

**MINISTRY OF PUBLIC SAFETY AND SOLICITOR GENERAL  
LIQUOR DISTRIBUTION BRANCH  
BRIEFING NOTE**

**PREPARED FOR:** Honourable Shirley Bond, Solicitor General  
**FOR INFORMATION**

**ISSUE:**

Exel proposal for a P3 to take over of the Liquor Distribution Branch's distribution system.

**BACKGROUND:**

The Liquor Distribution Branch (LDB) has two warehouses, one in Vancouver and the other in Kamloops, that supply government liquor stores and a proportion of private sector retailers and licensees. These warehouses store and distribute all spirit products, all imported wine products and a proportion of beer and British Columbia wine products. Breweries or their agents and British Columbia wineries are able to distribute their own products.

Current LDB distribution policy requires agents of imported products to store their products in private "agent stocking program" (ASP) warehouses upon entry to the province and these warehouses supply the LDB's two warehouses (the policy was implemented in the 1980s to limit the amount of inventory that the LDB has to store and own). ContainerWorld is the largest of these ASP warehouses and has made significant investments in the storage of imported products.

Exel is a large North American logistics (distribution) company that provides distribution services to many organizations. Exel is a subsidiary of the German company, Deutsche Post DHL, the world's largest logistics company. Exel has had a contract with the Alberta Gaming and Liquor Commission (AGLC) since 1993 to operate that province's primary liquor distribution system.

For a number of years, Exel has proposed to take over the LDB's distribution system. Exel claims that they could operate the LDB's distribution system more efficiently and could free up government money tied up in LDB warehouse properties and LDB-owned inventory. Exel has recently proposed an arrangement to manage the LDB's distribution under a P3 contract that would include the following key elements:

s.13, s.17

s.13, s.17

**DISCUSSION:**

Key issues related to Exel's proposal are as follows:

s.13, s.17

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