



Corporate Affairs and Communications

INDUSTRY POLICY

6.12 Manufacturers' Policy

February 12, 2020

1. Policy Statement

This policy is intended to establish guidelines for the issuance of permits and ongoing operation of manufacturers of beverage alcohol in the province of Nova Scotia.

2. Definitions

Manufacturer: a manufacturing plant located in the Province for the manufacturing of beer in the case of a brewery, manufacturing or blending and bottling wine in the case of commercial winery, and manufacturing or blending of spirits and other liquor in the case of a distillery to which a license has been issued by the Government of Canada and a Special Permit (hereinafter referred to as "Permit") by the NSLC.

Commercial Brewery: a manufacturer of beer, where the primary business function is to sell packaged product to the NSLC and on to the general public through retail liquor stores or for export, and which manufactures 15,000 hectolitres or more of beer per year.

Craft Brewery: a manufacturer of beer, where the primary business function is to sell packaged product to the NSLC and on to the general public through retail liquor stores, or for export, and which manufactures more than 2000 hectolitres but less than 15,000 hectolitres of beer per year. Craft breweries may, subject to approval from the Alcohol, Gaming, Fuel and Tobacco Division (AGFT) of Service Nova Scotia, have an adjacent licensed premise that shall be totally segregated from their manufacturing facility and operated under the terms and conditions of the liquor license issued for the licensed premise, and may have an ownership interest in up to four additional licensed premises.

Note: A craft brewery that produces in excess of 15,000 hectolitres of beer in any given fiscal year, as determined by the NSLC, will automatically become a commercial brewery and be subject to all laws, regulations, and policies of a commercial brewery.

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Nano Brewery: a small capacity manufacturing facility where the primary business function is the production of less than 2000 hectolitres of beer per year and, counted separately, less than 2000 hectolitres of wine, cider or other non-spirits per year (no distillation permitted and each product separately approved by the NSLC). Nano Breweries shall be authorized by the NSLC to sell product: to the NSLC and on to the general public through retail liquor stores; for export; to the general public in approved containers at its facility; for consumption in its adjacent, totally segregated, licensed premises; or other sales as may be authorized by the NSLC. Sales may occur at the manufacturing facility and in up to four additional licensed premises in which the nano brewery principal owner has at least 51% ownership interest.

Commercial Winery: a manufacturing plant, located in the Province, to which a permit has been issued by the NSLC and where wine is manufactured or blended and bottled for sale to the NSLC or for export but does not include a farm winery as defined in Section 49 of the NSLC Regulations.

Distillery: a manufacturing plant, located in the Province, to which a license has been issued by the Government of Canada and to which a permit has been issued by the NSLC and where liquor, other than beer or wine, is manufactured or blended and bottled for sale to the NSLC or for export.

Beer: the product of the fermentation by yeast of an infusion of barley or wheat malt and hops or hop extract in potable water and shall be brewed in such a manner as to possess the aroma, taste and character commonly attributed to beer.

Spirits: a potable beverage alcohol obtained from the distillation of an alcohol-containing liquid.

Wine: any liquor containing not more than 16.0% alcohol by volume which is produced by the natural fermentation of grapes which cannot be defined as beer or spirits. All additives and processes (such as chaptalization with sugar), are permitted as allowed by the federal *Food and Drugs Act* with the exception of the addition of alcohol. This includes but is not limited to wine coolers, table wine, still wine, sparkling wine, champagne and cider.

Beverage Alcohol: (hereinafter referred to in policy) beer over .5%, spirits or wine manufactured by a Manufacturer.

One Premise Sale: a sale where the purchaser or the purchaser’s agent is present in the store at the time of the sale.

Plant Site: the land, buildings, machinery, apparatus and fixtures employed by a manufacturer in the manufacturing process at the location of a brewery, winery or distillery and includes land adjacent thereto.

Store: a Manufacturers’ Retail Store for the on-premises sale of beverage alcohol.

3. Directives

3.1 Permit Issuance Requirements

3.1.1 The NSLC may issue a permit to a manufacturer provided it has demonstrated technical capability of consistently producing quality beverage alcohol on a commercial basis with a minimum production capacity of 15,000 hectolitres for a commercial brewery, 10,000 litres for a winery, or 2,500 litres for a distillery.

3.1.2 Manufacturers may be allowed to operate in the Province upon receipt of NSLC permits. The terms and conditions as outlined on the permits, the contents of applicable NSLC Policy Guidelines, and any Contract between the Manufacturer and the NSLC, along with the general provisions of the Liquor Control Act and Regulations are to be followed as they relate to the manufacturing, handling, distributing and selling of beverage alcohol at the premises.

3.1.3 Manufacturers permitted by the NSLC may apply for permits to include an on-site Hospitality Room and a Manufacturer’s Retail Store. Renewal of permits shall be required from the NSLC annually as per its standard fee schedule along with completed Application Forms.

3.1.4 Separate permits shall be required for the manufacture of beer, spirits and wine.

3.1.5 The following information and approvals shall be required prior to the issuance of a permit:

3.1.5.1 Manufacturers shall contact and receive approvals from Excise Canada (federal licensing and apparatus standards), and the Canadian Food Inspection Agency (packaging and labeling) before submitting a permit application to the Permit and Regulatory Affairs Analyst.

3.1.5.2 A written proposal including drawings of proposed Manufacturer shall be submitted for approval by the NSLC. Proposals shall include the following:

- Structure of Company (Board of Directors, President, etc.)
- Method of Distribution

- Marketing Plan
- Expected Volume of Business
- Quality Control
- Strength of Beverage Alcohol
- Location of Facilities
- Number of People to be Employed
- Projected Market Penetration
- Capital Cost.
- Written approval from municipality relative to zoning, land use, occupancy, fire and safety, and health inspection.

3.1.5.3 Quality control of all listed products shall be approved by appropriate government departments in accordance with their standards. Type of package to be used shall comply with industry standards and comply with requirements of the Nova Scotia Resource Recovery Fund Board if sold at retail within Nova Scotia.

3.1.6 Unless otherwise defined in this policy or specifically authorized by the NSLC, a manufacturer shall not be permitted to own, rent, lease or operate a licensed premise as defined and approved by the AGFT.

3.2 Manufacturing facilities shall be carefully controlled. They shall be annually inspected by the Fire Marshall or their delegate and the limits as to number of persons permitted at any one time are not to be exceeded and health standards are to be maintained.

3.3 Insurance

3.3.1 The Manufacturer shall provide and maintain appropriate insurance for the premises and shall provide and maintain liability insurance in respect of all persons who enter the premises, and for all products sampled or sold.

3.3.2 The Company shall indemnify the NSLC of and from and against all actions, suits, claims and demands which may be brought against or made upon the NSLC from and against all loss, costs, charges, damages and expenses which may be incurred, sustained or paid by the NSLC arising out of the issuing of the permit or permits and the consumption of products pursuant thereto.

3.4 Advertising and Marketing

3.4.1 All external and media advertising shall conform to the requirements of the NSLC’s Advertising Guidelines. Improper promotional activities, which are not in keeping with

the spirit and intent of the Act, Regulations, and Policy Guidelines, may result in disciplinary action.

3.4.2 Manufacturers’ are encouraged to understand NSLC merchandising programs and should familiarize themselves with the various NSLC merchandising and marketing initiatives which are designed to enhance their marketing efforts.

3.5 Products to be listed by the NSLC for retail sale are selected and approved by the Customer Strategy Team at the NSLC. The appropriate category manager should be contacted for more information on this process.

3.6 Record Requirements

3.6.1 Record keeping will be in accordance with generally accepted accounting practices and normal business practices. The NSLC will also provide specific record-keeping and reporting requirements to each manufacturer for audit and control purposes.

3.6.2 Conditions with respect to record requirements specified by the Canada Revenue Agency must be respected.

3.7 Audit

3.7.1 The NSLC, or its agents, shall be permitted at any time to enter the premises of the Manufacturer to ensure, to the satisfaction of the NSLC, that the operations comply with the provisions of the Act, Regulations, Policy Guidelines or directives of the NSLC, and the provisions of the Contract.

3.7.2 The Manufacturer shall permit access to its records including production, purchase, shipment, and sales reports; and access to its premises, in order to permit an audit by authorized personnel acting on behalf of the NSLC.

3.7.3 The Manufacturer and its employees shall cooperate fully with the NSLC, or its agents.

3.8 Product Delivery

3.8.1 All beverage alcohol for resale in Nova Scotia shall only be shipped to the NSLC, with the exception of keg beer which may be shipped direct to Licensees. Delivery of keg beer to Licensees must be made by bonded carrier (Refer to Policy Guideline on keg deliveries). Exceptions to this provision may be authorized by the NSLC at its sole discretion on an individual basis.

3.8.2 In the case where a manufacturer has more than one separate production facility in the province of Nova Scotia, the transfer of product between facilities for the purpose of retail sales may be permitted under the following circumstances:

- The transfer has received prior approval by the NSLC.
- Each facility has been issued a manufacturing permit by the NSLC.
- Each additional facility must be wholly owned by the principal owner of the originating manufacturing facility.
- The product being transferred is produced and packaged in Nova Scotia.

3.8.3 In accordance with the AGFT, the regulations issued under the Liquor Control Act, and this policy, it is not permitted for a registered liquor representative to deliver beverage alcohol to a Licensee.

3.8.4 Commercial brewers shall be responsible for the establishment of a suitable delivery system for their products, subject to approval by the NSLC.

3.8.5 The carriage and delivery of beverage alcohol shall comply with the provisions of the Act, the Regulations and policies of the NSLC.

3.9 Quality Control

3.9.1 Proper manufacturing techniques shall be followed ensuring that high standards of hygiene, quality and safety are ongoing and meet the requirements of the NSLC, applicable health authorities, requirements under the provincial *Health Protection Act*, and any applicable federal requirements.

3.9.2 Beer shall be stabilized by an acceptable method to guarantee a satisfactory shelf life.

3.9.3 Production materials used by Manufacturer shall meet Canadian Food and Drug standards.

3.9.4 The alcohol content of products manufactured by Manufacturer shall fall within the current standard as specified by the *Food and Drug Act*.

3.9.5 Manufacturers shall package their products in suitable, approved containers.

3.9.6 The alcohol content of each product shall be properly and accurately measured prior to being sold. Production records for this parameter shall be maintained by the Manufacturer and are subject to inspection by the NSLC at any time.

3.10 General

3.10.1 Security of ingredients and final product shall be assured regarding adulteration, infestation, sanitary conditions, burglary, sabotage and theft.

3.10.2 Manufacturer employees shall be of legal drinking age at a minimum, in good health to ensure product safety, and shall not consume any beverage alcohol while on duty except as required for quality assurance purposes.

3.10.3 Beverage alcohol is not to be consumed, given away or sold in the manufacturing portion of the Manufacturer’s facility.

3.10.4 Tours are permitted for the purposes of public relations and increasing public knowledge of the Manufacturer and its products; and for hosting, tasting, or sampling of products produced by the Manufacturer. Such tours shall not be used as an inducement for licensees, to permit over- consumption, or to allow underage drinking. Tastings during tours shall be permitted only in the approved Hospitality Room as designated by way of a permit issued by the NSLC.

3.11 Manufacturers’ Retail Store

3.11.1 General Guidelines

3.11.1.1 The NSLC may issue a permit to a Manufacturer to operate one store at its plant site or each of its plant sites in Nova Scotia.

3.11.1.2 The store shall be owned or leased by the Manufacturer and located and operated at the plant site.

3.11.1.3 The store shall only sell beverage alcohol products manufactured or blended and bottled at the plant site, and other related non-alcoholic products, unless exceptions are specifically approved by the NSLC.

3.11.1.4 All sales shall be by unopened container.

3.11.2 The store shall comply with provincial retail closing legislation, applicable by-laws of the jurisdiction in which the store is located, and any other requirements as may be determined by the NSLC.

3.11.3 Employees

3.11.3.1 Employees of the store shall have no employment relationship whatsoever, direct or indirect, with the NSLC or the AGFT.

3.11.3.2 The Manufacturer shall comply with all applicable laws respecting employment, health & safety of store employees.

3.11.3.3 All employees who handle or sell products on the store premises shall be of legal drinking age at a minimum.

3.11.3.4 All employees who sell products on the store premises shall reserve the right to request valid proof of age, and exercise this right as per NSLC guidelines to ensure the product is sold responsibly

3.11.4 Permit

3.11.4.1 The NSLC shall provide a Permit to the store and the Permit shall be displayed in the premises at all times. The NSLC shall indicate terms and conditions on the Permit respecting operation of the store.

3.11.4.2 The Manufacturer may terminate the Permit to operate a store by giving written notice by registered mail addressed to the Permits and Regulatory Affairs Analyst, Nova Scotia Liquor Corporation, 93 Chain Lake Drive, Bayers Lake Business Park, Halifax, Nova Scotia B3S 1A5, at least sixty days before the date of the intended termination.

3.11.4.3 The NSLC may terminate the Permit to operate a store at any time without notice if, in its opinion, the operation of the store is unsatisfactory, or if the Liquor Control Act, the Regulations, or policy directives of the NSLC have been contravened.

3.11.4.4 The Manufacturer shall indemnify the NSLC against all actions, suits, claims, and demands which may be brought against or made upon the NSLC from any loss, costs, charges, damages and expenses which may be incurred, sustained or paid by the NSLC in connection with the store.

3.11.5 Sales, Pricing, and Listing

3.11.5.1 Beverage alcohol sold at a Manufacturers Retail Store shall be deemed to have been first purchased from the NSLC. Requirements for remittance and reporting of sales to the NSLC shall be provided by the NSLC to the Manufacturer as described in Section 6.1.17 of this policy. The Manufacturer agrees to comply with such requirements as a condition of the Permit.

3.11.5.2 Beverage alcohol not listed by the NSLC shall be sold at such prices as established by through the corporate Social Reference Pricing Policy.

Manufacturers operating a retail store shall submit a retail price list for all products sold in the store to the NSLC Pricing Coordinator annually, and upon request by the NSLC. The NSLC reserves the right to require approval of prices charged in the store. In no instance shall beverage alcohol be sold for less than the NSLC’s approved social reference price.

3.11.5.3 Manufacturers Retail Stores shall not sell liquor to licensees except as specifically permitted by the NSLC.

3.11.6 Store Operations

3.11.6.1 The Manufacturer shall make returns to the NSLC on forms prescribed by the NSLC, showing accurately all information required respecting the sale of products, proceeds from such sales, remittances due to the NSLC, stock movement into and out of the store, and any other information which the NSLC may deem necessary.

3.11.6.2 The Manufacturer agrees to remit all amounts due to the NSLC monthly and in full, unless other arrangements have been agreed to by the NSLC.

3.11.6.3 The NSLC may approve a tasting area in the store for which a Hospitality Room Permit is issued.

3.11.6.4 The Manufacturer shall not sell products nor provide samples to a person who is showing signs or symptoms of being intoxicated.

3.11.6.5 The Manufacturer shall not sell beverage alcohol nor provide samples to a person who is not of legal drinking age.

3.11.6.6 The Manufacturer is responsible for maintaining orderly control of their premises at all times and shall comply with any orders given by a NSLC Inspector or other official, or by any law enforcement personnel, respecting operation of the premises.

3.11.6.7 The Manufacturer is responsible for the recording and remittance of Harmonized Sales Tax in accordance with the laws of the Province of Nova Scotia and the Government of Canada and shall comply with provisions of the Excise Tax Act (Canada).

4. References

[Social Reference Pricing Policy](#)