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Refreshing the Sale of Beverage Alcohol in Ontario – Key Highlights

The Ontario Chamber of Commerce (OCC) released a new report, *Refreshing the Sale of Beverage Alcohol in Ontario*. This report outlines how the Province could modernize the sale and distribution of beverage alcohol and responsibly promote growth across all four categories – wine, beer, spirits, and cider. The following are the key areas of recommendation of the business advocate’s beverage alcohol report.

Modernizing the Sale of Beverage Alcohol in Ontario

- The Government of Ontario should provide Ontario craft distillers with the opportunity to “cross-sell” or sell products manufactured by other Ontario craft distillers at their own retail locations, thereby supporting the growth of this industry as a whole and eliminating unnecessary red tape.
- In addition to allowing beer, cider, and wine in corner, convenience, and big-box stores, the Government of Ontario should include spirits in these new distribution channels as it expands the sale of beverage alcohol.
- Like VQA Ontario wines and craft beer, the LCBO should provide dedicated shelf space/displays near the spirits category to better support Ontario craft distillers and local producers.
- The Government of Ontario should establish guaranteed shelf-space that would encourage convenience, grocery, and big box stores to stock Ontario wines which, in turn, will support Ontario farmers and the local wine industry.
- The Government of Ontario should create a new alcohol licence that would allow for private, independent wine stores.
- The Government of Ontario should create a “Universal Retail Licence” to help address inequities retailers face as a result of a tiered licencing system.
- The Government of Ontario should permit the sale of spirits, specialty/premium imported wines, RTD products, and products not on the LCBO’s General List at grocery, convenience, big-box, and independent stores, as well as other distribution channels.
- The Government of Ontario should amend the Liquor Licence Act to allow Ontario beverage alcohol producers to sell their products through online marketplaces using third parties to process payments for the sale of beverage alcohol on behalf of Ontario manufacturers, distributors, and other licensed sellers. This would allow businesses to build a competitive, secure, and customer-friendly beverage alcohol e-commerce sector.
- The Government of Ontario should amend the Liquor Licence Act’s Advertising Guidelines to clarify that licensed sellers can list or advertise permitted beverage alcohol products on e-

commerce marketplaces and platforms. This would provide small- and medium-sized licensed producers, manufacturers, and distributors with the opportunity to sell their goods across Ontario and, if permitted, across Canada as internal trade barriers are dissolved.

Addressing Tax Burdens

- The Government of Ontario should reduce the tax burden on Ontario wines, namely eliminating the 35 percent mark-up on local wineries and the 6.1 percent retail store tax on domestically produced wine sold to restaurants and tourists.
- The Government of Ontario should allow all members of the domestic wine industry to direct deliver their products to private retail stores or their distribution centres.
- The Government of Ontario should align taxation levels for the craft cider industry with those of Ontario's craft beer industry, thereby ensuring the competitiveness of the craft cider industry.
- The Government of Ontario should apply a graduated rate to the current spirits basic tax, with a zero percent mark-up on the first 50,000 litres sold.

Reducing Red Tape

- The AGCO should allow Ontario spirits and craft beer producers with a retail store to sell their products at farmers' markets.
 - The Government of Ontario should work with the LCBO, Ministry of Finance, and VQA Ontario to reduce the reporting Ontario wineries and cideries are required to complete from a monthly to a quarterly basis.
 - The Government of Ontario should provide wineries with a list of products they are not allowed to sell, rather than the current restrictive list of items outlining what businesses are allowed to sell, enabling wineries to provide consumers with greater choice and convenience.
 - The Government of Ontario should update wineries' AGCO manufacturer's licence ("Retail Store Authorization") to enable wineries to sell bottles of wine at consumer and trade shows, thereby increasing consumer convenience and supporting business owners.
 - The Government of Ontario should allow wineries to offer wine club members favorable pricing by modifying or granting an exemption to Ontario Regulation 116/10 under the Liquor Control Act of Ontario.
 - The Government of Ontario should pass regulations under the Liquor Licence Act to allow for pricing without requiring a lottery licence. Such pricing should continue with the rules that do not require the purchase or consumption of wine.
 - The Government of Ontario should eliminate the maximum of six months that off-site winery stores have to renovate or relocate their business before losing their licence.
 - With the forthcoming expansion of beer into additional brick-and-mortar stores, the Government of Ontario should consider creating a new sub-section under Section 15 of the Ontario Regulation 718 in the Liquor Licence Act to allow The Beer Store or its successor to provide more consumers with e-commerce and home delivery options.
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- The Government of Ontario should review its current and proposed beverage alcohol sales policies to ensure that reform does not inadvertently favour larger beer producers.
- The AGCO should revisit the requirement that mead producers must have 100 honey bee colonies each year and reduce the number to 50 bee colonies to align with the Agricorp requirement for commercial insurance coverage.
- The AGCO should allow mead producers to partner with local beekeepers to meet the 100 colonies requirement and/or acquire honey from Ontario beekeepers to produce their own products.
- The Government of Ontario, AGCO, and LCBO should review the licensing and reporting process with the goal of eliminating duplicative and unnecessary red tape for small- and medium-sized producers across all categories of beverage alcohol.
- The Government of Ontario should provide airports with an exemption under the Liquor Licence Act, allowing airports to sell beverage alcohol 24-hours a day, in post-security areas for both international and domestic passengers.

Removing Inter-Provincial Trade Barriers

- The Government of Ontario should eliminate inter-provincial trade barriers with willing provinces/territories to allow residents to purchase alcohol products online and allow producers to offer direct-to-consumer delivery.

Tourism and Beverage Alcohol

- The Government of Ontario should continue to invest in online and printed marketing materials for the tourism and beverage alcohol industries, distribute these materials more widely-including to Quebec, the United States, and abroad-and translate these resources to generate broader awareness.
- The Province's forthcoming Ontario Tourism Strategy should consult stakeholders from the beverage alcohol industry and the regions of Ontario where this industry is most prevalent. The Strategy itself should examine the critical infrastructure, transportation, and housing investments that will enable the responsible growth of beverage alcohol and culinary tourism, particularly in small and rural communities.
- The Government of Ontario should create a new provision in Regulation 232/16: Sale of Liquor in Government Stores of the Liquor Control Act that would authorize the sale of wine, cider, spirits, and beer at retail locations in all Ontario airports, similar to the provisions currently in place for grocery stores with wine boutiques.

Public Health Considerations

- Given the potential health and social harms associated with increased access to beverage alcohol, the Government of Ontario should partner with relevant stakeholders, like the OMA and the OPHA, to promote Canada's Low-Risk Alcohol Drinking Guidelines and

develop comprehensive and targeted public education campaigns that focus on increasing awareness of long-term and acute health risks.

- As beverage alcohol enters more points of distribution, the Government of Ontario should invest in the AGCO's capacity to monitor and enforce regulations, conduct investigations, and respond to complaints at various establishments that retail or offer alcohol products to customers.
- The AGCO should partner with the OMA and other public health stakeholders to develop educational training tools and resources for businesses seeking to obtain an alcohol retail licence.
- In partnership with private sector stakeholders, the Government of Ontario should collect data to assess the potential impact of beverage alcohol sales reform and use this data to make evidence-based decisions on public health risk mitigation and/or further reform.
- The Government of Ontario should engage the beverage alcohol industry to increase public awareness and understanding of responsible consumption.

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