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## Support for Small Cideries in Ontario – An Overview of the 2017-2018 Small Cidery Program Guidelines

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Earlier this year, the Ontario Ministers of Finance and of Agriculture, Food and Rural Affairs announced their intention to make it easier for small cideries and small distilleries to grow their businesses.<sup>1</sup> To achieve this objective, the Ministers announced that the province intends on investing \$4.9 million over three years for the new “Ontario Small Cidery and Small Distillery Support Program”. The program is said to be designed to provide eligible businesses with support to grow and scale up their operations, including hiring more staff and purchasing new equipment. This program builds on other recent alcoholic beverage industry initiatives introduced both federally and provincially in Parliament and the Ontario Legislature.<sup>2</sup>

On October 1, 2017, the Ministry of Agriculture, Food and Rural Affairs released guidelines<sup>3</sup> for the new Small Cidery Program (the “Guidelines”). The program will be delivered by Agricorp, an agency of the Ontario Government, and made available to alcoholic cider producers with production of less than 3 million litres of alcohol cider annually available for sale in Ontario. The Guidelines defines alcoholic cider as being “wine that: a) is produced from a minimum of 70% Ontario apple or pear content, or from the concentrated juice of apples or pears 70% of which are from Ontario, to which herbs, water, honey or sugar may be added; b) is not Fruit Wine; and c) has an alcohol content that does not exceed 13% absolute alcohol by volume”. According to the program Guidelines, to be eligible to apply for funding, applicants are required to meet all of the following criteria:

- Be a sole proprietor, corporation, partnership or unincorporated association. Articles of Incorporation or other acceptable proof of legal name and status must be made available to Agricorp upon request;
- Be a Licensed Cidery;
- Hold a valid LCBO Direct Delivery Authorization if direct delivery sales of Alcoholic Cider are made;
- Produce Alcoholic Cider that is made with a minimum of 70 percent Ontario apple or pear content and is sold by the LCBO;
- Meet the definition of Small Cidery based on production in the last 12 months prior to applying to the Program;
- Have less than 4.5 million litres of Worldwide Alcoholic Cider Production in the last 12 months prior to applying to the Program, including production by Affiliated

<sup>1</sup> Growing Small Cider and Spirits Producers’ Business, Ministry of Finance, Ontario Newsroom, March 7, 2017, Online: <<https://news.ontario.ca/mof/en/2017/03/growing-small-cider-and-spirits-producers-businesses.html>>.

<sup>2</sup> Conor Cronin, “New Bills Introduced to the Craft Beverage Industry”, Perley-Robertson, Hill & McDougall LLP/s.r.l., August 17, 2017, Online: <<http://www.perlaw.ca/en/newsroom/publications/2016/8/17/new-bills-introduced-to-the-craft-beverage-industry>>.

<sup>3</sup> “The Small Cidery and Small Distillery Support Program: Small Cidery Program Guidelines 2017-2018”, Ministry of Agriculture, Food and Rural Affairs, October 1, 2017, Online: <<http://www.agricorp.com/SiteCollectionDocuments/SmallCidery-ProgramGuidelines-en.pdf>>.



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Licensed Cideries and Contract Production, but not including Contract Bottling/Canning;

- Submit a completed application form by the date indicated in these Guidelines;
- Agree to comply with the terms and conditions of the Program as set out in these Guidelines;
- Be in compliance with and remain in compliance with all federal, provincial and municipal applicable laws.

Pursuant to the Guidelines, eligible applicants may receive a grant of up to \$0.74 per litre of alcoholic cider sold in Ontario (excluding sales through wine retail stores or wine boutiques) between January 1, 2016 and December 31, 2016, up to a maximum of \$220,000.00 per year.

Eligible applicants will however, be subject to certain limitations. Aside from the maximum grant of \$220,000.00, eligible applicants whose alcoholic cider sales exceed 1.5 million litres per year will face reduced payments and/or a phase-out mechanism designed to reduce the size of the grant proportionate to the volume of sales above 1.5 million litres. It should also be noted that applicants who sold more than 3 million litres per year in Ontario will no longer be eligible to receive any payments under the grant program. Moreover, the grants received by eligible applicants will also be subject to a program cap, meaning that if the maximum annual amount of grant funding available to all recipients is exceeded, each grant will be prorated accordingly as to not exceed the program cap.

The application period is set to close on November 1, 2017. Although the Small Cidery Program's success is yet to be tested, it has the potential to be an important resource for small cideries looking to grow their operations and stay competitive. This grant program, along with the other recent initiatives referred to above, are certainly encouraging developments for small businesses in the alcoholic beverages industry.

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