

# Class E (Cottage Winery)

**Following is information about obtaining a Class E licence for a Cottage Winery.**

A Class E licence may be issued for a cottage winery facility that manufactures wine for sale through the AGLC and for off sales to the general public at the winery (farm gate) site. The licence authorizes the licensee to sell only the wine manufactured in the licensed premises.

## **CRITERIA FOR CLASS E (COTTAGE WINERY) LICENCES**

Several factors are considered before a Class E (Cottage Winery) licence is issued, including:

- ◆ qualifications of the applicant
- ◆ valid control of the premises
- ◆ location of the facility
- ◆ general layout and equipment
- ◆ amount of proposed production
- ◆ compliance with other regulatory agencies

## **STEPS**

There are normally five steps involved in the licensing process. The time required to process an application varies among applications. In order to be considered for a Class E (Cottage Winery) licence, a proposal must be received.

### **1. Preliminary Assessment**

You should contact the Regulatory Division as early as possible to start your application.

Information that will be required includes:

- ◆ location
- ◆ annual manufacturing capacity
- ◆ floor plan with equipment details
- ◆ details on the applicants
- ◆ a listing of the proposed products
- ◆ application fee

### **2. Eligibility**

Details about the applicant will be required to determine eligibility for licensing. Applicants must have the right to occupy and control the premises.

### 3. Board Approval

We will next prepare a submission outlining your proposal and present it to the Board. You will be advised in writing of the Board's decision, including any requirement to publicly advertise your intent to apply for the licence. An approval to proceed with developing the premises does not commit the AGLC to issuing you a licence at a later date.

If your application for a licence is refused by the Board, you may apply to the Board within 30 days for a hearing. After considering your presentation, the Hearing Panel may confirm, vary or reverse an earlier decision.

### 4. Submission of Application and Documentation

If approved to develop the premises, you will be sent an application form. Various other documents may also be required with the application, including:

- ◆ in the case of a company, a copy of the Certificate of Incorporation and completion of a Particulars of Incorporation form
- ◆ a copy of the lease or title
- ◆ Partnership Agreements, Franchise Agreements, etc., where applicable
- ◆ any financial reporting requirements stipulated by the AGLC
- ◆ approvals of any other regulatory agencies, including federal and municipal approval
- ◆ annual licence fee

### 5. Final Inspection and Issue of Licence

Once the premises have been completed according to the approval and the required documentation has been submitted, you should contact us for a final inspection. One of our inspectors ensures the premises are completed as approved, and discusses the terms and conditions of the licence with you.

On final approval, the inspector issues an interim licence authority. The licence certificate will be sent to you soon after.

Liquor licences are not transferable. They become void if the premises are sold, leased, assigned or otherwise transferred to another individual or party. To begin the application process, prospective purchasers of premises which are already licensed should contact us once they have an accepted Offer to Purchase or Lease. Allow us three weeks to finish the review.

## STANDARDS

To be considered for a licence, the Cottage Winery must meet the following production requirements:

- a) 1500 litres minimum annual production capacity in year one to 4500 litres in year five;
- b) minimum of 5 acres of land in production of fruit with winery located on the orchard site or minimum of 50 bee colonies with winery located at honey extracting site;
- c) fruit wine must be produced from a minimum of 75% fruit grown on land controlled by farmer, with up to 25% fruit from another grower in Alberta allowed for blending of fruit production shortfall;
- d) honey wine must be produced with a minimum of 75% honey harvested by the beekeeper, with up to 25% honey of different origin permitted for blending, flavour enhancement or production shortfall;
- e) must vinify 100% of wine production on site. (Vinify means the conversion of a sugar containing solution such as fruit juice or honey into wine by fermentation.) This process can start with the fruit, for example grapes, the juice itself or juice concentrate.
- f) Fermentation tanks with a minimum of 200 litres capacity each; and
- g) There must be adequate storage tanks to accommodate the annual production capacity, including products requiring aging.

**NOTE:** Licensees will be allowed 5 years from start of operation under the Class E licence to reach the production minimums. If production minimums are not met, the licensee will be referred to the Board. This could result in sanctions up to and including cancellation of the Licence.

# GENERAL INFORMATION

## Production

The Cottage Winery licensee shall ensure that the alcohol content, type of container and labelling of its products meets the standards set by the federal government.

Wine produced by the Cottage Winery licensee is subject to periodic analysis by the AGLC to ensure that AGLC standards with respect to the following are met:

- ◆ appearance (color, clarity, odor)
- ◆ specific gravity
- ◆ ethyl alcohol
- ◆ PH level
- ◆ volatile acidity (wines & ciders)
- ◆ sugar content (g/L)

All production materials used must comply with Canadian Food and Drug Regulations (pertinent information is available from Health Protection Branch, Health Canada in Edmonton or Calgary).

## Sales

A Cottage Winery is a facility that manufactures wine primarily for sale through the AGLC and for off sales to the general public at the winery (farm gate) site. The licence authorizes the licensee to sell wine manufactured in the licensed premises only.

A Class E licensee in respect of a Cottage Winery shall not sell nor provide wine for consumption off premises, unless the licensee also holds a Class D licence in respect to the Cottage Winery. Off sales are restricted to the licensed premises where the Class E (Cottage Winery) licence is located.

A Cottage Winery licensee may not sell any wine it manufactures to other licensees, except special event licensees.

The flat mark-up paid to the AGLC by the Cottage Winery licensee is based on sales, and this rate is subject to change from time to time:

- a) \$ .70 per litre on sales at farm gate;
- b) the same as that paid by all other manufacturers or suppliers of wine to Alberta on sales through the AGLC:
  - i) \$3.45 per litre for wine less than or equal to 16% alcohol by volume; and
  - ii) \$6.10 per litre for wine more than 16% alcohol by volume.

## Other Requirements

Prior to the issuing of a Class E licence for a Cottage Winery, the applicant must obtain a Federal Excise Licence. It is the applicant's responsibility to obtain this licence.

The Cottage Winery licensee must comply with all federal and provincial standards relating to construction and production standards, and to pay all established licence fees, taxes and duties.

The licensee must meet the AGLC financial policies that include:

- ◆ provision of an "Irrevocable Letter of Credit" in favour of the AGLC, sufficient in amount to cover two months estimated sales levies;
- ◆ submission of required reports quarterly; and
- ◆ maintaining records adequate to confirm all details of raw materials, purchases, sales, expenses, production and inventories. All records are subject to review and audit by the AGLC.

# MORE INFORMATION

For more information, to arrange for inspection services, or staff seminars, contact your nearest Regulatory Division office.

## REGULATORY DIVISION OFFICES

| Head Office  | Calgary Office  | Red Deer Office   | Lethbridge Office   | Grande Prairie Office   |
|--|---|---|---|---|
| 50 Corriveau Avenue<br>St. Albert, Alberta<br>T8N 3T5<br>Ph: (780) 447-8600<br>Fax: (780) 447-8911 | 110, 6715 - 8 Street NE<br>Calgary, Alberta<br>T2E 7H7<br>Ph: (403) 292-7300<br>Fax: (403) 292-7302 | 3-7965 - 49 Avenue<br>Red Deer, Alberta<br>T4P 2V5<br>Ph: (403) 314-2656<br>Fax: (403) 314-2660 | 3103 - 12 Avenue North<br>Lethbridge, Alberta<br>T1H 5P7<br>Ph: (403) 331-6500<br>Fax: (403) 331-6506 | 10020 - 124 Avenue<br>Grande Prairie, Alberta<br>T8V 5L7<br>Ph: (780) 832-3000<br>Fax: (780) 832-3006 |