

LCBO

Import Keg Distribution Policy

PURPOSE

- To establish conditions under which the LCBO will authorize Import Keg Distributors.

OBJECTIVES

- To facilitate the sale of imported Liquor in Kegs to LCBO customers in Ontario and provide efficient distribution options.
- To enable Import Keg Distributors to provide services on LCBO's behalf, including the warehousing and delivery of imported Kegs to approved customers.
- To ensure Import Keg Distributors comply with LCBO reporting and remittance requirements, including payment of all applicable charges related to the importation of Kegs.

DEFINITIONS

"AGCO" means the Alcohol and Gaming Commission of Ontario;

"Authorization" means the authorization given to the Import Keg Distributor by the LCBO;

"Cargo Container" means a twenty (20) foot or forty (40) foot container generally used to transport beverage alcohol on ocean vessels;

"Empty Keg" means a Keg that has been emptied of Liquor, as applicable;

"Import Keg Distributor" means a person or a company who is issued an Authorization under this policy;

"Keg" means a container used to contain and dispense an alcoholic beverage;

"Licence" means a licence issued by the AGCO under the *Liquor Licence and Control Act, 2019*;

"Liquor" means spirits, wine, and beer or any combination of them and includes any alcohol in a form appropriate for human consumption as a beverage, alone or in combination with any other matter;

"Rate Sheet" means the written schedule of fees prepared by the Import Keg Distributor;

"Special Occasion Permit" means a permit issued by the AGCO which allows for the sale and service of Liquor on prescribed special occasions, such as cash bars at weddings or private receptions, as well as larger scale events that are open to the public, such as charity fundraisers.

APPLICANT ELIGIBILITY

- To be eligible, applicants must have:
 - A Licence to Represent a Manufacturer issued by the AGCO or be appointed by a Manufacturer's Representative to act as a distributor;
 - The ability to store at least 5,000 standard size Kegs (20L) at any given time in secure, temperature-controlled warehousing facilities;

- At least one warehouse in the Greater Toronto Area that LCBO will deliver to;
 - Delivery fleet and the ability to meet requests for refrigerated trucks;
 - At least five years of experience leading a logistics company and supported by an experienced operational team;
 - Inventory management systems with the ability to interface with LCBO applications;
 - A Letter of Credit for an amount prescribed by the LCBO; and
 - General liability insurance in the amount prescribed by the LCBO.
- Applicants are required to attest that they are able to meet all policy requirements, including their ability to meet order quantities, shipping requirements, and deliver to final customers in a timely manner.
 - The LCBO may reject an application for an Authorization under this policy if the past or present conduct of the applicant or any key individuals associated with the applicant affords reasonable grounds to believe that the applicant will not conduct business in accordance with the law with integrity and honesty.

POLICY REQUIREMENTS

- Import Keg Distributors are permitted to deliver Kegs of imported Liquor. These Kegs can be one-way Kegs or standard steel Kegs. All standard steel Kegs must be reported as required by the LCBO.
- Import Keg Distributors must ensure that all products undergo laboratory testing in accordance with the LCBO Quality Assurance protocols.
- Import Keg Distributors can deliver Kegs to:
 - Businesses with a Licence to Operate a Liquor Consumption Premises issued by the AGCO;
 - Individuals who have been issued a Special Occasion Permit by the AGCO; and
 - Other sales for individuals and businesses as approved by LCBO Wholesale Services.
- Import Keg Distributors may warehouse the Kegs they are permitted to deliver under this policy.
- Import Keg Distributors can charge fees to provide these services and must provide their Rate Sheet to LCBO and other interested businesses seeking services under this policy.
 - All Liquor delivered under this policy are deemed LCBO sales and relevant mark-ups and charges will be applied.
 - Fees related to services under this policy must be listed separately on the customer's invoice and cannot be associated with the LCBO-provided product price.
- Import Keg Distributors cannot decline providing service to interested businesses on the basis of product type or brand ownership, provided they have the required equipment and capacity to deliver services.
- Only full truck loads or Cargo Containers will be imported by the LCBO under this program.
- Import Keg Distributors must comply with the payment terms set out in the Authorization.

- Import Keg Distributors will follow LCBO direction as it relates to returns or defective product.
- Import Keg Distributors must work with LCBO to return Empty Kegs. If Empty Kegs are not returned in a timely manner, Import Keg Distributors will be responsible for any associated costs, excise and duty charges.
- Import Keg Distributors are not prohibited from distributing domestic Liquor in accordance with the *Liquor Licence and Control Act, 2019* provided that the necessary reporting and controls are in place for LCBO to audit the eligible products under this policy.
- Import Keg Distributors must comply with all the requirements outlined in this policy, and with all requirements set out in the Authorization and the guidelines.

REPORTING, AUDIT, AND INSPECTION REQUIREMENTS

- Import Keg Distributors must use LCBO applications to report their daily activity in the prescribed form to the LCBO.
- Import Keg Distributors must retain all records as prescribed by the LCBO and must provide these records to the LCBO upon request.
- Internal and external auditors shall be granted access to all relevant systems, documentation, and resources for the purpose of conducting an audit.
- The LCBO may inspect the Import Keg Distributor's warehouse(s) and any records relating to the receipt, storage, and shipment of Kegs into, in or from the warehouse(s) at any time upon reasonable notice.

APPLICATION AND APPROVAL PROCEDURES

- An eligible person or company seeking an Authorization under this policy must complete an application form in full and submit it to LCBO.
- After receiving an application, LCBO will review to ensure that it is complete and meets all policy conditions. An applicant's past conduct with respect to LCBO authorizations may be taken into consideration in reviewing its application.
- If approved, the LCBO will issue an Authorization and the applicant must agree to the terms and conditions by executing and returning it to the LCBO.
- The Authorization will be issued for a three-year term. Import Keg Distributors who remain eligible and in good standing may be extended for subsequent two-year terms thereafter unless and until modified, suspended or revoked by the LCBO.
- Failure to comply with the requirements of the Authorization will result in non-compliance, which may result in administrative actions as set forth in the Authorization.