



News Release

**Wine Council of Ontario applauds Federal Budget
*Relief on excise tax makes industry more competitive***

Niagara, Ontario (May 2, 2005) - Today's Federal Conservative budget provides important tax relief for small and mid-size Canadian wineries and is a positive step towards helping to make the domestic industry more competitive with highly subsidized foreign producers.

"We are pleased that the Federal Conservative government has recognized that the domestic wine industry faces immense tax burdens that put us at a major disadvantage in our own country with large imported wineries," said Norm Beal, WCO Chair and owner of Peninsula Ridge Estates Winery.

The budget however did contain increases in excise for wineries with larger production which means that that the relief has not been equally applied and larger producers will bear some additional costs, he added.

Budget 2006 proposes to exempt from duty the first 500,000 litres of wine produced and packaged by a wine licensee per year made from 100 per cent Canadian-grown agricultural products in order to assist small and mid-size wineries.

The reduction in excise tax is in keeping with other major wine producing jurisdictions that do not charge excise tax on wine (i.e. France, Italy, Germany and Spain). The US provides an excise tax credit for small and medium-sized wineries and Australia provides a rebate to wine producers.

Beal noted that the important contributions by the Leader of the House and Minister of Democratic Reform Niagara Falls MP Rob Nicholson, Niagara West-Glanbrook MP Dean Allison and St. Catharines MP Rick Dykstra.

"We appreciate the efforts our local members of parliament made in partnership with the Canadian Vintners Association to ensure that the Federal Government had a full understanding of the facts and was making an informed decision," he added.

Linda Franklin, president of the WCO, said that while this is very good news for the Canadian wine industry there is still much to be done here in Ontario to ensure the sustainability of the industry.

“We are hopeful that the Ontario government will follow the lead of the Federal government and take steps to address the major structural problems that inhibit the growth of the industry,” she said. Those issues include improving winery margins and access to the marketplace.

The Ontario wine industry creates more than 6,000 jobs and provides more than \$250 million annually in direct tax revenues.

The Wine Council of Ontario is a non-profit trade association that represents Ontario’s four wine regions – Niagara Peninsula, Pelee Island, Lake Erie North Shore and Prince Edward Country. These regions grow 90 per cent of the grapes used in Canadian wine production. Ontario is home to more than 90 grape wineries that produce 51 million litres of wine worth \$450 million retail sales annually.

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