

September 2017

Purpose

- To establish conditions under which the LCBO will authorize an Ontario winery, including a fruit winery or cidery, to sell and deliver its own products directly to licensees on behalf of the LCBO.

Definition

- “Cider” refers to wine produced from apples or pears, or from the concentrated juice of apples or pears, to which is added herbs, water, honey or sugar, as defined in Regulation 232/16 under the *Liquor Control Act*.
- “Fruit Wine” refers to Ontario wines produced from fruit grown in Ontario, other than grapes, and excluding cider.
- “VQA Wine” refers to grape wine that meets the requirements for “Vintners Quality Assurance Wine” under the *Vintners Quality Alliance Act*, 1999.
- “Non-VQA Wine” refers to “Ontario wine” as defined in the *Liquor Licence Act* other than “VQA Wine”, or wine manufactured in Ontario as per the requirements of the *Wine Content and Labelling Act*.
- “Reports” refers to the Winery Reporting Template that must be completed by Program participants by the 10th day following the end of each month, or the sales information included therein.
- “Licensee” refers to a person who is licensed to sell liquor under the *Liquor Licence Act*.

Objectives

- To enable Ontario wineries, fruit wineries and cideries to sell and deliver their products to licensees in Ontario.
- To implement the recommendations of the Premier’s Advisory Council on Government Assets, accepted by the Government of Ontario; and
- To ensure program participants comply with LCBO monthly reporting and remittance requirements, including payment of all applicable charges related to direct deliveries to licensees.

Policy Requirements

General Principles

- All sales under a direct delivery authorization are LCBO sales. Program participants sell and deliver products to licensees on behalf of the LCBO.

LCBO Policy

Direct Delivery to Licensees (Ontario Wine and Cider)

September 2017

- Program participants are required to comply with all the requirements outlined in this policy, and with all requirements set out in the form of Direct Delivery to Licensees Authorization (the "Authorization"). In the event of a conflict between provisions in this policy and the Authorization, the policy takes precedence.
- A Winery may use a warehouse authorized by the LCBO under the Winery Off-Site Warehousing Policy to service deliveries to Licensees.

Applicant Eligibility

- An Authorization is available to Ontario manufacturers that:
 - have a valid Manufacturer's license issued by the Registrar of Alcohol and Gaming;
 - manufacture wine, cider or fruit wine in Ontario; and
 - submit the required application materials.

Eligible Products and Pricing Treatment

- Program participants may deliver products they have manufactured in the province of Ontario and which fall into one of two categories:
 1. **VQA wine or fruit wine:** The price for these products will include an administrative fee of 6.1% of landed cost in place of the standard wine mark-up and wine levy (See appendix 1).
 2. **Non-VQA wine and cider:** The price for these products will include regular LCBO mark-up in addition to other applicable charges. A freight rebate is also applied (also known as unassigned amount) (See appendix 1).
- The LCBO or an external ISO/IEC 17025 accredited laboratory must have tested the wine to meet LCBO Quality Assurance requirements.
- Products that are sold under an Authorization may be delivered to the Licensee customers by the winery itself, or by any other person who is legally authorized to do so (for example, a delivery operator authorized under an LCBO Board Policy).

Reporting, Inspection, and Non-compliance penalties

- Program participants must report all sales made under the Authorization in the Winery Reporting Template maintained by the LCBO Finance Department, within ten (10) calendar days following the end of each calendar month, consistent with legal requirements established in the *Liquor Control Act*.
- LCBO may share such Reports or any data contained in such Reports with Ontario government ministries and agencies for the purpose of administering the Direct Delivery Program and for related government policies or programs.

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- Wineries must submit Reports for every month in which they have a valid manufacturing license, regardless of sales. A NIL report must be completed in a month in which they have no sales under the Authorization.
- Payment of owed amounts may be made by cheque and mailed to the LCBO Corporate Accounting Department, or through an electronic transfer of funds.
- Program participants must retain all purchase orders and invoices issued to a Licensee on behalf of the LCBO for a period of seven years, and must make them available to the LCBO upon request.
- Failure to complete the forms in their entirety and/or submit them on time will result in non-compliance of the Authorization, which may result in interest charged on amounts owed or other administrative actions as set forth in the Authorization.

Application & Approval Procedures

- Applicants must submit the "Application to Participate in the LCBO's Direct Delivery to Licensees Program" (Form #: LCB 2057) by mail or email to:
 - Attention: Direct Delivery to Licensees Program, Corporate Affairs
 - 55 Lakeshore Blvd. East
 - Toronto, ON
 - M5E 1A4
 - E-mail: winery.policy@lcbo.com
 - Phone: (416) 864-6817
- For inquiries or additional information, please contact LCBO's Corporate Affairs department at the phone number or email listed above.
- After receiving a completed and signed application, LCBO will review to ensure that the application package is complete and that the applicant meets all policy conditions. An applicant's past conduct with respect to LCBO authorizations may be taken into consideration in reviewing its application. Based on this assessment, LCBO may issue a "Direct Delivery to Licensees Authorization" to the applicant.
- Applicants may begin processing deliveries according to the conditions set out from time to time by the LCBO after the effective date of the Authorization until such time that the LCBO suspends or withdraws such Authorization at its discretion in accordance with the terms.
- In order for LCBO to maintain up to date program records, program participants will be asked to re-confirm their business information and acceptance of program conditions every five years.