

VQA WINE SUPPORT PROGRAM

UPDATED PROGRAM GUIDELINES

2022/23¹

Program Overview

The VQA Wine Support Program supports Ontario wineries to help increase competitiveness and innovation while growing the sale of Ontario VQA wines at the Liquor Control Board of Ontario (LCBO). The Program will provide grants to help wineries invest in growing their VQA wine business, including tourism development activities. The Program will be delivered by Agricorp, an agency of the Ontario government, on behalf of the Ministry of Agriculture, Food and Rural Affairs (OMAFRA).

The Ontario government is striving to create an environment where agri-food businesses can thrive and prosper – where Ontario is truly open for business. The VQA Wine Support Program will help wine makers and grape growers increase the sales of Ontario wines in and out of province and enhance the marketing of Ontario's wine regions as tourist destinations.

Program Definitions

In these Guidelines,

“Affiliated Licenced Wineries” means a group of Licenced Wineries where:

- One of them is a subsidiary of the other, or
- They are subsidiaries of the same body corporate, or
- Each of them is controlled by the same person

“Funding Year” means April 1, 2022 to March 31, 2023 and is the period when Grant Payments are issued based on eligible applications;

“Program” or “VQAC” means the Vintners’ Quality Alliance Wine Support Program component of the Ontario Wine Fund established under OIC 511-2017, as amended or replaced, and as administered by Agricorp;

“Grant Payment” means the total amount provided to an eligible applicant based on VQA Table Wine Sales Data, overall Program funding, and the total number of eligible Licenced Wineries that participate in the Program in the Funding Year in accordance with these Guidelines, inclusive of any Initial Payment and any Second Payment;

“Initial Payment” means the first payment made to an eligible applicant in accordance with these guidelines.

“LCBO” means the Liquor Control Board of Ontario;

¹ Updated and posted on September *, 2022

“Licenced Winery” means a winery with a valid Alcohol and Gaming Commission of Ontario (AGCO) manufacturer’s licence for at least 12 months. “Licenced Wineries” has a corresponding meaning;

“Requirements of Law” means all applicable statutes, regulations, by-laws, ordinances, codes, official plans, rules, approvals, permits, licenses, authorizations, orders, decrees, injunctions, directions, agreements, the Program Order in Council 511/2017, as amended or replaced, and these Program Guidelines,

“Second Payment” means an additional payment made to a recipient of the Initial Payment in accordance with these guidelines.

“Supplier Quote” means the value of the volume in litres of VQA Table Wine sold through the LCBO, as compiled and provided by the LCBO to the Program;

“VQA Table Wines” means Ontario VQA wines including sparkling wines sold through the LCBO including grocery store channels, excluding:

- Ice wines and all non-VQA wines including fruit wines;
- Wines sold through channels other than the LCBO (e.g. on or off-site wine stores and duty-free stores, wines sold under the LCBO’s direct delivery program).

“VQA Table Wines Sales Data” means the LCBO store sales (including sales through the grocery channel) of VQA Table Wines, for the period of April 1, 2021 to March 31, 2022, compiled by LCBO and provided to Agricorp for the purposes of delivering the Program.

Applicant Eligibility

To be eligible for funding, applicants must meet all of the following criteria:

- Be a sole proprietor, corporation, partnership or unincorporated association (Articles of Incorporation or other acceptable proof of legal name and status must be made available to Agricorp upon request);
- Be a Licenced Winery or a corporation with a controlling interest in one or more Affiliated Licenced Wineries;
- Have production and sales of VQA Table Wines in Ontario, including sales of VQA Table Wines through the LCBO;
- Submit a completed application form by the deadline established in these Guidelines;
- Agree to comply with all of the terms and conditions of the Program as set out in these Guidelines;
- Be in compliance with and remain in compliance with the Requirements of Laws; and
- Complete the 2021/2022 questionnaire of wine and grape businesses, conducted by OMAFRA, as part of the Ontario government’s Wine and Grape Strategy.

Affiliated Licenced Wineries

Only one Licenced Winery of a group of Affiliated Licenced Wineries may apply to the Program in a Funding Year. The VQA Wine Table Sales Data from all Affiliated Licenced

Wineries will be totalled under the one application for purposes of calculating the Grant Payment, if any.

Incorporated Licenced Wineries that are affiliated body corporates within the meaning of the *Business Corporations Act* (Ontario) will be considered to be one entity for the purpose of applying for the Program in a Funding Year, regardless of the number of AGCO manufacturers' licences held by the Affiliated Licenced Wineries.

Application Process

Application submission deadline: **June 16, 2022 at 11:59 pm. Applications are now closed.**

Agricorp will send application forms to each prospective applicant with the applicant's VQA Table Wine Sales Data. All applications for the Program must be received by the application submission deadline.

The completed application will be reviewed by Agricorp to determine if the Program criteria have been met. If the application submitted is incomplete or does not otherwise meet the Program's requirements, Agricorp reserves the right to deem it ineligible.

How Initial Payments are Calculated

Agricorp will determine an eligible applicant's Initial Payment by calculating the value of up to 35% of the Supplier Quote of the applicant's eligible VQA Table Wines Sales Data.

Agricorp will then calculate the Initial Payment for all eligible applicants in 25,000 litre tier increments, i.e. **Tier 1:** 0-25,000L/yr.; **Tier 2:** 25,000-50,000L/yr.; **Tier 3:** 50,000-75,000L/yr.; or **Tier 4:** 75,000-100,000L/yr.

Once the Program calculation enters the tier which causes it to exceed Program funding, Agricorp will allocate available Program grant funds remaining among the eligible applicants with sales in that tier to determine the Initial Payments for those applicants.

The Initial Payment for the tiers are as follows: for tiers in which the Program funding is not yet exceeded, the Initial Payment shall be up to 35% of the Supplier Quote of the applicant's eligible VQA Table Wines Sales Data; for the tier in which the Program funding would be reached or exceeded, the Initial Payment shall be calculated based on the equitable allocation of remaining funds among that tier.

UPDATE: How Second Payments are Calculated

In a subsequent round of calculations, Agricorp will determine an eligible Applicant's Grant Payment by calculating the value of up to 50% for the first 50,000 litres and a value of up to 35% for any volumes in excess of 50,000 litres of the Supplier Quote of the Applicant's eligible VQA Table Wines Sales Data.

Agricorp will calculate the Grant Payment for all eligible applicants in 25,000 litre tier increments i.e. **Tier 1:** 0-25,000L/yr.; or **Tier 2:** 25,000-50,000L/yr **Tier 3:** 50,000-75,000L/yr.; or **Tier 4:** 75,000-100,000L/yr.

Agricorp will calculate the Second Payment as the Grant Payment calculated as above LESS the Initial Payment already received by the eligible applicant.

The Second Payment and the Initial Payment (cumulatively, the Grant Payment) will therefore be up to 50% for the first 50,000 litres and up to 35% for any litres greater than 50,000 of the Supplier Quote of the Applicants eligible VQA Table Wines Sales.

Additional Requirements for Applicants and Grant Recipients

The following are additional conditions for funding:

Grant Payment recipients and applicants must provide accurate, timely and complete information to Agricorp when requested, including, without limitation, supporting documentation as required to verify the eligibility of the applicant or to verify the accuracy of the Grant Payment to the applicant. Any applicant who provides false or misleading information to Agricorp and/or its authorized representative(s) may be disqualified and required to repay any Grant Payments received under the Program.

Grant Payment recipients must agree that OMAFRA may publish or otherwise publicize information such as the names and addresses of Grant Payment recipients and the amount of the Grant Payment.

Grant Payment recipients must acknowledge and agree that Agricorp, OMAFRA and the LCBO may disclose and use reported VQA Table Wine Sales Data information for the purpose of determining Grant Payments under the Program.

Further, the information provided under the Program may be subject to disclosure under the *Freedom of Information and Protection of Privacy Act* (Ontario) or by order of a court, tribunal or otherwise by law.

OMAFRA Questionnaire of wine and grape businesses

As a condition to receive 2022 VQAC funding the applicant must have completed the 2021/2022 questionnaire of wine and grape businesses, conducted by OMAFRA as part of the Ontario Wine and Grape Strategy.

Other Considerations for Applicant and Grant Payment Recipients Including Compliance

Agricorp, OMAFRA or their authorized representatives may conduct an audit or investigation of any applicant or Grant Payment recipient in respect of their eligibility and the applicant/Grant Payment recipient must cooperate with the audit or investigation including by providing information or access to a person, place or thing.

If it is determined that the recipient has received a Grant Payment that the recipient was not eligible to receive, through administrative error or otherwise, the recipient will repay the Grant Payment. Agricorp reserves the right to recover any debts owing to His Majesty the King in Right of Ontario. Any overpayments and other program debt will be recovered in a manner consistent with His Majesty the King in Right of Ontario's collections practice and in consideration of applicable Government of Ontario legislation and directives. Should a

recipient have any pre-existing debts owing to His Majesty the King in Right of Ontario, Agricorp may recover against that pre-existing debt through a set-off against any payments a recipient may be eligible to receive under the Program.

As a condition of funding, grant recipients are also responsible for complying with all Requirements of Law,

The Government of Ontario, including Agricorp and OMAFRA take no responsibility for bringing a Program applicant or recipient into compliance with the Requirements of Law or for the consequences if the Program applicant or recipient fails to comply with the Requirements of Law.

Failure to comply with the Requirements of Law may result in the applicant being ineligible to receive a Grant Payment under the Program and may require the repayment of any Grant Payments received by a recipient under the Program. In addition to the rights set out under “Other Considerations for Grant Payment Recipients”, Agricorp reserves the right to require repayment of funds provided pursuant to the Program that were obtained by ineligible, including non-compliant applicants.

OMAFRA and Agricorp reserve the right to revise these Guidelines from time to time.

Applicants have the onus of confirming that they are following the most recent version of the Guidelines prior to making an application.

The Program is a discretionary, non-entitlement program. OMAFRA and Agricorp make no guarantees that all or any applicants, including eligible applicants, will receive funding under the Program. Applying to the Program does not create any legal or other right to a Grant Payment under the Program.

Contact Information

For more information about the Program contact Agricorp:

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Email: vqa@Agricorp.com

Website: Agricorp.com

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