup and operating costs for the winery and/or winery retail store.

Sensitivity Analysis

This analysis looks at the “what ifs” of the planning process. For example, what would be the effect on sales if your winery was located on road A instead of road B, or if you charged $16 a bottle instead of $14, and it reduced sales by 5%?

Financial Analysis

Look at your vision and mission statements again. Will this plan fulfill your economic goals? What income and cash flow will your winery yield? What return can you expect from your investment? How will you finance the startup costs and building of inventory?

The Business Plan







Starting a winery requires a major investment of time, money and personal initiative. The high capital investment, length of time before cash flow begins and slow turnover of inventory means there will be a long period of time without income, while paying interest on the borrowed capital.

A working business plan helps in several ways:

- It ensures you have investigated all aspects of the business *before* making the investment. Not all success factors are financial. A complete business plan examines all factors, such as marketing skills, human resources management and personal attributes needed to develop and operate a winery. Keeping an eye on the pitfalls and options available will help avoid traps particularly in the first most vulnerable years of the business. Keep vision and mission statements front and centre during the process. The business plan is the fulfillment of these two statements.

- Lenders insist on it. Money-lenders want to know that loans will be paid back and that they will receive a good return on their investment. Owners should want the same thing – making a good plan on paper assures all parties that their investments are sound.

- The business plan acts as an operational guide for the new business. Checking the plan frequently lets you know if your progress is on target and may give clues to problems that arise. This type of plan is more comprehensive than what is required by the Alcohol and Gaming Commission of Ontario (AGCO) for the Manufacturer's Licence, but is extremely important to lenders, partners and owners.

The business plan is made up of *four smaller plans*, plus an executive summary:

- the marketing plan
- the human resources plan
- the production plan
- the financial plan

Marketing Plan

No business can succeed without effective marketing, and wineries rely heavily on a good marketing strategy. The regulatory aspects related to marketing alcoholic beverages or wine dictates that the marketing plan is usually the first component developed in the business plan for a winery. Marketing is covered in more detail in *Section 7*.

Human Resources Plan

Even the smallest wineries rely on people. From the winemaker to the store operator and sales clerk, each person must know what is expected of them and how they will be rewarded. In the wine business, a combination of skills in viticulture,

winemaking, marketing, and business is essential. Neglecting any one area can undermine the rest. The success of any business depends on managers working together toward a common purpose, and being able to amicably solve disagreements that are in the best interests of the business.



The human resources plan indicates how all areas of the business will be staffed and the skills needed to perform those tasks. Include rates of compensation, bonuses and incentive plans. List the training plans for key employees and indicate the frequency and timing of staff and board meetings.



Production Plan

A production plan contains the details of making wine from vine to customer and depends on the style of wine and number of varietals and brands you will be making, based on the marketing plan. Key things to know are the equipment and required space, how the process of making the wine and getting it ready for buyers will take place, and what it will all cost. The production plan includes the layout of the system, identifying floor plans, storage areas, equipment sizes and costs.



Capital and operating costs are calculated and recorded in the financial plan and human resources needs are recorded in the human resources plan.

Financial Plan

Learn whether your winery will be financially successful when you transfer the costs and returns expected from the other plans to your financial plan. The financial plan includes a *projected income* statement, *balance sheet* and three to five years of *projected cash flow* statements. List anticipated capital purchases, sales, a financing schedule and a debt- servicing worksheet. Many financial plans also include statements of *return on investment* for both the owner and lenders.

Executive Summary

The executive summary is a one- to two-page summary of the business plan. This summary gives lenders and others a quick overview of how the business will function and how successful it should be.

Each part of the business plan is linked to the other parts of the plan. For example, people involved in marketing or wine production will appear in the human resources plan, while the associated costs will be recorded in the financial plan. Similarly, the marketing costs and returns are summarized in the financial plan. This interdependence helps ensure that all considerations have been assessed.

To satisfy the needs of the financial institutions and meet AGCO requirements for a Manufacturer's Licence include resumés of owners, partners and key personnel; names of professional advisors; letters of reference and other supporting documents.

Business plan forms and computer templates are available from most banks, business improvement associations and in software stores. Many of these are simply financial plans that leave out other factors important to success, such as marketing, human resources, and production planning and analysis. Complete business planning templates are available to help organize material and prepare the final plan. Consider completeness of the planning process, and not the cost of the template, when selecting a business planning template.



Business plans are most effective if written by the business owner. The necessary research in regulatory and business requirements will help you understand the details of the plan and how it relates to day-to-day operations. Take this opportunity to explore the different parts of the business, especially where you do not have personal expertise, so you understand the potential challenges. You will also be able to respond to any difficult questions the lender asks.



Using a management accountant, chartered (tax) accountant and lawyer to assist in the planning process will help reduce errors and ensure tax and legal considerations are accurately portrayed. If the task of writing the business plan is delegated to these professionals, the owner must provide accurate and complete information, and keep a strong line of communication open with all parties involved in the business planning process.



Further information can be found at the OMAFRA website under *Business Planning* at https://www.ontario.ca/page/preparing-business-plans-farm-business.

There are 10 key components to a complete business plan.

1. Executive summary

- Opportunity for profit and return
- Description of products and markets
- Expertise and experience of management team
- Financial highlights
- Financing and payback period required
- Return on investment

2. Table of contents

- Completed after the plan is written

3. Mission statement

- Covered in the strategic plan

4. Business history

- Date of incorporation
- Present shareholders
- Past successes of shareholders
- Financial highlights
- Present financing
- Security offered to lenders

5. Key objectives



- Competitive strategies for what the winery will achieve in three to five years
- Shorter-term goals
- Strategies for achieving market share

6. Marketing plan (see Section 7)



- Define target market – what is in demand
- Product – description, labelling, unique features and selling points, product development policies and product profitability
- Competitor analysis – identify major competitors, percent of market, strengths and weaknesses, prices and major customers
- Internal analysis – product benefits, customer service strategy, competitive advantage
- Pricing – strategy, price vs. quality sensitivity, margins in different sales channels
- Distribution system – delivery process and cost
- Promotion – advertising and promotion strategy and cost, in-store features and ambience, budget and expected returns



7. Production plan

- Layout design
- Work flow
- Equipment requirements
- Space requirements
- Raw materials supply (vineyard plan)
- Volume estimates
- Aging and storage requirements (include bonded space)

8. Human resources plan

- Management personnel, skills inventories and employment histories
- Labour requirement and availability of skilled labour or consultants
- Estimates of employee and management costs

9. Financial plan

- Key forecasting assumptions
- Cost-of-production schedule
- Pro forma income statement
- Multi-year cash flow projections
- Return on investment statement
- Repayment plan

10. Risk management plan

- Risk factor analysis
- Quality control features
- Health, safety and relationship considerations
- Insurance protection

Managing Risk







The strategic plan, feasibility analysis, business plan and market surveys are risk management tools – intended to maximize your chances for success and minimize the probability and extent of losses. It's better to find out an idea will not work on paper before problems show up in your bank account.

Risk is the percentage chance that a person might lose something as a result of a decision or circumstance, and the extent and effect of that loss on the business and the owners, including family members. People vary in their willingness to take risks and their ability to sustain losses. It is important to foresee where losses might occur, plan to avoid or limit risks by minimizing risk factors and insure against the effect of an unforeseen event.

While risk factors differ between types of businesses, there are some similarities. Risk factors fall into three groups:

- systemic risks
- uncontrollable business-related risks
- controllable business-related risks

Systemic Risks

These are risks that exist because of the system you operate in. They could include the legislative framework, weather and other external factors that are out of your control. In many cases, there are ways to prevent or minimize the effect of these risk factors – for example, participating in organizations that work to secure the future of the industry.

The publication, "Grape Varieties in Ontario Wine Regions – Understanding the Potential and the Risks" is available from Grape Growers of Ontario to help distinguish viticultural characteristics and impact factors. It can also help identify varietal demand when determining grape cultivars to grow in a given area to reduce the risk of cold injury. Contact information for Grape Growers of Ontario is in *Appendix 2*.

Uncontrollable Business-Related Risks

There are business risk factors that entrepreneurs have no control over. Factors such as interest rates or strategic moves by competitors can have serious impacts on a winery. There are ways a new winery owner can reduce risks and the effect on the winery. For example, making a wide variety of high-quality wines at reasonable prices, making your winery retail store attractive and offering special events can make it more difficult for a competitor to lure customers away.

Controllable Business-Related Risks







Other risk factors can be controlled by the entrepreneur. Many “accidents” that happen – lack of quality control in production and other production-related risks – are the result of inadequate management practices or unsafe working conditions. For example, a lawsuit could cripple a winery. Keeping floors clean and dry and free from debris will reduce the risk that a worker or customer will be injured on your property. Liability insurance provides further protection.

Many regulations apply to the production and sale of wine in Ontario. Become familiar with the regulations before starting your new business and ensure all plan elements are achievable. If you build your business plan around VQA wines, be sure your wine is eligible to apply for VQA status before you make it. And if you do not intend to seek VQA status, there are certain terms regulated by the VQA legislation that you cannot use.

Table 3 lists some risk factors that can threaten the viability of a winery, how risks can be prevented and how to minimize the effect. Many other factors have a financial impact on the winery. The business planner must identify those factors and have a plan to prevent them and devise a contingency plan to minimize their effects.



Table 3: Managing Risk Factors

Risk Factor	Reason	Prevention	Minimize Effect
Unable to sell enough wine to cover costs	Wine is priced too high	• Market unique origin or quality of wine • Establish product in appropriate price/value range	• Find higher-end market or reduce price
Unable to sell enough wine to cover costs	Quality is not sufficient	• Use outside resources to benchmark quality and make better quality wine • Hire a good winemaker or seek help from a consulting winemaker to address problems in the winery • Participate in VQA quality improvement programs	• Reduce price • Rework marginal wines into new products to minimize losses
Unable to sell enough wine to cover costs	Customers not stopping at wine store	• More attractive store • More effective advertising • Other outlets (local restaurants, LCBO) • More accurate marketing plan and competitive analyses • Partner with other businesses • Participate in industry/ regional tourism programs	• Special events, festivals • Increase sales team • Direct delivery • Duty free
Unable to manage	Loss of key personnel	• Have a workable succession plan • Share management responsibilities and information	• Life insurance • Trained management team • Business insurance • Bridge with consultants
Lawsuit	Customer injured on premises	• Safety training for all staff • Regular safety inspections • Keep visitors away from equipment/working areas	• Adequate liability insurance • Have a corporate business structure in place







Risk Factor	Reason	Prevention	Minimize Effect
Lawsuit	Foreign material found in bottle of wine	• Quality control practices • Follow voluntary "Safe Winemaking Program" guidelines	• Product liability insurance • Have a corporate structure in place
Unable to meet financial commitments	High-volume buyer of product or service went bankrupt	• Ensure credit buyers are financially secure • Sell on cash-only basis • Check references with others in industry	• Bad debt insurance • Rely on several buyers
Unexpected financial obligation	Partner quits and demands half the value	• Comprehensive partnership agreement	• Buy-sell agreement
Lost time due to injury	Worker injured on job	• Safe working conditions and habits	• Complete Workers' Compensation coverage
Failure of raw product supply or issues with fruit quality	Weather related crop failure	• Have alternative supply sources • Manage inventory over several vintages	• Crop insurance • Grower contracts • Raise prices on limited supply
Poor success in gaining VQA approval	Lack of understanding of processes and requirements. Ineligible wines Poor quality	• Consult rules before making wine to confirm eligibility	• Assess reasons for failure and seek assistance from OWAA or fellow winemakers
Sales drop dramatically	Competitor establishes nearby	• Position winery to attract target market	• Reposition product by labelling, advertising, added services and programs, improved quality, etc.







Insuring Your Business







Insurance is a risk management plan that minimizes the extent a negative risk factor will jeopardize the business. Vineyard and orchard owners understand the usual insurance coverage for fire, wind and hail. Liability insurance is less well understood but is increasingly important as the public is invited onto premises on a regular basis.

In a successful lawsuit, personal assets such as a house or car can be seized. Under a corporate structure, the owner's liability is restricted to the assets of the corporation, unless the owners have personally guaranteed the liabilities of the company or the claimants can prove negligence on the part of the owners or management team.

Executives and directors of corporations must understand the consequences of personal guarantees, and the extent of their personal liability when making decisions and managing the company.

The amount of insurance to buy is an independent decision for the entrepreneur to make:

- What is the chance that one of these risk factors will occur?
- If it does occur, how will it affect the operation of the business?
- If it does occur, how will it affect the viability of the business?
- How will you and your business withstand this setback?

As a general rule buy the amount and type of insurance to protect against any loss the business or individual cannot afford or is not willing to assume. Many general insurance brokers and agents carry different types of policies that protect against unforeseen liabilities.

Life Insurance

Partners, company executives and directors may carry life insurance on each other as a complement to their partnership or shareholder agreement. This insurance allows the remaining partner to buy out the interest of the deceased and to improve the equity position of the company or to find a new partner.

Disability Insurance

Disability insurance is as important as life insurance for key personnel. If an accident or illness leaves them unable to work, disability insurance provides an income while they are off the job and provides for their replacement. Disability insurance is an added incentive to attract highly skilled personnel. The cost of disability insurance can be covered in full by the employer or divided between the employer and employee.

Life and disability insurance may be packaged together as partnership insurance and tailored to the specific needs of the partnership or company.

Personal and Corporate Liability



Liability insurance provides coverage against lawsuits by employees or the general public for personal injury incurred while on the business premises.

Product Liability Insurance



Product liability and completed operations liability insurance provide protection against claims by customers who incur damages or become ill from your product. Much of the regulation governing consumer protection is aimed at reducing the chance of someone consuming unsafe products; however, food-borne illness is a continuing concern.

International product liability insurance must be purchased for the country where you do business – Canadian product liability insurance may not provide coverage in the United States.



Property

Property insurance covers the building and its contents against fire, wind, lightning and burglary, and may also cover incidental events such as electrical failure. This insurance provides for the replacement of assets in case of loss or damage. Review property insurance policies carefully to understand what perils are covered, and to what extent.

Business Loan Life Insurance

Business loan insurance protects partners, family and personal equity by paying off the balance of insured loans in the event of death. Mortgage and debt insurance are variations of this insurance.

Business Interruption

Business interruption insurance provides business income and alternative location funds in case of loss or damage.

Business Continuation

Business continuation insures the owner of a sole proprietorship for the value of the business. Another option is to have a key employee or family member insure the owner's life so they can purchase the business.

Key Person

This insurance covers the cost of filling the open position of a key person in the business and is often considered important for large corporations. Small companies that rely heavily on certain individuals should also consider this coverage.

Bad Debt



Bad debt insurance covers payments if customers fail to pay the business what they owe. Consider Economic Development Canada Credit Insurance when exporting to provide protection in the event that the customer does not pay. *https://www.edc.ca/en/solutions/insurance/credit-insurance.html*

Company Car



Company-owned vehicles can be insured through commercial packages that provide liability insurance above the minimum coverage required for licensing the vehicles.

Workers' Compensation



All employees in Ontario are covered for accidents while on the job under the Workplace Safety and Insurance Board (WSIB). Employers are obligated to purchase this insurance for the protection of their employees, and workers are covered even if the employer does not pay the insurance premium or purchase the insurance. Business owner/operators may also purchase optional coverage for themselves and their immediate families. www.wsib.ca/en



3. Starting Your Winery Business



Good planning gets a winery up and running, but there are still many regulatory requirements to consider. Now it's time to consider whether to build or re-model the winery and store buildings, how to obtain the equipment, bottles and labels, making and packaging the wine, and preparing to sell it.

This section covers the logistics of organizing the business, putting the production system together and accounting for the capital costs of getting started.



Organizing the Winery

Types of Business Organization

There are four main types of business structures:



- sole proprietorships
- partnerships
- joint ventures
- corporations

Proprietorships

These are owned by a single proprietor who may perform all the management functions, take the profits or losses and accept the liabilities for the business.

Partnerships

Partnerships are made up of two or more management partners who agree to share responsibilities, profits, losses and liabilities according to a legally binding agreement.

Joint Ventures

Joint ventures occur when two or more businesses agree to work together, usually on an individual business project, to produce a benefit for each that is greater than either could attain by itself. Each participant in the joint venture is an individually run business. If a project is big enough, the joint venture could be spun off into a jointly owned new business, but that is an exception to normal practice.

A joint venture is not a partnership, although participants in the venture may be partnerships, sole owners or corporations. A joint venture differs from a partnership in several ways.

Joint Venture:



- exists for duration of a stated project
- each participant bears own inputs
- share gross income from the activity
- file tax as separate businesses
- has joint venture agreement
- participants not liable for each other's actions



Partnership:

- more permanent arrangement
- participants share production inputs
- share net income from the business
- file tax as a single business, however income is reported by the individual partners
- has partnership agreement
- partners liable for each other's actions



One main purpose for establishing a joint venture is to avoid being responsible for the liabilities incurred by the other venturer. The wording of the joint venture agreement must make it completely clear it is not a partnership.

A joint venture is an inexpensive way of starting a business because there is no transfer of assets. Gross returns from the joint activity are shared. The split is usually based on the relative production costs of the two parties to the venture and does not have to be 50/50. Terms must be spelled out in the joint venture agreement and can be changed if all parties agree.

Corporations

Corporate structures are legal entities with shareholders as owners, who may also be the employees of the business. They are often formed as a tax-saving entity but have other advantages as well. Family businesses are often incorporated so assets can be transferred between generations. Shareholders of a corporation are only liable for the debts of the corporation to the extent of the value of their shareholdings, unless they have signed personal guarantees for the borrowings of the company.

The corporate structure also has disadvantages. For example, a new business with high start-up costs may want to apply losses against personal income; however, in a corporate structure this is not permitted. There may also be advantages to keeping the vineyard (farm) operation separate from the winery business.

NOTE: Always seek professional legal and accounting advice in selecting the most appropriate business structure and understanding income tax implications. Further information can be found at Ontario.ca/agbusiness

The Business Advisory Team







Deciding on the type of business organization you want is influenced by the income tax you will have to pay, and the needs of the people and businesses involved. A business may start as a single proprietorship or partnership and evolve to a corporation as the business grows or as family members enter the business. A corporation is a business entity in itself that lives on forever and it is more difficult to “devolve” from a corporation to another form of organization. Always involve a lawyer, accountant and all family members and business partners in the decision about the type of business structure.

These professionals will continue to be part of your business team, so select team members who want to see your business prosper and will give sound, practical business advice.

The accountant must have a good tax and management team for support. The law firm must be business-oriented, and winery experience would be an asset. The chair of the business team is usually the president or owner, but not always. If the owner or main shareholder does not have good leadership skills, defer the management of decision-making meetings to someone else on the team. This strategy can also encourage more input to the decision-making process by other team members.

Registering Your New Business and Federal Licences

New businesses must be registered with municipal, provincial and federal governments before they do business. As a producer of beverage alcohol, a winery also requires a number of licences. The following sections provide an overview of regulations and licensing.

Municipal Regulations

Municipal regulations and permissions include:

- zoning
- building permit
- occupancy permit
- signage permit
- Signage and road entranceways

With a few exceptions, these are administered by the municipality where the winery is located.

All businesses must conform to the provisions of municipal planning or zoning bylaws. For wineries, this can be complicated. For municipal tax purposes, the exact square footage of the winery is assessed as industrial and the winery retail store is considered commercial, while the land they are on may be classed as agricultural. Confirm, in writing, with the municipality about activities allowed under the zoning bylaw.



Note: The Alcohol and Gaming Commission (AGCO) policy requires that the winery must be located on the same parcel of land as the production site. AGCO eligibility policy requires the winery retail store be located on the same continuous property as the manufacturing site. The minimum vineyard acreage is 2 ha (5 acres) of planted grapes or fruit. Municipalities may also have acreage requirements within their official plans. *AGCO Winery Retail Store Endorsement* and *Wine Manufacturers Licence*



Signage and entranceways (driveway connections) are the responsibility of the jurisdiction that owns the road. If the winery is located on a provincial highway, obtain permission for an entranceway or business sign from the Ontario Ministry of Transportation (MTO) office that governs the highway. If the winery is on a county road, permission and regulations may be the responsibility of the county, even if the road is within the town or township limits.



Building permits are required in all municipalities in Ontario. Owners must obtain municipal approval for the proposed new winery early in the planning stage, to determine whether the plans conform to municipal zoning, permitted uses, and building regulations.

Food premises are any location where food or drink are prepared and/or served. They include wineries and winery retail stores where tastings are held, and "tied houses" where food is prepared and served. In all cases, plans must be approved by the local health unit and the municipal building inspector. The Food Premises Regulation falls under the Ontario *Health Protection and Promotion Act*. The administration of the regulation is the responsibility of the local health unit.

Provincial Regulations

Any business operating in a name other than the exact name of the owner must register the business name with the Ministry of Consumer Services (MCS) at any ServiceOntario Centre. The business registration must be changed if there is a change in the original registration. This change could involve new partners or new activities, such as building a winery on the vineyard site or selling the product under a new name.

Registering a name does not offer name or brand protection. Brand protection requires incorporating the business, or legally registering a brand name through a lawyer.

When choosing a winery name, keep in mind that Ontario Wine Appellation Authority (OWAA) regulates terms of origin for wine. These terms cannot be used in association with any wine (including a winery name) unless the wine is VQA approved and made from grapes grown in the named area. If your proposed name contains any words in a currently regulated appellation name, contact OWAA for guidance.

Other services available through the ServiceOntario website include:
Ontario Business Registry

- business name search
- Harmonized Sales Tax (HST) Vendor's Permit
- Employer Health Tax (EHT)
- Workplace Safety and Insurance Board (WSIB)

Environmental Regulations







Permit to Take Water

The taking of more than 50,000 litres of water on any day by, for example, pumping to extract groundwater from a well or to withdraw surface water, to supply water for winery operations must be done in accordance with a Permit to Take Water issued by the Ontario Ministry of Environment, Conservation and Parks (MECP). In most cases, the owner/operator of the winery will apply to the MECP to obtain the necessary water taking permit and, once obtained, may authorize employees to take water as allowed by the permit.

For more information about Permits to Take Water, including application forms, please visit *https://www.ontario.ca/page/permits-take-water* or contact your local regional MECP office.

Waste Disposal

Wineries must dispose of and provide holding facilities for waste water, including processing waste and cleaning water plus sanitary sewage. Several acts govern the treatment and disposal of wastewater including the *Ontario Water Resources Act* and *Nutrient Management Act*. Prospective winery owners should consult local Ministry of the Environment and Climate Change, Ontario Ministry of Agriculture and Food, health unit officials and municipal planning officials when designing waste disposal plans.

Ontario Health Protection and Promotion Act: Food Premises Regulation

Any “premises where food…is manufactured, processed, prepared stored, handled, displayed, distributed, transported, sold or offered for sale” is defined as a food premise. Wineries are not considered food premises unless they prepare and serve food or conduct tastings using non-disposable dishes or glassware. For example, if a winery conducts a tasting using glassware, and serves cheese cut from a block (not pre-packaged) as an accompaniment, the winery or winery retail store must comply with Ontario Regulation 493/17 for surfaces and utensils, food handling, utensil and surface cleaning, garbage disposal and sanitary facilities.

If the tastings are conducted using disposable glasses and only non-hazardous foods such as crackers are served, the premise does not require regular inspections. However, winery and winery retail store owners may wish to consult with their local health unit regarding construction and activities of the facility. If there is a customer complaint, the health unit is obliged to investigate.

“Tied houses” are food premises and must conform in every way with the regulation.

Federal Regulations







The Canada Revenue Agency (CRA) may require a business to register for up to five programs:

- Excise duty
- Harmonized Sales Tax (HST)
- Payroll deductions
- Corporate income tax (if applicable)
- Import/export account (if applicable)

All wineries must apply to the CRA for a wine licence before producing, packaging or receiving wine. These issues are discussed in *Section 4* and *Section 8*.

Registration for a business number is available at the CRA website at www.canada.ca

Regulations and licensing requirements specific to the wine industry are discussed in *Section 4*.



Setting Up Your Winery Business







A winery is a distinct business, separate from the farming enterprise of growing grapes or fruit. Table 4 outlines the steps needed to organize the business aspect of a winery.

Table 4: Steps in Setting up Your Winery Business

Activity	Information Source
Decide on type of business organization	Accountant, lawyer
Select a business advisory team	Accountant, lawyer, crucial family members, trusted advisors, someone familiar with the industry
Apply for zoning change, building permit, occupancy permit, signage permit	Municipal office
Entranceway application	Municipal office, county or Ontario Ministry of Transportation
Food premises inspection	Local health unit
Business name search	ServiceOntario or searchers of records, if incorporated
Register your business name	ServiceOntario or law office
Ontario Retail Sales Tax Vendor's Permit	Ontario Retail Sales Tax office – Ministry of Finance
Employer Health Tax	ServiceOntario
Workplace Safety and Insurance Board	ServiceOntario
Permit to Take Water	Ontario Ministry of the Environment Conservation and Parks (MECP) and/or municipal office
Environmental Compliance Approval for waste disposal	MECP and/or municipal office
CRA Business Number and HST account	Canada Revenue Agency (CRA)
Federal Excise Licence	Excise Duty, CRA
Payroll deductions form	CRA
Corporate Income Tax (if applicable)	CRA
Import/Export Account (if applicable)	CRA
Winery Business Permits	Licences and approvals specific to wineries are required from the Grape Growers of Ontario, Ontario Farm Products Marketing Commission, Alcohol and Gaming Commission and Liquor Control Board of Ontario as listed in Table 1 and detailed in *Section 4*







Planning the Wine Production System

Table 5 outlines 12 factors for owners to consider when planning the winery. These factors help determine the building needs and plan, and whether an existing building can be remodeled for the winery and/or store. This type of planning helps reduce labour, building, equipment and cleaning costs. A well-planned and orderly production system is easier to sanitize, more impressive to members of the public as they tour the winery, and more profitable.

The term "system" is important to consider. Every activity from the vineyard to wine production and marketing the wine is part of the planning process. If these activities are planned as a complete unit, taking into account work flows and personnel, you will have a much smoother operation that saves time, money and stress.

Table 5: Factors in Planning the Winery

Factor	Considerations
Site selection	• Winery retail store location and setting • Winery location for tours and handling materials • Storage needs • "Tied-house" location and setting
Product desired	• Kinds and amounts
Equipment needed	• Type, size and location • Mix of wine types, styles and varieties and need for separation by origin or type • Number of products • Style of winemaking
Space requirements	• Floor area, room height, room for pipes, filling and emptying • Tank and barrel size and number • Receiving area, crush pad and floor levels • Working space, fork-lift space • Laboratory • Packaging area • Tour space • Licensed areas • Office needs • Store size and location relative to winery and storage • Bonded versus unbonded storage (licensed warehouse)
Movement of materials	• Method, materials-handling equipment, piping
Work flow and labour efficiency	• Efficiency of materials movement • Efficiency of cleaning • Walkways and fork-lift maneuverability
Climate control	• Ability to juice regardless of weather • Ability to control temperature in processing and storage as needed

Factor	Considerations
Storage, shipping and loading facilities	• Size, floor height, ceiling height, case handling • Floor strength and materials • Length of time for aging inventory in case goods
Location of store	• Position relative to winery and storage • Case-handling method • Suitable for giving tours • Tasting area needed • Compliance with AGCO and other legal requirements
Future expansion potential	• Room within present facilities and room to expand • Continuation of efficiency of system
Pest control system	• Control of rodents, birds, cats, dogs, etc. • Control of moulds and yeasts • Structural materials and construction methods to minimize pests
Sanitation and quality control	• Ability to clean and sanitize equipment, floors, walls, etc. • Avoidance of cleaning products/methods not suitable for wine production • Equipment and structural materials are easy to clean • Appropriate sanitizing equipment • Proper chemical storage • Sanitary disposal of waste products, processing water and sewage • Compliance with Canadian Food Inspection Agency requirements







Designing the Production System

Once all the design considerations are identified for your winery, look at existing wineries and talk to their owners about design. Find out what works, or what could be improved.

Design engineers can help you with the design, materials and construction aspects of the winery. Have a clear picture of the size of building and equipment needed for the winery. Two important considerations for the design are efficient handling of materials, and building in room for expansion.

Efficiencies can be gained by locating work areas, equipment, storage and sales areas in a simple and logical sequence. Efficiency results in minimal time in moving materials from one place to another, and saves time and labour spent in wasted steps and back-tracking. Ceiling heights must accommodate storage tanks, but be low enough to minimize heat losses. Ensure adequate floor space to allow people and mobile equipment such as fork-lifts to operate safely between equipment and storage tanks.

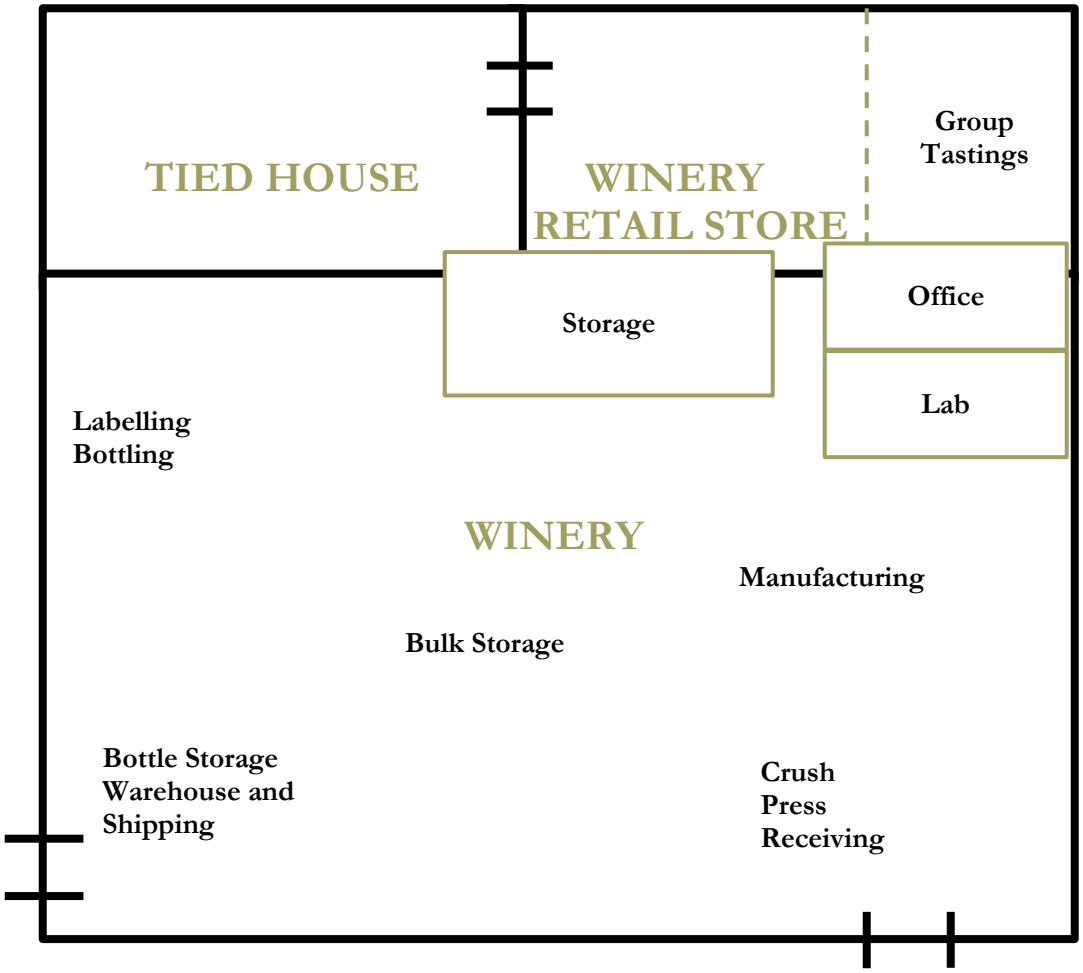
Figure 1 illustrates a winery designed for efficiency of production and materials handling, and to accommodate future expansion. It does not represent any particular winery size and is not drawn to scale.







Figure 1: Design of Winery, Retail Store and Tied House



Adapted from OMAFRA Starting a Winery Publication 815 (discontinued)

Notice how product moves in only one direction. No processing area, such as water supply or materials disposal, should be located at an end of the building. This feature allows any section of the building to be expanded as needed without interfering with other parts of the system.

Ensure the clean water source and disposal areas are separated by adequate distance to prevent possible contamination of fresh water. If bulk drinking water is used in the tied house, storage for it can be incorporated into the refrigerated portion of the bottle storage area.

Managing Capital Costs







There is significant capital investment involved in starting a winery. This cost may be reduced by remodeling existing buildings, finding used equipment and limiting the number and kind of aging barrels. Also consider the impact that interest on the initial investment will have on the profitability of the new winery.

Capital costs affect the profitability of the winery in several ways:

- Interest payments must be made monthly, even before wine can be sold and cash flow established.
- Capital Cost Allowance (depreciation) takes place over a period of years. This means it takes several years to recover the original cost through the tax system.
- Investors/partners may grow impatient waiting for significant returns on their investments.

New winery owners face a major challenge in keeping capital costs under control while building an attractive winery and improving sales revenue. Here are some helpful suggestions:

- Locate the winery and winery retail store in as high-traffic an area as possible.
- Use existing facilities where possible, even if the efficiency of production is less than ideal.
- Produce a high-quality wine in varieties that are in demand.
- Focus on a limited number of varieties and styles of wines.
- Keep the winery and winery retail store design as simple and cost-effective, yet as attractive to the public, as possible.
- Search for used equipment.
- Share resources/custom work where possible.
- Avoid “frills” – you may be able to capitalize on an “old-fashioned” image.
- Take advantage of tax incentives, such as Accelerated Investment Incentive programs.
- Take time to get your business plan right to improve your winery’s ability to attract sufficient investment capital.

4. Regulations, Licences and Authorizations







Wineries in all parts of the world operate under close scrutiny and regulation by governments. Regulations, licences and authorizations are for the protection of the industry and the public at large.

While this aspect of the winery business can be a huge burden to the new owner, these safeguards prevent unscrupulous owners from entering the industry and allow the wine industry to enjoy a reputation for quality. It is in the best interests of every winery owner to comply with the letter and the intent of regulations.

Acts and Regulations

Several provincial and federal acts specifically govern the liquor industry in Ontario – other acts and regulations apply to businesses or specifically to food businesses. Each act authorizes certain bodies or organizations to create and administer regulations controlling the policies and procedures of governing bodies and authorizing certain practices.

In December 2019, a new legal framework for alcohol in Ontario was passed, making it easier for businesses and consumers to understand the rules and provide the groundwork to expand alcohol sales to more retail locations. The Liquor Licence and Control Act, 2019 includes the rules required for the licensing system. This includes setting out the rules for the sale, service and delivery of alcohol. The Liquor Tax Act, 1996 contains the rules on the tax regime for beer, wine and spirits.

In Ontario, these acts are:

- *Farm Products Marketing Act, 1990*
- *Alcohol and Gaming Regulation and Public Protection Act, 1996*
- *Liquor Tax Act, 1996*
- *Environmental Protection Act, 1990*
- *Liquor Licence and Control Act, 2019*
  - *Regulations under this Act:*
  - *O. Reg. 767/21 Transitional Matters*
  - *O. Reg. 750/21 Minimum Pricing of Liquor and Other Pricing Matters*
  - *O. Reg. 747/21 Permits*
  - *O. Reg. 746/21 Licensing*
  - *O. Reg. 745/21 General*







- *Vintners Quality Alliance Act, 1999*
  - *O. Reg. 406/00 Rules of Vintners Quality Alliance Ontario Relating to Terms for VQA Wine*
  - *O. Reg. 405/00 General*
  - *O. Reg. 403/00 Designation of Wine Authority*
- *Health Protection and Promotion Act*, Food Premises Regulation 493/17
- *Ontario Water Resources Act, 1990*

In Canada, these acts are:

- *Excise Act, 2001*
- *Excise Tax Act*
- *Food and Drugs Act* and Food and Drug Regulations
- *Importation of Intoxicating Liquors Act*

These acts and regulations have specific relevance to the beverage alcohol and wine industry, and are in addition to other acts, regulations and policies that apply to all businesses in Ontario (discussed in *Section 2*).

Copies of the listed Ontario acts and regulations may be ordered:

- **online**
  www.Ontario.ca/publications
- **by fax**
  613-545-4223 on company letterhead
- **by telephone**
  1-800-668-9938 toll-free across Canada
  1-800-268-7095 TTY toll-free across Ontario

Provincial acts and regulations may be downloaded and printed free of charge from the e-laws website https://www.ontario.ca/laws. Hard copies ordered through ServiceOntario are individually priced, and payment may be made by VISA or Mastercard.

Copies of the listed federal acts and regulations may be accessed through the Department of Justice website at https://laws-lois.justice.gc.ca/eng/acts/

The licensing and other regulatory requirements of the *Excise Act, 2001* are covered in this section. Excise duties and GST/HST are covered in *Section 8*.

A number of federal, provincial and municipal regulations and permits must also be obtained by any business operating in Canada or Ontario. These are covered in *Section 2* and *Section 8*.

Licences







A licence is issued under the authority of legislation and its regulations, allowing the licence-holder to carry on certain practices described by the licence. Failure to perform these activities in accordance with the legislation and regulations, as described under the terms of the licence, can result in the licence being cancelled and the right to practice withdrawn.
There are three provincial licensing options open to wineries in Ontario, described in Table 6. All wineries must also obtain their federal excise wine licence.

Table 6: Provincial and Federal Licensing Options

Option	Licences Required	Licensing Body
Winery alone	• Wine Licence	CRA
	• Grower and Processor Number and Licence to Process Grapes, or Licence to Process Tender Fruit	GGO OFPMC OFPMC
	• Manufacturer's Licence and relevant endorsements	AGCO
Winery plus winery retail store	• Wine Licence	CRA
	• Grower and Processor Number, and Licence to Process Grapes, or Licence to Process Tender Fruit	GGO OFPMC OFPMC
	• Manufacturer's Licence and relevant endorsements	AGCO
Winery plus winery store plus tied house	• Wine Licence	CRA
	• Grower and Processor Number, and Licence to Process Grapes, or Licence to Process Tender Fruit	GGO OFPMC OFPMC
	• Manufacturer's Licence and relevant endorsements	AGCO
	• Licence to operate a Liquor Consumption Premises	AGCO

GGO – Grape Growers of Ontario
OFPMC – Ontario Farm Products Marketing Commission
AGCO – Alcohol and Gaming Commission of Ontario
CRA – Canada Revenue Agency

The licence structure under the *Liquor Licence and Control Act* (LLCA) is outlined in the table below: *(Last update: May 2022)*

Source: https://www.agco.ca/agco-liquor-licence-structure-under-llca







Table 7: AGCO Liquor Licence Structure Under the LLCA

Licence/ Permit Category*	Licence/Permit Class (if applicable) *Core activities permitted would exist under each licence/permit class OR category.*	Endorsements Secondary/additional activities
Manufacturer's Licence	▪ Winery Licence ▪ Brewery Licence ▪ Distillery Licence	▪ By-The-Glass ▪ Caterer's (NEW) ▪ Retail Store ▪ Temporary Extension (includes the ability to sell at Farmer's Markets) ▪ Delivery
Licence to Operate a Liquor Consumption Premises	▪ Liquor Sales Licence (including Tied House) ▪ Mini Bar Licence (no Endorsements apply to this licence)	▪ Caterer's ▪ Bring-Your-Own-Wine ▪ Wine Pub ▪ Brew Pub ▪ Mini Bar ▪ Room Service ▪ Golf Course
Licence to Deliver	No classes are applicable	No endorsements are applicable
Licence to Operate a Retail Store	▪ Beer and Cider Grocery Store Licence ▪ Beer and Wine Grocery Store Licence ▪ Offsite Winery Retail Store Licence ▪ Brewers Retail Inc. Licence	▪ Wine Boutique Sales Agent (applies to Beer & Cider Grocery Store Licence) ▪ Wine Boutique (applies to Offsite Winery Retail Store Licence)
Ferment on Premises Licence	No classes are applicable	No endorsements are applicable
Licence to Represent a Manufacturer	No classes are applicable	No endorsements are applicable
***Special Occasion Permits**	▪ Sale (includes Public, Private & Industry Promotional Events) ▪ No-Sale (includes Public, Private & Industry Promotional Events) ▪ Sale Tailgate ▪ No Sale Tailgate ▪ Auction	No endorsements are applicable

Under this licence structure, the AGCO issues licences in six categories. Some licence categories include classes and endorsements for additional activities.



- Applicants selecting the Manufacturer's Licence, for example, will choose their applicable core activity from three licence types (Brewery, Winery or Distillery). They can also add secondary or additional activities by selecting from five endorsements.



To apply for, and manage, your AGCO licence, endorsement or permit, go online to the iAGCO portal. For more information, see the iAGCO Information page.

Note: The LLCA also provides for a Licence to Operate as a Wholesaler category; however, the regulation provides that the Registrar shall not issue this licence.



Policies and Authorizations

Policies are created by the governing authority and describe how regulations are administered within the regulatory framework. Authorizations may be issued within the policy guidelines to allow participants to carry out certain practices.

Regulations, licences and authorizations all carry the same legal authority. Failure of the winery to comply with the conditions can result in fines and/or loss of the licence to sell wine in Ontario.

Regulatory Organizations

Ontario Farm Products Marketing Commission (OFPMC)

The OFPMC is an agency of the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA). The commission is responsible for administering the *Farm Products Marketing Act* and the *Milk Act*, supervising marketing boards and representative associations established under the legislation, and the licensing to process grapes, peaches, pears, plums, cherries (sweet and sour) and nectarines, as well as supervising of other farm commodities under the authority of marketing boards.

Processor Number

A Processor Number from Grape Growers of Ontario (GGO) and Grape Processor Licence from the OFPMC are required by grape wineries to process grapes in any way. A copy of this licence must be provided to AGCO before it will issue a Manufacturer's Licence.

Grower Number

A Grape Grower number from Grape Growers of Ontario is required by any individual or business engaged in producing or marketing grapes or late harvest juice.

Tender Fruit Processor's Licence







Wineries planning to make wine from peaches, pears, plums or cherries (sweet and sour) produced in Ontario must obtain a Tender Fruit Processor's Licence from the OFPMC. A copy of this licence must be provided to AGCO before it will issue a Manufacturer's Licence.
Note: A processor's licence is not required if purchased juice or concentrate is used to make a wine or wine product, or if fruits other than those designated are used. A processor's licence is required for the manufacture of the juice or concentrate.

Fruits requiring a Licence to Process include:

- grapes
- peaches
- pears
- plums
- cherries (sweet and sour)

To qualify for a Licence to Process Tender Fruit or for a Licence to Process Grapes, an applicant must satisfy the criteria listed on the application form. To meet these criteria, processors must:

- have the equipment for processing
- have experience in processing
- be in compliance with all regulations, orders, marketing agreements and awards under the *Farm Products Marketing Act*

Processors of grapes or tender fruit must have the capability to process fruit before the licence is issued, but this capability can be under the ownership of the applicant or via a co-packer. Existing licences are in effect as long as the applicants they are issued to continue to process and comply with the criteria. New licences are issued for a five-year renewable term. Complete details are listed on the Ontario Farm Products Marketing Commission website (see *Appendix 1*).

Beekeeper Certificate of Registration

Any winery wishing to make mead (honey wine) must possess a valid Beekeeper Certificate of Registration, available from Ontario Ministry of Agriculture and Food and Ministry of Rural Affairs (see *Appendix 1*).

Ontario Wine Appellation Authority (OWAA)

Ontario Wine Appellation Authority (formerly Vintners Quality Alliance Ontario VQAO) was established under the authority of the *Vintners Quality Alliance Act* to create and administer an appellation of origin system for Ontario grape wines. This system identifies Ontario wines according to the specific grape-growing areas where they are produced and the methods used.
Participation in the VQA system is voluntary, but wines not certified by OWAA may not use specific terminology regulated under the appellation system on

labels or in any other material associated with the wine. Regulated terms include “Ontario”, regional names and certain wine names such as “Icewine”. A winery must join OWAA and have individual wines approved to use the regulated terminology. A manufacturer’s licence issued by AGCO is a prerequisite for OWAA membership. VQA is discussed in *Section 5*.



Alcohol and Gaming Commission of Ontario (AGCO)



The Alcohol and Gaming Commission of Ontario (AGCO) is an Ontario provincial regulatory agency reporting to the Ministry of the Attorney General (MAG). It is a corporation under the *Alcohol and Gaming Commission of Ontario Act, 2019*. It licences, authorizes and regulates all activities in Ontario related to lotteries, gambling, and the sale and service of beverage alcohol.



On November 29, 2021, the *Liquor Licence and Control Act (LLCA)* came into force to rationalize the regulatory framework found in the Liquor Licence Act and parts of the *Liquor Control Act* into a new framework for the sale, service and delivery of beverage alcohol in Ontario.

The AGCO main functions in regulating the wine industry in Ontario consist of:

- Licensing manufacturers to sell Ontario wine to the Liquor Control Board of Ontario (LCBO) for sale and distribution in its system or by other approved means.
- Licensing and regulating establishments that sell or serve liquor, liquor delivery services, liquor manufacturers, their representatives and representative of foreign manufacturers, and ferment on premises facilities.
- Administering the Special Occasion Permit program.
- Licensing manufacturers’ retail stores, which include retail stores on the production sites of wineries and off-site winery retail stores.
- Licensing grocery stores to retail liquor to the public.
- Administering advertising guidelines.

Manufacturer’s Licence

The Alcohol and Gaming Commission of Ontario (AGCO) is responsible for administering the *Liquor Licence and Control Act, 2019* (LLCA), which together with its regulations and the standards and requirements established by the Registrar, establish the licensing and regulatory regime for most aspects relating to the sale, service and delivery of liquor in Ontario. https://www.agco.ca/alcohol/manufacturers-owneroperators

Every winery operating in Ontario must have a valid Manufacturer’s Licence to keep for sale, offer for sale and sell its products to the LCBO or through its on-site retail store. **This is not a licence to manufacture wine.**

A manufacturer’s licence allows a manufacturer of wine produced in Ontario

to sell it to the Liquor Control Board of Ontario (LCBO) or to the public through its on-site retail store if the requirements for a retail store are met. A Manufacturer's Licence is also required to obtain authorization (endorsement) to operate a winery retail store, or to obtain a tied house liquor sales licence. Previous licences have been rolled into endorsements of the Manufacturers' Licence including a By-the-glass Endorsement, Caterer's Endorsement to sell or serve your wine at catered events off-site, Temporary Extension Endorsement to sell your wine at farmers' markets or eligible promotional events, and Delivery Endorsement.







Applicants should obtain the Wine Manufacturers' Guide from AGCO, available at AGCO.ca. All AGCO application forms and information packages are on its website and you can apply for and manage any AGCO licence, endorsement or permit, online, through the iAGCO portal.
https://www.agco.ca/alcohol/manufacturers-owneroperators

Requirements

Review the AGCO application to see all current requirements; be prepared with:

- Tax Compliance Verification Number and Attestation
  - You must complete the tax compliance verification process and obtain your tax compliance verification number through the Ministry of Finance's Tax Compliance Verification portal.
  - Attest to your tax compliance status
  - For details, see Information Bulletin: New Tax Compliance Verification requirements for liquor licensees come into effect July 1, 2023.

- Summary of your Business Plan which sets out:
  - a full description of the products to be manufactured on site
  - floor plans showing the complete layout of the manufacturing facility, including equipment and proposed location of any retail store to be located at the production site (if applicable)
  - the channel(s) through which you plan to sell your product(s) (e.g., LCBO, under a Winery Retail Store Endorsement, export)
  - If your product(s) will be manufactured at a facility other than your own, please provide details.

- **Copy of Federal Excise Licence (Winery)**
  The *Excise Act* and the *Excise Act, 2001* (administered by the Canada Revenue Agency) requires that a person obtain a licence under these federal statutes prior to producing or packaging wine, beer and/or spirits in Canada.

- **Copy of Licence to Process (grapes, peaches, pears, plums and cherries)**
  If Ontario wines will be made from these fruits, the applicant requires a Licence to Process issued by the Farm Products Marketing Commission.

- **Written Proof of LCBO Product Testing**
  Please contact the LCBO for further information, including laboratory testing fees. Contact information can be found in the Key Liquor Industry Contacts page.

- **Copy of Business Name Registration**
  The business name under which you intend to operate may have to be registered under the *Business Names Act*.

- **Entity Disclosure (if applicable)**
  All questions **must** be answered.

- **Personal Disclosure, to be completed by all of the following individuals:**
  - Owner (if the applicant is a sole proprietor)
  - Officers and directors including: signing officer, president, secretary, treasurer
  - All persons holding 10% or more of the outstanding shares, or of a class of shares
  - All partners

Eligibility Criteria

- All applicants must be at least 19 years of age.

- Applicants or directors of applying corporations will generally not have any direct or indirect financial ownership in an establishment holding a regular "sale" licence (licensed restaurants, hotels, bars, etc.).

- Applicants must demonstrate financial responsibility in the conduct of the intended business.

- Applicants must demonstrate reasonable grounds that they will conduct business in accordance with the law and with integrity and honesty. A police record search will be conducted on all applicants and directors.

- Please refer to section 20 of Regulation 746/21 under the *Liquor Licence and Control Act* for further information.

Fee

An issuance fee at the date of publication (2023) of $1,260 for 2-year term or $2,520 for a 4-year term, payable to AGCO, is charged for the Manufacturer's Licence. The relationship of all fees to pricing is outlined in *Section 7*.
https://www.agco.ca/alcohol/liquor-licensing-fees

Application Review

After a completed application and business plan, corporate structure form, personal history report and business name registration are received and reviewed, AGCO staff may arrange for the applicant to appear for an informal discussion about plans for the new winery. The staff will then prepare a recommendation to the Registrar of Alcohol and Gaming.

The Registrar will:



- confirm that the applicant is eligible for a licence, and may proceed to the last phase of the process
- ask for additional details or information
- refuse to grant the licence if all criteria are not met

Successful applicants must meet the following conditions before the licence will be granted:



- provide a Licence to Process Grapes and/or Tender Fruit Processor's Licence
- provide proof of LCBO product testing for the sale of the product
- submit payment of AGCO fees

After these conditions are met, and the AGCO is satisfied that the premises conform to the *Liquor Licence and Control Act* and Regulations, the licence will be issued.



After the Manufacturer's Licence Has Been Issued

The holder of a manufacturer's licence is subject to:

- Liquor Licence and Control Act (LLCA) and its regulations, standards and requirements established by the Registrar
- renewal of licence and payment of licence fees every two or four years (if there is no change in ownership)
- periodic inspection
- audit, including on-site inspection and implementation of production controls and compliance with the *Liquor Licence and Control Act and Regulations*
- Wine Taxes collection and remittance
- adherence to AGCO Advertising Guidelines, and Sampling Guidelines
- Mandatory staff/server training

Transferring a Manufacturers' Licence

All Winery Licences are issued to individuals, business partnerships or corporations, for operation at a specific location. The licensee is responsible for the ongoing operation of the licence.

A transfer of the licence is required if there is a prescribed change of ownership of a business carried on under a licence or if the licensee changes, or if a different person wishes to acquire the licence.

Note: If a corporation holds the Manufacturer's Licence, the AGCO must be notified whenever there is a change in officers or directors.

Manufacturers' Licence Endorsements

Winery Retail Store Endorsement

The Registrar may authorize a manufacturer of Ontario wine to operate a store for the retail sale of wine made by that manufacturer.

Generally, all wine sold in a winery retail store must be made by the manufacturer that holds the winery retail store endorsement or licence. The wine sold must also comply with specific requirements regarding Ontario content, as set out in the *Liquor Licence and Control Act* and its regulations.
https://www.agco.ca/alcohol/guides/section-7-winery-retail-store-endorsement

Table 8: AGCO Licensing and Authorization Fees

Fee	Amount	Conditions
Manufacturer's Licence	$1,260	Payable every two years at startup and upon renewal or $2,520 every four years
Transfer of Manufacturer's Licence	$1,000	
Winery Retail Store Authorization	$265	Payable every two years at startup and upon renewal or $530 every four years
Caterer's endorsement	No fee	
Temporary extension endorsement	No fee	
Manufacturer's delivery endorsement	No fee	
Liquor Sales Licence (LSL) – Tied House (new application)	$1,055	Payable when the application is submitted, licence is issued for two years or $1,355 for four years
Renewal of LSL	$300	Renewal every two years or $600 every four years
Transfer of LSL	$1,000	
By-the-glass endorsement	$450	Renewal every two years or $900 every four years
Licence to Represent Manufacturer	$30	Renewal every two years or $60 every four years

https://www.agco.ca/alcohol/liquor-licensing-fees October 2023

A complete and up-to-date list of fees is on the AGCO website at *AGCO.ca*
Most new wineries choose to market their wines through their own winery retail store. Under the provisions of the North American Free Trade Agreement, the AGCO can only issue new authorizations for on-site winery retail stores. The AGCO will not issue authorizations to wineries to establish off-site winery retail stores. New off-site winery retail stores and "mini-stores" located within existing retail stores or complexes are relocations of previously existing off-site winery retail stores.



Ontario's wine industry has established itself as a world-class wine growing and winemaking region. To maintain this close connection between wine growing and winemaking, criteria have been established under which the AGCO may authorize an Ontario winery to operate a winery retail store. These criteria are in the Winery Retail Store Information Package on the AGCO website at AGCO.ca



In general, eligibility for a Winery Retail Store Endorsement includes:



Grape Winery:

- The production site where the *retail store* is located must contain at least five (5) acres (2.2 ha) of planted grapes, unless the retail store has been operating since before January 1, 1993.

- The wine is made by the manufacturer in accordance with the requirements set out below.

- Wine manufactured using imported grape or grape product must contain at least 25% Ontario grape content in each bottle, commonly referred to as International Domestic Blend (IDB) wine.

Fruit Winery:

- The production site where the retail store is located must contain at least five (5) acres of planted fruit other than grapes, except if the wine the winery produces is cider made from apples or pears.

    - If the wine the winery produces is cider made from apples or pears, the winery is not required to have five acres of planted fruit other than grapes; and

    - If the wine the winery produces is made from apples or pears and is not cider, the winery is required to have at least five acres of planted fruit other than grapes.

- and the licensee must produce at least 80% of its total production from fruit not including grapes.

- The wine is made by the manufacturer in accordance with the requirements set out below.

Maple Winery:

- The production site where the retail store is located must contain at least five (5) acres of land planted with sugar maple bush.

- The licensee must produce a minimum of 80% of its total wine production from maple syrup.

- The wine is made by the manufacturer in accordance with the requirements set out below.







Honey Winery:

- The licensee owns and operates at least 100 colonies of honey bees and possesses a valid certificate of registration issued by the Provincial Apiarist (an employee of the Ontario Ministry of Agriculture and Food and Ministry of Rural Affairs – see *Appendix 1*) under the *Bees Act* of Ontario.
- The winery retail store is located at the winery's main manufacturing plant where some honey extraction takes place.
- The wine is made by the manufacturer in accordance with the requirements set out below.

Sake Winery:

- The *Sake (rice wine)* is made by the manufacturer in accordance with the requirements set out below.

In addition:

- Any winery that produces apple wine must make each of its brands from at least 70% Ontario apples or the concentrated juice of.
- Any winery that makes wine from fruit other than grapes or apples must make each of its brands from 100% Ontario fruit or the concentrated juice of.

"Made" Requirements

All wine sold in a winery retail store must be "made" by the winery that holds the WRS Endorsement (the manufacturer). Wineries may also sell wine at a retail store that has been produced at another production site owned by the winery, provided the other production site also has a retail store and the wine complies with the requirements below. To be considered "made" by the manufacturer, a winery must meet the following requirements:

Criteria for all types of wine:

The licensee (winery) must carry out the full primary fermentation process on at least 25% of the total volume of wine sold by the licensee.

Additionally for grape, fruit, maple and honey wine:

The wine sold in the store must meet the following conditions:

- The licensee must carry out the full primary fermentation process at the production site with respect to at least 25% of the total volume of wine sold at the retail store which requires,
  - All aspects of the process to occur at the production site, and
  - The relevant fermentation vessels to at all times by physically

present at the production site, and



- The licensee must also carry out at least one of the following steps, in full, at the production site where one of the licensee's winery retail stores is located, with respect to the entire content of each bottle of wine the licensee sells at its winery retail stores:
  - primary fermentation
  - blending
  - barrel-aging (at least three months)
  - bulk-aging (at least three months)
  - secondary fermentation (for sparkling wine)
  - artificial carbonation (for sparkling wine)
  - flavouring (for fortified wines)





Additional criteria for Sake:

The licensee must perform the full sake-making process including all steps below at the production site where the retail store is located for at least 25% of the total volume of sake sold at the store, and perform the full sake-making process, including all steps set out below, at a production site where one of the licensee's winery retail stores is located for the remaining volume of sake sold at the store.

The required steps are:

- Rice milling
- Rice washing
- Rice steeping
- Rice steaming
- Koji making
- Fermentation
- Filtration
- Pasteurization

**The year in the "made" policy and the harvest year spans September 1st to the 31st of August of the following year.*

Wine sold must also comply with specific requirements regarding Ontario content. Winery owners are required to maintain sufficient records to indicate they have complied with this policy. The full text of this policy is found in the WRS Endorsement on the AGCO website at ACGO.ca.

The criteria were developed in close consultation with the Ministry of Consumer Services, the LCBO, the Wine Council of Ontario, the Grape Growers of Ontario and a wide representation of established and potential grape wineries. The criteria align with Ontario's international trade obligations, promote value-added agriculture, rural economic development and tourism, and help to preserve agricultural land in grape- and fruit- growing areas.

Relocating the Winery Retail Store



Application must be made to the AGCO to authorize relocation of a manufacturer's winery retail store. The winery must obtain a new Winery Retail Store Endorsement, showing the new location.



The type of winery retail store may limit where the store can be relocated. An on-site store may not be relocated to an off-site location, and the retail store must continue to be located at a production site of the holder of the Retail Store Endorsement. The application process includes a site inspection of the constructed retail store by an AGCO Compliance Official to confirm that all eligibility criteria have been met.



Note: A Winery Retail Store Endorsement can only be transferred together with the winery Licence to which it is attached. Separate applications are required for the transfer of the Winery Retail Store Endorsement and the Winery Licence.

Liquor Sales Licence and Caterer's Endorsement – Tied House

The Liquor Sales Licence permits food establishments to serve beverage alcohol where light meals are available (bars, restaurants, hotels, etc.) that offer a variety of beverages on the menu.

A **tied house** is a licensed restaurant or food establishment situated on the manufacturing site, owned and operated by the manufacturer, and therefore "tied" to the winery. The Liquor Sales Licence – Tied House allows the tied house to serve wine made by its winery for consumption on the premises in conjunction with food.

Wineries holding an AGCO Liquor Sales Licence – Tied House can also apply for a Liquor Sales Licence Caterer's Endorsement, allowing them to cater third-party functions in facilities and other on-site locations not covered by the licence. Be aware of restrictions to Caterer's Endorsements:
https://www.agco.ca/alcohol/guides/section-3-liquor-sales-licence-endorsements

A manufacturer may hold both a Caterer's Endorsement to a Winery Licence and a Caterer's Endorsement to a Liquor Sales Licence for a Tied House, and must comply with the requirements specific to each Caterer's Endorsement.
Most new Liquor Sales Licence applications require public notice as directed by AGCO. The application fee for a new winery Liquor Sales Licence at the date of publication (2023) is $1,260 for a 2-year term and $2,520 for a 4-year term.

The tied house must meet the same standards for service, quality and sanitation prescribed for any restaurant, and is permitted as a food premise under the Ontario *Health Protection and Promotion Act*, Food Premises Regulation. Food premises permits are available from local health units. The tied house must also comply with all applicable zoning bylaws, Building Code and the *Fire Protection and Prevention Act*. Licensees must also ensure that employees meet *AGCO Responsible Liquor Sale, Service and Delivery Training*.

https://www.agco.ca/alcohol/guides/liquor-sales-licence-including-tied-house-and-mini-bar-licence-guide







Manufacturer's Licence By-the-Glass Endorsement

The By-the-Glass Endorsement allows licenced Ontario wine manufacturers to sell and serve their product for consumption in areas under the sole control of the licensee that are located on or immediately adjacent to the production site. The sale is primarily aimed at promotion of the manufacturer's product, tourism or education. Only wineries with a Winery Licence are eligible for this endorsement and may only sell and serve the wine which it has manufactured. Wine can only be sold and served between permissible hours of sale, and must be served by a person who has completed server training (for example, Smart Serve®). More information on the Manufacturer Limited Liquor Sales Licence is on the AGCO website (see *Appendix 1*).

Special Occasion Permit (SOP)

The AGCO administers Special Occasion Permits. An SOP is needed any time alcohol is offered for sale or served anywhere other than in a licensed. It allows the sale and service of liquor on special occasions, such as cash bars at weddings or private receptions, as well as larger scale events that are open to the public. SOPs may be issued for:

- Private Events
- Public Events
  - Industry promotional events
  - Tailgate Events
  - Charity Events
  - Auctions

More information about Special Occasion Permits is on the AGCO website (see *Appendix 1*).

https://www.agco.ca/general/general-information-special-occasion-permits

Training for Servers

The Smart Serve training program for servers of alcoholic beverages has been developed by Smart Serve Ontario, a division of the Hospitality Industry Training Organization of Ontario (HITOO) and approved by AGCO as the only responsible alcohol training program for Ontario. Smart Serve is mandatory for licence holders, all managers, anyone involved in the sale or service of liquor and security staff employed by the licence holder.

Smart Serve trains servers and managers on how to prevent alcohol-related problems and how to intervene if problems do occur. The training covers responsible serving techniques, legal issues and house policies. Smart Serve certificates issued before July 1, 2018 will expire on June 30, 2023. This includes certificates issued prior to 1995 from the Server Intervention Program. Smart Serve certificates issued on or after July 1, 2018 will expire five years from the date of issuance. Contact information for Smart Serve is in *Appendix 2*.
https://smartserve.ca/
https://www.agco.ca/alcohol/4-responsible-sale-service-and-delivery-training

Licence to Represent a Manufacturer



Some wineries hire a licensed sales representative (agent) on commission to solicit orders for sale of product to the LCBO and to licensed establishments. The Manufacturer's Representative's Licence does not allow the agent to sell alcohol products directly to the public or to the LCBO.



The holder of the Manufacturer's Licence is responsible for ensuring these representatives are licenced with the AGCO, and representatives are responsible for obtaining and maintaining their own licence.

Manufacturer's Representative Application Guide
https://www.agco.ca/alcohol/guides/manufacturers-representative-application-guide



Note: Salaried employees of a domestic (Ontario) winery who have responsibility for selling are not required to be licensed as representatives. Their activities are covered by the Manufacturer's Licence.

Manufacturer's Responsibility for Representatives

It is the responsibility of the manufacturer to ensure:

- the licensed representatives (agents) hold a valid Manufacturer's Representative Licence
- the manufacturer provides liquor to its representatives or fills individual orders only after receiving an order from the representative on the prescribed purchase order form
- the manufacturer fills purchase orders using only stock from the manufacturer's winery retail store or LCBO stores

Regulations Governing Licensed Representatives

Licensed representatives may not make a direct sale of wine or wine products to the public. They must use prescribed purchase order forms to submit orders to the manufacturer's winery retail store or LCBO store. Representatives cannot take delivery of any order unless it has been placed and accepted by the retail outlet and has a purchase order attached.







Liquor Delivery Service Authorization

Authorization for an On-Site Winery Retail Store Offering Product Delivery

Manufacturers with a *Retail Store Endorsement* may sell their products from the retail store for delivery to the public through:

- the Manufacturer's licensee with Retail Store Endorsement and their employees
- another AGCO licensed manufacturer that holds a Delivery Endorsement
- by the holder of a Liquor Delivery Service Licence
- or by a carrier.

in accordance with Regulations 745/21 and 746/21 under the Liquor Licence and Control Act and standards and requirements.

The delivered product must be sold at the same price as the same wine in the winery retail store. The winery retail store must charge a delivery fee that is not less than the reasonable cost of the delivery service.

Delivery from Manufacturer Retail Store
https://www.agco.ca/alcohol/guides/section-9-delivery-manufacturer-retail-stores

Licence to Deliver Liquor Guide https://www.agco.ca/alcohol/guides/licence-deliver-liquor-guide

A *Licence to Deliver Liquor* allows a licensee to deliver liquor obtained from the LCBO, a manufacturer's on-site store, licensed grocery stores on behalf of a customer or off-site retail store or eligible liquor licensed establishment to individuals for a fee. A licence holder is not selling liquor, but is delivering an order to a customer.

Winery Direct Delivery Authorization

Wineries with a Manufacturer's Licence issued by the AGCO may apply to the LCBO for authorization to deliver wine made in the same winery directly to licensees or licensed establishments such as restaurants and hotels. These persons or establishments must have a valid licence to sell liquor issued under the *Liquor Licence and Control Act*. The manufacturer is required to report sales and remit applicable fees to the LCBO monthly.

If manufacturers wish to pool their resources and have one delivery, they would still need authorization from the LCBO program and also apply for a Direct Delivery Endorsement to their Manufacturers' Licence.

Details are available from the LCBO Policy and Government Relations Branch at 416-864-2500/ 1-800-361-3291.

https://www.doingbusinesswithlcbo.com/content/dbwl/en/basepage/home/new-supplier-agent/DirectDelivery.html

Distribution and Warehousing



Wineries are permitted to use facilities away from their production site as additional storage for their product and/or to support distribution of their product. Wineries cannot promote, take orders for or sell liquor from an off-site warehouse, or use an off-site warehouse to service deliveries to end use consumers.



Wineries must maintain records of the location of any offsite storage facilities where their liquor is stored, and provide that information to the AGCO on request. *https://www.agco.ca/alcohol/wine-manufacturers-guide/section-3*

Advertising Guidelines



The *Liquor Licence and Control Act, 2019* permits a manufacturer of wine to advertise within specific criteria and in accordance with the AGCO's Advertising Guidelines.

A manufacturer does not have to obtain AGCO approval of its advertising program or content. The manufacturer is responsible to ensure advertising that carries the winery's business or brand name, or is endorsed by it, falls within the parameters in the regulations and in AGCO's Advertising Guidelines. The guidelines are posted on AGCO's website.

AGCO Registrar's Guidelines for Advertising and Promotion
https://www.agco.ca/alcohol/appendix-2-registrars-guidelines-advertising-and-promotion
Registrar's Interim Standards and Requirements for Liquor
https://www.agco.ca/alcohol/registrars-interim-standards-and-requirements-liquor

For More Information

There are several licences, permits and regulations involving the production, management and serving of beverage alcohol. Those administered by the AGCO are illustrated in Figures 2 and 3, and Table 8 provides a summary of AGCO licensing and authorization fees. Complete information and application forms can be found on the AGCO website at *www.agco.ca*. Winery owners must be aware that regulations and policies change from time to time, and prospective licensees should check with organizations and the appropriate authorities for the most current information.

Figure 2: AGCO Licensing Procedures: Winery

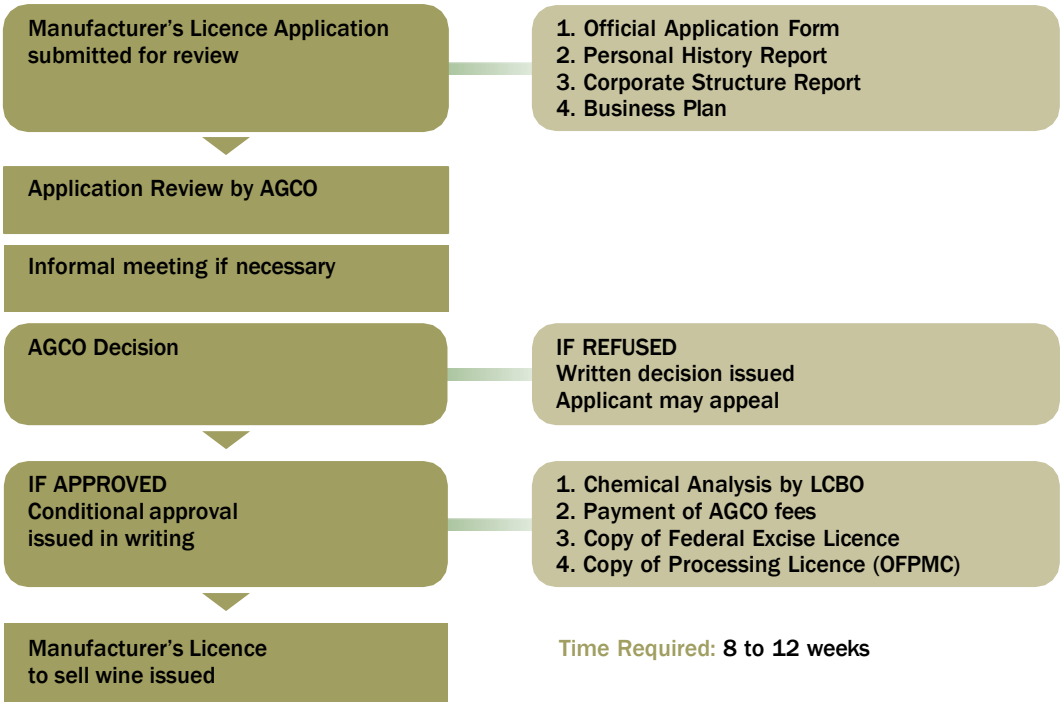
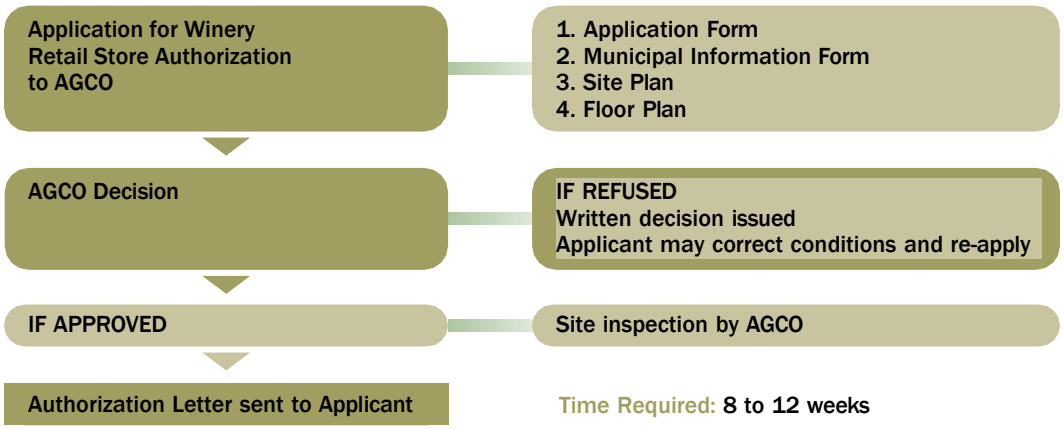


Figure 3: AGCO Licensing Procedures: Winery Retail Store



Liquor Control Board of Ontario (LCBO)







The LCBO exists under the authority of the *Liquor Control Board of Ontario Act, 2019* to control the distribution of beverage alcohol in Ontario. Most of the regulatory functions in the *Liquor Licence and Control Act* are now performed by the AGCO, but the LCBO still authorizes wineries to deliver directly to licensees. Wineries report production and sales to the LCBO monthly. Some manufacturers may be eligible for quarterly reporting and payments, if in good standing and total remittances are less than $100,000 in the preceding calendar year.

The LCBO Quality Assurance Lab performs chemical analysis, sensory evaluation, and reviews labelling and packaging compliance on products the LCBO sells. The LCBO also offers laboratory testing and label review services to wineries.

While the LCBO purchases from wineries of all sizes and has a variety of programs specifically for small Ontario wineries, the wine market is very competitive. Ontarians are sophisticated consumers and to compete successfully, wines must deliver excellent quality at competitive prices backed by compelling labelling and promotion. There is no guarantee the LCBO will purchase wine or that the wine will be successful simply because it is produced in Ontario.

For more information on doing business with the LCBO visit *doingbusinesswithlcbo.com*

Quality Control

Federal law establishes limits on chemical content for any wine made in Canada. The LCBO has a laboratory service to monitor wines, and the acceptable level of chemicals and component characteristics set out in the Quality Assurance Policies & Guidelines. Chemical testing, along with organoleptic evaluation, is performed as part of the application process for listing. The LCBO strongly recommends wineries test their wines even if they are not listed in the LCBO.

Product Packaging Standards

Federal law establishes standards for the labelling of all wine and Ontario Wine Appellation Authority (OWAA) has specific rules for the labelling of VQA wines and the use of descriptive wine terms on labels. The LCBO has established minimum standards for the packaging and labelling of shipping containers. All wines sold in LCBO must conform to these standards. They are set out in the Doing Business with the LCBO website. Wines not listed at the LCBO must meet federal labelling rules and OWAA rules.

LCBO Labelling Requirements: doingbusinesswithLCBO.com

Labelling requirements for alcoholic beverages – Canada Food Inspection Agency: inspectioncanada.ca

Ontario Wine Appellation Authority: vqaontario.ca

Federal Requirements







The Excise Duty Operations of the CRA administers the *Excise Act, 2001* – the federal legislation that applies to wine. This legislation controls the production, packaging and possession of wine in Canada. It also imposes excise duty on all wine packaged in Canada.

Every winery must be licensed before producing, packaging or receiving wine and depending on the operations, additional licences may be needed. Licences are valid for a maximum of two years and must be renewed by the licensee. All licensees are subject to inspection/audit by the CRA to ensure they comply with the *Excise Act, 2001*.

The requirement to have different types of licences depends on the licensed user's business operations. Under subsection 130(1), a licensed user that also has a wine licence is authorized to use bulk spirits to fortify wine that will have an alcoholic strength that does not exceed 22.9% absolute ethyl alcohol by volume. Sections 131 and 131.1 state that a licensed user that also has a spirits licence is authorized to blend bulk wine with spirits if the resulting product is spirits, and use bulk wine to produce spirits.

Licences specific to alcohol include:

- **spirits licence** to produce or package spirits
- **wine licence** to produce or package wine
- **User's licence** to use bulk alcohol, non-duty-paid packaged alcohol or a restricted formulation. A licensed user may use the alcohol:
  - in an approved formulation,
  - In an approved process,
  - to produce vinegar,
  - to fortify wine (where the licensed user also holds a wine licence);
  - to blend spirits and bulk wine where the finished product is spirits (where the licensed user also holds a spirits licence), or
  - to produce spirits from bulk wine (where the licensed user also holds a spirits licence).

Excise Act, 2001
https://laws-lois.justice.gc.ca/eng/annualstatutes/2002_22/page-1.html#:~:text=SUMMARY,a%20range%20of%20new%20provisions.

Excise duty rates *https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/edn85/adjusted-rates-excise-duty-spirits-wine.html*

EDM2-1-1 Licence Types *https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/edm2-1-1.html*

Wine Licence to Produce or Package Wine



Every person who produces or packages wine in Canada must obtain a wine licence issued under the *Excise Act, 2001* unless the wine is produced and packaged by an individual for their personal use.

EDM2.2.1 – Obtaining and Renewing a Licence: www.canada.ca

User's Licence to Fortify Wine



The Excise Act, 2001 requires a person to obtain a user's licence to perform certain activities that are restricted under the Act. In addition to the wine licence, any wine licensee that fortifies their wines with spirits must obtain a user's licence issued under the *Excise Act, 2001*.

EDM3-1-2 Licensed Users: www.canada.ca



For the purpose of treating domestic (Ontario) wine, a manufacturer may use spirits produced from domestic wine, or spirits produced from grain or other food sources, containing at least 94.0% ethyl alcohol by volume. These spirits must be stored in the user's licensed premises, which could be part of the winery.

The fortified wine (port, sherry, etc.) must not exceed 22.9% ethyl alcohol by volume in order to continue to be wine under the *Excise Act, 2001*.

Excise Warehouse Licence to Store Non-Duty Paid Packaged Wine

An excise warehouse licence authorizes the excise warehouse licensee to possess in their excise warehouse, non-duty-paid packaged alcohol. A retailer of alcohol may obtain an excise warehouse licence.

Excise duty is payable when alcohol is packaged unless the packaged alcohol is immediately entered into an excise warehouse. Spirits and wine licensees may also apply for an excise warehouse licence to defer the excise duty that would otherwise become payable at the time of packaging. The excise duty is paid at the time the packaged wine is removed from the licensed warehouse.

Additional Information

Additional information on licensing, licensee authorized activities and responsibilities (including books, records and filing returns) are published in the Excise Duty Memoranda available on the CRA website at canada.ca
Ontario Excise Duty office contact information is in *Appendix 1*.

Forms and Information

Tables 9 provides summaries of regulations, licences and authorizations described in this section.

Table 9: Summary of Agencies, Regulations, Licences and Authorizations Governing the Wine Industry in Ontario

Agency	Licence, Permit, Authorizations Letter or Activity

Alcohol and Gaming Commission of Ontario (AGCO)	• Manufacturer's Licence – Winery Licence
	Endorsements:
	  • Winery Retail Store (WRS)
	  • By-the-Glass
	  • Caterer's
	  • Temporary Extension (farmer's markets)
	  • Delivery
	• Liquor Sales Licence (Tied House)
	• Licence to Represent a Manufacturer
	• Licence to Delivery
	• Distribution & Warehousing
	• Advertising Guidelines
	• Sampling Guidelines and WRS promotions

Liquor Control Board of Ontario (LCBO)	• Direct delivery authorization • Wine production and sales reporting (winery.reporting@lcbo.com) • Quality Assurance
Vintners Quality Alliance Ontario (VQA Ontario)	• VQA Ontario Membership • VQA wine standards and regulations • Use of regulated terms Wine Labelling • Certificates of Analysis and Certificates of Origin • Export certificate • https://vqaontario.ca/wp-content/uploads/2022/07/OWAA-Reference-Guide-2022-FINAL.pdf
Ontario Farm Products Marketing Commission (OFPMC)	• Processor's Licences for processing grapes, peaches, pears, plums or cherries
Grape Growers of Ontario (GGO)	• Grower and Processor numbers • Application and information at www.grapegrowersofontario.com/resources (new growers & processors)
Ontario Tender Fruit Producers' Marketing Board (OTFPMB)	• Support of applicants for a Tender Fruit Processor's Licence
Ontario Ministry of Agriculture, Food and Rural Affairs	• Beekeeper Certificate of Registration • https://www.ontario.ca/page/ontario-beekeeper-registration
Canada Revenue Agency (CRA)	• Wine Licence • User's Licence (if required) • Excise Warehouse Licence (if required) • Excise Duty • GST/HST • Audit
Ontario Ministry of Finance	• Monthly Wine Tax Return to reflect collection and remittance of wine taxes • https://www.ontario.ca/document/beer-and-wine-tax/forms-and-publications

Agency	Licence, Permit, Authorizations Letter or Activity
Ontario Ministry of Environment, Conservation and Parks	• Permit to Take Water • Environmental Compliance Approval (ECA) for Waste Disposal
Ontario Ministry of Health and Long-Term Care	• Food Premises Regulation







LCBO forms and information are found at *doingbusinesswithlcbo.com*

VQA Wine

Winemaking standards and label integrity are enforced through a certification program. All VQA wine is 100% grown and produced in Ontario making it an authentic local wine.

Ontario wines labelled with VQA appellations of origin and other regulated terms meet comprehensive standards as set out in regulation under the Vintners Quality Alliance Act, 1999 and have the force of law.

Regulations set out basic standards for grapes and wine including:

- Appellation names and boundaries
- Grape varieties and ripeness
- Compositional standards
- Winemaking techniques
- Labelling requirements (Definition of regulated terms, winemaking and labelling rules -Regulation 406)
- Sensory and chemical criteria for the finished wine

VQA forms are online and accessible to participating wineries through a secure web interface. Membership application credentials can be obtained from Ontario Wine Appellation Authority (OWAA). Information for prospective wineries is available on the OWAA public website at *vqaontario.ca.*

Links to the Act and regulations can be found here:

- VQA Act
- Definition of regulated terms, winemaking and labelling rules (Regulation 406)
- Designation of Wine Authority (Regulation 405)
- Procedural Rules for Wine Approvals

5. Quality Considerations and Wine Origin and Quality Programs



Quality is the expression of three characteristics – acceptability, authenticity and safety.

The winemaker is responsible for ensuring the customer likes the product, can count on its authenticity every time, and feels confident that the product is safe. Think of quality control as a marketing tool, a way to build and protect the winery's reputation to keep customers coming back – and not as a cost or business constraint.



This section outlines resources for achieving consistent high quality in all of the winery's products.

Importance of Quality Control



Imagine a customer buys a bottle of "My Winery" Merlot 2020 from the LCBO store. They like it and want another. What do they expect from the second bottle? The same quality? Suppose the second bottle is just a bit off. What's their reaction? Will they buy a third bottle? Probably not. More likely, they will try something else.

Or what if you were pouring wine for a guest and a shard of broken glass falls into the glass. You may be embarrassed and never buy that brand again or, worse, the person may sue the winery for damages.

Quality control ensures that each batch of wine is exactly what the winemaker designed it to be. It assures each bottle of a given wine is the same quality as every other bottle, and that nothing in the bottle will harm consumers or place the winery at risk.

Quality Control Standards

The aesthetic quality of a product is a value judgment, and in winemaking, that judgment is exercised by the winemaker who designs wines to please certain palates. This publication does not define the aesthetic quality of the wine, but provides the winemaker with tools to achieve consistent quality in all of the winery's products.

Guide to Food and Beverage Manufacturing in Ontario
https://www.ontario.ca/document/guide-food-and-beverage-manufacturing-ontario

The Fruit or Juice



Quality wine begins with quality fruit or juice, which must contain the appropriate sugar and tannin levels to achieve the desired results. Grapes are sugar tested at harvest through third-party testing contracted by Grape Growers of Ontario.



The winemaker is responsible for ensuring the grapes or juice for processing are free of pesticide or fungicide residues that might contaminate the wine. The winemaker can insist the vineyard, orchard manager or juice supplier provide a list of chemicals used and the dates they were applied. Each chemical used is assigned a “withdrawal period” or “preharvest interval” – the minimum time between application of the chemical and the harvest of fruit it is applied to. The manufacturer must insist on written assurance that all withdrawal periods have been observed. Follow the product label and be aware that some wineries have more restrictive intervals.



Chemical Testing

The LCBO offers a wine-testing laboratory service to Ontario wineries at cost, or wineries may use accredited private laboratories to do their testing. The VQA Ontario wine approval process includes a complete analysis by the LCBO laboratory.

The LCBO Product Packaging Standards and Guidelines for Chemical Analysis is a document designed to assist suppliers in ensuring their products will meet minimum requirements for case markings, corrugated fibreboard packaging, trailer/container loading, consumer unit labelling and chemical composition when they arrive at the LCBO, and provides a useful guide whether selling wine through the LCBO or other channels. The document references standards and regulations from a variety of sources including but not limited to: the *Canada Food and Drug Act and Regulations*, the *Canada Consumer Packaging and Labelling Act and Regulations*, the *CFIA Guide to Food Labelling and Advertising,* the *Ontario Liquor License Act and the CALJ - Product Identification Standards for Use in the Distribution of Beverage Alcohol*.
https://www.doingbusinesswithlcbo.com/content/dbwl/en/basepage/home/quality-assurance/quality-assurance-policies---guidelines/labelling/-lcbo-product-packaging-standards-and-guidelines-for-chemical-an.html

Sensory Analysis

Taste, subtle flavours, clarity, colour and bouquet are all measurable characteristics that contribute to the quality of wine. This kind of evaluation is routinely done by the winemaker throughout the manufacturing process to ensure the wine is of suitable quality and defects or faults have not developed. This is an important step to ensure the winery consistently produces quality wines that meet consumer expectations and the winery’s desired quality profile. Wine sold through LCBO stores is subject to sensory testing as part of the application process for listing the product with the LCBO. The LCBO Quality Assurance department offers sensory evaluation services as well as sensory evaluation kits.

LCBO Quality Assurance Services
https://www.doingbusinesswithlcbo.com/content/dbwl/en/basepage/home/quality-assurance/quality-assurance-services/sensory-analysis-services.html

LCBO Quality Assurance Policies and Guidelines
https://www.doingbusinesswithlcbo.com/content/dbwl/en/basepage/home/quality-assurance/quality-assurance-policies---guidelines.html



A sensory evaluation is also required for VQA approval to determine if the wine meets criteria established in regulations including that it is without unacceptable faults, is representative of quality wines of its general category, and the wine is within an acceptable range of varietal character (where grape varieties are declared on the label).



Ontario Wine Appellation Authority VQA Tasting Process



Premises Inspection

Tied houses are classed as food premises (any place that food is prepared or served) under the Ontario *Health Protection and Promotion Act*, Food Premises Regulation 493/17. Food premises are subject to inspection by the local health unit of the Ontario Ministry of Health and Long Term Care. The Food Premises Regulation sets out standards for building maintenance, lighting, ventilation, equipment, food handling and personnel practices that must be maintained in food preparation and serving establishments. Food premises must provide the local health unit with information and records pertaining to the manufacturing, processing, preparation, storage, handling, display, transportation and distribution of sale or offering for sale of any wine on or in the food premises. Refer to Food Premises Regulation 493/17 and the local Health Unit for specific requirements.

Wineries and tasting areas that serve only snack foods such as crackers are exempt from the regulations if the tastings are provided using disposable glassware and food is not prepared for serving. If re-usable glasses are used, washing and sanitation procedures are enforceable under Food Premises Regulation 493/17.

Food Safety and Quality Control Systems







Table 10: Summary of Quality Control Contacts

Quality Control	Responsibility
Chemical Testing	Liquor Control Board of Ontario Quality Assurance Department
Good Manufacturing Practices HACCP	Canadian Food Inspection Agency Ontario Ministry of Agriculture, Food and Rural Affairs Global Food Safety Initiative
Food Premises Inspection	Local health unit, Ontario Ministry of Health and Long Term Care
VQA Wine Standards	Ontario Wine Appellation Authority

Good Manufacturing Practices (GMPs)

GMPs are also known as prerequisite programs or preventive control plans (PCPs) and are food processing best practices for producing safe, quality food products. GMPs are written policies, procedures and verification programs to ensure people and the environment do not present food safety hazards.

The food safety-conscious winemaker will institute a program that ensures unwanted hazards such as bacteria, moulds, yeasts and other foreign materials do not contaminate the equipment, ingredients, packaging materials, food contact surfaces and wine products at any stage. GMPs require that all practices related to food safety are documented and the activities recorded. The development and implementation of your GMP program is the foundation of any food safety program (GMPs need to be implemented before HACCP).

An employee training program should be implemented and periodically reviewed to ensure all employees understand their role and responsibility for safe wine production. Training provides consistency among employees to ensure they are following written policies and procedures related to food safety.
Verifying your GMPs is an important aspect of a food safety program to ensure your written program is followed. Verification provides early warnings of any problems and identifies issues that are becoming a trend.

Guide to Food and Beverage Manufacturing in Ontario – Food Safety

Food and Drug Regulations
https://laws.justice.gc.ca/eng/regulations/C.R.C., c. 870/page-20.html

Hazard Analysis Critical Control Point (HACCP)







HACCP (pronounced HASSIP) stands for Hazard Analysis and Critical Control Point. HACCP is a science-based food safety system recognized worldwide as the primary means for the enhancement of food safety. This risk-based system identifies potential hazards by conducting a hazard analysis – looking at all ingredients, products and processing steps to determine where contamination or hazards are likely to occur.

Determining Critical Control Points (CCP) is a step in the process where a control measure can be applied, and is essential to prevent or eliminate a food safety hazard or reduce to an acceptable level. More information on HACCP is available at *Ontario.ca* or on the Canadian Food Inspection Agency (CFIA) website at *inspection.canada.ca* .

Safe Food for Canadians Regulations *https://laws-lois.justice.gc.ca/eng/regulations/SOR-2018-108/index.html*

Fact sheet: *manufactured food businesses* Requirements under the Safe Food for Canadians Regulations apply to businesses in the manufactured food sector that import or prepare food for interprovincial trade or export.

Food Safety Management Systems

A food safety management system combines the principles of a HACCP system and Good Manufacturing Practices (GMP) prerequisite programs into auditable standard requirements. When seeking certification of your food safety management system, be sure to identify a food safety standard to follow. There are a number of internationally recognized standard requirements to choose from.

The CFIA Food Safety Enhancement Program specifies minimum requirements for an effective food safety management system, and is a program typically used by federally registered facilities.

In response to a demand for safe food products, an independent non-profit foundation, the Global Food Safety Initiative (GFSI) was formed, and coordinated by the Consumer Goods Forum. The GFSI foundation benchmarks specific food safety management standards against guidelines established by retailers, food manufacturers, consumers and food safety experts. Since 2007, a number of major retailers have agreed to accept many of the GFSI benchmarked standards. Selecting a GFSI benchmarked standard is designed to reduce the duplication of audits and differing standard requirements.

Here are examples of Food Safety Management System standards:

- CFIA Food Safety Enhancement Program (FSEP)
- GFSI benchmarked schemes
    - SQF 2000 (level 2)
    - BRC
    - FSSC 22000
    - IFS

For more information, consult *www.inspection.gc.ca* and *www.mygfsi.com*

Ontario Wine Appellation Authority (OWAA)



OWAA (formerly VQA Ontario) was incorporated in 1998 and is authorized under the *Vintners Quality Alliance Act, 1999 (VQA Act)*. It is Ontario's wine authority, responsible for regulating and setting standards for the production of wine made from 100% Ontario-grown grapes.



OWAA's primary function is to establish and maintain an appellation of origin system that allows consumers to identify wines by the origin of the grapes they are made from, and procedures followed in the winemaking process. Each bottle of approved wine displays the appellation of origin (Ontario or a more specific region where grapes were grown) on the front label. Any wine using a term regulated under the VQA regulations must first have approval from OWAA.



Regulations under the *VQA Act* describe Viticultural Areas (VAs) in Ontario where quality vinifera grapes can be consistently grown. The term Designated Viticultural Area (DVA), though not official, is often used and is synonymous with VA. The VAs (appellations, regional appellations and sub-appellations) defined in the VQA regulations are:

- Niagara Peninsula
  - Niagara Regional Appellations: Niagara Escarpment and Niagara-on-the-Lake
    - Niagara Sub Appellations: Beamsville Bench, Four Mile Creek, Niagara Lakeshore, Short Hills Bench, Twenty Mile Bench, Creek Shores, Lincoln Lakeshore, Niagara River, St. David's Bench, and Vinemount Ridge
  - Lake Erie North Shore
    - South Islands Sub Appellation
  - Prince Edward County

VQA wines made in these Viticulture Areas that meet all other criteria may be designated:

- VQA Niagara Peninsula VQA
- VQA Lake Erie North Shore VQA
- VQA Prince Edward County VQA

VQA also defines sub-appellations and sets rules for the use of claims of more specific origin such as "estate bottled" or a "single vineyard designation".

Qualifying wineries that hold a valid Manufacturer's Licence from the Alcohol and Gaming Commission of Ontario may register with the Ontario Wine Appellation Authority. More information may be found at: *Joining VQA Program*

Rules governing the VQA designation are detailed in ***Ontario Regulation 406/00 which*** **identifies terms, descriptions and designations that may only be used on a label or container of wine that is an approved VQA wine.**
VQA approval is only granted to wines made from 100% Ontario grapes.

Upon request, OWAA will review labels before printing to ensure they meet VQA labelling guidelines.

Restrictions on using regulated terms apply beyond the label and include signage, advertising, websites, and promotional materials. Before using VQA terms, members must submit finished wine for approval, including a taste test, package review and laboratory analysis.



All wineries are subject to a comprehensive post-approval audit to ensure standards have been met.

VQA Ontario regulates the use of a number of terms describing geographic origin and winemaking procedures on the labels of Ontario VQA wines. Wineries must be aware that these terms cannot be used legally on the labels or in any way associated with non-VQA wines. These terms can be found in Regulation 406/00of the *VQA Act*.



Wineries intending to make VQA wines should contact Ontario Wine Appellation Authority early in the planning process, before crushing their first grapes, to learn the requirements. More information is available on the OWAA website at a *vqaontario.ca*.



Flavoured Wine

Flavoured Wine, Wine Cocktail, Aperitif Wine is defined in Canada's Food and Drug Regulations as *wine to which has been added herbs, spices, other botanical substances, fruit juices or a flavouring preparation, and shall contain not more than 20 per cent absolute alcohol by volume.*

A Flavoured Fruit Wine is *a mixture of fruit wines, or a mixture of fruit wine and wine to which has been added herbs, spices, other botanical substances, fruit juices or a flavouring preparation, and shall contain not more than 20 per cent absolute alcohol by volume.* Food and Drug Regulations

CFIA Labelling requirements are found here:
https://inspection.canada.ca/food-labels/labelling/industry/alcoholic-beverages/eng/1624281662154/1624281662623

Cider

Cider is also defined in the Food and Drug Regulations as being a product of the alcoholic fermentation of apple juice and shall contain not less than 2.5 per cent and not more than 13.0 per cent absolute alcohol by volume. Consult the regulations for more information. Food and Drug Regulations

Icewine

Icewine is a regulated term ensuring that Icewine produced in Canada meets international standards.

Icewine is wine that is made exclusively from grapes naturally frozen on the vine and that, if made in Canada, has been determined by entity acting under the authority of the law of the province in which it was made to have been made exclusively from such grapes. Standards of Identity: Icewine

It is prohibited for a person to sell a consumer prepackaged food whose label bears the word or expression “icewine” or “ice wine” or “ice-wine” or “vin de glace” or any similar word or expression, or any abbreviation of, symbol for or phonetic rendering of any of those words or expressions, unless the food meets the standard set out in Volume 8 of the Standards of Identity Document. Safe Food for Canadians Regulations – SOR/2018-108 (Section 202)



Ontario VQA regulations specify that Icewine is made from grapes frozen naturally on the vine and harvested when the temperature falls below -8 degrees Celsius and yields a sweet juice measuring at least 35 degrees Brix. vqaontario.ca







6. Financial Plan







Determining the costs of establishing and operating a winery is a very complex activity. The importance of a well-researched and thought out financial plan cannot be overestimated – for helping obtain adequate financing for a new winery and continuing to operate a profitable winery.

Determining the size of winery and types of wine to suit the local market can be a challenge. The number of different types and styles of wine will impact the startup costs of establishing the winery and influence everything from equipment to brand development. To arrive at a reasonable estimate of the type and size of winery to start with, watch the sales of particular wines to survey the marketplace and consider the competition. This is the job of the marketing plan, discussed in *Section 7*.

Start with a five-year financial plan. It takes time to establish a vineyard, and costs will be incurred before there is sales income. The financial plan should include:

- capital investment for starting a winery, and potentially the vineyard or orchard
- estimated yield capacity of wine from the vineyard and yield required to supply demand
- effect of pricing on gross profit
- projected wine production for five years
- estimates of cash flow for five years
- projected five-year summary of income and expenses

Capital Investment Required

The amount of capital needed to begin a winery depends on many variables – the size and quality of existing buildings, location of the winery, type of winery, variety, style and quantity of wines, new or used equipment, sizes of tanks and equipment, size and location of winery retail store, and so on. All of these affect the amount of capital needed to establish a winery. There are no general startup costs that apply to all wineries – costs may vary from a few hundred thousand to millions of dollars.

Each winery owner must develop their own financial plan for the winery.

Estimating Fruit and Wine Requirements







After determining the quantity and kind of wine to be sold, determine the amount and source of grapes or fruit needed to produce the wine. The amount of each type of grape or fruit needed to produce the desired varieties of wines will affect decisions on size of tanks and capacity of buildings, vineyard/orchard planting, site selection and contracting of grapes or fruit from other growers.

The lengthy establishment period and climatic factors involved in growing grapes or tender fruit are important considerations for the financial plan and will add considerable startup costs. An average vineyard or orchard may cost up to $58,000 per acre from planting to mature production in year 4.

Detailed cost of production information is available from Grape Growers of Ontario: Establishment & Production Costs for Grapes in Ontario and from Tender Fruit Ontario listed in *Appendix 1*.

Effect of Pricing on Gross Profit

Profitability is a function of sales volume and gross profit. New businesses often consider reducing the selling price of their products to increase sales in the short term. The purpose of a pricing strategy is to increase profit, not just sales, in the long term. The price of wine affects the gross profit to the winery, assuming there is no loss of sales volume because of price. Finding the proper mix of sales and gross profit will achieve the best overall profitability. This principle is discussed more completely in *Section 7*.

Projected Wine Production, Estimated Cash Flow and Summary of Projected Income and Expenses

Most new wineries focus on direct sales through their winery retail store, private functions and local restaurants, rather than on LCBO sales due to the difference in price markups and volume of wine required to successfully compete at the LCBO. However, there are incentives and programs provided by the LCBO to assist small wineries in marketing through the LCBO stores.

Note: Attention should be given to the additional “personal contributions” and operating funds required to purchase product, process wine and manage inventory in addition to the initial capital investment.

Adjustments for a Fruit Winery







Fruit wineries require the same basic equipment, space and operating considerations as grape wineries. There are some variations to the types of equipment needed:

- pulper/chopper rather than destemmer crusher
- stone fruit or cider press

- combination plate/lees filter (20 plate) 40 cm × 40 cm

- oak barrels may not be needed, and oak chips may be substituted

There are opportunities for the entrepreneur in the wine industry. But wineries need a sizeable financial investment to become a profitable business. There is a long establishment period because of the time required to make and age wine, and the need to hold inventory for future sales. Adequate financing and a carefully prepared business plan are critical to the success of a winery.

Individual consideration must be given to each situation. Consider the most recent laws and regulations, along with details on production, marketing, human resources and financial management specific to the winery. See *Section 2* for information on creating a complete business plan for a new winery.



7. Marketing Your Wine and Winery







As a new winery owner, exercise as much care in designing a marketing strategy as in making the wine. The marketing plan is usually recommended as the first step to develop in the business plan.

Most new wineries sell their wines directly to the consumer through their winery retail store. Some also list their wines in local restaurants or in one of the special programs of the Liquor Control Board of Ontario (LCBO).

As the winery grows and sales increase, the winery may choose to increase its exposure by listing some wines with the LCBO stores – exchanging a lower supplier payment on the wine sold for wider recognition and increased sales volumes.

As a regulated beverage alcohol, there are restrictions on the sale of wine. The following is a brief overview of currently available sales channels:

Winery Retail Store: A Winery Retail Store Endorsement to a Winery Manufacturer's Licence allows a winery to sell eligible wine at a retail store that is located at the production site of the winery. Generally, all wine sold in the store must be made by the manufacturer that holds the winery retail store endorsement (licence) and the wine must comply with requirements regarding Ontario content as set out in the Liquor Licence and Control Act.

Farmers Markets: The wine licence holder with a winery retail store endorsement may apply for a temporary extension of their retail store to sell at a farmers' market or industry promotional event.

Tied House: A licensed premises of the holder of a liquor sales licence located at the production site (e.g., restaurant "tied" to the production site).

LCBO: The Liquor Control Board of Ontario (LCBO) is a government enterprise responsible for retailing and wholesaling wine, beer and spirits in Ontario. The LCBO's Ontario Wines Direct Delivery program allows smaller Ontario wineries to direct deliver approved locally made wines to local LCBO stores.

Direct Delivery Program: Wineries with a Manufacturer's Licence issued by the AGCO are eligible to deliver wine including cider, fruit wine and sake to businesses with a valid licence to Operate a Liquor Consumption Premises (e.g. bars and restaurants); those with an AGCO Special Occasion Permit; Duty Free Operators who hold a Duty Free Shop authorization; and air carriers who hold a Warehousing by Airlines authorization.
doingbusinesswithLCBO.com

Grocery: A number of grocery stores have licences to sell beer and/or wine purchased through the LCBO in their stores.

Offsite Winery Retail Store: An offsite winery retail store licence allows a winery to sell eligible wine at a retail store that is not required to be located at the winery's production site. The number of offsite retail store licences is restricted through trade agreements.

Boutique Store: A winery with an offsite winery retail store licence may be eligible for a Wine Boutique Endorsement to operate a winery retail store located inside the shopping area of an eligible grocery store. These stores are able to sell wine made by the manufacturer as well as other VQA wines purchased through the LCBO.



The Ontario government in 2023 is considering an expansion of consumer choice and convenience through the opening of additional retail opportunities (more grocery, big box and convenience stores).



The Four Ps of Marketing



The four Ps of marketing are the elements that define the marketplace for a new winery owner. A marketplace is made up of customers with different tastes and expectations.

An entrepreneur has to decide which consumer preferences and markets to appeal to, or whose tastes to satisfy, based on *product*, *promotion*, *price* and *place*.

These four elements form 90% of a marketing plan, but the rules are not hard and fast.

The first thing to remember is the goal of a marketing plan is to increase net income. Increasing sales volume is a common way to increase income, or you can increase the price of the product or reduce costs.

Let's look at the four Ps and some questions a new winery owner might consider in developing a marketing strategy.

Product

The core products the winery makes are a variety of wines with different characteristics. Let's assume the winery owner can make quality wine and bottle it well. This section does not try to describe a good wine, except to say that if buyers do not find the wine quality acceptable from the outset, the winery will have a very difficult time overcoming that first impression. (*Section 5* outlines quality control programs)

Consider these questions as you envision your new winery:

- Can the winery consistently produce quality wine?
- What is needed to ensure quality wine every time (an experienced winemaker, grape or fruit varieties, growing location, process knowledge, quality control process, equipment, etc.)?
- What about the label? Is it attractive to the target customer?
- What about the packaging? –1.5 L bottle or a 750 mL bottle? What feature is most important to the buyer of a 1.5 L bottle? Cans? Tetra pack?







- What makes the customer try the wine in the first place? If it is being sold through a winery retail store, what ambience attracts the customer? What entices customers to buy the wine? Is there an opportunity to taste wines? Is shopping in the store a pleasant experience?

The product is much more than just the wine. You are selling a complete package of products and services to satisfy customers and bring them back again and again.

Product Packaging

Regulations for cases and cartons, and the printing thereon, are described in the LCBO booklet, *Product Packaging Standards*. These standards include package size and weight, pallet sizes and loading specifications, standards for tamper-evident packaging, etc.

Universal Product Code (UPC) information is described in a paper by the Canadian Association of Liquor Jurisdictions. New wine manufacturers need a Company (Manufacturer) Number and a UPC Implementation Guide. This information obtained from the Electronic Commerce Council of Canada at *https://gs1ca.org/*

Product Labelling

Product labels must meet specific requirements under the Food and Drugs Act, the Food and Drug Regulations as well as specific requirements of the Safe Food for Canadians Act and Regulations. See Labelling Requirements for Alcoholic Beverages *https://inspection.canada.ca/food-labels/labelling/industry/alcoholic-beverages/eng/1624281662154/1624281662623*

Resources are provided on the LCBO website to assist in understanding labelling compliance requirements:

Labelling and Packaging Resources

LCBO Product Packaging Standards and Guidelines for Chemical Analysis

New Regulatory Updates

Simplified Labelling Requirements

SFCR- Traceability and Lot Code Requirements: Frequently Asked Questions

Other Labelling and Packaging Resources

The LCBO Product Packaging Standards and Guidelines for Chemical Analysis is a document designed to assist suppliers in ensuring their products will meet minimum requirements for case markings, corrugated fibreboard packaging, trailer/container loading, consumer unit labelling and chemical composition when they arrive at the LCBO.

LCBO will conduct label examinations, upon request, to determine whether or not the LCBO will accept a proposed product label based on their product labelling standards. LCBO Form LCB 1642, Request for Label Examination.



VQA wines are subject to specific labelling requirements and Ontario Wine Appellation Authority (OWAA) will review labels on request before labels are printed. Wine Categories and Labelling



Promotion

A promotional plan achieves two goals – attracts customers and reminds them to come back again. Both goals are important. It's not enough to have good wines; customers need a reason to visit your store or pick up the bottle the first time. How do you create a unique experience around your winery retail store or bottle of wine? Wine as a product is defined by origin and Ontario wineries have the advantage of being local and able to capture a sense of place unique to their winery.



A complete promotional program focuses on three factors:

- creating the expectation
- delivering the product
- getting repeat business

Creating the Expectation

Most communities have an LCBO store stocked with good quality wines. Ask yourself why anyone would go out of their way to go to your winery retail store. The answer is in the desire for something different, more authentic or a better value, or a unique taste experience or connection with the winemaker and grower. Successful promotion involves telling your story.

Expectations are created in any number of ways:

- the appearance of the winery store
- the character expressed by the signage
- the advertising message in-store displays and demeanor of the winery staff

A successful promotional program reflects the needs or desires of the community that the winery seeks to serve. Market research helps reveal that information.

Delivering the Product

Signage, advertising, appearance and store location cause buyers to try a bottle of wine. Repeat business depends on the value the customers place on the product. Value is subject to individual judgment based on quality, price, service and "bragging rights." Many wine consumers also see value in distinctness and will differentiate your wine based on specific origin, unusual grape varieties or a

unique story of production. The relative importance a person places on these factors determines how they feel about your product.



Value may also express the relationship between the buyer's preference and price. If the buyer is serving wine to dinner guests and receives compliments on the wine by their guests, price may not be the main measure of value. But if the buyer is looking for a bottle of wine for dinner every evening, they may be prepared to sacrifice a little character for a lower price. A promotional program aims to maximize net income, not sales volume.



Getting Repeat Business

Today's wine consumers are educated. They may be enticed to buy their first wines by a clever advertising program, an attractive label or an interesting store, but repeat business requires value inside the bottle. While the customer defines the quality, the astute wine owner must determine and consistently deliver the most important aspect to the most likely buyer.



Many successful wineries use a combination of strategies to attract first-time customers and keep them coming back. Apart from delivering consistent value, little reminders keep your name in front of customers. Special programs, wine clubs, community tastings, sponsorship of and participation in charity events are all useful strategies.

The Role of Tastings

Wineries and winery retail stores regularly conduct wine tastings for interested customers and touring groups. The AGCO Sampling Interim Standard or Requirement for licence holders is found on the AGCO website https://www.agco.ca/alcohol/3-sampling

The following suggestions do not have the sanction of any regulatory body but are general guidelines to make tastings a pleasant experience and reduce risks to the winery:

- Limit sampling and serving size
- Use disposable serving glasses during tastings if no facilities are available for washing glasses
- If glassware is used, clean and sanitize it according to standards outlined in the Ontario *Health Protection and Promotion Act*, Food Premises Regulation 493/17 https://www.ontario.ca/laws/regulation/170493
- Ensure staff conducting tastings are at least 18 years old and have valid Smart Serve certification (see *Section 4*).

Wine tastings demonstrate the quality of sampled wines. They also teach consumers how to choose wines for different occasions and how to serve wines with different foods. Tastings can be a powerful promotional tool for the new winery.

Tastings at LCBO Stores



Wineries and their agents who market wines through LCBO stores may conduct "in-store product samplings". For details see In-Store Product Samplings *doingbusinesswithlcbo.com*.

AGCO Advertising Guidelines



The Liquor Licence and Control Act, 2019 states that no person shall advertise liquor except in accordance with the regulations and the standards and requirements established by the Registrar (AGCO). It is the licensee's responsibility to ensure that advertising falls within the parameters set out in the regulation and in the *Registrar's Interim Standards and Requirements for Liquor*. *https://www.agco.ca/alcohol/registrars-interim-standards-and-requirements-liquor*



The Alcohol and Gaming Commission of Ontario (AGCO) Guidelines for Liquor Sales Licensees and Manufacturers in found on the AGCO website https://www.agco.ca/alcohol/guidelines-liquor-sales-licensees-and-manufacturers.

This guideline outlines the dos and don'ts of alcohol advertising, and covers the many laws governing promotion and advertising of alcoholic beverages. The uninformed manufacturer can easily fall into the trap of appealing to minors, linking alcoholic beverages with sports activities, implying alcohol use in a public place, giving away a free gift or using other promotional tactics inappropriate for advertising alcoholic beverages.

Regulations under the *Liquor Licence and Control Act* permit a manufacturer to advertise liquor (wine) within specified criteria and in accordance with these guidelines. These guidelines focus on specific criteria for advertising liquor and provide interpretations of the criteria.

Note: It is the responsibility of the manufacturer to ensure any advertising of its business or brand name, or any endorsement by it, falls within the parameters set out by the guidelines. Advertising beyond the scope of the guidelines may result in disciplinary action by the Registrar of Alcohol and Gaming and/or an order of cessation by the AGCO Board. Violations of the *Liquor Licence and Control Act* or its regulations may result in prosecution.

Researching Your Customer Base

It is easy to spend more money on promotional activities than the winery will receive in additional sales. Follow a planned, properly researched approach to promotion. Market research can reveal what group of consumers is most likely to purchase your wine, and what qualities and services are important to them. This is known as your target market.

Key Areas to Research

- **Product and service features and benefits –** What are you selling? Why would people buy it? What unique features or story makes your wine stand apart?







- **Target market –** How would you describe your customers? What are their wine tastes?

- **Marketing options –** How can you best reach your most likely customers?

- **Existing market demand –** How many potential customers are in your marketing area? How much are they likely to buy (volume and dollars)? What kinds of wine do they prefer?

- **The competition –** Who are they? Who are they selling to? What are their strengths and weaknesses? What is their market share? What are the best-selling wines in your marketplace? Why are they in that position? Where can you be most competitive?

- **Market trends –** What's happening in the industry? How is the industry changing? Is wine consumption increasing, flat or decreasing? Is the trend toward higher- or lower-priced wines? Where does your winery fit?

- **Expected price –** What are the highest, lowest and most common prices? What factors influence price?

- **Expected sales volume –** How much wine will you be able to sell in each of the first three years? What factors influence sales volume?

Customer Research Methods

- **Personal interviews –** This is, perhaps, the most effective research tool for a winery serving a local community. These interviews can be conducted wherever people congregate, on the street, or door-to-door. Many people must be interviewed before you can have a high degree of confidence in the results (see Table 11).

- **Focus groups –** This method is often more in-depth than personal interviews, but focus groups may be difficult for a beginner to set up and manage especially if tastings are involved. A licence is needed if focus groups are held off-premises. Focus sessions could be held as part of an existing program at a club or special organization. Special events on the winery premises can serve as focus groups, providing there is ample opportunity for structured, two-way discussions.

- **Mail-out/online questionnaires –** This is potentially a low-cost option if the winery has a mailing list, otherwise a market research consultant can be hired to conduct surveys or focus groups. To improve rate of return, incentives such as admission to a special winery program can increase the return rate.

No matter how you gather market information, a large number of people must be surveyed to have confidence in the results. Table 11 indicates the number of respondents in a given population needed to provide a 95% confidence level in the results.

Table 11: Statistically Valid Sample Sizes for Market Research

Population	+/-5%	+/-10%
>10,000	400	100
10,000	370	100
5,000	360	95
4,000	355	95
3,000	345	95
1,000	280	90

According to this table, a population of 5,000 people could be sampled accurately if 360 people respond to the survey. The results would be accurate to within 5%. In other words, if 360 people responded to the survey and 180 of them indicated a favourable response to your product, you could expect that between 45% and 55% of the people in the population of 5,000 would react favourably to the same product.

Signs

Effective signage conveys the image of your winery and must be visible where your target market customers can see it. Signs do two things for your winery:

- let people know you are there
- give an impression about the quality of your winery

Road or street signs are regulated by the municipality where your winery is located or by the level of government that owns the road or street in question. Approach these groups for approval before posting signs (see *Section 3*).

Tourism-Oriented Directional Signs (TODS) program provides signage on Ontario's roadways to make it easier for tourists to find local attractions and services. The Ministry of Tourism, Culture and Sport and the Ministry of Transportation supervise the delivery and maintenance of TODS by a third-party company – Canadian TODS Limited.

To learn more visit https://ontariotods.interstatelogos.com/state/ or contact Canadian TODS Ltd. at 1-888-263-9333

Social Media and Web Marketing

Social media and web marketing are good options to consider when developing a marketing plan. Social media offers a relatively low-cost option for wineries to showcase their product.

Industry Trade Associations



Promoting your business takes a lot of effort. Don't forget you are part of a larger industry and can take advantage of collective marketing efforts. Although Ontario wineries compete with one another, there is considerable wisdom to share, to collaborate and promote Ontario wines.



Trade associations run extensive generic marketing programs to promote winery tourism and VQA wines. Associations typically offer regional and individual marketing support to wineries, assistance with "red tape" and promote policies to help Ontario wineries become more successful. Taking advantage of these resources will extend your marketing and management resources.

Price



The goal of a marketing strategy is to maximize the net income of the business – not just increase sales volume – through a strategy that looks at the effect of sales volume, price per unit and costs combined. For example, if it costs $7 to produce a $9 wine and 10,000 bottles are sold, the net return on investment would be $20,000. Or, if an increased cost of $3 per bottle (total of $10) produced a $20 wine and only 5,000 bottles were sold at that price, the net return would be $50,000.

Price reflects a combination of product demand and product quality. If the wine is over-priced for the quality as compared to other wines of the same quality, then consumers will find it over-priced. And conversely, if the bottle is underpriced for the quality, the winery is likely not maximizing its return for excellence.

These examples do not reflect real situations, but demonstrate the effect of different pricing policies. Consider these questions when pricing your wines:

- Who, specifically, are your target market customers? What are they willing to pay for wine?
- Is your wine priced competitively with other wines of equal quality in the same marketplace?
- Have you considered markup structures, taxes and fees in pricing calculations, and accurately estimated what profit you will retain?
- Does the combination of volume, price and costs result in the highest possible net return on investment?
- Do you need to change your target customer to charge what your wine is worth?
- If your wine is sold at LCBO stores, it must be sold at the established price wherever it is sold. If you only sell in your winery retail store, you have more flexibility in pricing. Which route do you want to go? Information on LCBO pricing structure for Ontario wines appears later in this section.

Place







The location of your production facility and winery retail store can have a huge impact on sales and the promotional strategies you use to get people in the door. Locating your winery retail store where it is convenient for your main client base is a distinct advantage. This approach increases your sales volume and makes it harder for a competitor to locate closer to your customers. Wineries cannot count on customer loyalty for very long. Wine drinkers are particularly prone to seek out new taste experiences, so the winery owner must always provide new reasons for customers to return.

The location of your winery is not the only kind of “place” involved in marketing your wines. Unlike many manufactured products, the origin of raw materials used in winemaking plays an important role in the consumer’s choice of wine. More engaged and sophisticated wine consumers use wine origin as a cue to quality and a reason to pay a higher price. The locations of your vineyard (or the vineyard you purchase from) can be an important part of your identity and marketing strategy. Specific origin differentiates your wine from others and tells part of the story of its value.

Consider these questions when thinking about getting your product to the customer, and the customer to the product:

- What are the most effective ways to get your wine to the target customers?
- What tourist attractions are nearby that you can tie in with?
- Are there local restaurants that will feature your wines?
- Are there other quality wineries or groups nearby that will cooperate in wine/cheese festivals, gourmet food exhibits, etc.?
- Is there consistent year-round retail traffic?
- Beyond your own store, will you look for other methods of distribution?
- Will you sell your wines in other jurisdictions? Other provinces or export? Consider the logistics and cost.
- Are you going to target higher volume sales at wholesale prices through LCBO stores and individual licensees (restaurants) or smaller volumes at retail prices through your winery retail store?

Place can influence your methods of distribution, and there are a number of ways to get your wine to the customer. Beverage alcohol is a regulated product and the available sales channels are covered earlier in Section 7.

Participation in Licensed Events

Participating in licensed functions or events may be more promotional than sales driven, but getting your best wines served at special community functions can drive future sales. Event organizers are required to ensure the function is held under the authority of an AGCO Special Occasion Permit (SOP) or a Catering Endorsement.

All wine available at the event must be purchased under the organizer's permit/licence from a government store, which includes a winery retail store. The only exception is an event held under the authority of a Public Special Occasion Permit where the applicant is a registered charity or non-profit organization/association.



Positioning Your Product



Positioning, in a marketing sense, is designed to make customers think about your winery and your wines as number one, number two, and so on. Positioning is a conscious attempt to impress in customers' minds that your winery is *the* place to go for wine products.



There are different segments for different target markets – fine wines, everyday good value, etc. New winery owners must decide what market segment(s) they want to position their wine in.

Your brand needs to compete within this chosen segment with the appropriate quality, price, package design, market channels, location and promotion; in other words, a well thought out and coordinated approach to reach your marketing goals.

If your vision statement focuses on profit as the highest goal, look for the best combination of quality, price, volume and cost to succeed. A successful positioning strategy depends on understanding your clients and outperforming the competition. What marketing strategies will you use to get there? Marketing is a complex and fascinating discipline, and much more than an advertising campaign. Understanding and applying all the principles of sound marketing offers a great advantage in this highly competitive industry.

Exporting Wine

Winemakers often consider the export market when developing marketing strategies and plans. On the surface, exporting offers an opportunity to market wine directly and become known on an international scale.

The Grape Growers of Ontario has developed *A Guide for Export Development for Ontario Wineries* as an inventory of resources to assist members in pursuing potential export opportunities. Entering the export market requires an investment of time and effort to learn the markets, develop contacts, and participate in wine competitions, trade shows and trade missions. There are a variety of government and other resources available which are provided in the document. However, the most important advice that we received from successful exporters is to be prepared with a business plan, recognize that it takes time to make in-roads into a new market, differentiate your wine with a story that sells, authenticity is important, and be export ready with available product.

The *Guide for Export Development* is designed to give small and mid-sized Ontario wineries some practical information on the resources available for prospective exporters. Basic information on how to market Ontario wine through

each of the provincial liquor control boards is provided with links to relevant legislation and Government documents and application forms designed for wine manufacturers wishing to distribute into each province.



LCBO Marketing Programs



Growing sales of local Ontario wine is a strategic objective of the LCBO. There are many programs to assist local producers including marketing promotions and month-long thematics, prominent placement in stores, dedicated shelf and fridge space, Ontario product specialists in LCBO stores and in-store tastings.

More information on LCBO promotional programs may be found on Doing Business with LCBO website:
https://www.doingbusinesswithlcbo.com/content/dbwl/en/basepage/home/merchandising-marketing-programs/promotional-programs/promotional-legend.html



Wines listed for sale in the LCBO must meet labelling and packaging standards. Detailed information is available on the LCBO trade resources website at *https://www.doingbusinesswithlcbo.com/content/dbwl/en/basepage/home/quality-assurance.html*

LCBO Pricing

The LCBO is empowered by the *Liquor Control Board of Ontario Act*, 2019 the *Liquor Licence and Control Act* and other supporting legislation.

There are two principles governing the setting of wine prices in Ontario:

- maintaining uniform prices across Ontario
- establishing a minimum price

Regulation 750/21: Minimum Pricing of Liquor and other Pricing Matters under the Liquor Licence and Control Act, 2019 outlines uniform pricing and minimum retail pricing.
https://www.ontario.ca/laws/regulation/210750?search=Liquor+licence+and+control+act#BK3

Uniform Prices

Prices for a specific bottle of wine are uniform when sold to consumers in all retail stores across the province. The price charged for a bottle of wine sold at the winery retail store must be the same as the price at an LCBO store. Different prices may be charged to consumers at duty free stores or at licensees (including restaurants, bars, nightclubs, conference centres, etc.).

Minimum Retail Pricing







A retail store shall not offer for sale or sell liquor at a retail price lower than the minimum price established in accordance with Regulation 750/21. This does not apply to sales of liquor to a person for the purpose of in-store sampling in a retail store.

The regulation requires minimum prices to be increased annually by the three-year average of the Consumer Price Index. Minimum retail prices for cider, wine coolers, wine, sake and fortified wine can be found in the Doing Business with the LCBO section of their website. https://www.doingbusinesswithlcbo.com/content/dbwl/en/basepage/home/new-supplier-agent/Pricing.html

Table 12: Examples of Minimum Retail Price (MRP) for Bottled Wine Including Container Deposits effective March 1, 2023

	750 mL	1,500 mL	3,000 mL
Wine & Sake (7% Alcohol or more)	$8.75	$15.95	$30.05
Wine & Sake (less than 7% Alcohol)	$6.60	$11.95	$22.25

For complete and current list of Minimum Retail Prices, which are updated annually consult: doingbusinesswithlcbo.com. Minimum Prices effective March 1, 2024

Minimum price in grocery stores is $10.95 per 750 ml bottle.

Pricing Structure for Ontario Wine

The price consumers pay for wine is a combination of the supplier's price plus import duties, freight, levies, a standard mark-up, HST, and container deposit. Some of the following components may not apply depending on the retail channel.

- **Supplier Quote** – The price the manufacturer offers its product to the LCBO.
- **Federal excise duty** – The federal excise duty on wine is charged on the basis of absolute ethyl alcohol per litre. $0.702 per litre of wine containing more than 7% absolute ethyl alcohol by volume and $0.337 per litre of wine containing more than 1.2% but no more than 7% absolute ethyl alcohol by volume (Adjusted annually April 1st).
- **Federal import duty** – This component applies only to wine imported into Canada.
- **Freight** – Freight charges are imposed on wines being imported from other

provinces or countries. The rates vary by type of product.



- **LCBO markup** – The variable charge applied to various classes of products. It is a fixed percentage of the total landed cost. At time of publication, the LCBO markup is 71.5% for wine sold through the LCBO.



- **Wine levy** – This is a flat levy of $1.62 per litre. It is not charged on wine coolers, cider or wine cream and flavoured wine.

- **Volume levy** – Applied on a per-litre basis, according to the class of beverage. Currently, the bottle levy is $0.29 on wine and $0.28 on cider.



- **Environmental levy** – This levy is applied to all beverages sold in non-refillable containers. Currently the environmental levy is $0.0893 per container (bottle).

- **Harmonized Sales Tax (HST)** – This 13% tax applies to all sales of wine.

- **Refundable container deposit** – Based on the size of the container, this deposit is $0.20 for a 750 mL bottle.

- **Rounding** - The final selling (retail) price of the wine is rounded up to the next $0.05.

An LCBO Wine Price Calculator can be downloaded from doingbusinesswithLCBO.com
https://www.doingbusinesswithlcbo.com/content/dbwl/en/basepage/home/new-supplier-agent/Pricing/PricingCalculators.html

Pricing at the Winery Retail Store

The price for each wine sold in the winery retail store must be the same price charged in LCBO stores. For wines not sold in LCBO stores, the selling price must not be less than the regulated minimum retail price for wine. (see minimum retail price above).

Wine Taxes Applicable to Winery Retail Store Sales

LCBO markups do not apply to wine sold in a winery retail store; however other levies and taxes do apply.

The winery collects and remits wine taxes to the Ministry of Finance:

- **Supplier Quote**

- **Federal excise duty** - $0.702 per litre of wine containing more than 7% absolute ethyl alcohol by volume and $0.337 per litre of wine containing more than 1.2% but no more than 7% absolute ethyl alcohol by volume. (adjusted annually April 1st)

- **Ministry of Finance Basic Tax** - 6.1% of the Landed Cost (12.1% at off-site winery retail stores) (*see below)
- **Volume levy** - $0.29 per litre for wine and $0.28 per litre Volume Tax for ciders
- **Environmental Levy** - $0.0893 per container
- **HST** 13% applied to the basic price
- **Refundable container deposit** - $0.20 per container







Selling Directly to Licensed Establishments

A winery may be authorized by the LCBO to sell wine directly to licensed establishments such as restaurants and bars. These sales are deemed to be LCBO sales, and must be sold at the LCBO established price for each product. Authorized wineries are acting on behalf of the LCBO when they accept orders, deliver products and collect payments. The LCBO requires that they comply with the conditions set out in the Direct Delivery Authorization.

Wines that can be sold directly to licensed establishments fall into two categories:

- Non-VQA wine sales are priced at the LCBO price, including all applicable taxes and levies.
- VQA wines are sold under the same rules as non-VQA wines except that, in lieu of the 71.5% LCBO markup and $1.62 per litre LCBO wine levy, the winery pays a 6.1% LCBO administration fee.

Table 13 gives pricing examples by channel for Ontario Table Wine for 750 ml bottle (Effective July 2023)

Pricing Example LCBO

Table 13 below provides examples of the share of the retail price that wineries (supplier) receive through various channels, with the on-site Winery Retail Store providing the greatest net return after taxes and mark-up to the winery, followed by VQA direct delivery to licensees, and the lowest net return from a sale through the LCBO (which includes sales through grocery). There is currently a VQA Support Program which provides a rebate of some of the mark-up paid through an LCBO sale, and a recently announced extension and enhancement of the program for 5 years. For details on the current VQA Support Program: https://www.agricorp.com/en-ca/Programs/VQA/Pages/Overview.aspx

The Ontario government revealed on December 14, 2023 its plan to increase access to wine, cider, coolers, seltzers, beer and low-alcohol ready-to-drink beverages. Beginning January 1, 2026, consumers will be able to purchase these products at up to 8,500 convenience, grocery and big box stores across the province. These sales will be through the LCBO, and therefore subject to the same mark-up, levies and taxes as an LCBO sale**. The government also announced a suite of economic supports for local producers to help level the playing field and promote local products:**

- Introduce legislation, if passed, to eliminate the 6.1% wine basic tax at on-site winery retail stores*
- Extend and enhance the VQA Wine support program beginning in 2024-25 for up to 5 years
- Support a viticulture plan
- Set up a wine and grape sector table as a forum to discuss opportunities in the marketplace
- Maintain a number of existing marketpace guardrails and extending them to new retail stores including the wine minimum pricing ($10.95 in grocery and convenience stores), shelf space requirements and prohibition on trade spend.

Table 13: Pricing Example LCBO

LCBO PRICING EXAMPLES FOR TABLE WINE

($CDN for 1 x 0.75 L bottle)

		LCBO	WRS On-Site	WRS Off-Site (owner's wine)	LCBO Licensee	Winery VQA Direct Delivery to Licensee	Winery Non -VQA Direct Delivery to Licensee	Winery Direct Delivery to Duty Free
PRICE COMPONENTS								
Payment to Supplier		5.7071	10.6946	10.1035	5.7071	10.6946	5.7071	5.7071
Federal Excise[1]	$0.702 per litre	0.5265	0.5265	0.5265	0.5265	0.5265	0.5265	-
Federal Import Duty	Free	-			-	-		-
Freight[2]		-			-	-	-	-
Total Landed Cost		6.2336	11.2211	10.6300	6.2336	11.2211	6.2336	5.7071
LCBO Mark-up[3]	71.5% / 10% (Duty Free Only)	4.4570			4.4570	-	4.4570	0.5707
MOF Basic Tax[4]	6.1% / 12%		0.6845	1.2756		-		
LCBO Wine Levy	$1.62 per litre	1.2150			1.2150	-	1.2150	
Cost of Service[5]	Varies	-			-	-	-	
LCBO Volume Levy	$0.29 per litre	0.2175	0.2175	0.2175	0.2175	0.2175	0.2175	
LCBO Environmental Levy/MOF Tax[6]	$0.0893 per container	0.0893	0.0893	0.0893	0.0893	0.0893	0.0893	
LCBO Administration Fee	6.1%	-				0.6845		
Basic Price		$12.21	12.21	12.21	12.21	12.21	12.21	6.28
Licensee Discount	10.0%				(1.22)	(1.22)	(1.22)	
Licensee Mark-up[7]	0.0%				-	-	-	
Net Licensee Price					$ 10.99	$ 10.99	$ 10.99	$ -
HST	13%	1.59	1.59	1.59	1.43	1.43	1.43	
Container Deposit[8]	$0.20 per container	0.20	0.20	0.20	0.20	0.20	0.20	
CONSUMER PRICE[9]		$14.00	$ 14.00	$ 14.00	$ 12.62	$ 12.62	$ 12.62	$ 6.28
REVENUE DISTRIBUTION $								
Supplier (including freight provider)		5.71	10.69	10.10	5.71	9.47	5.82	5.71
Government of Ontario		6.96	1.97	2.56	5.64	1.87	5.52	0.57
Government of Canada		1.14	1.14	1.14	1.08	1.08	1.08	
Container Deposit		0.20	0.20	0.20	0.20	0.20	0.20	
CONSUMER PRICE		$ 14.00	$ 14.00	$ 14.00	$ 12.62	$ 12.62	$ 12.62	$ 6.28
REVENUE DISTRIBUTION %								
Supplier (including freight provider)		41%	76%	72%	45%	75%	46%	91%
Government of Ontario		50%	14%	18%	45%	15%	44%	9%
Government of Canada		8%	8%	8%	9%	9%	9%	0%
Container Deposit		1%	1%	1%	2%	2%	2%	0%

NOTES:

1. The excise rate will be automatically adjusted by the Consumer Price Index on April 1 of every year, starting in 2018. 100% Canadian wine made made from honey or apples that is packaged on or after June 30, 2022, is not subject to excise duty.
2. Freight is charged on non-Ontario wines.
3. LCBO mark-up as a share of Landed Cost.
4. A basic tax is applied on the retail price (less other applicable taxes and deposits) of wine which varies between Ontario and Non-Ontario products.
5. Cost of service charges are applied at a flat per litre rate by region except for domestic products.
6. Environmental levy applies to containers that cannot be returned for refilling by manufacturer.
7. Licensee mark-up is applied to the net of basic price less the licensee discount.
8. Products are subject to container deposit rates based on container size.
9. Wine products are subject to floor pricing and are indexed annually on March 1st.

Effective at Retail July 2023

8. Excise Licence, Duties and Taxes

Federal Excise Duty







Under the *Excise Act, 2001* vintners of all sizes are required to obtain an excise license. Refer to *Section 4* for information on the licence(s) required.

Currently, excise duty on wine is $0.702 per litre for wine containing more than 7% absolute ethyl alcohol by volume and 40.337 per litre of wine containing more than 1.2% but not more than 75 absolute ethyl alcohol by volume.

Under the Excise Act, 2001, the rates of excise duty on wine are adjusted annually every April 1 based on changes to the Consumer Price Index. This adjustment was temporarily capped at 2% for one year only, as of April 1, 2023.

Application for Excise Tax Licence(s)

To apply for a wine user's and/or excise warehouse licence, complete Form L63, *Licence and Registration Application Excise Act 2001*, available on the CRA website at *www.cra-arc.gc.ca.*

Detailed information on licensing is available in Excise Duty Memorandum 2-2-1. Obtaining and Renewing a Licence is available on the CRA website at *www.cra-arc.gc.ca.*

Filing an Excise Duty Return and Remitting Duties

Every person licensed under the *Excise Act, 2001* is required to file a return each reporting period for each licence held, and pay any excise duty owing. The return is a summary of the licensee's activities during the reporting period.

There is a separate return for each licence. Excise duty forms are found on the CRA website: https://www.canada.ca/en/revenue-agency/services/tax/technical-information/excise-act-2001-forms.html

Additional information is available in Excise Duty Memorandum 10-1-1, Returns and Payments available on the CRA website at: https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/edm10-1-1/returns-payments.html

Excise Duty Memoranda: *https://www.canada.ca/en/revenue-agency/services/tax/technical-information/excise-act-2001-technical-information/excise-duty-memoranda.html*

Canada Customs Duty (Tariff)



Customs duties may be imposed on materials or products imported from other nations, and are payable by the importer at the time of importing.

Harmonized Sales Tax (HST)



Ontario combined its provincial sales tax with the GST and implemented an HST on July 1, 2010. The HST rate for Ontario is 13% (5% federal and 8% provincial). HST is collected on all final sales of wine and is included in the retail price.



You need a Business Number (BN) if you incorporate or need a Canada Revenue Agency (CRA) program account including registering for HST or payroll deductions.

A business with gross sales in excess of $30,000 is required to register with Canada Revenue Agency (CRA) for an HST account. A small supplier with sales less than $30,000 may voluntarily choose to register. Farm commodities (e.g., grapes, fruit) are zero-rated, meaning that there is no HST charged on the sale of the fruit, however, a business can apply for Input Tax Credits (ITCs) for the HST paid on business purchases of supplies.

General Information for HST Registrants: https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/rc4022/general-information-gst-hst-registrants.html

Additional information to help you determine if you should register is available on the CRA website at: *When you need a business number or CRA program accounts*

HST for Businesses

You can register for a Business Number and one or more CRA accounts at the same time. Registration can be done by:

- Internet at *https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/registering-your-business/business-registration-online-overview.html*
- Calling the CRA Business Inquiries line at 1-800-959-5525 – before calling, be ready to answer all the questions on the forms related to the business number registration form and the accounts you want to open
- Mailing or faxing a completed RC1, Request for a Business Number (BN)







Businesses calculate the total GST/HST owing, subtract the amount paid on qualifying inputs and submit the difference to CRA. A reporting period will be assigned according to the annual taxable sales of the business. Businesses may request a shorter reporting period.

Table 14: GST/HST Reporting Periods

Assigned Reporting Periods and Options		
Annual Taxable Sales	**Assigned Reporting Period**	**Optional Reporting Periods**
$1.5 million or less	Annual	Monthly, Quarterly
Over $1.5 million to $6,000,000	Quarterly	Monthly
Over $6,000,000	Monthly	Nil

Table 15 provides a summary of forms required for tax, duty and related registrations.

Table 15: Excise Duty, HST and Related Forms

Description	Number	Title	Contact
Excise Duty Licence(s)	L63	Licence and Registration Application, *Excise Act 2001*	*https://www.canada.ca/en/revenue-agency/services/forms-publications/forms/l63.html*
Excise Duty Returns	B265	Excise Duty Return – Wine Licensee	*https://www.canada.ca/en/revenue-agency/services/forms-publications/forms/b265.html*
	B263	Excise Duty Return – Licensed User	https://www.canada.ca/en/revenue-agency/services/forms-publications/forms/b263.html
	B262	Excise Duty Return – Excise Warehouse Licensee	https://www.canada.ca/en/revenue-agency/services/forms-publications/forms/b262.html

Description	Number	Title	Contact
Excise Duty Remittance Voucher	RC158 RC159 RC160	Excise Duty Remittance Voucher – Payment on Filing Excise Duty Remittance Voucher – Amounts Owing Excise Duty Remittance Voucher – Interim Payments	1-800-959-5525 https://www.canada.ca/en/revenue-agency/services/forms-publications/request-payment-forms-remittance-vouchers.html
Business Number/CRA program account	RC1	Request for a Business Number (BN)	*https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/registering-your-business/register.html*
GST/HST Return	GST34E	Goods and Services Tax/ Harmonized Sales Tax Return for Registrants (personalized and paper format only)	1-800-959-5525 *https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/gst-hst-businesses/forms-publications.html*
Beer and Wine Tax - Wine and Wine Cooler Return Guide	3466E	Collect and remit wine tax imposed on purchasers purchasing wine in a winery retail store Monthly tax return must be filed	Ontario Ministry of Finance https://forms.mgcs.gov.on.ca/en/dataset/013-3466 1-866-668-8297







Appendix 1

Government Organizations







Ontario

Alcohol and Gaming Commission of Ontario (AGCO)
90 Sheppard Avenue East, Suite 200-300 Toronto, ON M2N 0A4
416-326-8700
1-800-522-2876
customer.service@agco.ca
www.agco.ca/

Liquor Control Board of Ontario (LCBO)
100 Queens Quay E
Toronto, ON N5E 0C7
General Inquiries:
416 864-2500
1-800-668-5226
www.doingbusinesswithlcbo.com

Ontario Wine Appellation Authority (OWAA) (formerly VQAO)
5775 Yonge St.,
Suite 1220
Toronto, ON M2M
4J1\416-367-2002
info@vqaontario.ca
www.vqaontario.ca/

Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA)
1 Stone Rd. W
Guelph, ON
N1G 4Y2
519-826-4047
1-877-424-1300
ag.info.omafra@ontario.ca
https://omafra.gov.on.ca/english/

Ontario Farm Products Marketing Commission (FPMC)
Ontario Ministry of Agriculture and Food and Ministry of Rural Affairs 1 Stone Rd. W.
Guelph, ON N1G
4Y2 519-826-4047
1-877-424-1300
OFPMC@ontario.ca
www.ontario.ca

Ontario Ministry of the Environment, Conservation and Parks (MECP)
5th Floor,
777 Bay Street
Toronto, ON
M7A 2J3
1-800-565-4923
www.ontario.ca

Ontario Ministry of Finance (MOF)
95 Grosvenor Street
Toronto, ON
M7A 1Y8
1-866-668-8297
www.ontario.ca

Agricorp
1 Stone Rd. W
Box 3660 Stn. Central
Guelph, ON N1H 8M4
1-888-247-4999
contact@agricorp.com
https://www.agricorp.com

Canada

Canada Revenue Agency (CRA)
Excise Duty – Excise and Specialty
Tax Directorate
General and technical enquiries
1-866-330-3304
www.canada.ca

Canadian Food Inspection Agency (CFIA)
1-800-442-2342
www.inspection.canada.ca







Appendix 2







Industry Organizations

Grape Growers of Ontario
Board operating under the Farm Products Marketing Act representing all processing grape growers in Ontario
1634 South Service Road
St Catharines, ON
L2R 6P9
905-688-0990 ext. 221
info@grapegrowersofontario.com
www.grapegrowersofontario.com
New Growers and Processors Info
https://grapegrowersofontario.com/resources/

Canadian Grapevine Certification Network
Canada-wide not-for profit organization dedicated to ensuring high quality, certified disease-free grapevines in Canada.
905 688-0990 ext. 222
www.cgcn-rccv.ca

Ontario Craft Wineries (OCW)
Association of VQA wineries
4890 Victoria Avenue North
P.O. Box 4000
Vineland Station, ON L0R 2E0 905-562-8070
www.ontariocraftwineries.ca

Wine Growers Ontario
Winery Association
4890 Victoria Avenue North
P.O. Box 4000
Vineland Station, ON L0R 2E0
905-562-9426
www.winegrowersontario.ca

Ontario Tender Fruit Growers
Board operating under the Farm Products Marketing Act representing tender fruit growers in Ontario
P.O. Box 100
Vineland Station, ON L0R 2E0
905-688-0990 ext. 235
info@ontariotenderfruit.ca
www.ontariotenderfruit.ca

Wine Marketing Association of Ontario
Association dedicated to promoting the VQA wines on Ontario
4890 Victoria Avenue North
Building 6, Vineland, ON L0R 2E0
905 562-8070 ext. 221
info@winecountryontario.ca
https://winecountryontario.ca/

Prince Edward County Winegrowers Association (PECWA)
Winery Association
www.pecwines.com

Essex Pelee Island Coast (EPIC)
Winery Association
www.epicwineries.com

Wine Growers Canada
Winery Association
Suite 200- 440 Laurier Ave. W,
Suite 200 Ottawa, ON K1R 7X6
613-782-2283
info@wgcanada.ca
www.winegrowerscanada.ca

Smart Serve Ontario
416-695-8737
1-877-620-6082 (Toll-free)
www.smartserve.ca

Appendix 3

Educational and Research Institutions







Cool Climate Oenology and Viticulture Institute (CCOVI) Brock University
500 Glenridge Ave.
St. Catharines, ON L2S 3A1 905-688-5550
www.brocku.ca/ccovi/

Loyalist College
376 Wallbridge-Loyalist Road
P.O. Box 4200
Belleville, ON K8N 5B9 1-888-569-2547
www.loyalistcollege.com

Niagara College
Niagara College Teaching Winery Glendale Campus
135 Taylor Rd.
Niagara-on-the-Lake, ON L0S 1J0
905-641-2252 ext. 4070 (general inquiries)
www.ncteachingwinery.ca
www.niagaracollege.ca

St. Clair College
2000 Talbot Road West
Windsor, ON N9A 6S4
(519) 966-1656
www.stclaircollege.ca

Vineland Research and Innovation Centre (VRIC)
4890 Victoria Avenue North
P.O. Box 4000
Vineland Station, ON L0R 2E0 905-562-0320
info@vinelandresearch.com
www.vinelandresearch.com

Appendix 4

Resources







Planning Your Winery Business

Agricultural Business Management (OMAFRA)
https://omafra.gov.on.ca/english/busdev/agbusdev.html

Preparing Business Plans (OMAFRA)
https://www.ontario.ca/page/preparing-business-plans-farm-business

Export Development Canada (EDC) Credit Insurance provides protection from customers who do not pay when exporting.
https://www.edc.ca/en/solutions/insurance/credit-insurance.html

Workplace Safety Insurance Board
https://www.wsib.ca/en

Vineyard Management and Establishment
https://omafra.gov.on.ca/english/crops/hort/grape.html
https://grapegrowersofontario.com/resources/

Grape Varieties in Ontario Wine Regions – Understanding the Potential and Risks: Grape Growers of Ontario
Contact Grape Growers of Ontario: info@grapegrowersofontario.com

Vineyard Site Selection
https://www.ontario.ca/page/vineyard-site-selection

Establishment and Production Costs for Grapes in Ontario, 2023
https://grapegrowersofontario.com/media/iulbxokp/2023_grape_cost_of_production-v2.pdf

Starting Your Winery Business

Grape Growers of Ontario
Registration and Other Resources for New Growers and Processors
https://grapegrowersofontario.com/resources/

Ontario beekeeper registration
https://www.ontario.ca/page/ontario-beekeeper-registration

CRA Business number and HST account
https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/registering-your-business/register.html

CRA Register for Business Number
https://www.canada.ca/en/services/taxes/business-number.html

Ontario Business Registry
https://www.ontario.ca/page/ontario-business-registry

Ontario Wine Appellation Authority (VQA) Handbook: Regulatory Obligations, Membership with the Appellation Authority, Wine Approval Process, Exporting VQA Wines, Audit and Inspection
https://vqaontario.ca/wp-content/uploads/2022/07/OWAA-Reference-Guide-2022-FINAL.pdf







Regulations, Licences and Authorizations

Provincial Acts and Regulations

Alcohol and Gaming Regulation and Public Protection Act
https://www.ontario.ca/laws/statute/96a26/v2

Environmental Protection Act, 1990
https://www.ontario.ca/laws/statute/90e19?search=environmental+protection+act

Farm Products Marketing Act, 1990
https://www.ontario.ca/laws/statute/90f09

R.R.O. 1990, Reg. 415: Grapes for Processing – Plan
https://www.ontario.ca/laws/regulation/900415

R.R.O. 1990, Reg. 414: Grapes for Processing – Marketing
https://www.ontario.ca/laws/regulation/900414

Liquor Licence and Control Act, 2019
https://www.ontario.ca/laws/statute/19l15b?search=liquor+licence+act

Regulations under this Act:
- O. Reg. 767/21 *Transitional Matters*
- *O. Reg. 750/21 Minimum Pricing Of Liquor And Other Pricing Matters*
- O. Reg. 747/21 *Permits*
- O. Reg. 746/21 *Licensing*
- O. Reg. 745/21 *General*

Liquor Tax Act, 1996
https://www.ontario.ca/laws/statute/96a26?search=Alcohol+and+gaming+regulation+beer+and+wine+tax

Nutrient Management Act
https://www.ontario.ca/laws/statute/02n04

Permits to Take Water
https://www.ontario.ca/page/permits-take-water

Vintners Quality Alliance Act, 1999
https://www.ontario.ca/laws/statute/99v03?search=vintners+quality+alliance+act

Regulations under this Act:
O. Reg. 406/00 Rules Of Vintners Quality Alliance Ontario Relating To Terms For VQA Wine
O. Reg. 405/00 General
O. Reg. 403/00 Designation Of Wine Authority

VQA Program Wine Standards
https://vqaontario.ca/vqa-wine-program/wine-standards/







Liquor Control Board of Ontario

Doing Business With LCBO – Introducing Product to Retail Stores
https://www.doingbusinesswithlcbo.com/content/dbwl/en/basepage/home/new-supplier-agent/IntroduceProductToStore.html

Financial Reporting Know Your Obligations
https://www.doingbusinesswithlcbo.com/content/dbwl/en/basepage/home/new-supplier-agent/DirectDelivery/know-your-obligations---financial-reporting.html

Financial Reporting Templates
https://www.doingbusinesswithlcbo.com/content/dbwl/en/basepage/home/new-supplier-agent/DirectDelivery/reporting-templates---financial-reporting.html

Pricing Calculators
https://www.doingbusinesswithlcbo.com/content/dbwl/en/basepage/home/new-supplier-agent/Pricing/PricingCalculators.html

Alcohol and Gaming Commission of Ontario

Alcohol and Gaming Commission: Licencing
https://www.agco.ca/agco-liquor-licence-structure-under-llca

Liquor Sales Licences: Owners/Operators
https://www.agco.ca/alcohol/liquor-sales-licences-ownersoperators

Liquor Sales Licence (Including Tied House) ad Mini Bar Licence Guide https://www.agco.ca/alcohol/guides/liquor-sales-licence-including-tied-house-and-mini-bar-licence-guide

Caterer's Endorsement
https://www.agco.ca/alcohol/guides/section-3-liquor-sales-licence-endorsements



Manufacturers' Representative Guide
https://www.agco.ca/alcohol/guides/manufacturers-representative-application-guide

Responsible Liquor Service and Delivery Training
https://www.agco.ca/responsible-liquor-sale-service-and-delivery-training



Smart Serve Ontario
https://smartserve.ca/

Special Occasion Permit
https://www.agco.ca/general/general-information-special-occasion-permits



Wine Manufacturers' Guide
https://www.agco.ca/alcohol/guides/wine-manufacturers-guide

Winery Retail Store Endorsement
https://www.agco.ca/alcohol/guides/section-7-winery-retail-store-endorsement

Winery Retail Store Guide
https://www.agco.ca/search/site/winery%20retail%20store%20guide

Federal Regulations

Customs Bonded Warehouse Regulations
https://laws-lois.justice.gc.ca/eng/regulations/sor-96-46/page-1.html

Food and *Drugs Act and Food and Drug Regulations*
https://laws-lois.justice.gc.ca/eng/acts/f-27/
https://laws-lois.justice.gc.ca/eng/regulations/C.R.C.,_c._870/index.html

Importation of Intoxicating Liquors Act
https://laws-lois.justice.gc.ca/eng/acts/i-3/page-1.html

Quality Considerations and Wine Origin and Quality Programs

Canadian Institute of Food Safety
https://www.foodsafety.ca/laws-requirements/by-location/ontario

Canadian Standards of Identity – Icewine
https://inspection.canada.ca/about-cfia/acts-and-regulations/list-of-acts-and-regulations/documents-incorporated-by-reference/canadian-standards-of-identity-volume-8/eng/1521135793397/1521135793849

Fact sheet: manufactured food (all other food) businesses – Canada
https://inspection.canada.ca/food-guidance-by-commodity/manufactured-food/fact-sheet/eng/1657652259509/1657652260180

Food Safety Enhancement Program approach to a preventive control plan
https://inspection.canada.ca/preventive-controls/preventive-control-plans/the-food-safety-enhancement-program/eng/1525869691902/1525869759693

Food Safety Guide to Food and Beverage Manufacturing in Ontario
https://www.ontario.ca/document/guide-food-and-beverage-manufacturing-ontario/food-safety

Food and Drug Regulations Canada
https://laws.justice.gc.ca/eng/regulations/C.R.C.,_c._870/page-20.html

Health Protection and Promotion Act, Food Premises Regulation

https://www.ontario.ca/laws/statute/90h07?search=health+protection+and+promotions+act+food+premises

Ontario Health Protection and Promotion Act: O. Reg. 493/17: Food Premises
https://www.ontario.ca/laws/regulation/170493

Safe Food for Canadians Regulations
https://laws-lois.justice.gc.ca/eng/regulations/SOR-2018-108/index.html







Financial Plan

Ontario Wine and Wine Cooler Return Guide
Information about filing requirements, supporting schedule, penalties for late filing and failure to remit tax collectable or payable, and payment information for remitting the wine tax.
https://forms.mgcs.gov.on.ca/en/dataset/013-3466

Marketing Your Wine and Winery

AGCO Liquor Advertising Standards
https://www.agco.ca/alcohol/liquor-advertising
https://www.agco.ca/alcohol/guidelines-liquor-sales-licensees-and-manufacturers

Electronic Council of Canada (Universal Product Codes – UPC)
https://gs1ca.org/







Food and Drugs Act Labelling Requirements for Alcoholic Beverages
https://inspection.canada.ca/food-labels/labelling/industry/alcoholic-beverages/eng/1624281662154/1624281662623

Labelling and Packaging Resources:
https://www.doingbusinesswithlcbo.com/content/dbwl/en/basepage/home/quality-assurance/quality-assurance-policies---guidelines/labelling.html

Simplified Labelling Requirements

New Regulatory Updates

SFCR- Traceability and Lot Code Requirements: Frequently Asked Questions

LCBO Product Packaging Standards and Guidelines for Chemical Analysis
Other Labelling and Packaging Resources

LCBO Product Packaging Standards and Guidelines for Chemical Analysis
LCBO Product Packaging Standards

LCBO Direct Delivery Program
https://www.doingbusinesswithlcbo.com/content/dbwl/en/basepage/home/new-supplier-agent/DirectDelivery.html

LCBO Promotional Legend
https://www.doingbusinesswithlcbo.com/content/dbwl/en/basepage/home/merchandising-marketing-programs/promotional-programs/promotional-legend.html

Manufacturers' Promotions
https://www.agco.ca/alcohol/manufacturers-promotions

Minimum Retail Prices
doingbusinesswithlcbo.com
https://www.ontario.ca/laws/regulation/210750?search=Liquor+licence+and+control+act#BK3

Tourism Oriented Directional Signage (TODS) on Ontario Roadways
https://www.ontario.ca/page/tourism-signs-ontarios-roadways

https://ontariotods.interstatelogos.com/state/

Wine Sampling Guidelines
https://www.agco.ca/alcohol/3-sampling

Excise Licence, Duties and Taxes







Excise Act, 2001
https://lois-laws.justice.gc.ca/eng/acts/E-14.1/

Excise Duty Rates
https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/edn85/adjusted-rates-excise-duty-spirits-wine.html

Excise Duties Technical Information
https://www.canada.ca/en/revenue-agency/services/tax/technical-information/excise-duty.html

EDM2.2.1 – Obtaining and Renewing a Licence
https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/edm2-2-1/obtaining-renewing-a-licence.html#P54_2718

L63 Licence and Registration Application Excise Act
https://www.canada.ca/en/revenue-agency/services/forms-publications/forms/l63.html

Excise Duty Licences, forms and information
https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/edm2-2-1/obtaining-renewing-a-licence.html

Licenced Users EMS3-1-2
https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/edm3-1-2/licensed-users.html

Grape Growers of ONTARIO



Grape Growers of Ontario
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