

## LCBO Board Policy

### Ontario Small Brewer Distribution

October 2015

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#### Purpose

Under current policy, Small Ontario Brewers are allowed to deliver their own beer directly to LCBO stores and licensees.

This new policy expands their ability to deliver beer by allowing:

- Small Ontario Brewers to deliver their own beer, as well as the beer of one or more other Small Ontario Brewers, to LCBO stores, licensees and grocery stores authorized or licensed to sell beer.
- Small Ontario brewers to use non-brewer businesses to deliver the beer of one or more small Ontario brewers to LCBO stores, licensees and grocery stores authorized or licensed to sell beer.
- Small Ontario Brewers and non-brewer businesses to warehouse the beer of one or more small Ontario brewers for the purpose of facilitating these deliveries.

#### Objectives

- To enable Small Ontario Brewers to efficiently deliver beer to LCBO stores, licensees and grocery stores authorized or licensed to sell beer; and
- To act on the recommendation of the Premier's Advisory Council on Government Assets in its April 16, 2015 report "Striking the Right Balance: Modernizing Beer Retailing and Distribution in Ontario" accepted by the Minister of Finance in the 2015 budget; and
- To exercise the LCBO Board power in the *Liquor Control Act* to control delivery and warehousing of liquor in Ontario.

#### Policy Requirements

##### Brewer Eligibility

A "Small Ontario Brewer" means a brewer in Ontario holding a valid manufacturer's licence issued by the Registrar of Alcohol and Gaming whose annual worldwide production was less than 150,000 hectolitres of beer in the most recent fiscal year ending March 31.

A brewer who qualifies as a Small Ontario Brewer at any time will continue to be considered a Small Ontario Brewer under this policy for the remainder of the initial ten year term of the Master Framework Agreement between Brewers Retail Inc. and Labatt Brewing Company Ltd. and Molson Canada 2005 and Sleeman Breweries Ltd. and Her Majesty the Queen in Right of Ontario, unless it becomes an affiliate of a brewer that is not a Small Ontario Brewer.

For the purpose of this policy, “annual worldwide production” and “affiliate” have the same meanings as they do in the *Alcohol and Gaming Regulation and Public Protection Act*.

## Authorization Required

A Small Ontario Brewer is not required to obtain an authorization from the LCBO to (i) directly deliver beer that it has manufactured to LCBO stores or licensees, (ii) or to warehouse its own beer, (iii) or to deliver its own beer to grocery stores authorized or licensed to sell beer.

A Small Ontario Brewer must obtain an authorization from the LCBO to directly deliver the beer of one or more other Small Ontario Brewers to LCBO stores, licensees or grocery stores authorized or licensed to sell beer, and to warehouse such beer for the purpose of delivering it to LCBO stores, licensees or grocery stores authorized or licensed to sell beer.

An authorization issued to a Small Ontario Brewer will be for the remainder of the initial term of the Master Framework Agreement.

A non-brewer must obtain an authorization from the LCBO to directly deliver the beer of one or more Small Ontario Brewers to LCBO stores, licensees or grocery stores authorized or licensed to sell beer, and to warehouse such beer for the purpose of delivering it to LCBO stores, licensees or grocery stores authorized or licensed to sell beer.

An authorization issued to a non-brewer will be for a three year term or until the expiration of the initial term of the Master Framework Agreement, whichever is shorter.

Nothing in this policy prevents a Small Ontario Brewer from using the LCBO or The Beer Store distribution systems. This policy does not apply to the delivery of beer to grocery stores authorized or licensed to sell beer by a brewer who is not a Small Ontario Brewer.

## Product Eligibility

This policy applies to all beer brewed by Small Ontario Brewers, whether packaged or draught.

## Grocery Store Sales

All sales to grocery stores are LCBO sales.

## Storage, Reporting and Inspection

A party who receives an authorization under this policy must maintain up to date records of activity for product movement into/out of its warehouse and deliveries to LCBO stores, licensees and grocery stores, along with overall compliance with the terms and conditions of the Authorization.

The LCBO may inspect the warehouse and records relating to the storage and delivery of beer kept at the location at any time upon reasonable notice.

## Application & Approval Procedures

To apply for an authorization under this policy, please complete the Small Ontario Brewer Distribution Application form in full and submit it to:

LCBO  
55 Lake Shore Boulevard East  
Toronto, Ontario  
M5E 1A4  
Attn: Director, Corporate Affairs

Non-brewer applicants must include an application fee of \$250 payable by cheque to the LCBO. There is no fee for eligible small Ontario brewers.

