

Ontario government accelerating the expansion of the alcoholic beverage marketplace: updates for current and future retailers

AUTHORS



Teresa A. Reguly



Denise Ramsden



Jillian Sprenger

On May 24, 2024, the Ontario government [announced](#) an acceleration of its planned expansion of the province's alcoholic beverage marketplace. The acceleration will take place via a phased rollout beginning this summer. According to the announcement, by the end of October 2024, every grocery, convenience, and big-box store in Ontario will be able to sell beer, cider, wine, and ready-to-drink alcoholic beverages if they apply for a licence to do so. The accelerated expansion has implications for both current and future alcoholic beverage retailers.

What you need to know

- **Key rollout dates.** The government has identified three phases to the rollout:
 - August 1, 2024: On this date, the 450 grocery stores that are currently licensed to sell beer, cider, or wine may start selling ready-to-drink alcoholic beverages. They may also start offering larger pack sizes.
 - September 5, 2024: After this date, all licensed convenience stores may start selling beer, cider, wine, and ready-to-drink alcoholic beverages.
 - October 31, 2024: After this date, newly licensed grocery and big-box stores may start selling beer, cider, wine, and ready-to-drink alcoholic beverages, including larger pack sizes.
- **Changes to the recycling program.** While The Beer Store will continue to run its recycling program until at least the end of 2030, starting in October many grocery stores that sell alcohol will need to start accepting empty containers for refund and recycling. For grocery stores that are located within 5km of an existing The Beer Store location, such stores will only be required to accept returns starting in 2026.
- **Delivery scope for convenience and grocery stores.** Convenience store and grocery store licences now include an authorization allowing such stores to deliver alcohol for a fee. Prior to May 24, 2024, existing grocery store licensees were not permitted to deliver alcohol under their retail store licences. Additional restrictions which have limited grocery store delivery models will be revoked on August 1, 2024¹.
- **Compensation for The Beer Store.** The Ontario government will reimburse The Beer Store up to \$225 million to compensate for costs incurred as a result of early implementation of the expansion².

Potential new retailers: eligibility

Ontario is expanding permission to sell alcohol to all grocery stores, convenience stores, and big-box stores across the province. This will allow up to 8,500 new retail locations to begin selling alcoholic beverages. After September 5, 2024, all newly licensed convenience stores may start selling alcoholic beverages. After October 31, 2024, all newly licensed grocery and big-box stores that do not currently sell alcoholic beverages may start doing so. The timelines for this phased rollout have been incorporated into the regulatory amendments that accompanied this announcement. The Alcohol and Gaming Commission of Ontario (AGCO) has [indicated](#) that it will start accepting applications from new convenience stores and grocery store operators on June 17, 2024.

Convenience stores eligible for licensing are stores with no more than 4,000 square feet of retail space, in which food products (excluding prepared food that may be consumed on site) occupy at least half the floor space, which sells at least five types of food products, and which are not primarily a pharmacy³.

The definition of “grocery store” has also been expanded, so that certain big-box stores may be eligible for licensing as grocery stores. To be considered a grocery store for these purposes, a store must have more than 4,000 square feet of retail space, in which food products occupy at least half the floor space (or 10,000 square feet of floor space), which sells a variety of types of food products, and which is not primarily a pharmacy⁴.

Convenience and grocery stores will be subject to similar licensing conditions and sale requirements, including hours of sale, online ordering requirements and the newly introduced ability to deliver directly to customers for a fee. Convenience stores will not be permitted to offer alcohol samples, as may be done in licensed grocery stores.

Changes for existing retailers

Up to 450 grocery stores are currently licensed to sell beer, cider, and wine in Ontario. On August 1, 2024, these existing retailers may start selling ready-to-drink alcoholic beverages (defined as ready-to-consume coolers, hard seltzers, or other premixed cocktails made from spirits, wine, beer, or fermented sugar)⁵. These existing retailers may also begin selling larger pack sizes. After August 1, 2024, existing grocery store licensees will also be granted increased flexibility to offer delivery services to customers for a fee. Licensees will also no longer be required to display alcohol pricing inclusive of applicable taxes and container deposits as of September 5, 2024.

As per a prior agreement, the Liquor Control Board of Ontario (LCBO) will be the exclusive wholesaler of alcoholic beverages to grocery stores. It will operate a single order-taking system for all alcoholic beverages. However, during an interim period lasting from August 1, 2024 to December 31, 2025, The Beer Store will remain the exclusive wholesaler of beer for existing licensees⁶. The Beer Store, currently the primary beer retailer in Ontario, is a chain of privately owned retail stores, owned mainly by three brewing companies, which are themselves owned by multinational corporations.

Early Implementation Agreement

Under a 2015 agreement between The Beer Store and the Ontario government in power at the time, there was a limit to the number of retail stores that could be authorized to sell alcohol⁷. This prior agreement, set to expire on December 31, 2025, allowed The Beer Store to be the primary retailer of beer in the province. Now, the current Ontario government has signed an Early Implementation Agreement with The Beer Store, under which the province will provide The Beer Store with up to \$225 million to compensate the company for costs associated with the accelerated transition and the early cancellation of the prior agreement. Costs which may be compensated include those associated with store conversions, employment (e.g., salaries, wages, and training costs of those hired with respect to expanded distribution activities), overflow storage and distribution, among other potential costs⁸. Other costs, including legal fees or consulting fees, will not be reimbursed.

Under the Early Implementation Agreement, the province and The Beer Store have agreed on a framework for The Beer Store's support of new retailers in the beverage container recycling program. These terms and the related timelines agreed upon by the Ontario government and The Beer Store have been incorporated into amendments to the regulations under the *Liquor Licence and Control Act, 2019*, which apply to all licensees. The new requirements mandate that all alcoholic beverage retailers must begin accepting the return of beverage containers for recycling. Convenience stores will be exempt from this requirement⁹, and until December 31, 2025, grocery stores located within five kilometers of a The Beer Store outlet will also be exempt¹⁰. The Beer Store will be required to collect the containers from each retailer that is required to accept returns¹¹. The Beer Store will also continue to run its recycling program for alcoholic beverage containers until at least December 31, 2030.

What's next

Ontario businesses should prepare for the key implementation dates that affect them. On August 1, 2024, the 450 currently licensed grocery stores may begin selling ready-to-drink alcoholic beverages and larger pack sizes. On September 5, 2024, all licensed convenience stores may begin selling beer, cider, wine, and ready-to-drink alcoholic beverages. On October 31, 2024, newly licensed grocery and big-box stores may start selling beer, cider, wine, and ready-to-drink alcoholic beverages.

In view of these timelines, AGCO has [announced](#) it will start accepting applications for new retail licences from convenience stores and grocery stores on June 17, 2024. AGCO will also be hosting a public [webinar](#) on June 11, 2024 regarding the application process and eligibility requirements.

FOOTNOTES

To discuss these issues, please contact the author(s).

This publication is a general discussion of certain legal and related developments and should not be relied upon as legal advice. If you require legal advice, we would be pleased to discuss the issues in this publication with you, in the context of your particular circumstances.

For permission to republish this or any other publication, contact [Janelle Weed](#).

© 2025 by Torys LLP.

All rights reserved.