

August 22, 2012

The Honourable Dwight Duncan  
Minister of Finance  
7 Queen's Park Crescent, 7<sup>th</sup> floor  
Toronto, Ontario M7A 1Y7

**Subject: Removing Inter-Provincial Trade Barriers for Ontario VQA Wine Delivery**

Dear Minister Duncan:

On behalf of the Ontario Chamber of Commerce and its 60,000 members, we are writing to encourage the province to remove prohibitive regulations related to the direct sale and delivery of 100% Ontario made VQA wines.

On June 28 2012, federal MP Dan Albas' Bill C-311 received Royal Assent. The bill amends the Importation of Intoxicating Liquors Act to allow Canadians to bring wine purchased in another province back to their home province.

However, it is now incumbent on provincial governments, who regulate the distribution of alcoholic beverages and regulate out-of-province wine purchases, to act.

The Ontario Chamber of Commerce asks that Ontario demonstrate its commitment to reducing inter-provincial trade barriers by working with all provinces and territories to remove prohibitive regulations related to the direct sale and delivery of 100% Ontario made VQA wines.

The termination of prohibitive regulations will be a boon on Ontario's growing wine industry, which has become an economic generator for the province. Not only does the Ontario wine industry provide gainful employment, preserve valuable agricultural land and create vibrant tourism destinations, it also adds value to the economy in many other ways. A 2002 study conducted by KPMG and commissioned by the Wine Council of Ontario found that the sale of a litre of Ontario wine added \$4.29 in value to the Ontario economy compared to \$0.56 in added value from the sale of an imported wine.

The rules prohibiting inter-provincial wine trade were designed long before internet sales and just-in-time delivery became viable options for wine distribution. As the industry expands, it is vital that it find every domestic opportunity to market its products. Direct sales would give small to mid-sized producers another important channel to sell their wines and create more choices for Ontario wine consumers. It would also allow Canadians who visit Ontario

wineries more opportunity to be able to have those products safely delivery to their home – a benefit to both wine sales and tourism.

Interprovincial trade barriers cost the Canadian economy \$6.5 billion per year. Approximately 17.5% of this is as a result of provincial liquor and agricultural policies. With the LCBO being the largest purchaser of liquor in Canada, Ontario has a unique position to demonstrate leadership when it comes to eliminating inter-provincial trade barriers related to the wine industry.

It should be noted that British Columbia has already committed to removing prohibitive regulations on wine brought into and out of the province. We encourage Ontario to proceed in similar fashion.

I would welcome the opportunity to meet with you to discuss this matter further.

Thank you very much for your consideration of this very important issue.

Yours sincerely,



Allan O'Dette  
President & CEO

CC. The Honourable Dalton McGuinty, Premier of Ontario  
The Honourable Brad Duguid, Minister of Economic Development and Innovation  
Peter Wallace, Secretary of the Cabinet