

Catungal, Renin LDB:EX

From: Dahlke, Cindy LDB:EX
Sent: Tuesday, June 23, 2015 10:30 AM
To: s.22
Subject: Brewery concerns - Reference # 510197

Sent on behalf of Mr. Lawson

Robin and Lee Agur
Co-Owners Bad Tattoo Brewing Company Ltd.
Email: s.22

Dear Robin and Lee Agur:

Your email of June 3, 2015, to Premier Christy Clark, regarding the operation of your brewery business, has been referred to me for reply.

Please allow me to address each of your concerns as you stated them in your email.

The retail prices of your products sold in BC Liquor Stores and those sold in the hospitality channel are set by BC Liquor Stores and the Liquor Distribution Branch (LDB), respectively. The retail price is subject to change periodically and manufacturers are able to view the LDB Established Retail Price on the vendor website 10 days before the effective date of the period. While we do not anticipate frequent or very large retail price adjustments going forward, please ensure you are monitoring the vendor website.

With respect to BC Liquor Stores retailing your products, I am told that our category manager Kim Giesbrecht has had a number of conversations with you regarding your products and what information we expect from a supplier that would allow us to make a decision on whether we list a product. Like all retailers, the LDB's Merchandising Department must make decisions about which products will be offered to our customers by considering a number of business factors. It is simply not possible for BC Liquor Stores to offer all products produced by all manufacturers, but we make an effort to offer our customers an excellent array of beer produced by many BC-based small breweries. I note that we have listed one of your products and another is being sold in over 30 of our stores.

Regarding LDB distribution of your products, our distribution centres are currently operating at about 200 percent of capacity which means accepting your brewery as a distribution customer is simply not possible at this time. As you may be aware, the LDB is relocating its Vancouver distribution centre which is expected to take place in early 2018. The new facility will be significantly larger and will allow us to service more customers. In the meantime, the vast majority of small production breweries such as yours are using private distribution companies, or distributing their products themselves.

Lastly, breweries are required to remit sales proceeds to the LDB because the brewery is making the sale as an agent of the LDB and must remit mark-up. Therefore, to ensure the LDB receives the correct amount of payment, the LDB collects the proceeds of the sale and returns the cost of product to the brewery. In the case of land-based wineries they do not remit mark-up to the LDB, therefore there is no need to remit the proceeds of the sale.

I also take this opportunity to address a point you raised regarding the LDB's operations that I think is important. The LDB is not supported by revenue collected by the provincial government. Rather, the LDB generates a net income for the provincial government that helps provide financial support for vital public services including health care and education.

Revenue is generated by the wholesaling of alcohol and by the BC Liquor Stores chain of retail stores. Revenue targets set by the Province are met by ensuring we operate an efficient, responsive business.

I wish your brewery much success. Craft brewing is an exciting sector with a lot of consumer interest, and LDB is committed to supporting growth in this sector as best we can.

Thank you for taking the time to write.

Sincerely,

R. Blain Lawson

General Manager and Chief Executive Officer
BC Liquor Distribution Branch
2625 Rupert Street, Vancouver, BC V5M 3T5
T: 604-252-3021

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Catungal, Renin LDB:EX

From: Dahlke, Cindy LDB:EX
Sent: Thursday, July 02, 2015 2:24 PM
To: s.22
Subject: Beer Pricing - Reference # 510195

Sent on behalf of Mr. Lawson

s.22

Email: s.22

Dear Mr. Manning:

Thank you for your June 5, 2015 email to the Honourable Suzanne Anton, Attorney General and Minister of Justice, regarding beer prices. Your correspondence was forwarded to me for reply.

Like you, many of our customers enjoy and support BC craft beer, and BC Liquor Stores are proud to continue working for the industry by selling and promoting their products in our stores.

As with any retailer, we are continually reviewing our prices so that they strike the right balance between being marketable to customers and being sustainable for us as a retailer. As you note, some minimal price increases were applied to beer products in June, while in other cases, monthly price promotions were applied, making products less expensive.

A variety of factors can impact a product's retail price, including increases or decreases in supplier-related costs, the strength of the dollar, price rounding and price promotions. However, while there will always be price changes that take place over time, it is our goal to avoid passing along any excessive price increases to our customers. It is important for us to continue providing products that our customers enjoy, and to feature prices that are in line with what you will see at stores across the province.

Thank you for your feedback.

Sincerely,

R. Blain Lawson

General Manager and Chief Executive Officer
BC Liquor Distribution Branch
2625 Rupert Street, Vancouver, BC V5M 3T5
T: 604-252-3021

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Catungal, Renin LDB:EX

From: Dahlke, Cindy LDB:EX
Sent: Thursday, July 02, 2015 2:38 PM
To: s.22
Subject: Craft Beer Prices - Reference # 510326

Sent on behalf of Blain Lawson

s.22
Email: s.22

Dear s.22

Thank you for your June 15, 2015 email to the Honourable Suzanne Anton, Attorney General and Minister of Justice, regarding beer prices. Your correspondence was forwarded to me for reply.

BC Liquor Stores have always been proud supporters of the province's craft brewers and we are proud to continue working for the industry by selling and promoting their products in our stores.

Like any retailer, we must continually review our prices so that they strike the right balance between being marketable to customers and being sustainable for us as a retailer. Compared to last year, sales of craft beer are up nearly 50 percent between April and June, which tells us that customers find good value in these local products at these price points. In order to continue stocking products that our customers enjoy – like BC craft beer – we will need to continually evaluate our prices so they are sustainable and in line with what you will see at stores across the province.

It should be noted that in the retail industry as a whole, prices have always fluctuated – and will continue to do so. A variety of factors can impact a product's retail price, including increases or decreases in supplier-related costs, the strength of the dollar, price rounding and price promotions. However, while there will always be price changes that take place over time, it is our goal to avoid passing along any excessive price increases to our customers.

Thank you for your feedback.

Sincerely,

R. Blain Lawson
General Manager and Chief Executive Officer
BC Liquor Distribution Branch
2625 Rupert Street, Vancouver, BC V5M 3T5
T: 604-252-3021

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Catungal, Renin LDB:EX

From: Dahlke, Cindy LDB:EX
Sent: Friday, July 03, 2015 1:13 PM
To: 'tod@treebeer.com'
Subject: BC Craft Beer - Reference # 510362

Sent on behalf of Mr. Lawson

Mr. Tod Melnyk
Email: tod@treebeer.com

Dear Mr. Melnyk:

Your email of June 12, 2015, to Becky Harmata, Constituency Assistant to Premier Christy Clark, has been forwarded to me for reply.

As a locally owned and operated craft brewer, your positive comments regarding recent liquor policy changes are welcomed, and we are equally mindful of your critical feedback.

While the BC Liquor Distribution Branch (LDB) is supportive of the craft beer industry as a whole, we recognize – as you do – that different segments of the industry have unique needs. A one-size-fits-all approach is not appropriate when it comes to helping individual BC breweries grow, which is why government has implemented various policies geared toward micro-, small-, medium- and large-sized brewers. A good example of this is the recently introduced graduated mark-up, which is designed to assist smaller brewers.

In terms of the specific challenges you mention in your email, I would like to share a bit of information:

1. With respect to your question about separate manufacturing licenses for each location, the Liquor Control and Licensing Branch (LCLB) has a mandate to licence and monitor licensees to ensure compliance with public safety and public interest regulations. Under current LCLB policy, each manufacturing location must be licensed separately, as each location is considered unique and must meet a range of requirements.

As part of the Liquor Policy Review mandate, LCLB is reviewing the regulatory structure for manufacturing licences. This work is being done in response to Recommendation 30 of the Liquor Policy Review Final Report (2014), which states: “Government should consult with industry and review the minimum requirements to obtain a brewery, winery or distillery licence. Government should also consider how these requirements are regulated by LCLB and LDB to ensure transparency and an effective regulatory system.”

LCLB will shortly begin an industry consultation on this issue with manufacturers and industry associations. Your input to this process is welcome.

2. To answer your question about sales at each location, LCLB is working to address Recommendation 28 of the Liquor Policy Review Final Report (2014) which states: “Allow manufacturers to offer patrons liquor that was not produced on site (e.g., a winery could sell a beer to a visitor).”

The LCLB has recently completed an industry consultation on this issue and government is considering updates to regulations that would enable manufacturers to sell limited amounts of other manufacturer’s liquor in their lounge or special event area on an interim basis. This issue will also be addressed as part of the industry consultation mentioned above. Again, your input to this process is welcome.

Note that government has placed a moratorium on the issuance of new retail liquor store licences.

3. With respect to your concern over the timing of the wholesale pricing window, this timeframe is required to accommodate the sequential creation of a) a wholesale price; b) a retail price/hospitality price; and c) the labelling for stores. The LDB recognizes that this is slightly longer than the previous window under the old system (when only one price needed to be generated), and is exploring potential opportunities for shortening the time frame.

I hope this information is helpful to you and thank you again for taking the time to share your feedback.

Sincerely,

R. Blain Lawson

General Manager and Chief Executive Officer
BC Liquor Distribution Branch
2625 Rupert Street, Vancouver, BC V5M 3T5
T: 604-252-3021

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Catungal, Renin LDB:EX

From: Lawson, R. Blain LDB:EX
Sent: Monday, July 13, 2015 3:52 PM
To: Wanamaker, Lori JAG:EX
Cc: Scott, Douglas S JAG:EX; Procopio, Michael LDB:EX
Subject: RE: Craft Beer: Part 2

Importance: High

Lori,

With regards to your request below the contacts at the LDB are as follows;

- Pricing calculations and strategies (e.g. exclusive products): Nadine Tomlinson, Director Expenditure: 604 252-3157, Nadine.Tomlinson@bclddb.com
- Product registration (including setting of wholesale price): Sairose Fisher, Director Wholesale: 604 252-3098 sairose.fisher@bclddb.com
- Working with BC Liquor Stores on product listings: 604 252-3213 kimberley.giesbrecht@bcliqorstores.com

Thanks.

R. Blain Lawson

General Manager and Chief Executive Officer,
BC Liquor Distribution Branch
2625 Rupert Street, Vancouver BC V5M 3T5
T: 604 252-3021 E: blain.lawson@bclddb.com

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From: Wanamaker, Lori JAG:EX
Sent: Friday, July 10, 2015 9:30 AM
To: Lawson, R. Blain LDB:EX
Cc: Scott, Douglas S JAG:EX; Procopio, Michael LDB:EX
Subject: Craft Beer: Part 2

Hi all – in addition to the last request, MSA has asked for some further information.

Apparently Blain made a commitment to help a couple of breweries directly with their product costing. According to MSA's notes, the following breweries require some assistance.

- Noble Pig (Kamloops)
- Red Collar (Kamloops)
- Three Ranges (Valemont)

- Fernie Brewing company

Could you pls give me the name and phone number of an LDB staff person who can assist them as MSA would like to pass it on to the local MLAs.

As the legislature is sitting next week, she would like all the information on craft breweries as soon as possible.

Thanks.

Lori

Catungal, Renin LDB:EX

From: Lawson, R. Blain LDB:EX
Sent: Thursday, July 16, 2015 2:10 PM
To: Scott, Douglas S JAG:EX
Cc: Wanamaker, Lori JAG:EX
Subject: RE: Craft Beer Deck - July 16 2015 - v03.pptx

Replies below in red.

R. Blain Lawson

General Manager and Chief Executive Officer,
BC Liquor Distribution Branch
2625 Rupert Street, Vancouver BC V5M 3T5
T: 604 252-3021 E: blain.lawson@bclddb.com

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From: Scott, Douglas S JAG:EX
Sent: Thursday, July 16, 2015 1:48 PM
To: Lawson, R. Blain LDB:EX
Cc: Wanamaker, Lori JAG:EX
Subject: RE: Craft Beer Deck - July 16 2015 - v03.pptx

Hi Blain,

I have reviewed – this is going to be extremely helpful. I think the flow is there. Some really nice ideas for how to tell the story in these slides. I am also going to add a slide or two based on the briefing from Renee later today around specific craft beer issues.

There are a number of questions I have added in the deck to try and shore up some potential areas of criticism – or questioning of our numbers... They are in the attached deck. I highlight a couple below that are critical to address as quickly as possible since Lori needs to approve the final deck (after my pieces) by end of day tomorrow.

s.12,s.13

Thanks Blain,

Doug

From: Lawson, R. Blain LDB:EX
Sent: Thursday, July 16, 2015 12:28 PM
To: Scott, Douglas S JAG:EX
Cc: Wanamaker, Lori JAG:EX
Subject: Craft Beer Deck - July 16 2015 - v03.pptx
Importance: High

Doug,
Craft Beer deck as requested.
Blain

R. Blain Lawson

General Manager and Chief Executive Officer,
BC Liquor Distribution Branch
2625 Rupert Street, Vancouver BC V5M 3T5
T: 604 252-3021 E: blain.lawson@bclddb.com

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Catungal, Renin LDB:EX

From: Dahlke, Cindy LDB:EX
Sent: Tuesday, July 14, 2015 3:25 PM
To: 'community@camravancouver.ca'
Cc: Kemick, April LDB:EX
Subject: Craft Beer Industry - Reference # 510177

Sent on behalf of Blain Lawson

Jeremy Noonan
Email: community@camravancouver.ca

Dear Mr. Noonan:

Thank you for your June 7 and 15, 2015 emails to the Honourable Suzanne Anton, Attorney General and Minister of Justice, regarding the craft beer industry. I have been directed to reply to your correspondence.

As per your June 26, 2015 exchange with April Kemick, the BC Liquor Distribution Branch's Communications Manager, we understand that you were looking for some responses – attributable to the Minister – to the questions below. We also understand that you will publish the responses for the CAMRA blog online.

As per your request, the BC Liquor Distribution Branch worked with the Minister's team to provide you with the answers below.

Thank you for taking the time to write.

Sincerely,

R. Blain Lawson

General Manager and Chief Executive Officer
BC Liquor Distribution Branch
2625 Rupert Street, Vancouver, BC V5M 3T5
T: 604-252-3021

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1. The revenue collected from the price increase hasn't been passed on to breweries, private retail stores or the public. Where is this revenue going, and in the first quarter since the reforms have passed, what is the approximate total revenue that has been collected from the increase?

B.C.'s recent liquor law changes have put all retailers on the same level playing field and meant that they now pay the same wholesale price for products. Moving forward, our expectation is that BC Liquor Stores (BCLS) competes in this new marketplace as a profitable retailer.

The BC Liquor Distribution Branch's revenue – including that from BCLS – results in around \$1 billion each year for government– which supports critical public services like education and health care for British Columbians.

Like any retailer, I know BCLS continually review their prices so they strike the right balance between being marketable to customers and being viable as a retailer. In order for BCLS to continue providing products that customers enjoy – such as craft beer – prices need to be sustainable.

The LDB made the decision to apply minimal price increases to some beer in June, while in other cases, price promotions were applied, making products less expensive. Retail prices have always fluctuated each month – and will continue to do so – as a result of new and expiring limited time offers, supplier price changes and price rounding.

It is important to understand that BC Liquor Stores are a retail business, just like any other. Therefore, the way we will be sharing our business information related to things like revenue and profit margins going forward, is something that is currently being reviewed.

The LDB will continue to remain transparent as we transition into this new, competitive environment.

2. Are the April 1 changes based on a model recommended by the \$200,000 taxpayer-funded liquor reform report?

Revamping British Columbia's liquor laws – including the wholesale price structure and the way BC Liquor Stores and the Liquor Distribution Branch do business – has been an extensive project.

The majority of the changes resulted from the Liquor Policy Review where Parliamentary Secretary John Yap met with many industry stakeholders and heard from thousands of members of the public to form his final report and its 73 recommendations. In addition to that, there have been a number of reports that have helped us along the way, including the one that Ernst & Young created for us.

It's not uncommon for government to seek out independent policy advice. Looking at things from a different angle helps us to ensure that we provide a balanced approach to our decisions – keeping the best interest of all British Columbians in mind.

3. Given that it was taxpayer-funded, can you please provide a copy of this report? This may assist consumers in understanding the reasons behind the April first reforms.

If your question is referring to the Ernst & Young report, it is not publically available.

Ernst & Young was contracted to provide strategic advice on policy options – and that advice is currently subject to severing – done by professional public servants – under the Freedom of Information and Protection of Privacy Act. (FOIPPA)

FOIPPA is clear on what information can and cannot be released. Severing is done by professional public servants and the entire freedom of information process is overseen by the Privacy Commissioner.

4. What is the legal rationale for maintaining the ban on liquor consumption in public? Case studies and historical trends in other cities don't show this as a catalyst to increased crime and helps to dilute the number of intoxicated persons in otherwise concentrated areas (e.g. Granville St). Given the benefits seen in the reduction of overconsumption in countries that lift these bans, why maintain the ban?

In British Columbia, generally, liquor may only be consumed within a liquor-licensed area or private dwelling. Preventing liquor consumption in unlicensed public areas is set within the *Liquor Control and Licensing Act*.

The rationale is one of public safety and community standards, and is in line with every other Canadian provincial jurisdiction. Local governments, have the option to designate public places under their jurisdiction, like local parks, as places where people can consume liquor. To date none have exercised this option. However, many local governments have been supportive of the open-site licensing option we put in place for festivals – so that patrons can consume liquor in a larger, open space as long as public safety is not at risk.

5. Craft brewing is a major growth industry for Vancouver; in of itself, as well as positively contributing to other major sectors, such as tourism. Can you expand on how the fair or "level playing field" the wholesale pricing is meant to provide benefits the province from the standpoint of nurturing economic growth in these two sectors, particularly in the long term?

By implementing a common wholesale price for all retailers – including BC Liquor Stores – the new model creates an even footing for industry that enhances customer convenience. By moving to a model where all retailers pay the same price for product, it was important that they were all able to offer the same benefits to consumers and do so in a competitive marketplace.

In fact, some of the changes we've made that consumers were very clearly in favour of include allowing BC Liquor Stores to offer extended hours, Sunday openings, and refrigeration. These changes make it more convenient for customers to grab their favourite, ice cold, B.C. craft beer at stores throughout the province.

In the past two months alone, since the implementation of the new wholesale pricing model, craft beer sales at BC Liquor Stores have grown by more than 40 per cent. This growth indicates that customers continue to support the homegrown craft beer industry.

The new wholesale pricing model also contains common-sense policy changes, such as graduating the wholesale mark-up for small breweries, which stimulates growth and the creation of new jobs in this province. Beyond that, we've also relaxed laws around local farmers' markets, making it easier for people to pick up the B.C. craft beer they love close to home.

With our government's support, the B.C. craft beer industry has experienced significant growth. In fact, over the past five years, craft beer sales in this province have nearly tripled. The number of licensed breweries in B.C. has nearly doubled since 2012. And there are currently 112 licensed breweries operating in the province – 91 of which are craft breweries.

And we are not done – we are supporting the industry by taking a closer look at processes that can further growth as well. For example, we're looking at the way we licence breweries – trying to find ways to cut red tape and open up new opportunities. We're also looking into a quality assurance program for craft beer producers, similar to the successful VQA program for wine.

6. Prior to April 1, the profitability and success private retailers and breweries experienced helped to create jobs and drove business to local communities. The growth and sustainability of these trends are now at risk due to smaller margins and increased operational costs. This in mind, can you comment on how the liquor law changes stand to benefit local communities?

By all indications, the craft beer industry continues to flourish in this province with the support of our government and widespread public appeal. In terms of margins and operating costs, it is up to each supplier and retailer to make their own business decisions. However, to quote a few aforementioned statistics:

- Over the past five years, craft beer sales in this province have nearly tripled.

- The number of licensed breweries in B.C. has nearly doubled since 2012. And there are currently 112 licensed breweries operating in B.C. – 91 of which are craft breweries.
- In the two months since the implementation of the new wholesale pricing model, craft beer sales at BC Liquor Stores have grown by more than 40 per cent.
- The craft beer industry is estimated to employ over 2,500 people, with an additional 1,500 working in brewpubs owned by the craft brewers.

Increased craft beer sales and the steady addition of more breweries are directly translating into more jobs and economic growth for local communities.

7. There has been widespread disapproval of these changes, particularly in the way that they appear to target and affect craft beer more discriminately than it does macro breweries, wine, and spirits. Can you comment on why, for example, BC wineries are able to sell and deliver directly to consumers at prices that do not include all BCLDB fees (versus international wines), but BC craft breweries aren't allowed to do so at a comparable pricing model?

I have actually heard significant support for many of the changes we have made coming out of the Liquor Policy Review. That said, I do understand that there have been some stakeholder concerns expressed about particular aspects of the changes that have been introduced. The Liquor Distribution Branch, the Liquor Control and Licensing Branch and I have been actively listening to those concerns and we are carefully watching the marketplace in these early days. The implementation of the Liquor Policy Review recommendations and the introduction of the wholesale pricing model has meant significant change in the industry – but change that we believe will be beneficial in the long term for both industry and consumers.

I certainly appreciate that industry will continue to have ideas for additional changes in liquor policy, and we're open to hearing about them. That said, many of these changes have only been in place since April 1, and there was significant work and consultations undertaken to establish this new system.

With respect to land-based wineries and small production breweries, both sectors receive significant support from the provincial government. Land-based wineries have a substantial number of obligations they must meet in order to be designated as such (e.g. use 100 percent B.C. agricultural input, a minimum land requirement, among others). Consequently, the benefits that accompany that designation are likewise substantial.

Small production breweries in B.C. have a mark-up applied to their product that is a modest per litre amount, that starts at almost half of the mark-up applied to the products of the large, multinational brewers. This is to recognize the fact that the cost of production for small breweries is greater than larger breweries because they lack the economy of scale. Further, since April 1, there is no longer a different mark-up rate for packaged and draught product, and no retail margin is applied to draught product sold to hospitality customers.

The current approach is enabling both the B.C. winery and brewery sectors to flourish, as evidenced by the continual sales growth.

Understanding that there will always be ideas for change, moving forward, we will be looking to consider any new requests for policy changes on an annual basis. An annual consideration process will also mean industry can have confidence that government is taking a principled approach to ongoing liquor reform and is considering any and all proposals together and in context with each other.

In the meantime, I'd encourage industry to continue to submit their ideas for reform, and we will look to consider those prior to the end of this fiscal year.

Catungal, Renin LDB:EX

From: Lawson, R. Blain LDB:EX
Sent: Thursday, July 16, 2015 2:45 PM
To: Scott, Douglas S JAG:EX
Subject: BC Craft Breweries 2016 Q1 Wholesale Sales Report.xlsx
Attachments: BC Craft Breweries 2016 Q1 Wholesale Sales Report.xlsx

Importance: High

Doug this is the wholesale sales for craft beer for q1. The data is incomplete for 2015 as we rely on the breweries to self-report and it usually takes 4-6 weeks to get all the data collected.

This shows the 40% increase in sales.

Blain

R. Blain Lawson

General Manager and Chief Executive Officer,
BC Liquor Distribution Branch
2625 Rupert Street, Vancouver BC V5M 3T5
T: 604 252-3021 E: blain.lawson@bcldb.com

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BC Liquor Distribution Branch

Wholesale Sales Only (excluding BCLS)

BC CRAFT BREWERIES ≤ 15,000hl	2015/2016 Q1 Wholesale Sales	2014/2015 Q1 Wholesale Sales	% Change
0878302 B.C. LTD DBA MAIN STREET BREWING	s.21		
09557563 B.C. LTD.			
0996901 B.C. LTD. DBA RED COLLAR BREWING			
1001365 BC LTD. DBA RED ARROW BREWING CO			
33 ACRES BREWING COMPANY INC.			
445539 BC LTD. DBA OFF THE RAIL BREWING			
ALLEN BRANDS DBA PROHIBITION CRAFT BREW			
ARROWHEAD BREWING COMPANY			
BAD TATTOO BREWING CO. LIMITED			
BIG RIDGE BREWING COMPANY			
BIG RIVER BREWING COMPANY (RICHMOND)			
BLACK KETTLE BREWING INC.			
BOMBER BREWING CORPORATION DBA			
BRIDGE BREWING CORP.			
CATEGORY 12 BREWING INC.			
CHUKAL ENTERPRISES LIMITED			
CRAIG STREET BREWING CO. LTD.			
CRANNOG ALES LTD			
CUMBERLAND BREWING COMPANY LIMITED			
DAGERAAD BREWING INC. DBA DAGERAAD			
DEAD FROG BREWERY			
DEEP COVE BREWERS AND DISTILLERS INC.			
DOAN'S CRAFT BREWING COMPANY INC. DBA			
DOCKSIDE BREWING COMPANY			
DRIFTWOOD BREWING COMPANY INC.			
FERNIE BREWING COMPANY LIMITED			
FOUR MILE PUB LIMITED			
FOUR WINDS BREWING COMPANY LTD.			
FREDDY'S BREW PUB			
FRESHTAP POUR SYSTEM INC. DBA POSTMARK			
GLADSTONE BREWING CO. INC. DBA GLADSTONE			
GREEN LEAF BREWING CORPORATION			
GULF ISLAND BREWERY LTD.,			
HEARTHSTONE BRWERY DBA			
HERITAGE QUAY DEVELOPMENTS LTD.			
HERITAGE REALTY PROPERTIES LIMITED			
HIGH MOUNTAIN BREWING CORP.			
HOWE SOUND BREWING COMPANY LTD.			
HOYNE BREWING COMPANY			
LIGHTHOUSE BREWING CO. LTD.			
LONGWOOD BREWERY LTD. DBA LONGWOOD			
LOW COUNTRIES BREWING LTD. DBA STRANGE			
MAPLE MEADOWS BREWING COMPANY LTD DBA			
MAYNESTREAM BREWING LIMITED			
MERECROFT VILLAGE PUB AND RESTAURANT			
MISSION SPRINGS DEVELOPEMENTS			

MOODY ALES LTD.
 MOZART INN & AMADEUS PUB DBA MOZART
 MT. BEGBIE BREWING COMPANY LTD.
 NELSON BREWING CO.
 OLD YALE BREWING CO. INC.
 OLDE ABBEY ALES LTD. DBA OLDE ABBEY ALES
 PATRICIA HOTEL BREWPUB
 PERSEPHONE BREWING COMPANY INC.
 POWELL STREET CRAFT BREWERY INC.
 QUARTERDECK BREWING CO. LTD.
 R & B BREWING INCORP.
 RDO BREWING VENTURES LTD. DBA
 RED TRUCK BEER COMPANY LTD. DBA
 ROSSLAND BEER COMPANY
 SALSBURY DRIVE HOLDINGS LTD.
 SHERWOOD MOUNTAIN BREWHOUSE LTD.
 SHUSWAP LAKE BREWING COMPANY
 SPENCER HILL COTTAGE BREWERY LTD. DBA
 SPINNAKERS BREW PUB INC.
 STEAMWORKS BREWING COMPANY LTD.
 STEEL & OAK BREWING COMPANY LTD. DBA
 STEEL TOAD BREWING COMPANY LIMITED DBA
 STORM BREWING LTD.
 SURLIE BREWING COMPANY
 THE BARLEY MILL
 THE CANNERY BREWING COMPANY
 THE MOON UNDER WATER BREWERY
 THE NOBLE BREWING COMPANY
 THREE RANGES BREWING COMPANY LTD.
 TIN WHISTLE BREWING CO. LTD.,
 TOFINO BREWING COMPANY
 TORCHLIGHT BREWING INC. DBA
 TOWNSITE BREWING INC.
 VIKAS ENTERPRISE DBA COAL HARBOUR
 WHEELHOUSE BREWING COMPANY
 WHITE ROCK BEACH BEER CO. INC.
 WINE COUNTRY WELCOME CTR/FIREHALL BREWER
 WOLF BREWING COMPANY
 YALETOWN BREWING CO.
 YELLOW DOG BREWING COMPANY INC. DBA
 Grand Total

16,798,853	11,985,131	40.0
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Catungal, Renin LDB:EX

From: Lawson, R. Blain LDB:EX
Sent: Thursday, July 16, 2015 12:28 PM
To: Scott, Douglas S JAG:EX
Cc: Lori Wanamaker
Subject: Craft Beer Deck - July 16 2015 - v03.pptx
Attachments: Craft Beer Deck - July 16 2015 - v03.pptx

Importance: High

Doug,
Craft Beer deck as requested.
Blain

R. Blain Lawson

General Manager and Chief Executive Officer,
BC Liquor Distribution Branch
2625 Rupert Street, Vancouver BC V5M 3T5
T: 604 252-3021 E: blain.lawson@bcldb.com

The LDB is proud to contribute over \$1 billion annually to the Province of British Columbia. Our contribution helps provide financial support for vital public services including health care and education.



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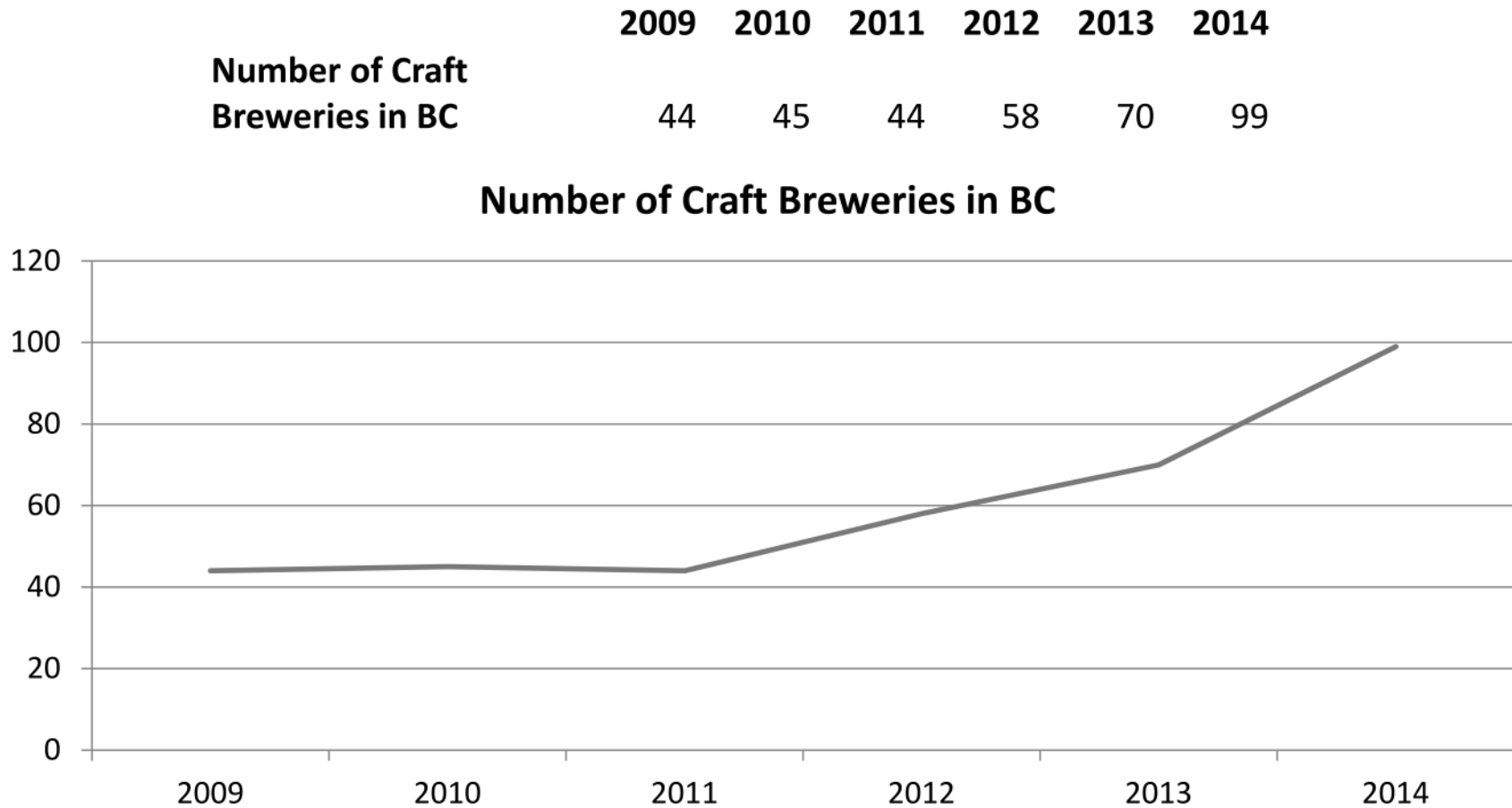
BC Craft Beer

July 16, 2015

Quick Facts

- “Craft breweries” in this discussion are breweries producing ***less than 15,000 hectolitres (hl) annually.***
- Last year alone, almost \$68 million worth of craft beer (over 15.8 million litres) was sold in the province.

Craft Breweries in BC



This information is based on the reported production levels received by the LDB from the breweries.

Wholesale Markup Changes

- Previously, the LDB employed a preferential beer mark-up system based on annual brewery production among three tiers (<15,000 hl, $15,000 \leq 160,000$ hl, and >160,000 hl).
- On April 1, the LDB implemented a more gradual mark-up increase that is applied as a brewery grows in annual production from 15,000 hl to 350,000 hl.

Page 25

Withheld pursuant to/removed as

s.12

Page 26

Withheld pursuant to/removed as

NR

Page 27 to/à Page 34

Withheld pursuant to/removed as

s.12

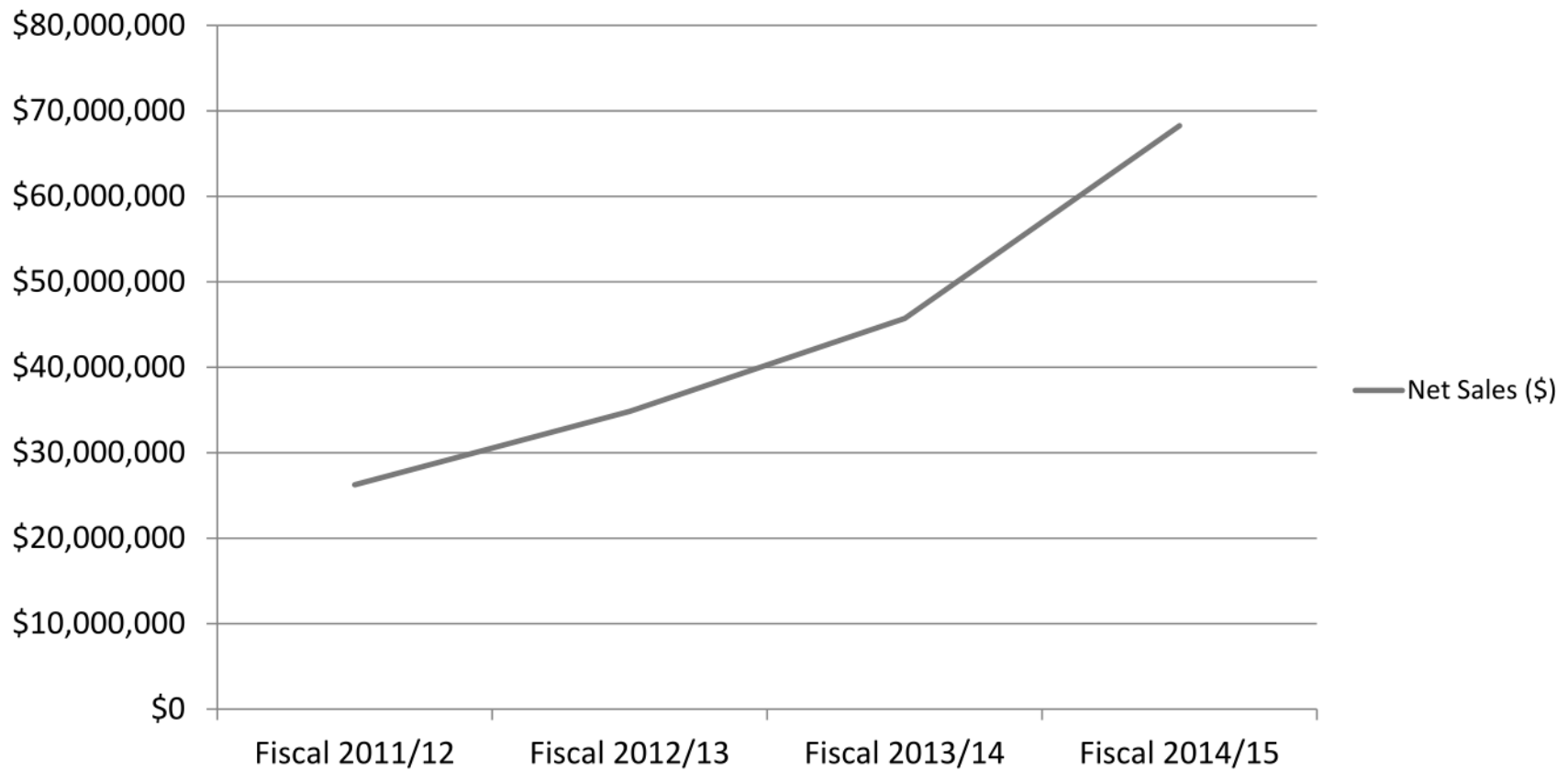
Data on Craft Beer Sales (all channels)

	Sales Data	
	Net Sales (\$)	Litres
Fiscal 2011/12	\$26,264,261	6,478,623
Fiscal 2012/13	\$34,841,900	8,608,539
Fiscal 2013/14	\$45,699,154	10,981,207
Fiscal 2014/15	\$68,270,428	15,818,961
Fiscal 2015/16 (end of P2)	\$13,443,937	3,054,401
All Fiscal Periods	\$188,519,680	44,941,731

This data includes sales through all channels (ie. Wholesale Customer Centre sales, BC Liquor Stores sales and sales to Hospitality customers).

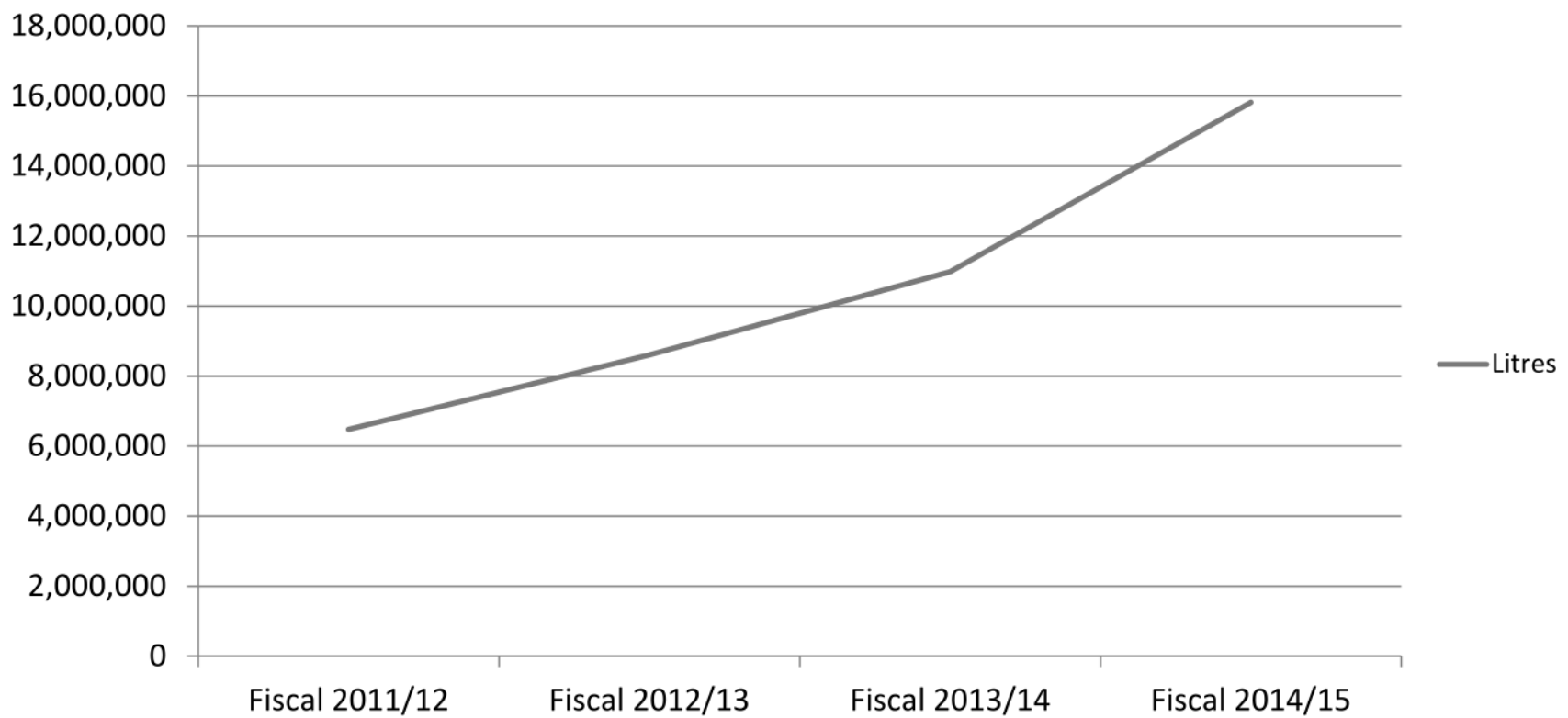
Data on Craft Beer Sales (all channels)

Growth in Craft Beer Sales by Net Sales (\$)



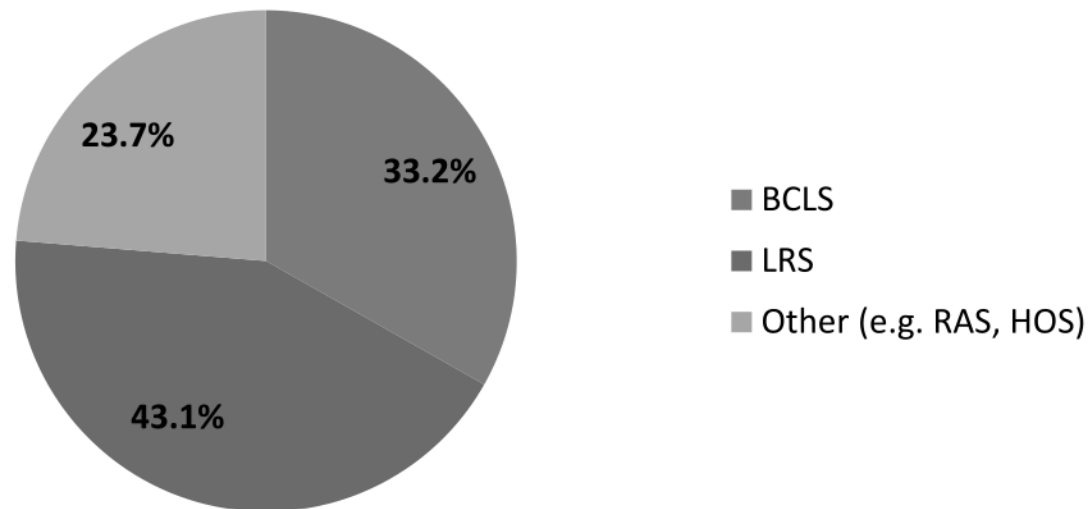
Data on Craft Beer Sales (all channels)

**Growth in Craft Beer Sales
by Litres**

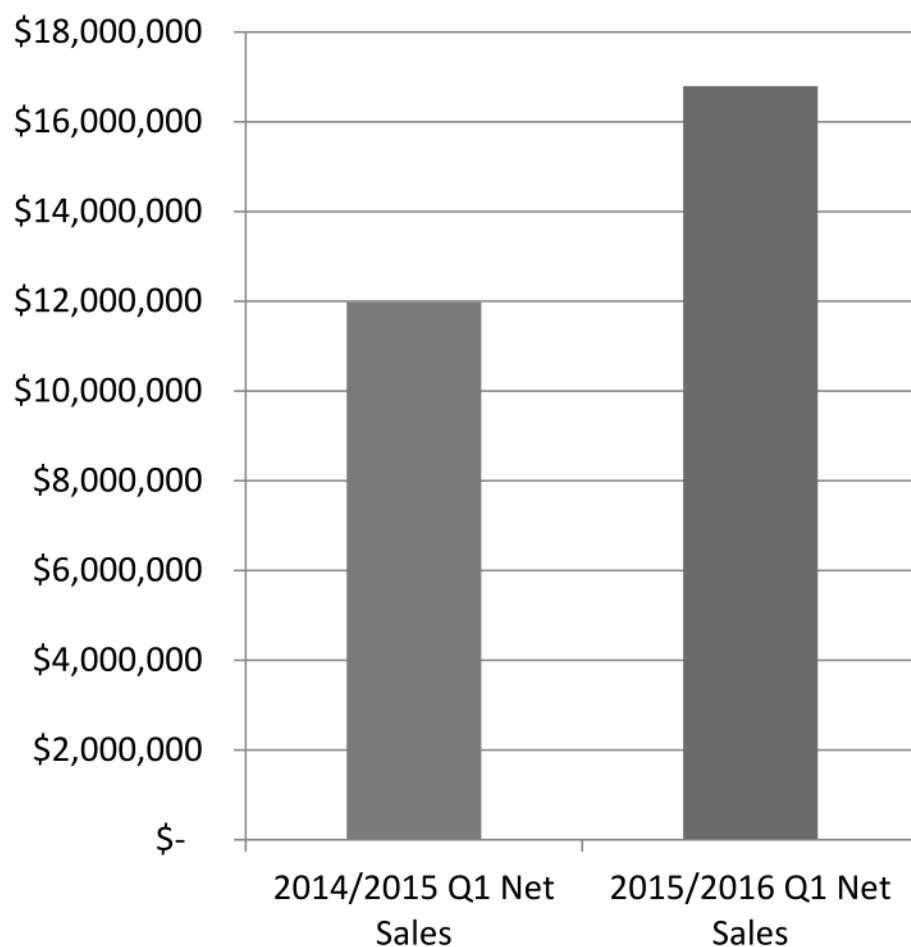


Retail Sales by Volume for 2014 (packaged beer sales only)

	BC Liquor Stores	Licensed Retail Stores	Other (e.g. Rural Agency Stores, Hospitality and On Premise)
Retail Sales by Volume	33.2%	43.1%	23.7%



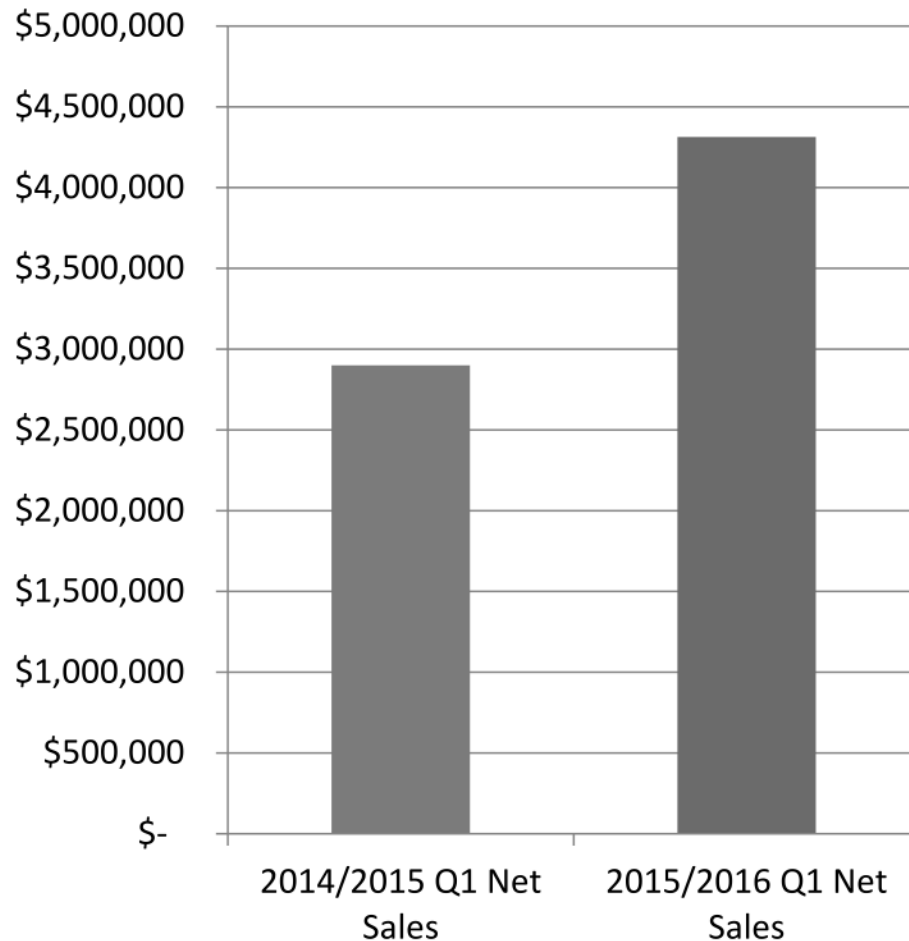
Wholesale Sales (excluding BC Liquor Stores)



2014/2015 Q1 Net Sales	2015/2016 Q1 Net Sales
\$11,985,131	\$16,798,853

40% growth in wholesale sales
between 2014/2015 Q1 and
2015/2016 Q1.

BC Liquor Store Sales

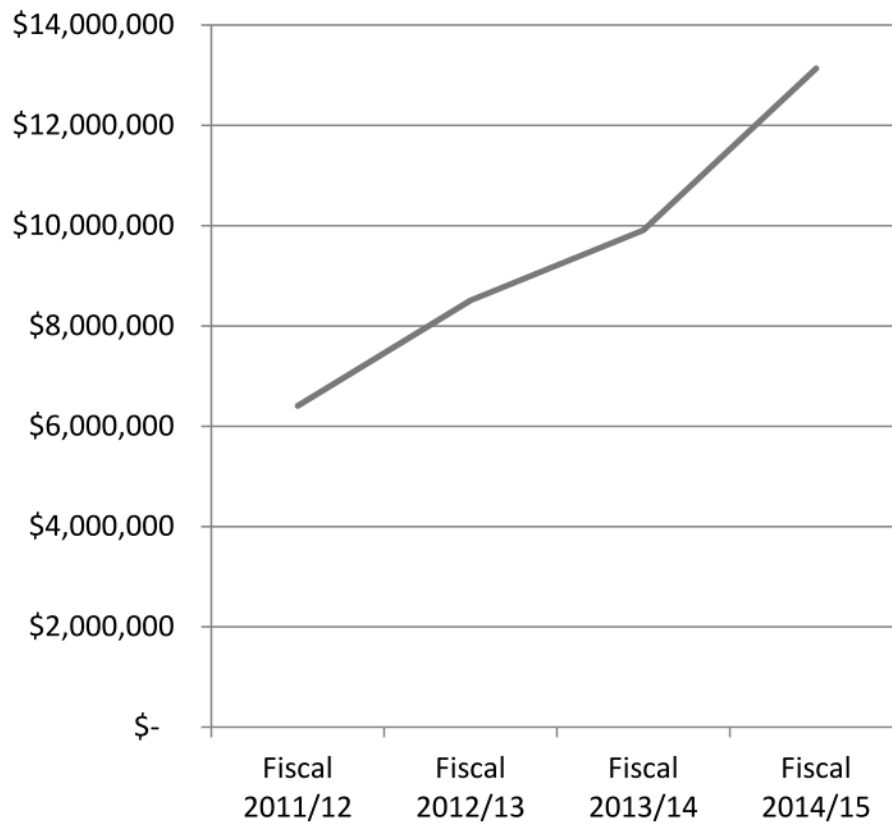


2014/2015 Q1 Net Sales	2015/2016 Q1 Net Sales
\$2,899,982	\$4,313,460

49% growth in BC Liquor Store retail sales between 2014/2015 Q1 and 2015/2016 Q1.

BC Liquor Store Sales

**Growth in Craft Beer Sales
by Gross Sales (\$)**



	Gross Sales (\$)
Fiscal 2011/12	\$ 6,407,169
Fiscal 2012/13	\$ 8,510,347
Fiscal 2013/14	\$ 9,910,395
Fiscal 2014/15	\$ 13,134,246
All Fiscal Periods	\$ 43,770,599

Representative data for Individual Manufacturers – Unit Sales

s.21

Representative data for Individual Manufacturers – Unit Sales

s.21

Representative data for Individual Manufacturers – Net Sales

s.21

Representative data for Individual Manufacturers – Net Sales

s.21

Catungal, Renin LDB:EX

From: Lawson, R. Blain LDB:EX
Sent: Thursday, July 16, 2015 2:34 PM
To: Scott, Douglas S JAG:EX
Subject: BC Microbrew Beer YOY Growth April to June.xlsx
Attachments: BC Microbrew Beer YOY Growth April to June.xlsx

BC Microbrew Beer YOY Growth in I

Current Supplier Name (<15000 hl in size)	TY Unit Sales (Apr-Jun 2015)	TY Sales \$ (Apr-Jun2015)
0996901 B.C. LTD. DBA RED COLLAR BREWING	s.21	
33 ACRES BREWING COMPANY INC.		
ALLEN BRANDS DBA PROHIBITION CRAFT BREW		
ARROWHEAD BREWING COMPANY		
BAD TATTOO BREWING CO. LIMITED		
BOMBER BREWING CORPORATION DBA		
BRIDGE BREWING CORP.		
CATEGORY 12 BREWING INC.		
DEAD FROG BREWERY		
DRIFTWOOD BREWING COMPANY INC.		
FERNIE BREWING COMPANY LIMITED		
FOUR MILE PUB LIMITED		
FOUR WINDS BREWING COMPANY LTD.		
FRESHTAP POUR SYSTEM INC. DBA POSTMARK		
GULF ISLAND BREWERY LTD.,		
HOWE SOUND BREWING COMPANY LTD.		
HOYNE BREWING COMPANY		
LIGHTHOUSE BREWING CO. LTD.		
MT. BEGBIE BREWING COMPANY LTD.		
NELSON BREWING CO.		
OLD YALE BREWING CO. INC.		
PERSEPHONE BREWING COMPANY INC.		
R & B BREWING INCORP.		
RDO BREWING VENTURES LTD. DBA		
RED TRUCK BEER COMPANY LTD. DBA		
SPINNAKERS BREW PUB INC.		
STEAMWORKS BREWING COMPANY LTD.		
THE CANNERY BREWING COMPANY		
THREE RANGES BREWING COMPANY LTD.		
TIN WHISTLE BREWING CO. LTD.,		
TOFINO BREWING COMPANY		
TOWNSITE BREWING INC.		
VIKAS ENTERPRISE DBA COAL HARBOUR		
WHEELHOUSE BREWING COMPANY		
WOLF BREWING COMPANY		
	686,639	\$ 4,313,459.71

Dollar and Unit Sales by Supplier (April to June)

LY Unit Sales (Apr-Jun 2014)	LY Sales \$ (Apr-Jun 2014)	LY vs TY Unit Sales Growth	LY vs TY Sales \$ Growth
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s.21

460,853	\$ 2,899,982.43	49%	49%
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