

Pages 1 through 125 redacted for the following reasons:

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WHOLESALE PRICING

LDB

MANDATE: Consumer Convenience

VALUE: This wholesale model will ensure convenience for consumers and price consistency for retailers.

TOP 3 MESSAGES:

- During the Liquor Policy Review PS Yap heard calls for added convenience for consumers and a level playing field for liquor retailers.
- We heard from many licensees that the current pricing scheme is complex, confusing and unfair.
- A move to price-based wholesale pricing for wine and spirits will be simpler to administer, maximize pricing consistency and provide for increased transparency, fairness and a level playing field for all retailers.

If asked why minister said wholesale pricing would create winners and losers in estimates last year:

- Last year we were considering a volume-based wholesale pricing model, which would have involved changing the approach to liquor markups across the majority of product categories. This would have been a significant change, especially for producers of lower priced products, which would have become relatively more expensive.
- The price-based wholesale pricing model being contemplated now will be based on the LDB's current markups (which are mostly percentage based), and would achieve the goals of increased fairness and a level playing field, while maintaining pricing consistency.

WHOLESALE PRICING

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BACKGROUND:

On Mar. 6, 2014, the minister announced the province's liquor in grocery store framework, which included a planned move to a price-based wholesale pricing model for wine and spirits.

Some media considered this move a 'flip flop' from what the minister said during estimates debate in July 2013, which was that the province would not adopt a wholesale pricing model because it would create 'winners and losers.'

Volume-based wholesale pricing: Flat markup established based on volume by product category and charged per litre of product. Rates vary between product category.

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Price-based wholesale pricing: Percentage based markup applied to the cost of product.

JAG Estimates – July 2013 – Wholesale pricing

S. Simpson: I'll just take the minister at her word on that. Thank you for that. A question about pricing. Back, again, last year — I guess around the time that process was going on — the minister's predecessor was advancing this argument about one wholesale price and talking about what was a pretty significant change in pricing. I'll quote the minister's predecessor. This was in February of last year on the radio, and this was in regard to one price:

"Making this move, I think we also have to shift to one wholesale price for all people that sell liquor in the province of B.C. Right now we have a staggered system where there is the wholesale price that goes into the distribution system itself, which is to a hundred-and-some-odd government liquor stores, where they have a set price at their store. The private liquor stores get their liquor sold to them at a 16 percent discount to whatever the price is in the government liquor store, and then you have rural agency stores that actually get liquor at a 10 percent discount to the retail price."

We may get a chance to talk more about what the impact of this is. My question though, to the minister, is: is the thinking about a new pricing system and a one-wholesale-price system still something that the ministry is considering, or has that gone by the wayside?

WHOLESALE PRICING

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Hon. S. Anton: The question of one wholesale price did get assessed at the time, and the assessment concluded that there would be significant impacts. There would be winners and losers. It would have been extremely disruptive to the industry and very complicated, so the decision was made not to go there. The question of "should we try again at this point?" is not under consideration at this point.

S. Simpson: Has there been an evaluation? Obviously, there was a lot of discussion around that. We know modernization is in play, and I'm hoping we'll get a chance to maybe talk a little bit about that in a bit. It would be helpful.... There were both advocates and people who were opposed to the notion of one wholesale price, and many people who, as the minister said, thought that it could be particularly disruptive — and maybe particularly disruptive for the government stores. Is there any written evaluation available that the minister could make available? Or would it be something that we'll have to FOI?

From: Schollen, Tasha GCPE:EX
Sent: Thursday, March 13, 2014 3:52 PM
To: Shrieves, Renee LDB:EX; Kemick, April LDB:EX
Cc: Turner, Caeli GCPE:EX
Subject: RE: Q&A from Last Week

Here you go, hope this helps out.

Favour to ask of you – do you folks have definitions for volume-based wholesale pricing and price-based wholesale pricing that you could send us?

Wholesale Pricing:

1. I thought mark-up policies for B.C. liquor were out of the review's scope. It wasn't something PS Yap recommended – and now this is something your government wants to implement. Why? Is this just a cash grab?

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2. How can you say that you're set on a price-based wholesale pricing model, but yet can't give me any specifics on what those prices will be? What work has been done to back up this change?

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3. Can you give British Columbians any assurance that they won't be paying more for their liquor? What kind of research have you done to show these changes won't affect the price of liquor for consumers?

s.13

4. When will the new wholesale pricing model take effect?

s.13

5. Why would you exclude restaurants and bars from the wholesale pricing model? Doesn't that hurt the business sector you're trying to help?

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6. Are you also looking at indexing beer prices?

7. Who was consulted on these planned pricing changes?

To: Turner, Caeli GCPE:EX; Schollen, Tasha GCPE:EX
Cc: Kemick, April LDB:EX
Subject: Q&A from Last Week

Hi Caeli and Tasha,

Sorry, I cleaned up my emails and didn't keep a copy of the final Q&A document from the announcements last week. Would you mind re-sending? We've been asked to draft an Estimates Note on Wholesale Pricing so I want to keep things consistent.

Thanks!

Renee

Renee Shrieves
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Pages 131 through 209 redacted for the following reasons:

s.12, s.13, s.14, s.17

s.13, s.12

s.14

Little, Danielle JAG:EX

From: Bieller, Barry JAG:EX
Sent: Thursday, February 20, 2014 11:48 AM
To: Scott, Douglas S JAG:EX
Cc: Jones, Kathleen JAG:EX
Subject: summary of stakeholder input - wholesale pricing

Follow Up Flag: Follow up
Flag Status: Completed

Doug,

Here's the table Lori requested with LPR stakeholder position input on wholesale pricing. We've split the table into two groups – those who met with John Yap and those who didn't. Rather than attempting to summarize the positions offered we've essentially cut and pasted their views into the table.



Liquor Policy
Review Stakehold..

Liquor Policy Review Stakeholder Submissions
Summary of Wholesale Pricing Recommendations

Table 1: Meeting Submissions

Stakeholder	Summary of Wholesale Pricing Recommendations
BC Wine Institute (BCWI)	<p>BCWI's position is to maintain an <i>Ad Valorem</i> pricing and not adopt a flat tax markup. <i>Ad Valorem</i> is fair and consistent, and has the advantage of generating more revenue as the price of the wine increases.</p> <p>Specifically, as imports dominate the higher BC LDB list price points (i.e. 62.5% total volume at \$35 to \$100), a flat tax would distort the high end of the market and hurt the profitability of BC VQA wines by providing an unfair competitive advantage to those import wines which already dominate the marketplace.</p>
Constellation Brands	Support the BCWI recommendations.
Canadian Restaurant and Foodservices Association (CRFA)	<p>CRFA recommends that the Government of British Columbia end the use of the outdated current ad valorem liquor mark-up tax structure and introduce a flat tax mark-up for wine and spirits, which would bring the sale of these products in line with the existing mark up tax structure for beer.</p> <p>CRFA recommends that the Government of British Columbia recognize the importance of the private sector's contribution to liquor sales at the wholesale level by introducing a 16% liquor wholesale price discount for all liquor licensees in British Columbia.</p>
Campaign for Real Ale Society of BC (CAMRA BC)	<p>Growler Markup Reduction</p> <p>Reverse the recent increase in markup for these refillable vessels to encourage this unique, ecologically-friendly method of distribution.</p> <ul style="list-style-type: none"> • Environmentally responsible • Only available from microbreweries and brewpubs. • Culturally & historically significant. • Represents small fraction of all liquor sales. • Not distributed through BCLDB. • A small cut in markup would increase sales and tax revenue. • Very popular campaign to reduce the markup. • Could successfully be extended to restaurants, bars, retailers, wineries and farmers markets.
Rural Agency Store Advisory Society	Increase the RAS discount to match the urban retail store (LRS).
Modernize Wine BC	<p>It is MWA's position that both the wholesale pricing system and the tax/markup system should be reformed at the same time in order to implement a system that is closer to normal global standards. Particularly, we recommend:</p> <ul style="list-style-type: none"> • The current complicated LDB markup/fee formula for generating retail level pricing should be replaced. The "backwards" method of generating wholesale

Stakeholder	Summary of Wholesale Pricing Recommendations
	<p>discounts for licensees (i.e. setting wholesale discounts in reference to LDB retail prices) should also be replaced.</p> <ul style="list-style-type: none"> • Instead, a normal wholesale pricing structure should supersede the current system. It would likely be desirable to have uniform wholesale level pricing. To accomplish this, BC should adopt a “postage stamp” or “post and hold” wholesale pricing system (similar to the one currently used in AB and previously in WA). • Simpler taxes should generate government revenue rather than “liquor board markups”. There are many methods of doing this including applying a flat tax at the wholesale level (as in AB) or by applying simpler percentage based taxes at one or both of the wholesale and retail levels (as is done for spirits in WA). • We note that flat taxes may be preferable from a public policy perspective as: a) they inherently create “minimum prices for alcohol” thus discouraging problem consumption, and b) do not distort the medium to high ends of the market which can cause consumers to purchase outside the jurisdiction. • Existing policy choices that support BC producers should be carried over to the new system. • All retail level licensees (including restaurants/hotels and government liquor stores) should be able to purchase product at a normal wholesale price (i.e. supplier wholesale price + taxes).
BC Craft Brewers Guild and Nicholas Simons MLA	<p>Encourage “BC Only” ingredients for brewing through Tax incentives.</p> <p>Remove markup of all products coming directly from the Craft Brewery – store front brewery retail and growler filling stations.</p>
Spirits Canada: Association of Canadian Distillers	<p>LDB should adjust its current beer product mark-up for inflation as required under its own policy, a measure adopted when beer’s mark-up structure was changed from a price or ad valorem charge to a volume based fee per litre.</p> <p>The preferential mark-up rate on draught beer should be eliminated and all beer be subject to the new CPI adjusted mark-up rate.</p> <p>Future increases to LDB product mark-ups should be subject to a vote in the legislative assembly, a necessity to ensure transparency and accountability.</p>
BC Chamber of Commerce	<p>THE CHAMBER RECOMMENDS</p> <p>That the Provincial Government:</p> <ol style="list-style-type: none"> 1. amend the Liquor Distribution Act to allow private businesses to purchase and warehouse liquor at wholesale prices directly from producers, in equal retail competition with GLS locations; 2. focus the role of the Liquor Distribution Branch on security issues such as underage consumption, public safety, regulation, revenue collection, and promoting a viable and stable B.C. liquor industry; and 3. ensure that any new liquor tax on purchases from producers places no constraints on future industry growth and allows the retail industry to use price as a competitive tool.

Stakeholder	Summary of Wholesale Pricing Recommendations
BC Restaurant and Foodservices Association (BCRFA)	<p>Implement the same purchasing discount of 16% to all liquor licenses in the province that is afforded to the private LRS operators in BC. The cost based on current sales would be in the magnitude of 50-60 million dollars. Offsetting this cost would be finding savings in the BCLDB distribution model relative to handling costs and handling efficiencies. This discount would result in increased business investment and employment growth. Restaurants generally return about 3% in today's operating environment.</p> <p>A move to flat tax would be another way to achieve these savings but a flat tax is generally preferable when government is simply a tax collector and not a retailer/distributor (Alberta). When privatization occurs, lower taxes can be applied because government costs to distribute and retail are eliminated. Given the track record on privatization in BC, we do not consider that to be a realistic outcome. Nevertheless, a purchasing discount will contribute to business growth and investment.</p>
Import Vintners and Spirits Association	<p>The IVSA recommends the implementation a flat-tax, with the primary objective of maintaining or increasing current tax revenues and creating a more "even playing field" within the industry and across provinces.</p> <p>In the spirit of free enterprise, our recommendation is to have one set of rules for all retailers, whether BCLDB or privately owned. All able to sell beer, wine and spirits purchased at the same wholesale price based on a flat tax system which guarantees appropriate revenue to the provincial government. Licensees should also receive this wholesale pricing.</p> <p>In a research brief commissioned in conjunction with other industry stakeholders, [2] some strategic advantages of the flat-tax structure are:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Flat tax markups are a more effective means of encouraging responsible alcohol consumption by raising minimum prices and lowering premium priced-products. <input type="checkbox"/> Flat tax markups will add more revenue to the BC government coffers than the current ad valorem system. The current mark-up levels are considered to be convoluted, inconsistent and unequal. <input type="checkbox"/> Flat tax markups offer greater policy flexibility. <input type="checkbox"/> Flat tax markups are well suited to a phase-in transition plan. <input type="checkbox"/> Flat tax should be applied to U-Win and U-Brews to create a level tax system. This will increase revenues to the province by taxing consumers currently avoiding heavily taxed alcohol prices in BC.
Alliance of Beverage Licensees	<p>We encourage government to implement a wholesale pricing structure for licensees. This change would allow business owners to make more flexible decisions about product offering, which in turn would create more variety for the consumers they serve, We request that government convene a conversation amongst all affected stakeholders, to ensure that a change in this area would be equitable across the board.</p>
Pacific Western Brewing Company	<p>Increase all rates by CPI to ensure revenue neutrality</p> <p>Increase the minimum floor price with CPI</p>

Stakeholder	Summary of Wholesale Pricing Recommendations
	<p>Adopt mark-up rates as proposed with a differential similar to Alberta</p> <p>Implement a transitional rate between the Small Brewer rate and the Multinational Brewer rate in incremental steps as opposed to a retroactive claw back</p>
Mark Anthony Brands	<p>We suggest the following:</p> <ul style="list-style-type: none"> • Single Wholesale Pricing • Flat Tax structure for each category recognizing categories like “Cellared in Canada” will require a two-step mark-up process much like in Ontario. • Reasonable Floor Pricing for all categories to manage social responsibility and ensure the B.C. Government’s fair share of revenues • Craft Breweries – eliminate all mark-up cliffs which are a disincentive for small brewers to further invest and add create additional jobs. These arbitrary mark-up cliffs result in claw-backs that make it unaffordable for small brewers to produce more beer and grow their businesses, despite consumer demand.
Joey’s Restaurant Group	<p>Supports implementation of a wholesale discount for restaurants.</p> <p>Supports replacing the ad valorem mark-up system on liquor with a simpler flat tax system.</p>
Canada’s National Brewers	<p>Recommend that the BC government:</p> <ul style="list-style-type: none"> • Restructure the small brewer mark-up program to reduce the gross subsidy available to any one brewer while gradually weaning brewers off of any subsidization as they grow in size; • Eliminate the \$.09 per litre cost of service differential for out-of-province beer and increase the \$.10 per litre beer warehousing and distribution charge to reflect actual warehousing and logistics costs. •
Artisan Distillers Guild	<p>Allow the Craft Distillers of BC to sell through the BCLDB with decreased mark-ups that are more in line with the BC Wine Industry (at present we pay a staggering 170% mark up while the BC wine industry pays 123%). At this extremely high rate the LDB takes approximately 66% of the sale price of our products (We then pay shipping and federal excise on top of this). This means on a \$45 bottle of our Spirits we receive approximately \$15 (out of which our base expenses per bottle range between \$10 and \$16.</p>
Long Table Distillery	<p>Markup Policy: The government of BC should provide markup reductions for direct distribution at two different levels:</p> <ol style="list-style-type: none"> a) Elimination of the markup on artisan distilled products. b) A minimum 50% for craft (commercial) distilled products. <p>The government of BC should provide markup reductions for LDB sales in a manner substantially similar to those applicable to BC wines.</p> <p>We lobby the LDB to charge a scaled markup depending on product type and distribution method.</p>
Victoria Spirits	<p>Investing in the craft distilling industry in BC by reducing the markup for small distilleries.</p>
BC Estate Winery Association	<p>We are supportive of the present ad valorem mark-up which is also more beneficial to the coffers of the province than a flat tax.</p>

Stakeholder	Summary of Wholesale Pricing Recommendations
Columbia Valley Chamber of Commerce	<p>Input from various members supports:</p> <ul style="list-style-type: none"> • licensee wholesale purchase discount; • Increase RAS discount to match LRS discount; and • Increased discount for LRS.

Table 2: Other Submissions

Stakeholder	Summary of Wholesale Pricing Recommendations
Tourism Vancouver	<p>The issues with the wholesale distribution system and the high taxation levels create the following problems for the tourism and hospitality industry.</p> <ul style="list-style-type: none"> • Taxation levels contribute to end-consumer prices for alcohol that are extremely uncompetitive with neighbouring jurisdictions. This makes it more difficult to promote “food and wine” culture in general. • The lack of a proper wholesale pricing structure (and particularly a lack of any wholesale discount for restaurants/hotels/bars) aggravates the pricing problem and results in on-premise pricing for alcohol that creates “sticker shock” for tourists.
Artisan Sakemaker	<p>1. Reform the liquor markup system. The current system is too complex and results in inconsistent treatment between wineries that are categorized as commercial and those that are categorized as land-based.</p> <p>2. Any tax or markup policy distinctions between product produced from imported ingredients and product produced from 100% BC ingredients should apply only to the products, not to the producer.</p> <p>3. In respect of taxes and markup, sake that is produced from 100% B.C. product should be treated the same as wine that is produced from 100% B.C. product. After all, sake is simply rice wine. When we sell 100% B.C. sake from our tasting room, the sale is essentially the same as when a winery sells 100% B.C. grape wine from its tasting room under a “farm-gate” sale or a “direct delivery” sale. As such, we believe that, in respect of our sales of 100% B.C. sake, we should receive the same treatment. The Canada Revenue Agency has already granted us a similar privilege and determined that our 100% B.C. sake is exempt from excise taxes.</p>
Baillie-Grohman Estate Winery	Allow for a wholesale discount for restaurants on Canadian wine.
Barley Mill Pub Ltd	Support the creation of a level playing field for all LRS operators to be able to enjoy the same discount as the government liquor stores.
Blind Bay Village Grocer (RAS)	I do not believe that GLS stores should receive a higher discount than all their competitors it should be one wholesale price list available to all liquor retailers and let businesses compete.
The Bridge Lounge	Due to all the licenses, pubs, nightclubs and bars pay I think the discount for buying alcohol should be better due to the lack of sales since the new drinking/driving laws and especially when the beer and wine stores are taking over the business and get a better discount than the establishments

Stakeholder	Summary of Wholesale Pricing Recommendations
The Copper Pig	Larger discounts for licensee vs the general public or no tax on initial purchase for licensee.
Cultus Lake Golf Club	We should have a substantial discount on purchasing alcohol from the liquor store so we don't have to have expensive retail prices. (30-40%)
Damali Lavender Ltd.	LDB Markup – the current LDB markup is onerous and results in small craft wineries being unable to sell their product through the LDB and make a profit. There should be some relief for small wineries. Many of our clients look for where they can buy our product. Visitors to the area often enquire as to why our product is not in the government liquor stores.
Divino Estate Winery	<p>Equalize and simplify markups for all types of wine sold in BC. Force the BC industry to become competitive on its own abilities against imported product. If local wines present a quality/price value to consumers, then they will buy them in preference to imported product. Government revenue can still be maintained with a simplified markup or add-on tax or fee. The protectionism that have kept the BC industry buoyant for so many years, and forced consumers to pay outrageous prices for imported products cannot be maintained forever. By being proactive in making pricing and distribution changes now, the BC industry may be viewed as a global structure and not as a left-over of colonial times. Again, government review can be maintained, customer satisfaction will increase, and spin-off benefits to various industries can be gained through modernization of regulations.</p> <p><i>Discount structure for retailers.</i> LRS store discount has changed since the original model started. From 12% the discount has increased to 16%, while the discount for private wine stores has remained steady. The complaints of these LRS retailers have forced the increase of the discount. However, the majority of these LRS outlets were full aware of the discount when they started or purchased their businesses and should have used that figure in their business modeling.</p> <p>The model of these stores was for customer convenience, being able to purchase alcohol on Sundays or odd hours, and thusly pay higher than the GLS shelf price. If they invest too much or cannot generate sufficient sales, then why offer a higher discount to support poor business planning. At this point, LRS stores have a 16% discount on BC wines, while private stores only have 15%. Of course we don't have 700 outlets to voice our displeasure and ask for the same increase in our discount. I would not complain if our discount were to be increased by 3%, but I don't plan my business on anything else but the discount I have in hand today.</p>
Fairview Liquor Store (LRS) and Naramata Benchlands	<p>We believe there is ample evidence to support the creation of a level playing field for all LRS operators to be able to enjoy the same discount as the government liquor stores; and more importantly, be able to sell our products in a competitive atmosphere, to any LRE which chooses to do business with the LRS. As an LRE owner/operator, I cannot provide liquor supplies and services to the hotels in my small town. They must purchase their liquor from government stores only--stores which do not offer week-end service and do not deliver to the hotels, etc.</p> <p>Finally, we strongly urge you to seriously consider changing from the current dollar-tax scheme to a volume-tax scheme. This change would have the benefit of creating more local investment; create more jobs across the Province; and encourage the continued development of estate wineries and craft breweries/distilleries in BC, all of whom</p>

Stakeholder	Summary of Wholesale Pricing Recommendations
	currently pay a premium under the current tax scheme. Our neighbors, Alberta and Washington State, have both enjoyed very positive results from this change in taxation.
Finnegan's Pub, Phoenix Lounge and Mt. Lehman Liquor Store	LDB stores are starting to advertise and market more aggressively. Further, LDB stores are starting to sell cold products. Therefore, our discount should be reviewed / increased to make a more level playing field.
FreshTAP Logistics Inc.	Reduce mark-up for wine kegs, similar to beer and cider draught kegs because the LDB does not warehouse or distribute any wine that is packaged in kegs. The overhead is paid by the wineries themselves.
Green Avenue Agency	Provincial government needs to be in one sector only, wholesale. It is a clear disadvantage that the profit margins the LCB stores have versus the private sector. Selling to them at a mere 16% discount is close to criminal and to the Licensees at retail is terrible. They are acting in a dual capacity that under most laws would appear as "Monopoly" and declared illegal.
Grouse Mountain Resorts	Grouse Mountain agrees with many hospitality industry groups that believe the introduction of a flat tax on wine and spirits coupled with a licensee discount will not result in a reduction of government revenues <ul style="list-style-type: none"> ➤ Government should seriously consider the introduction of a flat tax on wine and spirits (as is in place for beer) that would be based on alcohol content rather than the overall price of the liquor. ➤ In order to ensure a fair and competitive environment for alcohol sales in BC, we believe that government should treat liquor licensees in the same way as other private sellers of liquor products and offer a similar 16% discount.
Hideway Liquor Store	The 16% price discount system is wholly unbalanced. With GLS Stores operating at triple our margins how are able to compete without some sort of balance
House of Rose Winery	Decrease the store discount for small wineries in BC Liquor stores (the small quantities will hardly affect the tax revenue, while stimulating the sales of 100% BC products)
Jimmy's Pub Agassiz LRS Merritt LRS	The gov't must increase our margins.
Chambar Restaurant	Implement a uniform or flat tax wholesale pricing structure of 16% for licensees, to allow restaurateurs and consumers a fair pricing.
Kelowna Museums	Support the BC Wine Institute recommendations (see Table 1)
Lee Keller	If the private sector could buy at the same price as the Government or at least close, we would have a chance to survive. There must be very smart accountants working for the government that could open the books and find the magic number where if GLS were to get cold beer, private store could buy at 45% - 50% off sticker and then we could compete on price.
Lexlaur Properties Inc.	Increase the discount to Licensed Retail Stores so that LRS's can compete with Government stores on the same footing.

Stakeholder	Summary of Wholesale Pricing Recommendations
Noseworthy Imports	<p>Government liquor stores should be required to compete on a level playing field with private stores. Establish the same wholesale price for both government liquor stores and private liquor stores and let all public and private stores set their own retail margins. If the B.C. Government is not prepared to do that (because union jobs in government stores have to be protected) then increase the discount at which LRS stores purchase to a minimum of 25%.</p> <p>We also wish to point out that we believe that the B.C. Government is losing substantial tax revenue as a result of excessively high liquor mark-ups. It is our experience that for many more expensive products, B.C. consumers purchase from stores in Alberta. As agents who do business in both B.C. and Alberta, the difference in liquor mark-ups is noticeable and it makes B.C. uncompetitive. Furthermore, we do not understand some of the vague and arcane rules requiring 170% mark-ups on products of 100 ml or less (which are, in our view, inappropriately applied even when one 100 ml bottle is packaged together with other 100 ml bottles as one product, i.e. SKU); this is nothing but a revenue grab by the BCLDB. It serves no purpose in protecting the public and does nothing but inconvenience agents.</p>
O&R Entertainment	Allow for licensee wholesale liquor, beer & wine discount. Wholesale licensee purchasers should see a lower price that reflects large volume purchases.
Odd Spirits Society (Craft Distillery)	Lower the mark-up in LDB Stores for micro-distilleries - Currently micro distilleries receive no reduction in the mark-up if they sell their products through LDB stores. This is unfair. Small local distilleries cannot remotely compete with large international distillers because of economies of scale.
Paul Esposito Sr. (LRS)	Whether government liquor stores are to remain operational or not, there should be a one-price system. A flat tax on liquor is suggested which would bring approximately \$50 million revenue to government.
Rare Drams Distributors (Agent)	On pricing the markup that is applied to alcohol in BC is far too high. As a result, for the high end spirit business that we are in, our potential customers look to Alberta to purchase what they want.
Revelstoke Benoit's Wine Bar	Have a discount for licensees when purchasing liquor at BCLDB for business purposes.
Royston Mini Mart	<p>The government can take care of everything by just changing 1 item</p> <ul style="list-style-type: none"> •By introducing a wholesale price
The Local Liquor Store, Bar, and Bistro	<p>At the Wholesale level the distribution of all beverage products need not and should not be a monopoly, with all of the inherent problems associated with that model. The ordering should be entirely online with the choice of distributor entirely the choice of the purchaser based on typical purchasing decisions such as speed of shipping and accuracy of handling, customer service, attention to regional realities such as winter weather driving conditions, ferry schedules, etc. etc.</p> <p>LRS' should be the answer to the wholesale pricing model solution to LP's and FP's by allowing them to sell to LP/FP's and offer competitively driven discounts to those industries as happens in Alberta. LRS' will offer cost plus solutions to licensees in order to win their business and add volume to help defray their current existing infrastructure</p>

Stakeholder	Summary of Wholesale Pricing Recommendations
	costs.
The WISE Club (non-profit performance rental hall and member's lounge)	The current 0% discount on wholesale purchases by licensees offered by the BCLCLD severely limits the ability of venues such as ours to offer affordable drinks to our patrons and still make enough profit ourselves to survive. The tax refund of 5% GST is not sufficient.
Welcome Woods Market (RAS)	Increase our discount to be consistent with all wholesale customers (LRS 18%). A fair and even playing field for all ensures integrity as well as profit.

Little, Danielle JAG:EX

From: Scott, Douglas S JAG:EX
Sent: Friday, February 21, 2014 2:16 PM
To: Bieller, Barry JAG:EX
Subject: FW: Wholesale Pricing Model IT Requirements
Attachments: Wholesale Price Model Feb_20_2014 Three Options Estimates.docx

Importance: High

Follow Up Flag: Follow up
Flag Status: Completed

FYi – do you have a recommendation about how we should keep material such as this regarding wholesale pricing – which will be LDB lead?

From: Lawson, R. Blain LDB:EX
Sent: Friday, February 21, 2014 8:53 AM
To: Wanamaker, Lori JAG:EX
Cc: Scott, Douglas S JAG:EX; Bissoondatt, Roger LDB:EX
Subject: Wholesale Pricing Model IT Requirements
Importance: High

Lori,
As per our phone conversation.
Blain

R. Blain Lawson

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Pages 221 through 236 redacted for the following reasons:

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Appendix

Non-GLS

LDB will provide the Non-GLS with a wholesale price for their direct sales to LRS, RAS, WIN and BCLS customers.

Brewery
Brewpub
Brewery Agency Store
Craft Distillery
Commercial Winery
Distillery Agency Store
Land Based Winery
Retail Accounting Centre
(RAC)
Rural Agency Store (RAS)
Winery Agency Store (WAS)

Acronyms used in this document

LRS – Licensed Retail Store
RAS – Rural Agency Store
WIN – Winery Store
 WIC – Commercial Winery (30%)
 WIL – Land-based Winery (15%)
BCLS – BC Liquor Store
WCC – Wholesale Customer Centre
LIC – Licensee (restaurant, pub)
DFS – Duty Free Store
LTG – Lieutenant Governor
Non-GLS – Non Government Liquor Stores, aka direct-delivery suppliers
Wholesale Depot – Wholesale store such as Store 231 that services wholesale customers
eBiz – Oracle Order Management and Oracle iStore used by WCC
JDA – Point of Sale System at BCLS
CAPS – Costing and Pricing System

Little, Danielle JAG:EX

From: Scott, Douglas S JAG:EX
Sent: Friday, February 21, 2014 2:22 PM
To: Bieller, Barry JAG:EX
Cc: Jones, Kathleen JAG:EX
Subject: RE: summary of stakeholder input - wholesale pricing

Follow Up Flag: Follow up
Flag Status: Completed

Thanks Barry I have forwarded to Lori, Kim and GCPE (Jeff)

Kathy – this task is complete thanks...

From: Bieller, Barry JAG:EX
Sent: Thursday, February 20, 2014 11:48 AM
To: Scott, Douglas S JAG:EX
Cc: Jones, Kathleen JAG:EX
Subject: summary of stakeholder input - wholesale pricing

Doug,

Here's the table Lori requested with LPR stakeholder position input on wholesale pricing. We've split the table into two groups – those who met with John Yap and those who didn't. Rather than attempting to summarize the positions offered we've essentially cut and pasted their views into the table.

<< File: Liquor Policy Review Stakeholder Submissions - Wholesale Pricing.docx >>

Little, Danielle JAG:EX

From: Schollen, Tasha GCPE:EX
Sent: Wednesday, March 5, 2014 6:37 PM
To: Groot, Jeff GCPE:EX; Bieller, Barry JAG:EX; Scott, Douglas S JAG:EX
Cc: Schollen, Tasha GCPE:EX; Turner, Caeli GCPE:EX
Subject: Updated Liquor Materials
Attachments: Liquor - Grocery Framework - NR - 5Mar14 - v19.docx; Liquor - Grocery Framework - QA - 5Mar14 - v11.docx; Liquor - Grocery Framework - FS - 5Mar14 - v8.docx; Liquor - Serving it Right - FS - 5Mar14 - v6.docx; Liquor - Grocery Framework - KM - 5Mar14 - v6.doc; Liquor - Grocery Framework - SN - MSA - 5Mar14 - v6.doc; Liquor - Grocery Framework - SN - PS Yap - 4Mar14 - v4.doc

Follow Up Flag: Follow up
Flag Status: Completed

Hi everyone,

Here's where we stand at the moment. Should anyone have any further concerns/edits – let me know and I'll make them tonight or first thing in the morning.

Thanks!

Tasha Schollen | Media Relations and Issues Manager
Solicitor General Communications Office | Ministry of Justice
Phone: 250-387-5009 | **Cell:** 250-889-1121

Pages 240 through 243 redacted for the following reasons:

s.13

B.C. outlines balanced plan for grocery store liquor sales

VICTORIA – The B.C. government has outlined a unique, two-part model for liquor sales in grocery stores that will ensure convenience and choice for consumers, promote B.C. products and create jobs.

Following the B.C. Liquor Policy Review – one of the B.C. government’s most successful public engagements – Parliamentary Secretary for Liquor Policy Reform John Yap recommended that government respond to calls for convenience by consumers and allow for liquor sales in grocery stores. Government accepted Yap’s recommendations and is moving to implement a two-part model.

First, the “store-within-a-store” model – which provides convenience for customers with same-cart shopping – will apply to private liquor licences that are transferred into or sold to a grocery store, as well as to government liquor licences that are transferred into grocery stores. This model will allow for sales of beer, wine and spirits through separate cashiers, safeguarding health and safety and ensuring restricted access to alcohol by minors.

A second model will be flexible to accommodate VQA licences, as well as a limited number of new licences that sell B.C. wine in grocery stores. Under this model, VQA wine will be allowed to be sold off designated shelves within the store, and purchased at designated check-out tills. With this change – as with all of B.C.’s liquor reform changes – protecting health and public safety will continue to be a paramount consideration.

Work continues to determine further details around this two-part model and to clearly define “grocery store.” However, as recommended by Yap, convenience stores will not be included in this definition and the current moratorium on the number of private liquor stores (LRSs) will remain in place.

With the goal to implement this two-part model in early 2015, additional changes will be made to create a more open, fair market in which both government-and privately-owned liquor stores have new opportunities to grow.

As part of this additional work, the B.C. government will be developing a new price-based wholesale pricing model for wine and spirits distributed by the Liquor Distribution Branch, so that the price all liquor retailers pay is consistent across the board.

A set of amendments to the Liquor Control and Licensing Act was introduced today to accommodate this two-part grocery model and lay the legislative groundwork for 14 other recommendations from the Liquor Policy Review, which will come into effect at later dates.

Quotes:

Attorney General and Minister of Justice Suzanne Anton –

“Our framework for liquor sales in grocery stores lays the foundation for a flexible and unique model that will continue to protect health and public safety, enhance convenience and choice for consumers and drive our economy forward with the promotion of made-in-B.C. products. We committed to British Columbians and to the industry that we would act quickly to modernize B.C.’s liquor laws – and we’re delivering on that promise by bringing in an initial set of amendments to our liquor laws today.”

Parliamentary Secretary for Liquor Policy Reform John Yap –

“During the B.C. Liquor Policy Review consultations, I heard that consumers want convenience and choice and the industry wants government to be flexible and promote an open, fair market – these changes address both of those calls. Our province is well on its way to having a unique, two-part grocery model that aligns with modern expectations and will grow B.C.’s economy. As we proceed with our balanced approach, we will continue to put a significant emphasis on protecting health and public safety with each one of these changes.”

Learn More:

Factsheet on B.C.’s two-part model for grocery store liquor sales: s.13

Factsheet on B.C.’s commitment to protect health and public safety: s.13

Artist rendering of what B.C.’s new two-part grocery model could look like: s.13

Find the final report on the B.C. Liquor Policy Review here: <http://bit.ly/1beqi8i>

Learn about Parliamentary Secretary Yap’s grocery recommendations: <http://bit.ly/1gA1uHL>

Learn about Province’s decision to explore liquor sales in grocery stores: <http://bit.ly/1fD8VQc>

A backgrounder follows.

BACKGROUND

Liquor Control and Licensing Act amendments

The amendments introduced today to the Liquor Control and Licensing Act will lay the groundwork for future implementation of 15 out of 73 recommendations from the B.C. Liquor Policy Review.

While a complete re-write of the Liquor Control and Licensing Act is planned for spring 2015, government is adopting a phased-in approach to modernizing the legislation. The first step is to introduce amendments, modernize outdated provisions and reform the current act, which will allow for faster implementation of key recommendations.

A timeline for implementation of the first set of 15 recommendations is listed below. Policy work, consultations, regulations and/or further legislation are required for the remaining Liquor Policy Review recommendations. The implementation timeline for the remaining recommendations will be announced at a later date.

Spring/Summer 2014:

- Permit B.C. liquor manufacturers to offer products for sample and sale at temporary off-site retail locations (e.g., farmers' markets), with appropriate conditions. The decision about whether to allow vintners, brewers and distillers to showcase their products at a particular location will be left to the location management (e.g., farmers' market association) (recommendation 31).
- Allow patrons to buy bottles of liquor to take home that are showcased at festivals or competitions. Consider amending Special Occasion Licences (SOLs) issued to festivals and competitions, or allow BC Liquor or private retail stores to operate a temporary store on site as the means to provide for these sales (recommendation 32).
- Permit licensees to offer time-limited drink specials (e.g., happy hours), provided the price is not below a prescribed minimum consistent with those advocated by health advocates (recommendation 16).
- Allow hosts to serve Ubrew/Uvin or homemade beer or wine at SOL events (e.g. weddings, family reunions) (recommendation 53).
- Permit licensees to store liquor in secure, off-site locations, subject to notifying the Liquor Control and Licensing Branch (recommendation 60).
- Allow individual establishments that are part of a larger company (e.g., chain outlets) to transfer small amounts of liquor between locations (recommendation 61).
- Permit the owners and family members of UBrews and UVins to own other liquor-related establishments (recommendation 70).

Fall 2014:

- Provide regulatory authority for the LCLB to require social responsibility public education material to be posted in all licensed establishments and liquor stores (recommendation 4).

- Expand and enhance Serving it Right (SIR), the provincial government's responsible beverage service program (recommendation 7).
- Due to the varying size and focus of licensed establishments, consideration should be given to how different types of penalties, e.g. a suspension vs. a monetary penalty, may impact a licensee and staff (recommendation 12).
- Manufacturers should be able to establish low-risk tasting venues such as a picnic area as part of their existing licence without the need to apply for a specific endorsement. Government should work with industry, local government and First Nations to increase flexibility for tasting options for manufacturers while being sensitive to potential negative impacts, such as noise, on the community (recommendation 27).
- Allow manufacturers to offer patrons liquor that was not produced on site (e.g., a winery could sell a beer to a visitor) (recommendation 28).
- Provide a more streamlined and time-sensitive application process to allow facilities such as ski hills and golf courses to temporarily extend their licensed area to another part of the property (e.g., a patio near a ski-hill gondola lift or a temporary patio near a golf clubhouse) (recommendation 62).

Winter 2015:

- The Province should develop and implement a retail model that meets consumer demands for more convenience by permitting the sale of liquor in grocery stores. Government should continue to restrict the total number of retail outlets and require separation of grocery products and liquor. This reflects the views of health and safety advocates and the acknowledged safety benefits of restricting minors' access to liquor (recommendation 19).

Fall 2015:

- Permit hobby brewers and vintners to apply for a SOL to host competition events, allowing homemade beers and wines to be sampled by both judges and the public. (recommendation 50).

Media Contact:

Government Communications and Public
Engagement
Ministry of Justice
250 213-3602

Pages 248 through 260 redacted for the following reasons:

s.13

Event Information / Speaking Notes

Event: Grocery Framework Announcement
When: Thursday, March 6th – Remarks at 12:50pm
Where: Legislative Press Theatre
Contact: Scott Ryckman
scott.ryckman@gov.bc.ca

s.17

Length: 2-3 minutes

Key Participants:

- **Suzanne Anton**, Attorney General and Minister of Justice
- **John Yap**, Parliamentary Secretary for Liquor Policy Reform (will attend technical briefing and join during media availability, if required).

Other Attendees:

- **Douglas Scott**, Assistant Deputy Minister, Liquor Control and Licensing Branch
- **Barry Bieller**, Director of Policy, Planning and Communications, Liquor Control and Licensing Branch

Note: Lori Wanamaker, Deputy Solicitor General, will be in attendance, but will not be participating in briefing.

Attire suggestions:

- Business attire

Audience Size:

- Press Gallery

Audience – what do they want to hear?

- What government's two-part framework for liquor sales in grocery stores will mean for consumers and for the industry.
- Details about the amendments to the Liquor Control and Licensing Act, which will be introduced after the event.

Time	Event Itinerary
12pm	s.15
12:10pm	<p>Staff in the Press Theatre will call teleconference number s.15</p> <p>Minister's Office Staff will dial-in to conference call number (same as above), enter s.15</p> <p>TNO staff will call MO teleconference number (same as above), enter participant s.15 for transcription.</p> <p>Parliamentary Secretary John Yap provides short remarks.</p>
12:20pm	<p>PS Yap introduces:</p> <ul style="list-style-type: none"> • Douglas Scott (ADM, LCLB). • Barry Bieller (Director of Policy, Planning & Communications, LCLB). <p>Douglas Scott and Barry Bieller present PowerPoint technical briefing for Press Gallery (15 minutes)</p> <p>Following presentation, PS Yap thanks Douglas and Barry and opens the floor up to technical questions.</p> <p><i>Note: Deputy Lori Wanamaker will also be present, but not at the front table.</i></p>
12:35-12:45pm	<p>Technical Q+As for Press Gallery (10 minutes).</p> <p>Douglas Scott, Barry Bieller and PS Yap answer questions.</p> <p>Karen van Marum moderates.</p>
12:45pm	MO Staff/Jeff Groot escort Minister Suzanne Anton to Press Theatre.
12:50pm	Minister Suzanne Anton provides remarks (2-3 minutes).
12:53-1pm	<p>Minister Suzanne Anton answers media questions. (PS Yap participates, if required).</p> <p>Karen van Marum moderates.</p>
Approximately 1pm	<p>Event concludes.</p> <p>Karen van Marum thanks media for participating.</p> <p>MO staff/Jeff Groot escort Minister Suzanne Anton back to office.</p> <p>Media depart.</p>

Speaking Notes
for the
Hon. Suzanne Anton
Attorney General and Minister of Justice
MLA for Vancouver-Fraserview

Grocery Framework &
First Set of Legislative Amendments from the
B.C. Liquor Policy Review

Thurs., March 6th, 2014

Remarks at 12:50pm

Introduction:

- Good afternoon, everyone. Thank you for joining us today.
- And thank you to John, Douglas and Barry for walking everyone through the technical details of today's announcement.

Grocery Model:

- As you've heard by now...
- Our government will be adopting a unique and flexible framework for liquor sales in grocery stores.
- Our two-part model is one that will bring convenience and selection – something that British Columbians told us they are looking for...
- ... it's a model that will create new opportunities for made-in-B.C. products –

which, in turn, will support B.C. jobs and economic growth.

- ... and it comes with built-in safeguards, keeping with our commitment to protect health and public safety, and to make sure our minors don't have easy access to alcohol.
- As we develop this model, we're also taking steps to create a more open, fair market for both government and private retailers...
- ... – something that came up during the Liquor Review consultations.
- By expanding the one-kilometre rule so that it applies equally to both government and private liquor stores...
- ... and removing the five-kilometre rule, to facilitate licence movement into grocery stores...
- ...we're addressing those calls, adopting a phased-in approach and laying the foundation

for a flexible and successful grocery model – one that's unique to B.C.

- We're taking further steps to promote fairness and balance.
- One of those steps is considering a levy on the relocation of licences into grocery stores – ensuring B.C. taxpayers benefit from the enhanced value that will be created in the business.
- And lastly, we want to create consistency in pricing for liquor retailers, something else we've heard calls for over the past few years...
- ...so we are developing a new, price-based wholesale pricing model for wine and spirits.
- There is still plenty of work to be done...
- And the policy work that we initiated last fall continues.

- We're moving forward – and we're moving quickly – with a plan to have B.C.'s grocery model ready by early 2015.

Legislative Amendments:

- The legislative amendments we introduced today will enable our two-part grocery model...
- ... along with future implementation of 14 other recommendations made by Parliamentary Secretary John Yap.
- This is the first batch of changes we'll be making, as we overhaul B.C.'s outdated liquor laws.
- As these amendments make their way through the usual legislative process...

- ... I think British Columbians will be happy to hear, that we expect a number of changes will be in place for the summer...
- including crowd-favourites, like liquor sales at farmers' markets and happy hours, to name a couple.

Conclusion:

- During the Liquor Policy Review, we asked British Columbians and the industry for their feedback...
- ... and we listened...
- We promised to act quickly and update B.C.'s outdated liquor laws...
- ... and we're delivering on that promise.
- Thank you, and I'll be happy to answer any questions you may have.

Event Information / Speaking Notes

Event: Grocery Framework Announcement

When: Thursday, March 6th – 12:20pm

Where: Legislative Press Theatre

Contact: Scott Ryckman

scott.ryckman@gov.bc.ca

s.17

Length: 2-3 minutes

Key Participants:

- **John Yap**, Parliamentary Secretary for Liquor Policy Reform (introductory remarks for technical briefing; participation during media availability, if required).
- **Suzanne Anton**, Attorney General and Minister of Justice (remarks and media availability).
- **Douglas Scott**, Assistant Deputy Minister, Liquor Control and Licensing Branch (technical briefing).
- **Barry Bieller**, Director of Policy, Planning and Communications, Liquor Control and Licensing Branch (technical briefing).

Attire suggestions:

- Business attire

Audience Size:

- Press Gallery

Audience – what do they want to hear?

- How these changes stem from the B.C. Liquor Policy Review.
- What government's two-part framework for liquor sales in grocery stores will mean for consumers and for the industry.

Time	Event Itinerary
12pm	s.15
12:10pm	<p>Staff in the Press Theatre will call teleconference number s.15</p> <p>Minister's Office Staff will dial-in to conference call number (same as above), ente s.15</p> <p>TNO staff will call MO teleconference number (same as above), enter participant s.15 for transcription.</p> <p>Parliamentary Secretary John Yap provides short remarks.</p>
12:20pm	<p>PS Yap introduces:</p> <ul style="list-style-type: none"> • Douglas Scott (ADM, LCLB). • Barry Bieller (Director of Policy, Planning & Communications, LCLB). <p>Douglas Scott and Barry Bieller present PowerPoint technical briefing for Press Gallery (15 minutes)</p> <p>Following presentation, PS Yap thanks Douglas and Barry and opens the floor up to technical questions.</p> <p><i>Note: Deputy Lori Wanamaker will also be present, but not at the front table.</i></p>
12:35-12:45pm	<p>Technical Q+As for Press Gallery (10 minutes).</p> <p>Douglas Scott, Barry Bieller and PS Yap answer questions.</p> <p>Karen van Marum moderates.</p>
12:45pm	MO Staff/Jeff Groot escort Minister Suzanne Anton to Press Theatre.
12:50pm	Minister Suzanne Anton provides remarks (2-3 minutes).
12:53-1pm	<p>Minister Suzanne Anton answers media questions. (PS Yap participates, if required).</p> <p>Karen van Marum moderates.</p>
Approximately 1pm	<p>Event concludes.</p> <p>Karen van Marum thanks media for participating.</p> <p>MO staff/Jeff Groot escort Minister Suzanne Anton back to office.</p> <p>Media depart.</p>

Speaking Notes
for
Parliamentary Secretary for
Liquor Policy Reform
John Yap

Grocery Framework &
First Set of Legislative Amendments from the
B.C. Liquor Policy Review

Thurs., March 6th, 2014

Remarks at 12:20pm

Introduction:

- Hello, everyone. Thank you for joining us today.
- We're here to announce some exciting changes coming out of the Liquor Policy Review.
- Just a reminder off the top – which I know you folks are well-accustomed to – that this announcement is embargoed until the amendments are introduced in the House later this afternoon.
- During the Liquor Policy Review, I had the opportunity to listen to British Columbians and to industry stakeholders from all around the province.
- I heard calls for convenience from consumers.
- And I heard calls for a more open, fair market from various industry groups.

- I'm happy to say, our government is developing a model for liquor sales in grocery stores that addresses both of those calls.
- B.C. will have a two-part grocery model that reflects the central tenants of our Liquor Policy Review:
 - It's a model that protects health and public safety.
 - It's a model that warrants convenience, choice and selection for consumers.
 - And it's a model that promotes local, B.C. products – driving our government's plan for job creation and economic growth forward.
- Transparency was a guiding principle of the Liquor Policy Review – and that's why we are outlining these changes at the earliest opportunity.

- We want to provide British Columbians and the industry with insight into where we're headed with these changes...
- ... and we want to let them know how and when we're planning to get there.
- With that, it's my pleasure to introduce, from the Liquor Control and Licensing Branch:
 - Assistant Deputy Minister **Douglas Scott**.
 - Director of Policy, Planning and Communications **Barry Bieller** (*pronounced: bee-ler*).
- They'll be walking you through the technical details of these changes.

Douglas and Barry present PowerPoint.

At approximately 12:45pm, following PowerPoint presentation, PS John Yap:

- Thank you, Douglas and Barry.

- Attorney General and Minister of Justice Suzanne Anton will be joining us shortly, to provide some remarks on these exciting changes, but first, we'll open the floor to any questions you have for Douglas or Barry.

-30-

B.C. Liquor Policy Review report values health and public safety

The B.C. Liquor Policy Review made 73 recommendations to modernize B.C.'s liquor industry with an emphasis on health and public safety. Once implemented, the following recommendations will increase public education, require training of everyone selling and serving alcohol, more closely link the price of liquor to alcohol content and provide for stricter enforcement of existing legislation and regulations. They are as follows:

Serving it Right program:

- Expand and enhance the provincial government's responsible beverage service program, Serving it Right (SIR).
- Require licensees, managers, and sales and serving staff in restaurants, wine stores, rural agency stores and BC Liquor Stores to be certified.
- Introduce a recertification program for all SIR holders.
- Develop a SIR program for people who receive a Special Occasion Licence or serve at these events to help ensure they understand their responsibilities around responsible handling of liquor.
- Update SIR content to include information about Canada's low-risk drinking guidelines, the social and health costs of alcohol and why alcohol is regulated.

Pricing:

- Permit licensees to offer time-limited drink specials (e.g., happy hours), provided the price is not below a prescribed minimum consistent with those supported by health advocates.
- The Liquor Distribution Branch (LDB) will review its minimum pricing policy as it applies to all categories of liquor so that minimum prices are set at an appropriate level.
- The LDB will tie minimum prices to the amount of alcohol (e.g., a beer with seven per cent alcohol would have a higher minimum price than a beer with five per cent alcohol).

Public education:

- Expand public education about health and safety risks related to alcohol use, with particular emphasis on the harmful effects of binge drinking by youth and post-secondary students.
- Identify all of government's alcohol-related education initiatives to ensure they are focused and are as effective as possible.
- Make information about Canada's Low Risk Drinking Guidelines available to consumers in licensed establishments.
- Collaborate between government, public health officials and industry to develop effective and meaningful social responsibility educational campaigns for display in licensed establishments, liquor stores and advertising and public service campaigns.

- Work with other provinces and territories to encourage the federal government to put warning labels on liquor products.

Enforcement and compliance:

- Encourage police to use the enforcement tools of ticketing and fines more frequently for those people under 19 years of age who are caught possessing liquor, using false identification or being in restricted premises selling liquor. Liquor retailers and the public should also be made more aware of the severity of these penalties.
- Review the enforcement penalties of the Liquor Control and Licensing Branch (LCLB) and other jurisdictions to ensure that B.C.'s penalty levels are appropriate.
- Consider how different types of penalties (e.g., a suspension versus a monetary penalty) may impact a licensee and staff due to the varying size and focus of licensed establishments.
- Explore the implementation of "last drink" programs across B.C. on a more concerted basis via discussions between the LCLB and policing agencies. If an impaired person's last drink was in a licensed establishment, LCLB can investigate and possibly levy penalties for overserving clients.
- Authorize the LCLB to regulate the home delivery of alcohol and to consider that home delivery service providers require SIR certification.
- Develop a new and separate decision-making body outside the licensing branch for applicants and licensees seeking a review of LCLB decisions. The Ministry of Justice should review current processes and determine how best to provide independent decision-making for those seeking appeal.

Contact: Ministry of Justice
Government Communications and
Public Engagement
250 213-3602

Little, Danielle JAG:EX

From: Scott, Douglas S JAG:EX
Sent: Thursday, March 6, 2014 8:03 AM
To: Bieller, Barry JAG:EX
Subject: Fwd: Technical Briefing Deck
Attachments: Liquor Education Media March 6 w pricing model (V2).pdf; ATT00001.htm; Liquor Education Media March 6 w pricing model (V2).pptx; ATT00002.htm

Follow Up Flag: Follow up
Flag Status: Completed

The current deck...

Begin forwarded message:

From: "Scott, Douglas S JAG:EX" <Douglas.S.Scott@gov.bc.ca>
To: "Henderson, Kim N PREM:EX" <Kim.Henderson@gov.bc.ca>, "Cadario, Michele PREM:EX" <Michele.Cadario@gov.bc.ca>, "Groot, Jeff GCPE:EX" <Jeff.Groot@gov.bc.ca>, "Wanamaker, Lori JAG:EX" <Lori.Wanamaker@gov.bc.ca>
Subject: Technical Briefing Deck

Hi Everyone,

s.13

We will put the rendering in tomorrow morning.

Thanks,

Doug

Liquor Status



**PRESENTATION TO MEDIA
MARCH 6, 2014**

Status

2

- Government has accepted all recommendations in the Liquor Policy Review report;
 - Legislative amendments to enable key aspects introduced on March 6, 2014
- High level attributes have been decided on:
 - Liquor in grocery model
 - New retail channel for BC products
 - New liquor pricing model

Liquor Policy Review (LPR)



Health and Safety

4

- Report's goal was to balance the access and convenience consumers were looking for with appropriate policies and controls that health and safety advocates were looking for.
- Key health and safety recommendations:
 - Increased public education (6 recommendations).
 - Requiring training of everyone selling and serving alcohol. (3 recommendations including on *Serving it Right*)
 - More closely linking the price of liquor to alcohol content.
 - Stricter enforcement of existing legislation and regulations (6 recommendations).

Legislative Plan: LCL Act

5

The Liquor Control and Licensing Act requires a complete rewrite to fully modernize, implement all recommendations, and provide a flexible legislative platform for future evolution of the industry

Required legislative work will be completed in 2 phases

- **Phase 1 (Fast Action): Spring 2014**
 - Proceed with priority amendments to the existing Act
 - Allows faster implementation of key LPR recommendations
 - Over 70% of the 73 recommendations will be completed by the end of fiscal 2014/15 – including all high priority items
- **Phase 2 (Final Changes – Flexible Act for Future): 2015**
 - Current Act restricts most changes by law. The new Act will enact flexible regulation making powers to make future changes easier in order to keep pace with industry change
 - Final LPR changes will be incorporated during the full repeal and rewrite
 - Policy work associated with these amendments can be done prior to spring 2015

LCLA Amendment Highlights

6

- Legislating broader application for Serving it Right program (mandatory training program for anyone serving/selling alcohol)
- Legislated authority to mandate educational materials regarding responsible consumption of alcohol be provided by licensees and liquor stores
- Establish the ability to offer happy hours within minimum drink prices
- Liquor manufacturers to sell at farmer's markets and temporary stores at festivals
- Liquor to be sold in grocery stores

Implementation Plan

7

- 52 of the 73 recommendations should be implemented by the end of fiscal 2014/15
- Remaining recommendations primarily deal with licence application processes and Special Occasion Licence policies and processes
- These recommendations will be implemented in 2015/16 as they involve additional legislative changes
- Extensive consultation with stakeholders is planned prior to implementation of all recommendations

Retail Marketplace



Liquor in Grocery – Priorities

9

To provide greater convenience to the people of BC by making liquor sales available in grocery

Key priorities for the design of the grocery model:

- Respond to consumer demand for convenience
- Protect government revenue
- Protect investment of private retailers
- Address health and safety concerns
- Promote BC industry

Liquor in Grocery – Priorities

10

Two Part Model

- Part 1: Store in Store
- Part 2: BC Product Store

Store in Store – Key Attributes

11

- **Store Controls**
 - Controlled access points to address public health and safety concerns by limiting minor access and minimize shoplifting;
 - Separate cash;
 - Same cart shopping possible;
 - Adjacent stores eligible.
- **Maintain moratorium on LRS Licences**
 - Maintaining the moratorium will protect the investment of private retailers and limit expansion of outlets for desired balance with public health benefits
- **Permit all liquor (including spirits)**
 - A full product mix will enhance convenience for BC consumers
 - This approach will also make liquor retail more commercially attractive

Store in Store – Key Attributes

12

- Define eligible stores
 - Define eligible stores as those that are primarily in the grocery business (convenience stores will not be eligible)
- Permit licence relocation throughout the province
 - Permitting licence relocation will remove artificial barriers and accelerate uptake to achieve the desired public convenience
- Maintain and expand application of 1km rule
 - Government stores now included in the rule
 - Maintaining the 1km rule provides some protection of LRS investment and Government revenue
 - Encourages a phased approach
- Possible levy on LRS transfer or relocation

BC Product Stores – Attributes

13

- A limited number of new licences for **BC products**
- Key attributes:
 - Sale of BC wine;
 - Permitted within grocery stores;
 - On shelves but with controls and designated checkout tills.

BC Liquor Pricing– Context



Who sells liquor in BC?

15

10 retail channels with 5 discount rates

All Product Retailing

- 195 Government Liquor Stores (GLS) – sell to consumers and licensees
- 221 Rural Agency Stores (RAS)
- 670 private Licensee Retail Stores (LRS)
- 11 Duty-free shops
- 8,000 Licensees (Restaurants, Bars, Pubs etc.)

Dedicated Wine Retailing

- ✦ 321 on-site manufacturer stores
- ✦ 19 off-site manufacturer stores
- ✦ 21 VQA Stores
- ✦ 12 Independent Wine Stores(IWS)
- ✦ 1 Tourist Wine Shop

Wholesale Pricing



Standard Wholesale Model - Overview

17

- **Standard wholesale price**
 - All retailers, including government liquor stores, will purchase liquor from the LDB at a standard wholesale price
- **Level the playing field**
 - Promoting retailers buying at a consistent price enables a more level marketplace

Attributes for design of a wholesale model

18

- Transparency
- Fairness
 - Level playing field
- Simplicity in administration
- Flexibility
- Markup structure (price based for wine and spirits)

Little, Danielle JAG:EX

From: Scott, Douglas S JAG:EX
Sent: Wednesday, March 19, 2014 4:36 PM
To: Stephenson, Cindy JAG:EX
Cc: Bieller, Barry JAG:EX
Attachments: Liquor - Wholesale Pricing - FS - 19Mar14 - v2.docx

Follow Up Flag: Follow up
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Hi Cindy – we made a slight change in title only... for your records.

Doug

Douglas S. Scott
Assistant Deputy Minister
Liquor Control and Licensing Branch
Ministry of Justice
Government of British Columbia

To protect your privacy, Liquor Control and Licensing Branch will not accept electronically transmitted applications containing credit card information.

Wholesale Pricing For BC Wine Industry

- The B.C. government is developing a price-based wholesale pricing model for wine and spirits distributed by the Liquor Distribution Branch (LDB). More details will be provided in the coming months.
- This price-based wholesale pricing model will replace the current model, which has five different discount rates for various retailers and differential mark-ups across 22 categories of liquor products.
- This model will be consistent for all liquor retailers, including BC Liquor Stores.
- Pricing and purchase requirements for bars, pubs and restaurants will not be impacted under the new wholesale pricing model.
- BC VQA wine producers will continue to benefit from B.C.'s no-mark-up policy for 100 per cent B.C. wines.
- Programs through BC Liquor Stores that support BC VQA wine will continue.

Contact: Ministry of Justice
Government Communications and
Public Engagement
250 213-3602

Little, Danielle JAG:EX

From: Scott, Douglas S JAG:EX
Sent: Thursday, March 20, 2014 1:48 PM
To: Bieller, Barry JAG:EX
Subject: FW:
Attachments:

s.13

Follow Up Flag: Follow up
Flag Status: Completed

s.13

From: Scott, Douglas S JAG:EX
Sent: Friday, January 24, 2014 10:30 AM
To: Klima, Judy H JAG:EX
Cc: Louie, Toby I JAG:EX; Southern, Evan JAG:EX; Hoskins, Jeannie JAG:EX
Subject:

Hi Judy,

s.12, s.13

Thanks,

Doug

Douglas S. Scott
Assistant Deputy Minister
Liquor Control and Licensing Branch
Ministry of Justice
Government of British Columbia

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s.12, s.13