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## Highlights of Recent Amendments to Regulations under the *Liquor Licence Act*

### INFORMATION BULLETIN No. 041

(Effective July 1, 2016)

The Government of Ontario has recently approved a number of regulatory changes affecting the beverage alcohol industry. These reforms aim to reduce the administrative burden on businesses and remove barriers to investment and innovation, while strengthening Ontario's approach to ensuring the responsible sale and service of alcohol.

The regulations have been established under the *Liquor Licence Act* following extensive stakeholder consultations. These recent changes impact a number of the Alcohol and Gaming Commission of Ontario's (AGCO) licensees, including beverage alcohol manufacturers, manufacturers' representatives, ferment-on-premise operators, liquor delivery services, liquor sales licensees, and special occasion permit holders.

The following regulatory reforms will take effect on July 1, 2016, unless otherwise noted:

#### **Enhancing the Visitor Experience at Manufacturing Sites**

##### **1. Permitting Manufacturers to Hold More Than One Tied House Licence**

Ontario manufacturers will now be permitted to apply for a liquor sales licence to operate a tied house at each manufacturing site operated by the manufacturer. Previously, manufacturers could only obtain a liquor sales licence for one tied house across all of their manufacturing sites, unless they were a winery producing more than 10 million litres of wine, in which case they could apply for a second licence for another site.

##### **2. Permitting "Take Home" Sales in Tied Houses**

Tied house patrons may now purchase liquor from the manufacturer's on-site retail store (for example, a bottle of the manufacturer's wine) at their table to take home with them. This change will allow customers to pay for the "take-home" product directly on their restaurant bill. The manufacturer must have a retail store on the same premises as the tied house, and must ensure adherence to rules regarding the permissible hours of sale for the on-site retail store and the tied house.

Previously, a licensed alcohol manufacturer could not sell sealed, unopened alcohol products to patrons of a tied house (e.g. a restaurant located at an Ontario winery, brewery, distillery or cidery) for off-premise consumption.

### **3. A More Seamless Visitor Experience at Manufacturing Sites**

Going forward, a manufacturer with both a tied house and by-the-glass licence may allow customers to move freely between these licensed areas with their beverages. Patrons will also be permitted to carry and consume their beverages in the manufacturer's adjacent retail store, where applicable. Manufacturers must ensure adherence to rules regarding the permissible hours of sale for each licence type.

Traditionally, visitors to a manufacturing site – such as an Ontario winery, brewery, distillery or cidery – have been unable to carry their purchased beverages from one licensed area to another. For example, if a visitor to a winery has purchased a drink as part of a winery tour, he or she could not bring their unfinished drink into the winery restaurant.

### **4. Indoor/Outdoor Capacity Limits at Tied Houses**

The law will now provide greater flexibility by allowing tied house capacity limits to be set in a manner consistent with other liquor sales licences, which involves information and assessments from the local municipal building, fire and health departments. Eligible Ontario wineries, breweries, distilleries and cideries were previously only permitted to operate a tied house with a maximum indoor capacity of 500 persons and a maximum outdoor capacity of 1000 persons.

### **5. Catering Endorsements at Tied Houses**

Going forward, the law will treat tied house licence holders the same as all other liquor sales licensees by permitting them to apply for a caterer's endorsement to conduct events at any eligible location.

To date, Ontario wineries, breweries, distilleries and cideries with a tied house licence have only been able to apply for a caterer's endorsement for events on the manufacturing site.

## **Reducing Administrative Burdens for Ontario Businesses**

### **6. Increasing the “On-Hand” Product Limit for Manufacturers’ Representatives**

The regulation has been amended to permit licensed manufacturers' representatives to keep up to 360 litres of product for the purposes of delivery, market research and sampling, in order to reflect industry realities. Prior to this change, manufacturers' representatives were limited to keeping no more than 180 litres of liquor for these purposes.

### **7. Purchase Order Requirements for Manufacturers’ Representatives**

Licensed manufacturers' representatives will now only be required to provide an invoice to purchasers that shows the cost of liquor and any service fees, and to retain all purchase orders for one year after receiving them in order to make them available to AGCO Inspectors upon request. Manufacturers' representatives will no longer be required to attach purchase orders to liquor intended for delivery.

## **8. Permitting “Customer Designates” at Ferment-on-Premise Facilities**

A ferment-on-premise (FOP) customer will now be allowed to designate a “stand-in” person, other than the licensee or the licensee’s employee or agent, to complete steps in the beer- and wine-making process at the premises on the customer’s behalf.

Previously, Ontario law required customers of FOP facilities to complete a series of specific steps in the beer- and wine-making process themselves, and did not allow for circumstances in which a customer was unable to personally attend the FOP facility due to reasons beyond the customer’s control.

## **9. Relocation of “In Process” Product by Ferment-on-Premise Licensees**

FOP licensees will now be allowed to relocate “active” carboys with the Registrar’s prior notification.

FOP licensees and their employees were previously prohibited by law from removing carboys (e.g. the containers in which wine and beer is fermented) from their premises for any reason, unless the carboys are not actively being used to make wine or beer. This law has historically caused difficulties for FOP operators. For instance, operators who have relocated their business in the past have been required to run multiple locations until the last of the “old” batches have been completed.

## **10. Allowing Wine and Beer Made by Family Members at More Family Events**

Wine and beer made by a member of the host family will be permitted to be served at a broader range of family-related special occasions, including anniversaries, under a Special Occasion Permit (SOP). Previously, wine and beer made by a member of an event’s host family could only be served at a “wedding or other religious occasion”.

## **11. Elimination of Advertisement Pre-Approvals for Ferment-on-Premise and Liquor Delivery Service Licensees**

As of July 1, 2016, FOP licensees and liquor delivery service (LDS) operators will now be permitted to advertise in accordance with the Registrar’s Advertising Guidelines without seeking pre-approval from the Registrar. To date, FOP licensees and LDS operators have been required to receive approval from the Registrar before conducting certain forms of advertising.

## **12. Allowing the Auction of Liquor at Licensed Premises**

Going forward, a liquor sales licensee or SOP holder may permit the auction of liquor on the premises at an authorized charitable auction and for any unsold product to be removed from the premises. Historically, the auction of liquor under a Registrar-authorized charitable auction has not been permitted to take place in a liquor sales licensed premises or premises subject to an SOP.

## **Strengthening Ontario’s Approach to Responsible Sale and Service of Alcohol**

### **13. Mandatory Server Training for Manufacturers’ Representatives and Retail Store Staff**

Ontario law currently requires designated employees at liquor licensed establishments, LDS, authorized grocery stores, and farmers’ markets to complete a server training course approved by the AGCO Board. This requirement will now be extended to include manufacturers’ representatives and staff at on-site and off-site manufacturer retail stores who are involved in the sale, service and sampling of alcohol, as well as persons involved in taking orders for liquor from customers.

#### **14. Requirement for Server Training Prior to First Day of Work**

New employees at liquor licensed establishments (e.g. bars, restaurants, nightclubs) and LDS have historically been provided with a sixty-day “grace period” to complete an AGCO Board-approved server training course. This grace period will be eliminated following a one year transition period. As of July 1, 2017, employees of liquor licensed establishments and LDS will be required to complete an approved server training course prior to their first day of work.

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Please note, while this Information Bulletin highlights specific details associated with many of the regulatory changes made, licence, permit and authorization holders are urged to review the specific amendments to ensure that they are in compliance with all legislative and regulatory requirements. Updated electronic versions of the *Liquor Licence Act*, *Liquor Control Act* and their regulations are available online on the AGCO website at [www.agco.on.ca](http://www.agco.on.ca).

For more information, please email [consultation@agco.ca](mailto:consultation@agco.ca) or call the AGCO’s Customer Service Department at 416 326-8700 (GTA) or 1 800 522-2876 (toll-free in Ontario).