

Issue

- o The monopoly of alcohol sales remains an issue in Ontario as prices remain higher than in other provinces. These impacts on the convenience store industry suggest that a renewal of the Alcohol Master Framework Agreement (MFA) should not occur, allowing convenience stores to sell alcoholic beverages to create open competition, new jobs, and increase economic revenue.

Background

For the last few years, 7-Eleven has advocated for the change of Ontario's liquor laws:

- o 2018: The Progressive Conservative party promised to extend the sale of beer and wine to convenience stores.
- o 2019: The Ford government implemented the alcohol sales in convenience stores initiative into the budget, but the COVID-19 pandemic and outside parties roadblocked it.
- o 2021-2022: 7-Eleven applied for 56 liquor licenses with the Alcohol and Gaming Commission of Ontario (AGCO) for its locations across Ontario. These applications lead to a series of challenges due to a rigorous process held by AGCO. 7-Eleven appealed to the License Appeal Tribunal (LAT), resulting in a case takeover.
- o 2023: 7-Eleven was given the green light to sell beer, wine and coolers within their stores. LAT approved all 56 license applications, allowing for more than 50 stores to begin selling alcohol following inspections.

Challenges

- o During the application process for a liquor license, 7-Eleven faced a formal review called Notice of Approval, which required AGCO to go through all of the company's applications.

- o In 2021-2022, AGCO put notices out of less than one percent of the 7000 licenses issued.
- o Through this process in collaboration with LAT, the approval for the license demonstrated the current legislation is “out of balance,” and more implications need to be placed on reducing social harm than the actual implementation of licenses.
- o 7-Eleven faces public scrutiny as members of the community fear the accessibility of alcohol at convenience stores leads to negative implications.
 - o The most prolonged liquor license hearing by LAT resulted in concerns surrounding a location near Western University. Community members protested the license on the basis it would lead to increases in issues, including physical and sexual violence, impaired driving, and human trafficking.
 - o LAT agreed that the license did not go against the public interest, resulting in its approval. 7-Eleven, however, has clear guidelines for the services to occur.
- o Ontario's alcohol landscape is upheld by the LCBO and the Beer Store, creating a monopoly. The two frontrunners of the alcohol industry contribute to a roadblock of potential revenue for convenience stores and other small businesses.

Current Status

- o A 2019 report by the Retail Council of Canada (RCC) indicated that the beer price in Ontario is about nine percent higher than in Quebec.

- o The price difference further indicated that increasing sales locations, such as convenience stores, would lower prices, positively affecting consumers and their purchases.
 - The RCC report indicates that Ontario could add 4028 alcohol retail locations, resulting in over 9000 new jobs and a yearly increase in GDP by \$3.5 billion.
- o According to the Ontario Convenience Store Association (OCSA), the beer industry is still struggling with the decline of tobacco use. Utilizing convenience stores would increase the opportunities for sales and raise revenues.
 - o OCSA represents over 6,000 members who would also benefit from alcohol sales. The Association noted that the change promotes a more open, transparent and competitive environment.
- o 7- Eleven currently acts as the precedent for selling alcohol in convenience stores.
 - o It has two store locations open to sell alcohol. They operate the dine-in hours-when alcoholic beverages may be served in-store- from noon to 11 p.m.
 - o 7- Eleven is implementing the following in all store locations to ensure the responsible sale of alcohol.
 - All staff must be trained with Smart Serve, which teaches how alcohol must be served responsibly.
 - Alcohol must only be sold in-store and is available for limited hours (as suggested above).

- All locations will have a converted section of the store, indicated by a 10m wall, which separates the rest of the store from the area where the alcohol will be sold.
- o Currently, Canadian provinces such as Quebec and Newfoundland have allowed the sale of beer in convenience stores for quite some time, indicating that alcohol can be sold responsibly in the convenience store industry.
 - Quebec has a higher density of retail outlets able to sell alcohol (approx. 9000) compared to Ontario (less than 3000).
 - Current convenience store owners already sell highly regulated products, such as LOTTO and tobacco. Store owners who prohibit the sale of these products to minors would, therefore, add another product to their list of responsibilities.

Next Steps

- o The Ontario Government should re-evaluate Ontario Liquor Laws, including the MFA, to ensure that convenience stores can sell alcohol in-store and as a carry-out product.
 - o Doing so will increase retail industry revenue and help businesses profit against the alcohol industry monopoly.
 - o It will also lead to a decrease in price, resulting in higher competition amongst parties and increased consumer purchasing.
- o Additionally, to avoid public scrutiny and upheaval, the government and stakeholders should also increase alcohol rehabilitation programs to promote social responsibility.

7-Eleven's Position

- o 7-Eleven supports the notion that the MFA should not be renewed to allow convenience stores to increase their profitability and topple the ever-growing monopoly in alcohol-based companies. The company will continue to advocate for the sale of alcohol in convenience stores so businesses may revive the industry and create new jobs, revenue and open competition.

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About 7-Eleven, Inc.

7-Eleven, Inc. is the premier name in the U.S. convenience-retailing industry. Based in Irving, Texas, 7-Eleven operates, franchises and licenses more than 13,000 stores in the U.S. and Canada. Known for its iconic brands such as Slurpee[®], Big Bite[®] and Big Gulp[®], 7-Eleven has expanded into high-quality sandwiches, salads, side dishes, cut fruit and protein boxes, pizza, chicken wings and mini beef tacos. 7-Eleven offers customers industry-leading private brand products at an outstanding value. Customers can earn and redeem points on various items in stores nationwide through its loyalty programs with over 80 million members, place an order in the 7NOW[®] delivery app in over 95% of the convenience retailer's footprint, or rely on 7-Eleven for other convenient services. Find out more online at www.7-Eleven.com.

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