

August 11, 2011

Guyanne Desforges, Clerk
Standing Committee on Finance
Sixth Floor, 131 Queen Street
House of Commons
Ottawa ON K1A 0A6

James Rajotte, MP
Edmonton – Leduc
House of Commons
Ottawa, ON K1A 0A6



Dear Ms. Desforges and Mr. Rajotte,

Thank you for the opportunity to provide input into this year's federal budget consultations. Your inquiry of **how to create quality sustainable jobs** is vitally important to Canada today and will set the stage for how well our country performs in the years to come.

FreeMyGrapes.ca is a grassroots, non-profit campaign aimed at making inter-provincial winery-to-consumers sales and shipment of Canadian wines legal. As you must know, today it is legal to bring wine home from another country but a criminal offense to bring it home or have it shipped from another province.

Since our campaign began in November 2010, over 70 media reports have expressed the frustration Canadians feel over their government turning them into criminals because of their efforts to support legal Canadian businesses. It is time to amend the archaic 1928 law, *Importation of Intoxicating Liquors Act* (IILA), with a personal exemption allowing Canadians to bring wine home from a visit to another province as well as place online orders and join wine clubs.

RECOMMENDATION:

Amend the *Importation of Intoxicating Liquors Act* to allow for a limited, personal exemption for winery-to-consumer sales and shipment of Canadian wines.

The IILA is not being applied consistently and is creating confusion and inequity amongst wineries. Some smaller wineries are shipping to out-of-province customers illegally while others' fear 'being caught' could destroy their business. Outrageously, wineries of all sizes are being threatened with criminal prosecution for selling Canadian wine to adult Canadians. <http://steepcreek.blogspot.com/2009/08/alberta-orders-bc-wineries-to-stop.html>

Not surprisingly, the current law is constricting SME growth at wineries and discouraging tourism. Wine lovers want to know that if they visit a wine region they can bring wine home, reorder their favorites and join wine clubs. A federal personal exemption would increase revenue and job opportunities in wineries and the many, many small businesses that support wine tourism in the often-rural communities that comprise Canadian wine regions.

US experience, where 38 states allow inter-state sales and shipment of wine, shows that the positive economic impact for wineries is substantial. In the US, DTC sales form an essential element of small winery viability. Small US wineries are experiencing double digit growth in their direct to consumers (DTC) sales.

Given the limited shelf space at Canadian liquor board stores and their need to buy in larger volumes, the majority of small wineries do not have the opportunity to sell anywhere but from their wine gate. For mid-to-large wineries, DTC offers an opportunity for increase profitability – very important consideration due to the increasing competition from foreign mega-wineries. In summary, an opportunity to increase their DTC sales would have a positive impact on winery profitability and for many their viability. At the same time, the potential impact to provincial revenues is very small. In the US less than 1% of US produced wine is direct shipped. An estimate for Ontario the largest consumer of wines, for example, is less than \$1M per year - - a number quickly and easily made up from increased tourism.

While the FreeMyGrapes.ca campaign is making progress and there are rumours of some provinces making changes to allow a small amount of personally accompanied wine to be imported, these steps do not go far enough.

There is an essential role for our federal government. A personal exemption amendment to the IILA would create a level playing field for all Canadians and all Canadian wineries. It would increase job opportunities both at wineries and in wine tourism.

And perhaps equally important during this period of federal deficits, this change does not require federal government expenditures. We just need the Government of Canada to get out of the way.

Canadians want to buy more Canadian wine. On behalf of the over 72% of Canadians that support updating the law (Harris Decima), the Alliance of Canadian Wine Consumers strongly urge you to include our recommendation in your report to the Minister of Finance.

We thank you for your attention and consideration of our request. Should you have any questions, please do not hesitate to contact me.

Sincerely,

Shirley-Ann George
President
Alliance of Canadian Wine Consumers

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