

## Tam, Billy LDB:EX

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**From:** Bissoondatt, Roger LDB:EX  
**Sent:** Friday, May 20, 2016 11:45 AM  
**To:** HOLD - 160830 - Kemick, April LDB:EX  
**Cc:** Low, Elaine LDB:EX  
**Subject:** Annual report

Here are your answers:

1. s.13

2.

3. All wholesale customers can purchase products from BCLS however they will pay the BCLS retail prices and not the wholesale price

We can certainly have the discussion with Doug, if it would expedite a decision.

Roger

**Roger Bissoondatt**

Chief Financial Officer, Finance  
BC Liquor Distribution Branch  
2625 Rupert Street, Vancouver BC V5M 3T5  
T: 604 252-3151 E: [roger.bissoondatt@bclddb.com](mailto:roger.bissoondatt@bclddb.com)

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## Tam, Billy LDB:EX

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**From:** Bissoondatt, Roger LDB:EX  
**Sent:** Wednesday, July 06, 2016 9:50 AM  
**To:** HOLD - 160830 - Kemick, April LDB:EX; Low, Elaine LDB:EX  
**Cc:** Turner, Caeli LDB:EX  
**Subject:** RE: FOR REVIEW: key messages and Q&As re: Annual Report  
**Attachments:** 2016-07-04 - Key Messages - LDB Annual Report - with edits.docx

Comments attached

### **Roger Bissoondatt**

Chief Financial Officer, Finance  
BC Liquor Distribution Branch  
2625 Rupert Street, Vancouver BC V5M 3T5  
T: 604 252-3151 E: [roger.bissoondatt@bclldb.com](mailto:roger.bissoondatt@bclldb.com)

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---

**From:** Kemick, April LDB:EX  
**Sent:** Tuesday, July 05, 2016 9:07 AM  
**To:** Low, Elaine LDB:EX; Bissoondatt, Roger LDB:EX  
**Cc:** Turner, Caeli LDB:EX  
**Subject:** FOR REVIEW: key messages and Q&As re: Annual Report  
**Importance:** High

Hi Elaine and Roger,

Given that the Annual Report may be released any day now (still no word on when!), I've been asked to pull together some key messages and Q&As in preparation for any questions we may get from media, stakeholders, government, etc. The document is attached.

**Would one/both of you be able to review today and send me back feedback by the end of the day today?**

You'll notice I've included some comments in the doc where I wasn't sure if I was being accurate – please pay particular attention to those, but also feel free to tweak/edit anything else. If you think there are other obvious questions that may come up that I'm missing, please also add those!

Thanks in advance for your help and please let me know if you have any questions.

Cheers,

April

**April Kemick**

Manager, Communications

BC Liquor Distribution Branch

2625 Rupert Street, Vancouver BC V5M 3T5

T: 604 252-3034 E: [april.kemick@bclddb.com](mailto:april.kemick@bclddb.com)

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## LDB ANNUAL REPORT – KEY MESSAGES

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### Background:

The LDB's 2015-16 Annual Service Plan Report is expected to be made public sometime early July 2016. This is the LDB's first Annual Report since the wholesale pricing model was implemented in April of 2015. Since that time, there has been an increasing level of public and stakeholder interest in the actions of the LDB and BC Liquor Stores, s.13

s.13

Specific areas of the Annual Report which may be of interest to the public/stakeholders include:

- **The LDB's significant increase in revenue in 2015/16.**
  - The LDB contributed \$1.03 billion to the Province in 2015/16 – 17.1 per cent, or \$150.7 million, higher than its target of 880.6 million, and 10.3 per cent higher than its contributions of \$935.2 million in 2014/15.
- **A large spike in provincial liquor sales overall.**
  - Provincial sales in 2015/16 were \$3.16 billion—\$314.9 million, or 11.1 per cent, higher than budget. This represents an increase of \$279.1 million, or 9.7 per cent, over prior year sales of \$2.88 billion.
- **An increase in BC Liquor Stores sales per square foot, and BC Liquor Stores gaining more market share overall.**
  - BC Liquor Store sales per square foot increased from \$1,236 in 2014/15 to \$1,327 in 2015/16, significantly higher than the target of \$1,190.
- **An increase in sales to BC Liquor Stores' counter customers.**
  - While all s.13 experienced increased sales compared to the previous year, the largest increase was led by sales to BC Liquor Stores' retail customers – up by 14.8 per cent.
- **An increase in the LDB's expenses.**
  - \$326 million this year – which is \$18.2 million higher than in last year.
- **A commitment to be operational in a new warehouse in 2019 – as opposed to 2018, as has been previously stated.**

s.13

### Key Messages:

- The LDB's contributions to the Province of British Columbia help to provide financial support for vital services such as health care and education.
- The LDB's 2015/16 Annual Report captures the organization's first full fiscal year of reporting since government introduced a number of significant liquor industry changes in B.C. in 2015 – including the move to a new wholesale pricing model and liquor in grocery stores.



- As with any significant industry transformation, the full impact of these changes took some time to understand – and the LDB and BC Liquor Stores’ performance targets were set well before the changes were rolled out or their full impacts were known.
- Now that the new model has been operational for more than a year, the LDB and BC Liquor Stores will be re-assessing their targets for the next Service Plan Report, to be published in early 2017.
- Overall, it’s important to note that provincial liquor sales experienced s.13 in s.13 2015/16, as a result of a number of factors including an unusually hot spring and summer, increased hours of operation at some stores, a leap year, two Easter holiday weekends, a greater number of supplier promotions, and changing consumer product consumption.

#### Q+As:

1. **The wholesale pricing model, implemented in April 2015, was supposed to ‘level the playing field’ for all liquor retailers, but instead, BC Liquor Stores gained more market share in the past year.<sup>1</sup>**

**Why are BC Liquor Stores doing better than ever before at the expense of other private liquor retailers?**

In 2015, government made some significant changes designed to put private retailers and BC Liquor Stores on a more equal footing – including implementing a new wholesale pricing model that saw BC Liquor Stores begin purchasing product at the same price as other retailers.

In line with these changes, government’s expectation was that BC Liquor Stores would be profitable and compete as an equal retailer. As such, BC Liquor Stores were permitted to make some changes – including extending operating hours and refrigeration in stores – to align with private retailers.

While all retailers experienced increased sales last year, BC Liquor Stores experienced the most significant increases as a result of the greater customer convenience that came with being permitted to expand operating hours and refrigeration to align with private stores.

2. **Is this trend expected to continue? Will BC Liquor Stores continue squeezing out private retailers in the future?**

When any industry undergoes significant transformation, it takes some time to understand the full impact of changes on the marketplace – and this is certainly true of the liquor market after the significant changes were introduced in 2015. After just one year with the changes in place, it is still difficult to predict how the market will respond going forward – or how industry stakeholders, including BC Liquor Stores and private retailers, will adjust their business strategies.

<sup>1</sup> In 2015/16, BCLS had net sales of 1.39 billion (page 47) and 43.7 per cent of total LDB sales in dollars (an increase from 41.7 in the prior year – page 19).

What we do know is that, like all other liquor retailers, government expects BC Liquor Stores to continue operating as a competitive business and supporting a profitable retail environment. Ultimately, it will be up to all retailers to compete for customers' dollars and the market will reflect their decisions.

**3. Will BC Liquor Stores be reassessing their strategies and performance goals in light of this year's very positive results?**

Yes. Like all retailers, BC Liquor Stores continually re-assesses its business strategies and goals based on factors such as the previous year's performance, market indicators and forecasting. Now that the new model has been operational for more than a year, BC Liquor Stores will be re-evaluating its targets – such as the BC Liquor Stores sales per square foot target – for the organization's next Service Plan Report, which will be published in early 2017.

**4. Provincial liquor sales in 2015/16 were way higher than budgeted and last year's actuals<sup>2</sup> – what were the reasons for the unexpected, sudden increase in liquor sales?**

It's important to note the LDB's performance targets for 2015/16 were set well before the significant liquor industry changes of 2015 were rolled out or their full impacts were known. Now that the new model has been operational for more than a year, the LDB will be re-assessing its targets for the next Service Plan Report, to be published in early 2017.

Last year's increased provincial sales were came as a result of a number of factors including an unusually hot spring and summer, increased hours of operation and refrigeration at some stores, a leap year, two Easter holiday weekends, a greater number of supplier promotions, and changing consumer product consumption.

**5. How can the LDB and government claim to care about social responsibility and public health – at the same time as provincial liquor sales are going through the roof?**

Encouraging the responsible use of alcohol remains a critical s.13 for the LDB – so much so that two of the organization's 10 performance measures, as outlined in the Annual Report, are directly related to social responsibility.

By setting a target of 100 per cent when it comes to BC Liquor Stores' compliance with ID-checking requirements – and reinforcing this measure through a stringent program that requires anyone under age 30 to be asked for two pieces of ID – the LDB remains committed to keeping alcohol out of the hands of minors. The LDB also consistently strives for 90 per cent customer awareness of the social responsibility campaigns it runs throughout the year at BC Liquor Stores, which are designed to encourage the responsible use of alcohol.

<sup>2</sup> LDB's total provincial sales for 2015/16 were \$3.157 billion – 11.1 per cent higher than the budget of \$2.842 billion and 9.7 per cent higher than last year's sales total of \$2,876 billion.

s.13

6. Before the wholesale pricing model was implemented, we were told the new model was not meant to increase revenue to government. However, this year's Annual Report shows the LDB

s.13

<sup>3</sup> What's behind the huge increase

**in revenue for Government?**

It's important to note that the LDB's revenue targets were set before the new wholesale pricing model was implemented in April 2015, so the full impacts were not known at the time. Now that the new model has been operational for more than a year, the LDB will be re-assessing its targets for the next Service Plan Report, to be published in early 2017.

Provincial liquor sales in 2015/16 were \$3.16 billion - \$314.9 million, or 11.1 per cent, higher than budgeted, and \$279.1 million, or 9.7 per cent, higher than the prior year. The increase is a result of higher sales volumes in all categories.

Increased sales—and the resulting positive impact on net income—are the result of a number of factors including an unusually hot spring and summer, increased hours of operation at BC Liquor Stores (including opening on Sundays), a leap year, two Easter holiday weekends, a greater number of supplier promotions, and changing consumer product consumption.

The LDB's contributions to the Province of British Columbia help to provide financial support for vital services such as health care and education.

7. Why are the LDB's expenses up so much in 2015/16?

One of the driving factors behind this was a significant investment in employment that was required in order to extend BC Liquor Stores operating hours to align and compete with private retailers. (Although it's important to note the employment rate as a percentage of sales at 5.9 per cent was comparable to the prior year.) Bank charges also increased by \$1.7 million due to increased use of credit cards and higher merchant fees.

8. Last year's Annual Report (page 3) said the LDB's goal was to be operational in a new warehouse in 2018. This year's report says 2019. Why is the new warehouse being delayed by a year?

This is a major, complex project and it is critical that the business case for this project follows due process and presents options to ensure value for the LDB's customers, employees and for taxpayers. The LDB is taking the necessary steps to ensure this project moves forward with as much clarity and certainty as possible by 2019.

<sup>3</sup> The LDB contributed \$1.03 billion to the Province in 2015/16 – 17.1 per cent higher than its target of 880.6 million and 10.3 per cent higher than its contributions of 935.2 million in 2014/15.

s.13

s.13

## Tam, Billy LDB:EX

---

**From:** Bissoondatt, Roger LDB:EX  
**Sent:** Wednesday, July 06, 2016 2:17 PM  
**To:** HOLD - 160830 - Kemick, April LDB:EX; Low, Elaine LDB:EX  
**Cc:** Turner, Caeli LDB:EX  
**Subject:** RE: FOR REVIEW: key messages and Q&As re: Annual Report

Hi April, if you look at page 20, the tables indicate the allocation of sales - \$ and litres for the past years. If you compare the allocation you will see the growth and market distribution.

Roger

### **Roger Bissoondatt**

Chief Financial Officer, Finance  
BC Liquor Distribution Branch  
2625 Rupert Street, Vancouver BC V5M 3T5  
T: 604 252-3151 E: [roger.bissoondatt@bclldb.com](mailto:roger.bissoondatt@bclldb.com)

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**From:** Kemick, April LDB:EX  
**Sent:** Wednesday, July 06, 2016 12:12 PM  
**To:** Bissoondatt, Roger LDB:EX; Low, Elaine LDB:EX  
**Cc:** Turner, Caeli LDB:EX  
**Subject:** RE: FOR REVIEW: key messages and Q&As re: Annual Report

Hi Roger,

Thanks for your comments. I went through them and they all look great but I do have one outstanding question:

On page 1 of the doc, I asked you whether BCLS gained more market share and whether we have the most market share, and you said yes to both.

Where exactly in the Annual Report (attached) does it show that we have the most market share? (Or is that not included?)

Cheers,

April

**April Kemick**

Manager, Communications  
BC Liquor Distribution Branch  
2625 Rupert Street, Vancouver BC V5M 3T5  
T: 604 252-3034 E: [april.kemick@bcldb.com](mailto:april.kemick@bcldb.com)

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**Cc:** Turner, Caeli LDB:EX  
**Subject:** RE: FOR REVIEW: key messages and Q&As re: Annual Report

Comments attached

**Roger Bissoondatt**

Chief Financial Officer, Finance  
BC Liquor Distribution Branch  
2625 Rupert Street, Vancouver BC V5M 3T5  
T: 604 252-3151 E: [roger.bissoondatt@bcldb.com](mailto:roger.bissoondatt@bcldb.com)

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**Cc:** Turner, Caeli LDB:EX  
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**Importance:** High

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Thanks in advance for your help and please let me know if you have any questions.

Cheers,

April

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Manager, Communications

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## Tam, Billy LDB:EX

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**From:** Bissoondatt, Roger LDB:EX  
**Sent:** Thursday, July 07, 2016 6:17 PM  
**To:** HOLD - 160830 - Kemick, April LDB:EX; Low, Elaine LDB:EX  
**Subject:** RE: FOR REVIEW: three more questions re: Annual Report

See edits below.

### **Roger Bissoondatt**

Chief Financial Officer, Finance  
BC Liquor Distribution Branch  
2625 Rupert Street, Vancouver BC V5M 3T5  
T: 604 252-3151 E: [roger.bissoondatt@bcldb.com](mailto:roger.bissoondatt@bcldb.com)

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**From:** Kemick, April LDB:EX  
**Sent:** Thursday, July 07, 2016 1:16 PM  
**To:** Bissoondatt, Roger LDB:EX; Low, Elaine LDB:EX  
**Subject:** FOR REVIEW: three more questions re: Annual Report

Hi Roger and Elaine,

I thought of three more questions we should add to the Annual Report Key Message/Q&A doc, since they may be raised by stakeholders/the media/government.

I've included them here. Could you please review and give me your feedback in the next day or so? You'll note that I haven't drafted any answer for #3 – I would appreciate your guidance on this one in particular.

### **1. Are BC Liquor Stores profitable?**

Yes – the BC Liquor Stores retail chain is profitable. As is the case with any large retail chain, some stores are more profitable than others – and all stores now have<sup>s.13</sup> more flexibility and options to improve their business effectiveness and profitability by aligning their operating hours and convenience to customers ( such as refrigeration) with private retailers.

Government's expectation is that BC Liquor Stores will be profitable and compete, in order to continue meeting revenue targets. This means we are continually evaluating our operations to ensure we're running as efficiently and effectively as possible.

**2. If the LDB has separated its retail and wholesale divisions, why aren't BC Liquor Stores' profits separately in the Annual Report?**

Page 47 of the Annual Report provides information on BC Liquor Stores' operating results as a customer of the LDB wholesale operations. Information such as BC Liquor Stores' net sales, gross margin and expenses can be found there.

Because BC Liquor Stores are expected to compete as an equal retailer, competitive business information – such as detailed store-level reporting – <sup>s.13</sup> ) is not publicly shared with other retailers. This decision reflects the current competitive landscape, where no liquor retailer would endeavour to share their business information with competitors.

**3. How much of the LDB's annual revenue comes from BC Liquor Stores, versus from the LDB's wholesale division?**

Due to the current competitive landscape of liquor retailing, disclosure of the performance of the BCLS is limited to the information disclosed on page 47 of the Annual Report.

ROGER/ELAINE – how should this question be answered?

**April Kemick**

Manager, Communications

BC Liquor Distribution Branch

2625 Rupert Street, Vancouver BC V5M 3T5

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## Tam, Billy LDB:EX

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**From:** Bissoondatt, Roger LDB:EX  
**Sent:** Wednesday, May 11, 2016 5:51 PM  
**To:** HOLD - 160830 - Kemick, April LDB:EX; Low, Elaine LDB:EX  
**Subject:** RE: FOR URGENT REVIEW/FEEDBACK: revised Annual Report

Thanks April. I guess we can say it was not done by April??

Roger

**Roger Bissoondatt**  
Chief Financial Officer, Finance  
BC Liquor Distribution Branch  
2625 Rupert Street, Vancouver BC V5M 3T5  
T: 604 252-3151 E: [roger.bissoondatt@bclddb.com](mailto:roger.bissoondatt@bclddb.com)

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**From:** Kemick, April LDB:EX  
**Sent:** Wednesday, May 11, 2016 4:09 PM  
**To:** Low, Elaine LDB:EX  
**Cc:** Bissoondatt, Roger LDB:EX  
**Subject:** Re: FOR URGENT REVIEW/FEEDBACK: revised Annual Report

Hi Elaine and Roger,

FYI, I just talked to the Ministry again and they would prefer we send a total package WITH the audited financial statements, so they have extended our deadline (again) to end of day Friday.

This means I do NOT need your edits today as previously directed below. If you can send me your edits by end of day tomorrow, that will be great - and then send me the auditors' signed financial statements for inclusion whenever you have them.

Thank you for all your help.

Cheers,

April

Sent from my BlackBerry 10 smartphone on the TELUS network.

---

**From:** Kemick, April LDB:EX  
**Sent:** Wednesday, May 11, 2016 12:20 PM  
**To:** Low, Elaine LDB:EX  
**Cc:** Bissoondatt, Roger LDB:EX  
**Subject:** FOR URGENT REVIEW/FEEDBACK: revised Annual Report

Hi Elaine and Roger,

Attached is a revised draft of the Annual Report that incorporates your most recent edits, and the updated financial statements. Elaine, please review carefully to ensure we haven't somehow messed up the formatting for the financial statements!

**I am also including in this draft several more comments/questions for you that I'm hoping you can address by end of day today** <sup>s.13</sup>, and I've broken those out for you to address in here. Hopefully nothing too time-consuming. The Ministry is hoping I can send them our clean draft by end of day today (although I told them we might not be able to get it in until tomorrow.)

Apologies, as always, for the tight turnaround. The timelines are totally INSANE this year.

FYI, <sup>s.22</sup>, but I'll be on email if you have any questions.

Thanks for your help.

Cheers,

April

## Tam, Billy LDB:EX

---

**From:** Bissoondatt, Roger LDB:EX  
**Sent:** Tuesday, February 16, 2016 4:17 PM  
**To:** HOLD - 160830 - Kemick, April LDB:EX  
**Cc:** Turner, Caeli LDB:EX; Wong, Audrey LDB:EX  
**Subject:** Re: Question re: fiscal plan

s.13,s.17

. Do you need the breakdown?

Roger

Sent from my iPhone

On Feb 16, 2016, at 4:13 PM, Kemick, April LDB:EX <[april.kemick@bclldb.com](mailto:april.kemick@bclldb.com)> wrote:

s.13,s.17

Roger can you confirm?

**April Kemick**

Manager, Communications

BC Liquor Distribution Branch

2625 Rupert Street, Vancouver BC V5M 3T5

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**Sent:** Tuesday, February 16, 2016 4:12 PM  
**To:** Bissoondatt, Roger LDB:EX  
**Cc:** Wong, Audrey LDB:EX; Kemick, April LDB:EX  
**Subject:** Re: Question re: fiscal plan  
Thanks Roger. Just to clarify - the funds do encompass BCLS upgrades/refrigeration too?

Sent from my iPhone

On Feb 16, 2016, at 3:56 PM, Bissoondatt, Roger LDB:EX <[Roger.Bissoondatt@bclldb.com](mailto:Roger.Bissoondatt@bclldb.com)> wrote:

Hi caeli, the funds are the capital funding for the next three years as you indicated.

s.13,s.17

s.13,s.17

Let me know if you need more info  
Roger  
ent from my iPhone

On Feb 16, 2016, at 3:46 PM, Turner, Caeli LDB:EX <[caeli.turner@bclddb.com](mailto:caeli.turner@bclddb.com)> wrote:

Hi Roger,

s.13,s.17

s.13,s.17 will be invested by the Liquor Distribution Branch  
for costs related to  
updates and improvements to retail stores, technology-related  
projects and ongoing  
operating equipment replacements.  
s.13,s.17

s.13,s.17 Any other details you can provide would be much  
appreciated.

**Caeli Turner**

A/Director, Policy & Communications, Corporate Performance  
Services

BC Liquor Distribution Branch

2625 Rupert Street, Vancouver BC V5M 3T5

T: 604 252-3196 E: [caeli.turner@bclddb.com](mailto:caeli.turner@bclddb.com)

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attachments.

## Tam, Billy LDB:EX

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**From:** Low, Elaine LDB:EX  
**Sent:** Wednesday, May 18, 2016 7:37 PM  
**To:** HOLD - 160830 - Kemick, April LDB:EX  
**Cc:** Bissoondatt, Roger LDB:EX  
**Subject:** 2016-05-17 - LDB Annual Service Plan Report-DRAFT EL  
**Attachments:** 2016-05-17 - LDB Annual Service Plan Report-DRAFT EL.docx

April, here is the latest version.

I have not yet heard back from the auditors regarding Appendix A, but am forwarding to you now so that you can start your changes. Due to the revisions, the page formatting needs to be adjusted.

I am hoping to get the auditor's responses before you send back to the Ministry tomorrow.

## Tam, Billy LDB:EX

---

**From:** Low, Elaine LDB:EX  
**Sent:** Wednesday, June 01, 2016 6:29 PM  
**To:** Moore, Lisa OAG:EX  
**Cc:** Bissoondatt, Roger LDB:EX  
**Subject:** FW: FOR AUDITOR's REVIEW: Current Annual Report  
**Attachments:** 2016-05-31 - LDB Annual Service Plan Report-DRAFT\_CLEAN.docx

**Importance:** High

Hi Lisa,

Attached is the latest version of the LDB's annual report for your review. If you could review this in the next few days that would be appreciated.

Thanks.

### Elaine Low

Director, Finance - Planning and Reporting  
BC Liquor Distribution Branch  
2625 Rupert Street, Vancouver BC V5M 3T5  
T: 604 252-3158 E: [elaine.low@bclddb.com](mailto:elaine.low@bclddb.com)

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---

**From:** Kemick, April LDB:EX  
**Sent:** Wednesday, June 01, 2016 12:49 PM  
**To:** Low, Elaine LDB:EX  
**Cc:** Bissoondatt, Roger LDB:EX  
**Subject:** FOR AUDITOR's REVIEW: Current Annual Report  
**Importance:** High

Hi Elaine,

You had mentioned that, since we've incorporated some significant changes into the Annual Report over the last few weeks, s.13  
s.13

Attached is the most recent version. s.13  
s.13

Cheers,

April

**April Kemick**

Manager, Communications

BC Liquor Distribution Branch

2625 Rupert Street, Vancouver BC V5M 3T5

T: 604 252-3034 E: [april.kemick@bclddb.com](mailto:april.kemick@bclddb.com)

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## Tam, Billy LDB:EX

---

**From:** Low, Elaine LDB:EX  
**Sent:** Wednesday, May 18, 2016 2:15 PM  
**To:** john.k.bunting@ca.pwc.com; Bissoondatt, Roger LDB:EX; Jones, Russ OAG:EX; Moore, Lisa OAG:EX  
**Subject:** FW: LDB Annual Report  
**Attachments:** LDB revised Appendix A.docx

To All,

Incorporating all the feedback on Appendix A, attached is an updated version.

John, LDB had a conference call with Russ and Lisa this morning <sup>s.13</sup>  
s.13

Please review and see if this addresses the feedback.

Lisa/Russ – we will send the full updated annual report as you had other comments; however, I wanted to get this piece reviewed first.

Regards,

**Elaine Low**

Director, Finance - Planning and Reporting  
BC Liquor Distribution Branch  
2625 Rupert Street, Vancouver BC V5M 3T5  
T: 604 252-3158 E: [elaine.low@bcldb.com](mailto:elaine.low@bcldb.com)

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**From:** john.k.bunting@ca.pwc.com [mailto:john.k.bunting@ca.pwc.com]  
**Sent:** Monday, May 16, 2016 5:41 PM  
**To:** Low, Elaine LDB:EX  
**Cc:** jessica.e.rockliff@ca.pwc.com  
**Subject:** Re: LDB Annual Report

Elaine - please see my comments on page 46. <sup>s.13,s.17</sup>  
s.13,s.17

You better check this with Russ and his team as well I would think, please pass my thoughts along.



John

**John K. Bunting**

PwC | Partner | Audit and Assurance Group

T: +1 604 806 7797

Email: [john.k.bunting@ca.pwc.com](mailto:john.k.bunting@ca.pwc.com)

Assistant: Nicola Agnew | T: +1 604 806 7878

Email – [nicola.j.agnew@ca.pwc.com](mailto:nicola.j.agnew@ca.pwc.com)

PricewaterhouseCoopers LLP

PricewaterhouseCoopers Place,

250 Howe Street, Suite 700, Vancouver BC V6C 3S7

<http://www.pwc.com/ca>

From: "Low, Elaine LDB:EX" <[Elaine.Low@bcldb.com](mailto:Elaine.Low@bcldb.com)>

To: Jessica E. Rockliff/CA/ABAS/PwC@Americas-CA, John K. Bunting/CA/ABAS/PwC@Americas-CA

Date: 05/16/2016 11:13 AM

Subject: LDB Annual Report

---

Hello John/Jessica,

I was wondering if you can take a quick look at the LDB annual report.

We have included in the appendix on page 46, the BCLS financial results.

One page 16 we have explicitly stated that “ all transactions between the two lines of business have been eliminated from the LDB financial results.”

On page 46, the BCLS numbers consist of the following:

Sales: Net (without) CRF which is consistent with the corporate accounting policy.

Gross Margin – based on the cost at wholesale price (not duty paid cost, as in the consolidated statements)

Direct Expenses - Includes order processing fees ( internal transaction – LDB wholesale charge)

**Elaine Low**

Director, Finance - Planning and Reporting  
BC Liquor Distribution Branch  
2625 Rupert Street, Vancouver BC V5M 3T5  
T: 604 252-3158 E: [elaine.low@bcldb.com](mailto:elaine.low@bcldb.com)

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[attachment "2016-05-13 - LDB Annual Service Plan Report-DRAFT.docx" deleted by John K. Bunting/CA/ABAS/PwC]

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## Tam, Billy LDB:EX

---

**From:** Low, Elaine LDB:EX  
**Sent:** Monday, May 16, 2016 5:52 PM  
**To:** Bissoondatt, Roger LDB:EX  
**Subject:** FW: LDB Annual Report  
**Attachments:** 2016-05-13 - LDB Annual Service Plan Report-DRAFT.docx

Let's discuss tomorrow.

### Elaine Low

Director, Finance - Planning and Reporting  
BC Liquor Distribution Branch  
2625 Rupert Street, Vancouver BC V5M 3T5  
T: 604 252-3158 E: [elaine.low@bclddb.com](mailto:elaine.low@bclddb.com)

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**From:** john.k.bunting@ca.pwc.com [mailto:[john.k.bunting@ca.pwc.com](mailto:john.k.bunting@ca.pwc.com)]  
**Sent:** Monday, May 16, 2016 5:41 PM  
**To:** Low, Elaine LDB:EX  
**Cc:** [jessica.e.rockliff@ca.pwc.com](mailto:jessica.e.rockliff@ca.pwc.com)  
**Subject:** Re: LDB Annual Report

Elaine - please see my comments on page 46. s.13,s.17  
s.13,s.17

You better check this with Russ and his team as well I would think, please pass my thoughts along.

John

**John K. Bunting**  
PwC | Partner | Audit and Assurance Group  
T: +1 604 806 7797  
Email: [john.k.bunting@ca.pwc.com](mailto:john.k.bunting@ca.pwc.com)

Assistant: Nicola Agnew | T: +1 604 806 7878

## Tam, Billy LDB:EX

---

**From:** Low, Elaine LDB:EX  
**Sent:** Thursday, May 12, 2016 9:57 AM  
**To:** Bissoondatt, Roger LDB:EX  
**Subject:** FW: LDB capital plan

### Elaine Low

Director, Finance - Planning and Reporting  
BC Liquor Distribution Branch  
2625 Rupert Street, Vancouver BC V5M 3T5  
T: 604 252-3158 E: [elaine.low@bclldb.com](mailto:elaine.low@bclldb.com)

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---

**From:** Low, Elaine LDB:EX  
**Sent:** Monday, May 09, 2016 9:33 AM  
**To:** Chen, Brian LDB:EX  
**Subject:** RE: LDB capital plan

Warehouse project total is <sup>s.13,s.17</sup>

### Elaine Low

Director, Finance - Planning and Reporting  
BC Liquor Distribution Branch  
2625 Rupert Street, Vancouver BC V5M 3T5  
T: 604 252-3158 E: [elaine.low@bclldb.com](mailto:elaine.low@bclldb.com)

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It has already been updated by Hank on April 28<sup>th</sup>. This is the most up-to-date three year capital plan.

[illegible]

S:\finmgmt\FinRep\Quarterly FS\2015-2016\Q4\Capital Operating plan for Ministry Q4 201516.xls

Hank updated it on April 28<sup>th</sup>. This is the most up-to-date three year capital plan.

Thanks,  
Brian

**From:** Low, Elaine LDB:EX  
**Sent:** Monday, May 09, 2016 8:38 AM  
**To:** Chen, Brian LDB:EX  
**Subject:** LDB capital plan

Is this still the current plan for 2016/17 and onwards?

Can you update for 2015/16 actuals.

2014/15	2015/16	Projection 2015/16	Forecast 2016/17
s.13,s.17			
Refineries			
Capital Project			
Total Capital			

Director, Finance - Planning and Reporting  
BC Liquor Distribution Branch  
2625 Rupert Street, Vancouver BC V5M 3T5  
T: 604 252-3158 E: [elaine.low@bcldb.com](mailto:elaine.low@bcldb.com)



**LIQUOR  
DISTRIBUTION  
BRANCH**

**BC LIQUOR DISTRIBUTION BRANCH  
STATEMENT OF CAPITAL**

Account	Major Category	Actual 2015/16	Forecast 2016/17	Forecast 2017/18	Forecast 2018/19	3 Year Plan Total
17050 & 17310	Improvements to Owned Properties	s.13,s.17				
17110	Information Systems					
17210	Mobile Equipment					
17410	Office Furniture & Equip					
17510	Operating Equipment					
17610	Tenant Improvements					
17810	Vehicles					
17910	Intangible Assets - Software					
<b>Total Operating Capital</b>						
<b>Capital Project</b>						
<b>Distribution Warehouse Relocation</b>						
<b>Total Capital</b>						

## Tam, Billy LDB:EX

---

**From:** Low, Elaine LDB:EX  
**Sent:** Thursday, May 12, 2016 11:44 AM  
**To:** Bissoondatt, Roger LDB:EX  
**Subject:** FW: LDB Capital  
**Attachments:** Capital Operating plan for Ministry Q4\_201516.xls

As requested.

### Elaine Low

Director, Finance - Planning and Reporting  
BC Liquor Distribution Branch  
2625 Rupert Street, Vancouver BC V5M 3T5  
T: 604 252-3158 E: [elaine.low@bclddb.com](mailto:elaine.low@bclddb.com)

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---

**From:** Fang, Hank LDB:EX  
**Sent:** Thursday, May 12, 2016 11:33 AM  
**To:** Negara, Vladislav LDB:EX  
**Cc:** Low, Elaine LDB:EX  
**Subject:** RE: LDB Capital

Please see file attached.

### Hank Fang

Financial Analyst, Finance - Financial Planning and Reporting  
BC Liquor Distribution Branch  
2625 Rupert Street, Vancouver BC V5M 3T5  
T: 604 252-3178 E: [hank.fang@bclddb.com](mailto:hank.fang@bclddb.com)

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---

**From:** Negara, Vladislav LDB:EX  
**Sent:** Thursday, May 12, 2016 10:39 AM  
**To:** Fang, Hank LDB:EX  
**Cc:** Low, Elaine LDB:EX  
**Subject:** FW: LDB Capital  
**Importance:** High

Hi Hank,

Can you help with this one? See message from Roger below...

Thanks,

**Vladislav Negara**

A/ Manager, Budgets, Finance  
Finance - Planning and Reporting  
2625 Rupert Street, Vancouver BC V5M 3T5  
T: 604 252-3284 E: [vladislav.negara@bcldb.com](mailto:vladislav.negara@bcldb.com)

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---

**From:** Bissoondatt, Roger LDB:EX  
**Sent:** Thursday, May 12, 2016 09:52  
**To:** Negara, Vladislav LDB:EX  
**Cc:** Low, Elaine LDB:EX  
**Subject:** FW: LDB Capital

Hi Vlad, can you check the figures below and for 2015/16 Projection, can you change it to actual figures?

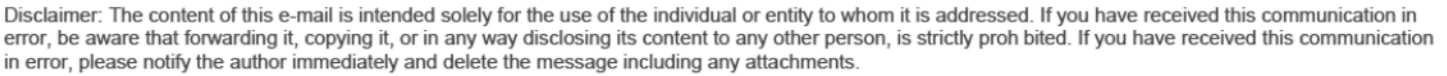
Thanks

Roger

**Roger Bissoondatt**

Chief Financial Officer, Finance  
BC Liquor Distribution Branch  
2625 Rupert Street, Vancouver BC V5M 3T5  
T: 604 252-3151 E: [roger.bissoondatt@bcldb.com](mailto:roger.bissoondatt@bcldb.com)

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Hi Roger, Blain:

In conversation with Tim, he was looking to update the information in the paragraph and table below that was used in previous briefing materials, was hoping you would be able to provide 2016/17 and update as needed? s.13,s.17

Please let me know if you have any questions,

Many thanks!

## Karyn

Estimates Table:

1. Please provide a breakdown of planned and actual capital expenditures for 2015/16 Budget 2016 (e.g. 2016/17 – 2018/19), per example below:

**s.13,s.17**

Please update and validate:

s.13,s.17

## Tam, Billy LDB:EX

---

**From:** Low, Elaine LDB:EX  
**Sent:** Friday, July 15, 2016 12:38 AM  
**To:** Bissoondatt, Roger LDB:EX  
**Subject:** Fw: RE Budget review

s.13

Sent from my BlackBerry 10 smartphone on the TELUS network.

---

**From:** Cheung, Lily LDB:EX  
**Sent:** Thursday, July 14, 2016 10:17 PM  
**To:** May, Jaime LDB:EX  
**Cc:** James, Rob LDB:EX; Procopio, Michael LDB:EX; Nanji, Amin LDB:EX; Chen, Brian LDB:EX; Low, Elaine LDB:EX; Bissoondatt, Roger LDB:EX  
**Subject:** Re: RE Budget review

Thank you so much Jaime for the quick follow-up and response. I will discuss with Amin and Mike for next steps.

Thank you.

Sent from my BlackBerry 10 smartphone on the TELUS network.

---

**From:** May, Jaime LDB:EX  
**Sent:** Thursday, July 14, 2016 4:56 PM  
**To:** Cheung, Lily LDB:EX  
**Cc:** James, Rob LDB:EX; Procopio, Michael LDB:EX; Nanji, Amin LDB:EX; Chen, Brian LDB:EX; Low, Elaine LDB:EX; Bissoondatt, Roger LDB:EX  
**Subject:** RE: RE Budget review

Hi Lily, we have confirmation on accounting policies. All existing rules apply.

s.13,s.17

3

I may not have addressed all questions, but we can discuss further at our next meeting.  
Hope that helps,

**Jaime May**, CPA, CMA, PMP

Finance Director, Retail, Finance - Retail

BC Liquor Distribution Branch

2625 Rupert Street, Vancouver BC V5M 3T5

T: 604 252-2860 E: [jaime.may@bclldb.com](mailto:jaime.may@bclldb.com)

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---

**From:** Cheung, Lily LDB:EX

**Sent:** Wednesday, July 13, 2016 3:39 PM

**To:** Procopio, Michael LDB:EX; Nanji, Amin LDB:EX; May, Jaime LDB:EX; Chen, Brian LDB:EX

**Cc:** James, Rob LDB:EX

**Subject:** RE: RE Budget review

Please find attached the breakdown of the RE forecasted budget by Accounting View (i.e Marked in Orange Heading) and New Functionality (or Sponsor) View (i.e. Marked in Purple Heading).

<< File: 20160706\_RE\_Budget Needs Assessment - Finance.xlsx >>

A few areas discussed:

s.13

- With Accounting View,
  - s.13,s.17
  -
- Jaime & Brian to follow-up with Elaine Low and Roger B.
  - s.13
- Jaime & Brian to follow-up with Elaine Low and Roger B.
  - s.13,s.17
- Jaime & Brian to follow-up with Elaine Low and Roger B.
  - s.13
- Lily with Amin.
  - s.13,s.17
- Lily with Amin.

Next Step:

Jaime and Brian will follow-up with Roger and Elaine. They will contact Lily on updates, so that we can schedule another meeting to discuss.

Thanks everyone!

**Lily Cheung**

Manager, Integrated Competency Center, Information Services

BC Liquor Distribution Branch

2625 Rupert Street, Vancouver BC V5M 3T5

T: 604 252-3164 E: [lily.cheung@bcldb.com](mailto:lily.cheung@bcldb.com)

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-----Original Appointment-----

**From:** Cheung, Lily LDB:EX

**Sent:** Tuesday, July 12, 2016 8:33 AM

**To:** Cheung, Lily LDB:EX; Procopio, Michael LDB:EX; Nanji, Amin LDB:EX; May, Jaime LDB:EX; Chen, Brian LDB:EX; James, Rob LDB:EX

**Subject:** RE Budget review

**When:** Wednesday, July 13, 2016 2:00 PM-3:00 PM (UTC-08:00) Pacific Time (US & Canada).

**Where:** s.15

Room changed to s.15

Hope you can still join us.

Thanks.

## Tam, Billy LDB:EX

---

**From:** Low, Elaine LDB:EX  
**Sent:** Wednesday, June 15, 2016 5:22 PM  
**To:** Bissoondatt, Roger LDB:EX  
**Subject:** FW: Validate budget with Roger

Does s.13, s.17 in operating expenses for wholesale operations in 2015/16 sound familiar? I will also check with Brian and Ashley.

### Elaine Low

Director, Finance - Planning and Reporting  
BC Liquor Distribution Branch  
2625 Rupert Street, Vancouver BC V5M 3T5  
T: 604 252-3158 E: [elaine.low@bclddb.com](mailto:elaine.low@bclddb.com)

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---

**From:** Cooper, Todd LDB:EX  
**Sent:** Wednesday, June 15, 2016 5:15 PM  
**To:** Low, Elaine LDB:EX  
**Subject:** RE: Validate budget with Roger

Yes please

### Todd Cooper

Executive Director, Wholesale Operations  
BC Liquor Distribution Branch  
3200 East Broadway, Vancouver BC V5M 1Z6  
T: 604 252-3360 E: [todd.cooper@bclddb.com](mailto:todd.cooper@bclddb.com)

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---

**From:** Low, Elaine LDB:EX  
**Sent:** Wednesday, June 15, 2016 5:11 PM  
**To:** Cooper, Todd LDB:EX; Scott, Karyn L CSCD:EX  
**Subject:** RE: Validate budget with Roger

Yes, the 10.3% and \$326M are the LDB amounts.

For wholesale, the wholesale operations departmental operating costs were s.13,s.17 , excluding the portion of freight moved to COGS. s.13

s.13

s.13,s.17

Do you want me to follow up with my staff tomorrow to see if we can find where the s.13,s came from?

**Elaine Low**

Director, Finance - Planning and Reporting  
BC Liquor Distribution Branch  
2625 Rupert Street, Vancouver BC V5M 3T5  
T: 604 252-3158 E: [elaine.low@bcldb.com](mailto:elaine.low@bcldb.com)

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---

**From:** Cooper, Todd LDB:EX  
**Sent:** Wednesday, June 15, 2016 4:28 PM  
**To:** Scott, Karyn L CSCD:EX; Low, Elaine LDB:EX  
**Subject:** RE: Validate budget with Roger

Elaine, I can see the 10.3% and 326M at the consolidated level but I cannot find s.13,s.17 | for wholesale anywhere. For wholesale I see either s.13,s.17 restated or s.13,s.17 | with transportation in.

**Todd Cooper**

Executive Director, Wholesale Operations  
BC Liquor Distribution Branch  
3200 East Broadway, Vancouver BC V5M 1Z6  
T: 604 252-3360 E: [todd.cooper@bcldb.com](mailto:todd.cooper@bcldb.com)

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**From:** Scott, Karyn L CSCD:EX  
**Sent:** Wednesday, June 15, 2016 2:20 PM  
**To:** Low, Elaine LDB:EX  
**Cc:** Cooper, Todd LDB:EX  
**Subject:** Validate budget with Roger

Hi Elaine:

I understand s.22 s.13,s.17  
s.13,s.17 . Since the ASPR has not been released, hoping you can provide this information.

Please be in touch with any questions.,

Thank you,

Karyn

The LDB's operating costs in 2015/16 represented 10.3 per cent of sales or \$326 million. The wholesale division's operating costs were s.13,s.17 of sales over the same period. The distribution centre's largest operating cost drivers are labour and transportation.

Comment  
Comment  
Comment

<sup>[1]</sup> Excludes freight, which has been added to COGS starting in 2015/16.

## Tam, Billy LDB:EX

---

**From:** Low, Elaine LDB:EX  
**Sent:** Wednesday, May 18, 2016 10:15 AM  
**To:** Bissoondatt, Roger LDB:EX; Moore, Lisa OAG:EX; Jones, Russ OAG:EX  
**Subject:** LDB annual report  
**Attachments:** LDB Appendix A.docx

For the conference call today, attached is a revised Appendix A for discussion.

### Elaine Low

Director, Finance - Planning and Reporting  
BC Liquor Distribution Branch  
2625 Rupert Street, Vancouver BC V5M 3T5  
T: 604 252-3158 E: [elaine.low@bclddb.com](mailto:elaine.low@bclddb.com)

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## Tam, Billy LDB:EX

---

**From:** Low, Elaine LDB:EX  
**Sent:** Tuesday, May 31, 2016 3:46 PM  
**To:** Skillings, Chris FIN:EX; Chiang, Michael M FIN:EX; Mortimer, David JTST:EX; Campbell, Tracy CSCD:EX  
**Cc:** Bissoondatt, Roger LDB:EX  
**Subject:** LDB Budget Update  
**Attachments:** 2016-17 Budget Update 05312016.xlsm

Attached is the LDB's budget update. At this time, LDB has not done a projection. The projection will be done as part of the Q1 update.

### Elaine Low

Director, Finance - Planning and Reporting  
BC Liquor Distribution Branch  
2625 Rupert Street, Vancouver BC V5M 3T5  
T: 604 252-3158 E: [elaine.low@bcldb.com](mailto:elaine.low@bcldb.com)

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**LIQUOR DISTRIBUTION BRANCH  
INCOME STATEMENT  
2016/17 BUDGET UPDATE AND PROJECTIONS**

<b>\$000s</b>	Actual	Budget	Projections				
	<u>2015/16</u>	<u>2016/17</u>	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>
		s.13,s.17					
<b>SALES</b>	3,157,039						
Cost of sales <sup>2</sup>	<u>1,809,582</u>	—					
<b>GROSS MARGIN</b>	<u>1,347,457</u>	—					
<b>OPERATING EXPENSES</b>							
Salaries and benefits	187,804						
Rents	44,340						
Amortization	16,661						
Bank charges	27,429						
Other <sup>2</sup>	<u>49,788</u>	—					
	<u>326,022</u>	—					
<b>OPERATING INCOME</b>	s.17						
Interest and other income		—					
<b>NET INCOME</b>		—					
 <b>Capital <sup>1</sup></b>	 23,128						
 <b>FTE's</b>	 3,166						

Note 1. Capital in 2017/18 and 2018/19 does not agree to Service Plan as the numbers have been updated to reflect the latest Capital Planning Secretariat submission.

Note 2. Freight related to the delivery of goods to the point of sale has been reclassified to COGS from operating expenses to conform with IFRS and LDB's financial statement presentation. There is no impact to net income.

## Tam, Billy LDB:EX

---

**From:** Bissoondatt, Roger LDB:EX  
**Sent:** Wednesday, May 11, 2016 8:43 PM  
**To:** Low, Elaine LDB:EX  
**Subject:** Re: 2016-05-11 - LDB Annual Service Plan Report-DRAFT\_v2 EL

Thanks Elaine, I will discuss with Blain. s.13  
s.13 . Not sure if we have time to make changes.

Roger

Sent from my iPad

> On May 11, 2016, at 8:11 PM, "Low, Elaine LDB:EX" <[Elaine.Low@bcldb.com](mailto:Elaine.Low@bcldb.com)> wrote:  
>  
> Before I send back to April, can you review pages 19,20, and 45. Audit tracking is on.  
>  
> You should also discuss with Blain.  
>  
>  
> Elaine Low  
> Finance Director, Corporate  
> BC Liquor Distribution Branch  
> 2625 Rupert Street, Vancouver BC V5M 3T5  
> T: 604 252-3158 E: [elaine.low@bcldb.com](mailto:elaine.low@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.  
>  
> [<cid:image001.gif@01D1ABC1.42265020>]  
>  
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>  
>  
>  
> <2016-05-11 - LDB Annual Service Plan Report-DRAFT\_v2 EL.docx>  
> <image001.gif>

## Tam, Billy LDB:EX

---

**From:** Bissoondatt, Roger LDB:EX  
**Sent:** Thursday, May 19, 2016 11:36 AM  
**To:** Low, Elaine LDB:EX  
**Cc:** HOLD - 160830 - Kemick, April LDB:EX; Lawson, R. Blain LDB:EX  
**Subject:** Re: 2016-05-17 - LDB Annual Service Plan Report-DRAFT EL

Okay to go

Sent from my iPad

On May 19, 2016, at 11:34 AM, "Low, Elaine LDB:EX" <[Elaine.Low@bclldb.com](mailto:Elaine.Low@bclldb.com)> wrote:

April,

The auditors are OK with appendix A.

Roger, this is the version in the annual report. Please check that your changes have been included.

### **Appendix A: BCLS Operating Results**

With the implementation of the new wholesale model, BCLS stores became a customer of LDB wholesale operations. Table 1 reflects the BCLS store operating results as a customer of LDB wholesale operations, like any other private store operator. For 2015/16, BCLS net income was 6.8% of sales. As this was the first year of operations under the wholesale model, there are no comparatives for 2014/15.

**Table 1: BCLS financial results**

(\$ millions)	2016	% sales
Net Sales	1,390.0	100.0%
Gross Margin	238.7	17.2%
Expenses	146.2	10.5%
Other Income	2.0	0.1%
<b>Net Income</b>	<b>94.5</b>	<b>6.8%</b>

BCLS sales include sales to all customers (e.g. counter and private stores) occurring in the stores however exclude sales to licensed establishments (hospitality) and the costs related to these sales as they are attributed to LDB wholesale operations.

The gross margin reflects the retail mark-up added to the wholesale price of product transferred from LDB wholesale operations.

The financial results do not include any head office expense allocations.

#### **Elaine Low**

Director, Finance - Planning and Reporting  
BC Liquor Distribution Branch  
2625 Rupert Street, Vancouver BC V5M 3T5  
T: 604 252-3158 E: [elaine.low@bclldb.com](mailto:elaine.low@bclldb.com)

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---

**From:** Low, Elaine LDB:EX

**Sent:** Wednesday, May 18, 2016 7:37 PM

**To:** Kemick, April LDB:EX

**Cc:** Bissoondatt, Roger LDB:EX

**Subject:** 2016-05-17 - LDB Annual Service Plan Report-DRAFT EL

April, here is the latest version.

I have not yet heard back from the auditors regarding Appendix A, but am forwarding to you now so that you can start your changes. Due to the revisions, the page formatting needs to be adjusted.

I am hoping to get the auditor's responses before you send back to the Ministry tomorrow.

## Tam, Billy LDB:EX

---

**From:** Low, Elaine LDB:EX  
**Sent:** Thursday, May 19, 2016 11:35 AM  
**To:** HOLD - 160830 - Kemick, April LDB:EX  
**Cc:** Bissoondatt, Roger LDB:EX  
**Subject:** RE: 2016-05-17 - LDB Annual Service Plan Report-DRAFT EL

April,  
The auditors are OK with appendix A.

Roger, this is the version in the annual report. Please check that your changes have been included.

### Appendix A: BCLS Operating Results

With the implementation of the new wholesale model, BCLS stores became a customer of LDB wholesale operations. Table 1 reflects the BCLS store operating results as a customer of LDB wholesale operations, like any other private store operator. For 2015/16, BCLS net income was 6.8% of sales.

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The gross margin reflects the retail mark-up added to the wholesale price of product transferred from LDB wholesale operations.

The financial results do not include any head office expense allocations.



**Elaine Low**

Director, Finance - Planning and Reporting  
BC Liquor Distribution Branch  
2625 Rupert Street, Vancouver BC V5M 3T5  
T: 604 252-3158 E: [elaine.low@bclddb.com](mailto:elaine.low@bclddb.com)

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---

**From:** Low, Elaine LDB:EX  
**Sent:** Wednesday, May 18, 2016 7:37 PM  
**To:** Kemick, April LDB:EX  
**Cc:** Bissoondatt, Roger LDB:EX  
**Subject:** 2016-05-17 - LDB Annual Service Plan Report-DRAFT EL

April, here is the latest version.

I have not yet heard back from the auditors regarding Appendix A, but am forwarding to you now so that you can start your changes. Due to the revisions, the page formatting needs to be adjusted.

I am hoping to get the auditor's responses before you send back to the Ministry tomorrow.

## Tam, Billy LDB:EX

---

**From:** Bissoondatt, Roger LDB:EX  
**Sent:** Wednesday, May 18, 2016 9:17 AM  
**To:** Low, Elaine LDB:EX  
**Subject:** Re: Annual report

Can you set up the call with Lisa? Possibly forward her a suggested wording. I have shown it on appendix A

Sent from my iPhone

> On May 18, 2016, at 9:01 AM, Low, Elaine LDB:EX <[Elaine.Low@bcldb.com](mailto:Elaine.Low@bcldb.com)> wrote:

>

> Colin just dropped off the folder. Do you want me to forward onto April or wait until you discuss with Lisa?

>

> Elaine Low

> Director, Finance - Planning and Reporting BC Liquor Distribution

> Branch

> 2625 Rupert Street, Vancouver BC V5M 3T5

> T: 604 252-3158 E: [elaine.low@bcldb.com](mailto:elaine.low@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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>

> -----Original Message-----

> From: Bissoondatt, Roger LDB:EX

> Sent: Wednesday, May 18, 2016 8:48 AM

> To: Low, Elaine LDB:EX

> Subject: Annual report

>

> Did Collin give you the folder?

>

> Sent from my iPhone

## Tam, Billy LDB:EX

---

**From:** Bissoondatt, Roger LDB:EX  
**Sent:** Wednesday, May 18, 2016 9:00 AM  
**To:** Low, Elaine LDB:EX  
**Subject:** Re: Annual report

It should be there shortly

Sent from my iPhone

> On May 18, 2016, at 8:48 AM, Low, Elaine LDB:EX <[Elaine.Low@bcldb.com](mailto:Elaine.Low@bcldb.com)> wrote:

>

> Have not seen him. I will check with Angela in case he gave it to her.

>

> Elaine Low

> Director, Finance - Planning and Reporting BC Liquor Distribution

> Branch

> 2625 Rupert Street, Vancouver BC V5M 3T5

> T: 604 252-3158 E: [elaine.low@bcldb.com](mailto:elaine.low@bcldb.com)

>

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>

> -----Original Message-----

> From: Bissoondatt, Roger LDB:EX

> Sent: Wednesday, May 18, 2016 8:48 AM

> To: Low, Elaine LDB:EX

> Subject: Annual report

>

> Did Collin give you the folder?

>

> Sent from my iPhone

## Tam, Billy LDB:EX

---

**From:** Low, Elaine LDB:EX  
**Sent:** Wednesday, May 18, 2016 6:43 PM  
**To:** john.k.bunting@ca.pwc.com; Bissoondatt, Roger LDB:EX; Jones, Russ OAG:EX; Moore, Lisa OAG:EX  
**Subject:** RE: LDB Annual Report  
**Attachments:** LDB Appendix A version3.docx

Hello everyone,

Attached is version 3 for your comments. We have tried to be explicit with the information in Appendix A.

If possible, any comments by tomorrow noon would be appreciated.

### Elaine Low

Director, Finance - Planning and Reporting  
BC Liquor Distribution Branch  
2625 Rupert Street, Vancouver BC V5M 3T5  
T: 604 252-3158 E: [elaine.low@bcldb.com](mailto:elaine.low@bcldb.com)

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---

**From:** Low, Elaine LDB:EX  
**Sent:** Wednesday, May 18, 2016 2:15 PM  
**To:** john.k.bunting@ca.pwc.com; Bissoondatt, Roger LDB:EX; Jones, Russ OAG:EX; Moore, Lisa OAG:EX  
**Subject:** FW: LDB Annual Report

To All,

Incorporating all the feedback on Appendix A, attached is an updated version.

John, LDB had a conference call with Russ and Lisa this morning and s.13  
s.13

Please review and see if this addresses the feedback.

Lisa/Russ – we will send the full updated annual report as you had other comments; however, I wanted to get this piece reviewed first.

Regards,

**Elaine Low**

Director, Finance - Planning and Reporting  
BC Liquor Distribution Branch  
2625 Rupert Street, Vancouver BC V5M 3T5  
T: 604 252-3158 E: [elaine.low@bclddb.com](mailto:elaine.low@bclddb.com)

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**From:** [john.k.bunting@ca.pwc.com](mailto:john.k.bunting@ca.pwc.com) [<mailto:john.k.bunting@ca.pwc.com>]  
**Sent:** Monday, May 16, 2016 5:41 PM  
**To:** Low, Elaine LDB:EX  
**Cc:** [jessica.e.rockliff@ca.pwc.com](mailto:jessica.e.rockliff@ca.pwc.com)  
**Subject:** Re: LDB Annual Report

Elaine - please see my comments on page 46. s.13,s.17  
s.13,s.17

You better check this with Russ and his team as well I would think, please pass my thoughts along.

John

**John K. Bunting**  
PwC | Partner | Audit and Assurance Group  
T: +1 604 806 7797  
Email: [john.k.bunting@ca.pwc.com](mailto:john.k.bunting@ca.pwc.com)

Assistant: Nicola Agnew | T: +1 604 806 7878  
Email – [nicola.j.agnew@ca.pwc.com](mailto:nicola.j.agnew@ca.pwc.com)  
PricewaterhouseCoopers LLP  
PricewaterhouseCoopers Place,  
250 Howe Street, Suite 700, Vancouver BC V6C 3S7  
<http://www.pwc.com/ca>

From: "Low, Elaine LDB:EX" <[Elaine.Low@bclddb.com](mailto:Elaine.Low@bclddb.com)>  
To: Jessica E. Rockliff/CA/ABAS/PwC@Americas-CA, John K. Bunting/CA/ABAS/PwC@Americas-CA  
Date: 05/16/2016 11:13 AM  
Subject: LDB Annual Report

Hello John/Jessica,

I was wondering if you can take a quick look at the LDB annual report.

We have included in the appendix on page 46, the BCLS financial results.

One page 16 we have explicitly stated that “ all transactions between the two lines of business have been eliminated from the LDB financial results.”

On page 46, the BCLS numbers consist of the following:

Sales: Net (without) CRF which is consistent with the corporate accounting policy.

Gross Margin – based on the cost at wholesale price (not duty paid cost, as in the consolidated statements)

Direct Expenses - Includes order processing fees ( internal transaction – LDB wholesale charge)

s.13

**Elaine Low**

Director, Finance - Planning and Reporting

BC Liquor Distribution Branch

2625 Rupert Street, Vancouver BC V5M 3T5

T: 604 252-3158 E: [elaine.low@bclldb.com](mailto:elaine.low@bclldb.com)

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[attachment "2016-05-13 - LDB Annual Service Plan Report-DRAFT.docx" deleted by John K. Bunting/CA/ABAS/PwC]

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## Tam, Billy LDB:EX

---

**From:** Low, Elaine LDB:EX  
**Sent:** Thursday, May 19, 2016 9:11 AM  
**To:** Bissoondatt, Roger LDB:EX  
**Subject:** RE: LDB Annual Report

Changed on the annual report version sent to April (unless we are not referring to the same sentences).

### Elaine Low

Director, Finance - Planning and Reporting  
BC Liquor Distribution Branch  
2625 Rupert Street, Vancouver BC V5M 3T5  
T: 604 252-3158 E: [elaine.low@bclddb.com](mailto:elaine.low@bclddb.com)

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---

**From:** Bissoondatt, Roger LDB:EX  
**Sent:** Wednesday, May 18, 2016 8:00 PM  
**To:** Low, Elaine LDB:EX  
**Subject:** Re: LDB Annual Report

Thanks Elaine . I think we should insert however instead of but and remove also from the last paragraph. Minor edits.

My iPad is about to die so I would not monitor e mails as much.

Roger

Sent from my iPad

On May 18, 2016, at 2:15 PM, "Low, Elaine LDB:EX" <[Elaine.Low@bclddb.com](mailto:Elaine.Low@bclddb.com)> wrote:

To All,

Incorporating all the feedback on Appendix A, attached is an updated version.

John, LDB had a conference call with Russ and Lisa this morning<sup>s.13</sup>  
s.13

Please review and see if this addresses the feedback.



Lisa/Russ – we will send the full updated annual report as you had other comments; however, I wanted to get this piece reviewed first.

Regards,

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**From:** [john.k.bunting@ca.pwc.com](mailto:john.k.bunting@ca.pwc.com) [<mailto:john.k.bunting@ca.pwc.com>]

**Sent:** Monday, May 16, 2016 5:41 PM

**To:** Low, Elaine LDB:EX

**Cc:** [jessica.e.rockliff@ca.pwc.com](mailto:jessica.e.rockliff@ca.pwc.com)

**Subject:** Re: LDB Annual Report

Elaine - please see my comments on page 46. s.13.s.17  
s.13.s.17

You better check this with Russ and his team as well I would think, please pass my thoughts along.

John

**John K. Bunting**

PwC | Partner | Audit and Assurance Group

T: +1 604 806 7797

Email: [john.k.bunting@ca.pwc.com](mailto:john.k.bunting@ca.pwc.com)

Assistant: Nicola Agnew | T: +1 604 806 7878

Email – [nicola.j.agnew@ca.pwc.com](mailto:nicola.j.agnew@ca.pwc.com)

PricewaterhouseCoopers LLP

PricewaterhouseCoopers Place,

250 Howe Street, Suite 700, Vancouver BC V6C 3S7

<http://www.pwc.com/ca>

From: "Low, Elaine LDB:EX" <[Elaine.Low@bcldb.com](mailto:Elaine.Low@bcldb.com)>

Hello John/Jessica,

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One page 16 we have explicitly stated that “ all transactions between the two lines of business have been eliminated from the LDB financial results.”

On page 46, the BCLS numbers consist of the following:

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Direct Expenses - Includes order processing fees ( internal transaction – LDB wholesale charge)

s.13

**Elaine Low**

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[attachment "2016-05-13 - LDB Annual Service Plan Report-DRAFT.docx" deleted by John K. Bunting/CA/ABAS/PwC]

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## Tam, Billy LDB:EX

---

**From:** Bissoondatt, Roger LDB:EX  
**Sent:** Monday, May 16, 2016 6:16 PM  
**To:** Low, Elaine LDB:EX  
**Cc:** john. k. bunting; Jones, Russ OAG:EX; Moore, Lisa OAG:EX;  
jessica.e.rockliff@ca.pwc.com  
**Subject:** Re: LDB Annual Report

s.13

I am cc'ing john and Russ etc on this to get some more input and will also bring it up at the EMC meeting tomorrow.

Roger  
Roger

Sent from my iPad

> On May 16, 2016, at 5:52 PM, "Low, Elaine LDB:EX" <Elaine.Low@bcldb.com> wrote:  
>  
> Let's discuss tomorrow.  
>  
> Elaine Low  
> Director, Finance - Planning and Reporting BC Liquor Distribution  
> Branch  
> 2625 Rupert Street, Vancouver BC V5M 3T5  
> T: 604 252-3158 E: elaine.low@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.  
>  
> [cid:\_1\_06BAA83006BAA4940003BEEC88257FB6]  
>  
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content to any other person, is strictly prohibited. If you have received this communication in error, please notify the  
author immediately and delete the message including any attachments.  
>  
> From: john.k.bunting@ca.pwc.com [mailto:john.k.bunting@ca.pwc.com]  
> Sent: Monday, May 16, 2016 5:41 PM  
> To: Low, Elaine LDB:EX  
> Cc: jessica.e.rockliff@ca.pwc.com  
> Subject: Re: LDB Annual Report  
>  
> Elaine - please see my comments on page 46. s.13,s.17  
s.13,s.17

>

> You better check this with Russ and his team as well I would think, please pass my thoughts along.

>

> John

>

>

>

>

>

>

> John K. Bunting

> PwC | Partner | Audit and Assurance Group

> T: +1 604 806 7797

> Email: john.k.bunting@ca.pwc.com<mailto:john.k.bunting@ca.pwc.com>

>

> Assistant: Nicola Agnew | T: +1 604 806 7878 Email –

> nicola.j.agnew@ca.pwc.com<mailto:nicola.j.agnew@ca.pwc.com>

> PricewaterhouseCoopers LLP

> PricewaterhouseCoopers Place,

> 250 Howe Street, Suite 700, Vancouver BC V6C 3S7 <http://www.pwc.com/ca>

>

>

>

> From: "Low, Elaine LDB:EX" <Elaine.Low@bcladb.com<mailto:Elaine.Low@bcladb.com>>

> To: Jessica E. Rockliff/CA/ABAS/PwC@Americas-CA, John K. Bunting/CA/ABAS/PwC@Americas-CA

> Date: 05/16/2016 11:13 AM

> Subject: LDB Annual Report

> \_\_\_\_\_

>

>

>

> Hello John/Jessica,

>

> I was wondering if you can take a quick look at the LDB annual report.

>

>

>

> We have included in the appendix on page 46, the BCLS financial results.

>

>

>

> One page 16 we have explicitly stated that “ all transactions between the two lines of business have been eliminated from the LDB financial results.”

>

>

>

> On page 46, the BCLS numbers consist of the following:

>

> Sales: Net (without) CRF which is consistent with the corporate accounting policy.

>

> Gross Margin – based on the cost at wholesale price (not duty paid

> cost, as in the consolidated statements)

>  
> Direct Expenses - Includes order processing fees ( internal  
> transaction – LDB wholesale charge)

>  
>  
>  
>  
s.13

-  
>  
>  
>  
> Elaine Low  
> Director, Finance - Planning and Reporting BC Liquor Distribution  
> Branch  
> 2625 Rupert Street, Vancouver BC V5M 3T5  
> T: 604 252-3158 E: elaine.low@bclddb.com<mailto:elaine.low@bclddb.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.

>  
> [cid:\_1\_06BAA83006BAA4940003BEEC88257FB6]

>  
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> [attachment "2016-05-13 - LDB Annual Service Plan Report-DRAFT.docx"  
> deleted by John K. Bunting/CA/ABAS/PwC]

>  
>  
> \_\_\_\_\_  
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> <ATT00001.gif>  
> <2016-05-13 - LDB Annual Service Plan Report-DRAFT.docx>

## Tam, Billy LDB:EX

---

**From:** Low, Elaine LDB:EX  
**Sent:** Wednesday, May 18, 2016 5:12 PM  
**To:** Bissoondatt, Roger LDB:EX  
**Subject:** RE: LDB Annual Report

Have not heard back from anyone. Have you had a chance to review?

### Elaine Low

Director, Finance - Planning and Reporting  
BC Liquor Distribution Branch  
2625 Rupert Street, Vancouver BC V5M 3T5  
T: 604 252-3158 E: [elaine.low@bclddb.com](mailto:elaine.low@bclddb.com)

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---

**From:** Low, Elaine LDB:EX  
**Sent:** Wednesday, May 18, 2016 2:15 PM  
**To:** john.k.bunting@ca.pwc.com; Bissoondatt, Roger LDB:EX; Jones, Russ OAG:EX; Moore, Lisa OAG:EX  
**Subject:** FW: LDB Annual Report

To All,

Incorporating all the feedback on Appendix A, attached is an updated version.

John. LDB had a conference call with Russ and Lisa this morning and s.13  
s.13

Please review and see if this addresses the feedback.

Lisa/Russ – we will send the full updated annual report as you had other comments; however, I wanted to get this piece reviewed first.

Regards,

### Elaine Low

Director, Finance - Planning and Reporting  
BC Liquor Distribution Branch  
2625 Rupert Street, Vancouver BC V5M 3T5  
T: 604 252-3158 E: [elaine.low@bclddb.com](mailto:elaine.low@bclddb.com)

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**From:** [john.k.bunting@ca.pwc.com](mailto:john.k.bunting@ca.pwc.com) [<mailto:john.k.bunting@ca.pwc.com>]  
**Sent:** Monday, May 16, 2016 5:41 PM  
**To:** Low, Elaine LDB:EX  
**Cc:** [jessica.e.rockliff@ca.pwc.com](mailto:jessica.e.rockliff@ca.pwc.com)  
**Subject:** Re: LDB Annual Report

Elaine - please see my comments on page 46, s.13, s.17  
s.13, s.17

You better check this with Russ and his team as well I would think, please pass my thoughts along.

John

**John K. Bunting**  
PwC | Partner | Audit and Assurance Group  
T: +1 604 806 7797  
Email: [john.k.bunting@ca.pwc.com](mailto:john.k.bunting@ca.pwc.com)

Assistant: Nicola Agnew | T: +1 604 806 7878  
Email – [nicola.j.agnew@ca.pwc.com](mailto:nicola.j.agnew@ca.pwc.com)  
PricewaterhouseCoopers LLP  
PricewaterhouseCoopers Place,  
250 Howe Street, Suite 700, Vancouver BC V6C 3S7  
<http://www.pwc.com/ca>

From: "Low, Elaine LDB:EX" <[Elaine.Low@bcldb.com](mailto:Elaine.Low@bcldb.com)>  
To: Jessica E. Rockliff/CA/ABAS/PwC@Americas-CA, John K. Bunting/CA/ABAS/PwC@Americas-CA  
Date: 05/16/2016 11:13 AM  
Subject: LDB Annual Report

---

Hello John/Jessica,

I was wondering if you can take a quick look at the LDB annual report.



We have included in the appendix on page 46, the BCLS financial results.

One page 16 we have explicitly stated that “ all transactions between the two lines of business have been eliminated from the LDB financial results.”

On page 46, the BCLS numbers consist of the following:

Sales: Net (without) CRF which is consistent with the corporate accounting policy.

Gross Margin – based on the cost at wholesale price (not duty paid cost, as in the consolidated statements)

Direct Expenses - Includes order processing fees ( internal transaction – LDB wholesale charge)

s.13

**Elaine Low**

Director, Finance - Planning and Reporting  
BC Liquor Distribution Branch  
2625 Rupert Street, Vancouver BC V5M 3T5  
T: 604 252-3158 E: [elaine.low@bclldb.com](mailto:elaine.low@bclldb.com)

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[attachment "2016-05-13 - LDB Annual Service Plan Report-DRAFT.docx" deleted by John K. Bunting/CA/ABAS/PwC]

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## Tam, Billy LDB:EX

---

**From:** Low, Elaine LDB:EX  
**Sent:** Wednesday, June 01, 2016 12:42 PM  
**To:** Skillings, Chris FIN:EX; Chiang, Michael M FIN:EX; Mortimer, David JTST:EX; Campbell, Tracy CSCD:EX  
**Cc:** Bissoondatt, Roger LDB:EX; Negara, Vladislav LDB:EX  
**Subject:** RE: LDB Budget Update  
**Attachments:** 2016-17 Budget Update 05312016 v2.xlsm

We noticed a typo on the 2015/16 Net Income. The Actual should be \$1,031,271 not <sup>s.17</sup>

That has been correct in this version.

My apologies for the error.

### Elaine Low

Director, Finance - Planning and Reporting  
BC Liquor Distribution Branch  
2625 Rupert Street, Vancouver BC V5M 3T5  
T: 604 252-3158 E: [elaine.low@bclddb.com](mailto:elaine.low@bclddb.com)

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---

**From:** Low, Elaine LDB:EX  
**Sent:** Tuesday, May 31, 2016 3:46 PM  
**To:** Skillings, Chris FIN:EX; Chiang, Michael M FIN:EX; Mortimer, David JTST:EX; Campbell, Tracy CSCD:EX  
**Cc:** Bissoondatt, Roger LDB:EX  
**Subject:** LDB Budget Update

Attached is the LDB's budget update. At this time, LDB has not done a projection. The projection will be done as part of the Q1 update.

### Elaine Low

Director, Finance - Planning and Reporting  
BC Liquor Distribution Branch  
2625 Rupert Street, Vancouver BC V5M 3T5  
T: 604 252-3158 E: [elaine.low@bclddb.com](mailto:elaine.low@bclddb.com)

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**LIQUOR DISTRIBUTION BRANCH  
INCOME STATEMENT  
2016/17 BUDGET UPDATE AND PROJECTIONS**

<b>\$000s</b>	Actual	Budget	Projections				
	<u>2015/16</u>	<u>2016/17</u>	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>
		s.13,s.17					
<b>SALES</b>	3,157,039						
Cost of sales <sup>2</sup>	<u>1,809,582</u>	—					
<b>GROSS MARGIN</b>	<u>1,347,457</u>	—					
<b>OPERATING EXPENSES</b>							
Salaries and benefits	187,804						
Rents	44,340						
Amortization	16,661						
Bank charges	27,429						
Other <sup>2</sup>	<u>49,788</u>	—					
	<u>326,022</u>	—					
<b>OPERATING INCOME</b>	1,021,435						
Interest and other income	<u>9,836</u>	—					
<b>NET INCOME</b>	<u>1,031,271</u>	—					
 <b>Capital <sup>1</sup></b>	 23,128						
 <b>FTE's</b>	 3,166						

Note 1. Capital in 2017/18 and 2018/19 does not agree to Service Plan as the numbers have been updated to reflect the latest Capital Planning Secretariat submission.

Note 2. Freight related to the delivery of goods to the point of sale has been reclassified to COGS from operating expenses to conform with IFRS and LDB's financial statement presentation. There is no impact to net income.

## Tam, Billy LDB:EX

---

**From:** Bissoondatt, Roger LDB:EX  
**Sent:** Wednesday, June 15, 2016 10:01 PM  
**To:** Low, Elaine LDB:EX  
**Subject:** Re: Validate budget with Roger

Can we discuss in the am? We would also need to clarify if<sup>s.13</sup>

Roger

Sent from my iPad

> On Jun 15, 2016, at 5:21 PM, "Low, Elaine LDB:EX" <[Elaine.Low@bcldb.com](mailto:Elaine.Low@bcldb.com)> wrote:  
>  
> Branch

## Tam, Billy LDB:EX

**From:** Bissoondatt, Roger LDB:EX  
**Sent:** Thursday, June 16, 2016 8:30 AM  
**To:** Low, Elaine LDB:EX  
**Subject:** RE: Validate budget with Roger

### Capital Budget - Items not included in DBFM

Item	Total	2015 / 2016	2016 / 2017	2017 / 2018	2018 / 2019
Construction Total Cost	\$ -				
Unrecoverable GST	\$ -				
Equipment	\$ -		-	-	-
IMIT	s.13,s.17				
Owners Procurement and Implementation Costs (capitalized)	\$ -				
Insurance	\$ -				
Relocation / Decanting (capitalized)	\$ -				
FFE	\$ -				
	\$ -				
	\$ -				
	\$ -				
	\$ -				
	\$ -				
	\$ -				
	\$ -				
	\$ -				
	\$ -				
	\$ -				

### One-time Operating Costs

Item	Total	2015 / 2016	2016 / 2017	2017 / 2018	2018 / 2019
Training	s.13,s.17				
Severance					
Relocation (expensed)					
IMIT					
Owners Procurement and Implementation Costs (expensed)			s.13,s.17		
Service planning					
Minor Equipment and Furniture					
	\$ -				
	\$ -				
	\$ -				

**Roger Bissoondatt**

Chief Financial Officer, Finance  
BC Liquor Distribution Branch  
2625 Rupert Street, Vancouver BC V5M 3T5  
T: 604 252-3151 E: [roger.bissoondatt@bcldb.com](mailto:roger.bissoondatt@bcldb.com)

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---

**From:** Low, Elaine LDB:EX  
**Sent:** Wednesday, June 15, 2016 5:22 PM  
**To:** Bissoondatt, Roger LDB:EX  
**Subject:** FW: Validate budget with Roger

s.13,  
Does s.17 in operating expenses for wholesale operations in 2015/16 sound familiar? I will also check with Brian and Ashley.

**Elaine Low**

Director, Finance - Planning and Reporting  
BC Liquor Distribution Branch  
2625 Rupert Street, Vancouver BC V5M 3T5  
T: 604 252-3158 E: [elaine.low@bcldb.com](mailto:elaine.low@bcldb.com)

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---

**From:** Cooper, Todd LDB:EX  
**Sent:** Wednesday, June 15, 2016 5:15 PM  
**To:** Low, Elaine LDB:EX  
**Subject:** RE: Validate budget with Roger

Yes please

**Todd Cooper**

Executive Director, Wholesale Operations



BC Liquor Distribution Branch  
3200 East Broadway, Vancouver BC V5M 1Z6  
T: 604 252-3360 E: [todd.cooper@bclddb.com](mailto:todd.cooper@bclddb.com)

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---

**From:** Low, Elaine LDB:EX  
**Sent:** Wednesday, June 15, 2016 5:11 PM  
**To:** Cooper, Todd LDB:EX; Scott, Karyn L CSCD:EX  
**Subject:** RE: Validate budget with Roger

Yes, the 10.3% and \$326M are the LDB amounts.

For wholesale, the wholesale operations departmental operating costs were s.13,s.1 , excluding the portion of freight moved to COGS. s.13

s.13

s.13,s.17

Do you want me to follow up with my staff tomorrow to see if we can find where the s.13, s.17 came from?

**Elaine Low**

Director, Finance - Planning and Reporting  
BC Liquor Distribution Branch  
2625 Rupert Street, Vancouver BC V5M 3T5  
T: 604 252-3158 E: [elaine.low@bclddb.com](mailto:elaine.low@bclddb.com)

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---

**From:** Cooper, Todd LDB:EX  
**Sent:** Wednesday, June 15, 2016 4:28 PM  
**To:** Scott, Karyn L CSCD:EX; Low, Elaine LDB:EX  
**Subject:** RE: Validate budget with Roger

Elaine, I can see the 10.3% and 326M at the consolidated level but I cannot find s.13,s.17 for wholesale anywhere. For wholesale I see either s.13,s.17 with transportation in.

**Todd Cooper**

Executive Director, Wholesale Operations

BC Liquor Distribution Branch

3200 East Broadway, Vancouver BC V5M 1Z6

T: 604 252-3360 E: [todd.cooper@bclddb.com](mailto:todd.cooper@bclddb.com)

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---

**From:** Scott, Karyn L CSCD:EX  
**Sent:** Wednesday, June 15, 2016 2:20 PM  
**To:** Low, Elaine LDB:EX  
**Cc:** Cooper, Todd LDB:EX  
**Subject:** Validate budget with Roger

Hi Elaine:

I understand s.22 s.13  
s.13 . Since the ASPR has not been released, hoping you can provide this information.

Please be in touch with any questions.,

Thank you,

Karyn

The LDB's operating costs in 2015/16 represented 10.3 per cent of sales or \$326 million. The wholesale division's operating costs were s.13,s.17 of sales over the same period. The distribution centre's largest operating cost drivers are labour and transportation.

---

<sup>[1]</sup> Excludes freight, which has been added to COGS starting in 2015/16.

## Tam, Billy LDB:EX

---

**From:** Low, Elaine LDB:EX  
**Sent:** Tuesday, May 10, 2016 7:50 AM  
**To:** Bissoondatt, Roger LDB:EX  
**Subject:** Re: YE report additions

I don't think these are the numbers that Vlad provided.

Sent from my BlackBerry 10 smartphone on the TELUS network.

---

**From:** Bissoondatt, Roger LDB:EX  
**Sent:** Monday, May 9, 2016 8:52 PM  
**To:** Low, Elaine LDB:EX  
**Subject:** Re: YE report additions

Yes the BCLS will be their sales. The total can be broken down into BCLS, LRS, RAS, Hospitality and other. Similar to the Fin statements.

Roger

Sent from my iPad

On May 9, 2016, at 4:59 PM, "Low, Elaine LDB:EX" <[Elaine.Low@bcldb.com](mailto:Elaine.Low@bcldb.com)> wrote:

Is this what you asked Vlad for? The litres is provincial litres with BCLS as a customer type – is this correct?

**Elaine Low**

Director, Finance - Planning and Reporting  
BC Liquor Distribution Branch  
2625 Rupert Street, Vancouver BC V5M 3T5  
T: 604 252-3158 E: [elaine.low@bcldb.com](mailto:elaine.low@bcldb.com)

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---

**From:** Negara, Vladislav LDB:EX  
**Sent:** Monday, May 09, 2016 4:56 PM  
**To:** Low, Elaine LDB:EX  
**Subject:** YE report additions  
Please see attached...

**Vladislav Negara**

A/ Manager, Budgets,  
Finance - Planning and Reporting  
2625 Rupert Street, Vancouver BC V5M 3T5  
T: 604 252-3284 E: [vladislav.negara@bcldb.com](mailto:vladislav.negara@bcldb.com)

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## Low, Elaine LDB:EX

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**From:** Low, Elaine LDB:EX  
**Sent:** Monday, May 04, 2015 6:15 PM  
**To:** Bissoondatt, Roger LDB:EX  
**Subject:** Financial Report\_ v4 May 04  
**Attachments:** Financial Report\_ v4 May 04.docx

With your updates. I have some questions on your comments.

## Low, Elaine LDB:EX

**From:** Low, Elaine LDB:EX  
**Sent:** Monday, May 04, 2015 6:38 PM  
**To:** Bissoondatt, Roger LDB:EX  
**Subject:** RE: GST reduction on Annual report

Here is the latest figures with 13 payments, excise accrual, etc.

s.13,s.17

### Remittances to Government Agencies (in \$,000)

	2014/15	2013/14	2012/13
<b>FEDERAL GOVERNMENT</b>			
Custom Duties and Excise Tax	s.17	140,481	141,460
GST/HST	—	71,056	162,186
<b>Total</b>	—	<b>211,537</b>	<b>303,646</b>
<b>PROVINCIAL GOVERNMENT</b>			
LDB Net Income		876,979	929,559
Social Services Tax		112,369	-
Liquor Control and Licensing	—	419	420
<b>Total</b>	—	<b>989,767</b>	<b>929,979</b>
<b>MUNICIPAL GOVERNMENT</b>			
Property Taxes		1,283	1,200
Business Licenses	—	35	37
<b>Total</b>	—	<b>1,318</b>	<b>1,237</b>
<b>Total Remittances</b>	—	<b>1,202,622</b>	<b>1,234,862</b>

### Elaine Low

Director, Finance - Planning and Reporting  
BC Liquor Distribution Branch  
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**From:** Low, Elaine LDB:EX  
**Sent:** Thursday, April 30, 2015 6:41 PM  
**To:** Bissoondatt, Roger LDB:EX  
**Subject:** RE: GST reduction on Annual report

s.13,s.17

	2014/15	2013/14	2012/13	2011/12	2010/11
<b>FEDERAL GOVERNMENT</b>					
Custom Duties and Excise Tax	s.17	140 481	141 460	140 962	141 162
GST/HST	—	71 056	162 186	156 744	135 329
<b>Total</b>	—	<b>211,537</b>	<b>303,646</b>	<b>297,706</b>	<b>276,481</b>
<b>PROVINCIAL GOVERNMENT</b>					
LDB Net Income		876 979	929 559	911 145	890 270
Social Services Tax		112 369	-	5	37 747
Liquor Control and Licensing	—	419	420	420	423
<b>Total</b>	—	<b>989,767</b>	<b>929,979</b>	<b>911,570</b>	<b>928,440</b>
<b>MUNICIPAL GOVERNMENT</b>					
Property Taxes		1 283	1 200	1 360	921
Business Licenses	*	35	37	35	31
<b>Total</b>	—	<b>1,318</b>	<b>1,237</b>	<b>1,395</b>	<b>952</b>
<b>Total Remittances</b>	=	<b>1,202,622</b>	<b>1,234,862</b>	<b>1,210,671</b>	<b>1,205,873</b>

s.13,s.17



	2014/15	2013/14	2012/13	2011/12	2010/11
<b>FEDERAL GOVERNMENT</b>					
Custom Duties and Excise Tax	141,946	140,481	141,460	140,962	141,152
GST/HST	65,264	71,056	162,188	156,744	135,329
<b>Total</b>	<b>207,210</b>	<b>211,537</b>	<b>303,646</b>	<b>297,706</b>	<b>276,481</b>
<b>PROVINCIAL GOVERNMENT</b>					
LDB Net Income	935,233	876,979	929,559	911,145	890,270
Social Services Tax	127,726	112,369	-	5	37,747
Liquor Control and Licensing	421	419	420	420	423
<b>Total</b>	<b>1,063,380</b>	<b>989,767</b>	<b>929,979</b>	<b>911,570</b>	<b>928,440</b>
<b>MUNICIPAL GOVERNMENT</b>					
Property Taxes	1,179	1,283	1,200	1,350	921
Business Licenses	33	35	37	35	31
<b>Total</b>	<b>1,212</b>	<b>1,318</b>	<b>1,237</b>	<b>1,395</b>	<b>952</b>
<b>Total Remittances</b>	<b>1,271,802</b>	<b>1,202,622</b>	<b>1,234,862</b>	<b>1,210,671</b>	<b>1,205,873</b>

#### Elaine Low

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**From:** Bissoondatt, Roger LDB:EX  
**Sent:** Friday, April 24, 2015 7:07 PM  
**To:** Low, Elaine LDB:EX  
**Subject:** Re: GST reduction on Annual report

s.13

Sent from my iPad

On Apr 24, 2015, at 7:05 PM, "Low, Elaine LDB:EX" <[Elaine.Low@bcdlb.com](mailto:Elaine.Low@bcdlb.com)> wrote:

s.13

**Elaine Low**

Director, Finance - Planning and Reporting

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<image001.gif>

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---

**From:** Bissoondatt, Roger LDB:EX  
**Sent:** Friday, April 24, 2015 7:05 PM  
**To:** Low, Elaine LDB:EX  
**Subject:** Re: GST reduction on Annual report

I think that will be better.

Sent from my iPad

On Apr 24, 2015, at 7:03 PM, "Low, Elaine LDB:EX" <[Elaine.Low@bcldb.com](mailto:Elaine.Low@bcldb.com)> wrote:

s.13,s.17

**Elaine Low**

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<image001.gif>

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---

**From:** Bissoondatt, Roger LDB:EX  
**Sent:** Friday, April 24, 2015 7:02 PM  
**To:** Low, Elaine LDB:EX  
**Subject:** Re: GST reduction on Annual report

s.13,s.17

Roger

Sent from my iPad

On Apr 24, 2015, at 6:00 PM, "Low, Elaine LDB:EX" <Elaine.Low@bcldb.com> wrote:

s.13,s.17

**Elaine Low**

Director, Finance - Planning and Reporting  
BC Liquor Distribution Branch  
2625 Rupert Street, Vancouver BC V5M 3T5  
T: 604 252-3158 E: [elaine.low@bcldb.com](mailto:elaine.low@bcldb.com)

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<image001.gif>

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^

## Low, Elaine LDB:EX

---

**From:** Low, Elaine LDB:EX  
**Sent:** Friday, May 22, 2015 3:11 PM  
**To:** Bissoondatt, Roger LDB:EX  
**Subject:** May 29 deadline - 2015/16 budget and prelim projections

Are we going to make any changes?

To discuss next week.

### **Elaine Low**

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## Low, Elaine LDB:EX

---

**From:** Low, Elaine LDB:EX  
**Sent:** Thursday, May 28, 2015 9:33 PM  
**To:** Kemick, April LDB:EX  
**Cc:** Bissoondatt, Roger LDB:EX  
**Subject:** RE: Annual Report feedback  
**Attachments:** Revised table CARO.xlsx

Please change page 8 to match the \$58.3m below.

For fiscal 2014/15, the LDB's net income and return to government was \$935.2 million. This was an increase of \$58.3 million compared to the previous year, and \$73.1 million higher than budget.

s.13,s.17

### Elaine Low

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**From:** Palmer, Tarina LDB:EX  
**Sent:** Monday, May 25, 2015 2:22 PM  
**To:** Low, Elaine LDB:EX  
**Cc:** Bissoondatt, Roger LDB:EX; Kemick, April LDB:EX  
**Subject:** Annual Report feedback  
**Importance:** High

Hi Elaine,

Thanks for dropping by and helping me sort out some of the feedback. All of the minor changes we discussed are incorporated in the text below. As I mentioned to you, I'm sending the remaining feedback.

Of particular importance is s.13

s.13

\*\*\*\*\*

**ACTUAL 2014/15 FINANCIAL RESULTS COMPARED TO 2013/14 ACTUAL RESULTS**

Gross sales were \$3.1 billion, an increase of \$148.8 million from the prior year sales of \$2.94 billion. This was the result of strong sales in all product categories and an overall volume increase of 4.8 per cent.

Commissions and discounts were \$214.6 million, which was \$16.4 million higher than fiscal 2013/14. This was due to an increase in market share by private retailers. Wholesale customer discounts range from 12 to 30 per cent.

Operating expenses were 10.4 per cent of sales for the fiscal year, slightly higher than the 10.2 per cent of the previous year. The LDB continues to maintain its expenses as a percentage of sales by carefully managing its discretionary expenses and staffing in all areas of its operations.

Expenses were \$321 million, \$21.5 million higher than fiscal 2013/14. The largest changes in expenses occurred in the following areas:

- Employment expenses increased \$9.2 million due to negotiated rate increases as well as increased customer traffic which contributed to higher retail sales volume. Overall, the employment rate as a percentage of sales increased only slightly to 5.6 per cent from 5.5 per cent when compared to the prior year;
- Rent expenses increased by \$2.8 million due to store relocations and rent renewals;
- Administrative expenses increased by \$5.1 million due to increases in professional fees, training costs and payroll processing; and
- Bank charges increased by \$1.7 million due to increased use of credit cards and higher merchant fees.

In August 2014, the building and property which houses the Vancouver Distribution Centre, a BCLS retail store, and administration offices, was sold. The LDB realized a one-time gain of \$36.9 million on the sale. The LDB is leasing the facilities from the new owners until a new warehouse facility is in place. All LDB operations currently carried out on the property will continue as normal for the foreseeable future.

For fiscal 2014/15, the LDB's net income and return to government was \$935.2 million. This was an increase of \$58.3 million compared to the previous year, and \$73.1 million higher than budget.

Excluding the gain from the sale of the Distribution Centre, the LDB's net income was \$898.3 million, \$21.3 million higher than last year and \$36.2 million higher than budget. LDB net income as a percentage of sales was 29 per cent, which was 0.8 per cent lower than fiscal 2013/14 at 29.8 per cent.

**Table 1: Summary of financial results over 5 years**

*For the five years ended March 31, 2015*

(all dollar figures in \$000s)

	Actual	Budget	Actual	Actual	Actual	Actual
	2014/15	2014/15	2013/14	2012/13	2011/12	2010/11
Sales	3,092,479	2,971,998	2,943,695	2,950,417	2,889,869	2,810,145
Commission and Discounts	214,560	190,731	198,170	196,331	187,583	179,749
Cost of Sales	1,670,086	1,608,109	1,581,463	1,540,783	1,510,744	1,469,819
Gross Profit	1,207,833	1,173,158	1,164,062	1,213,303	1,191,542	1,160,577
Operating Expenses - Employment	171,984	170,507	162,771	165,264	164,314	159,800

Operating Expenses - Rent	42,508	42,516	39,696	37,949	37,026	36,002
Operating Expenses - Administration	106,540	105,795	97,090	93,018	89,651	85,727
Operating Income	886,801	854,337	864,505	917,072	900,551	879,048
Net Income	935,233	862,087	876,979	929,559	911,145	890,271
Gross Margin (%)	39.1%	39.5%	39.5%	41.1%	41.2%	41.3%
Operating Expenses to Sales (%)	10.4%	10.7%	10.2%	10.0%	10.1%	10.0%
Net Income to sales (%)	30.2%	29.0%	29.8%	31.5%	31.5%	31.7%
Inventory Turnover	18	18	18	18	18	17
Debt	0	n/a	0	110	190	395
Retained Earnings	0	n/a	0	0	0	0
<i>Data Source: LDB unaudited</i>						

Fiscal 2014/15 capital expenditures of \$25.2 million were \$12.3 million higher than the \$12.9 million spent in the previous year (see Table 2). Capital spending in the prior year was lower than normal as the LDB was developing plans to implement the recommendations of the Liquor Policy Review. Capital expenditures were related to ongoing operational capital needs and tenant improvement projects for stores.

Capital spending during fiscal 2014/15 resulted in the implementation of several projects including: upgrading the payroll system software and outsourcing payroll services; a web-based special occasion license application; rolling out Microsoft's Windows 7 operating systems and desktop virtualization technology; and implementing a new wholesale pricing model.

During fiscal 2014/15, the retail customer count at BCLSs increased to 36.4 million from 36.2 million customers. The average retail customer transaction value at BCLSs increased to \$33.46 from \$32.90. The increase in average transaction value reflects the changes in consumer trends towards unique and specialty products like BC Vintners Quality Alliance (VQA) wines and craft beers which tend to have a premium price. With the weaker Canadian dollar, some product prices were also impacted.

On average the LDB holds all inventory for 21 days meaning each year there are 18 inventory turn overs. This inventory turnover rate is consistent with previous years. More specifically, each year the inventory in LDB Distribution Centres turns over 23 times and BC Liquor Stores 12 times. The consistency of inventory turns reflects the close management of LDB inventories.

**Table 2: Key Indices**  
(all dollar figures in \$000s)

	Actual 2014/15	Budget 2014/15	Change vs. 2014/15 Budget	Actual 2013/14	Change vs. 2013/14 Actual
Gross Sales	3,092,479	2,971,998	120,481	2,943,695	148,784
Net Income	935,233	862,087	73,146	876,979	58,254
Capital Expenditures	25,217	30,356	(5,139)	12,947	12,270
Gross Margin %	39.1%	39.5%	-0.4%	39.5%	-0.5%
Operating Income to Sales %	28.7%	28.7%	-0.1%	29.4%	-0.7%
Operating Expenses to Sales %	10.4%	10.7%	-0.3%	10.2%	0.2%
Net Income to Sales % (includes gain on property sale)	30.2%	29.0%	1.2%	n/a	n/a
Net Income to Sales % (excludes gain on property sale)	29.0%	29.0%	-0.0%	29.8%	-0.8%
Inventory Turnover	18	18	0.0%	18	-

Retail Customer Count	36,424	N/A	N/A	36,231	193
Average Transaction \$ Value	\$33.46	N/A	N/A	\$32.90	\$0.56

## Retail and Wholesale Channels

The LDB has two types of operations based on customer type. The retail channel includes sales from BCLS to retail customers. The wholesale channel includes sales to re-sellers of beverage alcohol from BCLS and all sales from the LDB's WCC, authorized BC manufacturers and private distributors. Re-sellers of beverage alcohol include Licensee Retail Stores (LRS), Rural Agency Stores (RAS), wine stores, licensees (such as restaurants and pubs) and duty free stores.

The segmented information that follows allocates the financial results into the retail and wholesale channels on an activity-based costing analysis. The retail operations cover all counter sales in BCLS and wholesale represents all other sales. An activity-based costing analysis between retail and wholesale, which allocates expenses between the two channels, was last performed based on activities in 2010/11. The results of this analysis were used in this year's segmentation. The analysis was not conducted in 2014/15 since there were no significant changes in activity during the year.

### Retail Channel

The net income as a percentage of sales increased from 33.7 per cent to 35.1 per cent. Sales increased by \$22.9 million, representing a 1.9 per cent increase over the prior year. Cost of sales, as a percentage of sales, decreased by 1.7 per cent over fiscal 2013/14. This was due to a combination of higher sales volumes and changes in product mix and pricing.

**Table 3: Retail Results**  
(in \$000s)

	Actual 2014/15	Budget 2014/15	% Actual Sales	Actual 2013/14	% Actual Sales	Change over prior year
Sales	1,201,155	1,197,716	100	1,178,276	100	1.9
Cost of Sales	575,299	574,903	47.9	584,114	49.6	(1.7)
Operating Expenses	209,628	215,842	17.5	203,007	17.2	3.3
Other Income	5,750	3,875	0.5	6,237	0.5	(7.8)
Net Income	421,978	410,846	35.1	397,392	33.7	6.2

### Wholesale Channel

Net income, as a percentage of sales, decreased slightly from 27.2 per cent to 27.1 per cent. Sales increased by \$125.9 million, or 7.1 per cent, due to increased wholesale sales and the shift of sales from the BCLS to private retailers. The sales increase in this channel has been driven mainly by the growth in BC land based wineries, along with growth in BC breweries.

Cost of sales, as a percentage of sales, increased by 1.4 per cent. This channel has a higher proportion of beer and BC wine sales, resulting in an overall lower return. Because mark-up on beer is a per litre mark-up, the cost of sales, as a percentage of sales, will increase with rising beer prices. BC wines have lower gross margins due to the mark-up policy for direct delivery of VQA wines and wines produced from 100 per cent BC grapes.

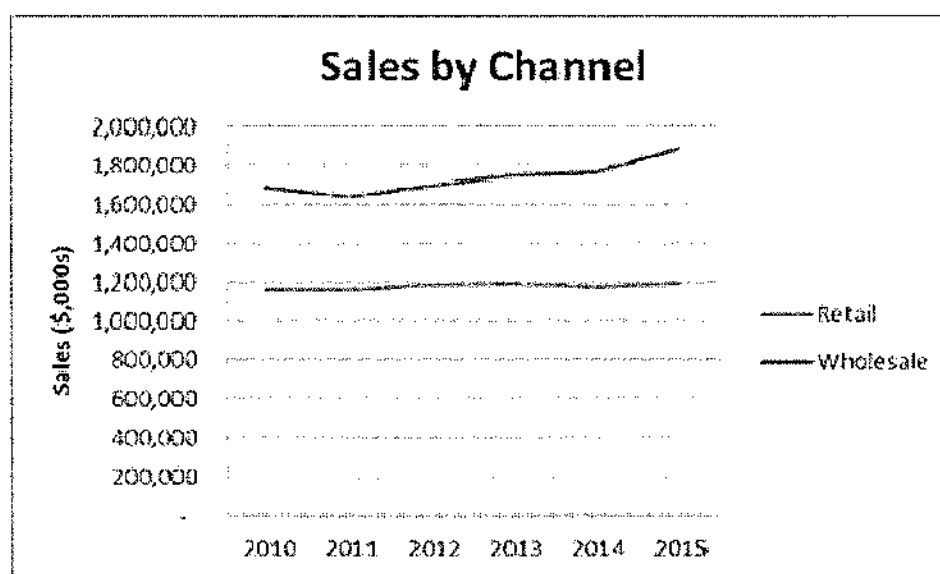
The gain on the sale of the Vancouver Distribution Centre is included in the other income of the wholesale channel.

**Table 4: Wholesale Results**  
(in \$000s)



	Actual 2014/15	Budget 2014/15	% Actual Sales	Actual 2013/14	% Actual Sales	% Change over prior year
Sales	1,891,324	1,774,282	100	1,765,419	100.0	7.1
Commissions & Discounts	214,560	190,731	11.3	198,170	11.2	8.3
Cost of Sales	1,094,788	1,033,206	57.9	997,349	56.5	9.8
Operating Expenses	111,400	102,979	5.9	96,550	5.5	15.4
Other Income	42,679	3,875	2.3	6,237	0.4	584.3
Net Income	513,255	451,241	27.1	479,587	27.2	7.0

**Table 5: Retail and Wholesale Channel Trends**



### Product Categories

Overall, sales exceeded target by 4.1 per cent (\$120.5 million) and increased by 5.1 per cent (\$148.8 million) compared to the previous year. The refreshment beverage category had the strongest growth in both sales dollars and litres, reflecting changing consumer preferences.

The refreshment beverage category increased by 15.5 per cent or \$22.6 million and was largely driven by import refreshments increasing by 49.1 per cent or \$18.2 million. This was followed by wine with an increase of 7.1 per cent or \$68 million; spirits with an increase of 3.3 per cent or \$24.5 million; and beer with an increase of 3.1 per cent or \$33.4 million.

In terms of volume, there was an overall increase of 4.8 per cent compared to the previous year. The refreshment beverage category had the largest volume increase at 12 per cent, followed by wine at 5.3 per cent, beer at 4.1 per cent and spirits 1.8 per cent when compared to last year.

**Table 6: Product Category Changes**

	% change in Sales \$ from previous year		% change in Sales litres from previous year	
	Domestic	Import	Domestic	Import
Spirits	1.2	5.3	0.7	3.2

Wine	8.7	5.7	6.8	3.6
Beer	3.9	(0.4)	5.1	(1.2)
Refreshment	4.1	49.1	1.6	50.6

### Market Share

In 2014/15, private sector stores which include Licensee Retail Stores (LRS) and agency stores purchase their product from the LDB at discounts ranging from 12 to 30 per cent. During the year, the share of the liquor market accounted for by these outlets increased from 43.9 per cent to 45.2 per cent.

Discounts increased by \$16.4 million or 8.3 per cent over the previous year, reflecting shifts in market share. Over the past five years (see Tables 7 and 8), private retailers' market share in the wholesale channel has grown steadily.

**Table 7: Provincial Sales by Source**

*For the five years ended March 31, 2015*

*(as a percentage of total dollar sales)*

Counter Sales (%)	2014/15	2013/14	2012/13	2011/12	2010/11
Government Liquor Stores	38.8	40.1	40.5	41.0	41.4
Licensee Retail Stores	35.5	34.8	34.8	34.4	33.9
Agency Stores	9.7	9.1	8.8	8.1	8.1
<b>Total Counter Sales</b>	<b>84.0</b>	<b>84.0</b>	<b>84.1</b>	<b>83.5</b>	<b>83.4</b>
Licensed Establishments	16.0	16.0	15.9	16.5	16.6
<b>Total Sales</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<i>Data Source: LDB Oracle Financial System</i>					

**Table 8: Counter Sales by Source**

*For the five years ended March 31, 2015*

*(as a percentage of total dollar sales)*

Counter Sales (%)	2014/15	2013/14	2012/13	2011/12	2010/11
Government Liquor Stores	46.3	47.7	48.2	49.1	49.7
Licensee Retail Stores	42.3	41.5	41.4	41.2	40.6
Agency Stores	11.4	10.8	10.4	9.7	9.7
<b>Total Counter Sales Market</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<i>Data Source: LDB Oracle Financial System</i>					

### Tarina Palmer

Senior Communications Officer, Corporate Policy & Communications

BC Liquor Distribution Branch

2625 Rupert Street, Vancouver BC V5M 3T5

T: 604 252-3028 E: [tarina.palmer@bcldb.com](mailto:tarina.palmer@bcldb.com)

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All dollars in \$millions

	2009/10 Actual	2010/11 Actual	2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Budget	2014/15 Actual	2014/15 Variance	2013/14 - 14/15 Variance	2015/16 Budget	2016/17 Budget
Sales	2,854.1	2,810.1	2,889.9	2,950.4	2,943.7	2,972.0	3,092.5	120.5	148.8	2,848.1	2,906.6
Commission and Discounts	198.3	179.7	187.6	196.3	198.2	190.7	214.6	(23.9)	(16.4)	6.0	6.2
Cost of Sales	1,515.3	1,469.8	1,510.7	1,540.8	1,581.5	1,508.2	1,670.1	(61.9)	(88.6)	1,628.4	1,664.1
Gross Profit	1,140.5	1,160.6	1,191.6	1,213.3	1,164.0	1,173.1	1,207.8	34.7	43.8	1,213.7	1,236.3
Operating Expenses - Employment	163.3	159.8	164.3	165.3	162.8	170.5	172.0	(1.5)	(9.2)	177.0	178.9
Operating Expenses - Rent	33.7	36.0	37.0	37.9	39.7	42.5	42.5	0.0	(2.8)	45.6	47.9
Operating Expenses - Administration	78.9	85.7	89.7	93.0	97.1	105.8	106.5	(0.7)	(9.4)	118.5	121.9
Operating Income	864.6	879.1	900.6	917.1	864.4	854.3	886.8	32.5	22.4	872.6	887.6
Net Income	877.3	890.3	911.1	929.6	877.0	862.1	935.2	73.1	58.3	880.6	895.6
Gross Margin (%)	40.0%	41.3%	41.2%	41.1%	39.5%	39.5%	39.1%	-0.4%	-0.5%	42.6%	42.5%
Operating Expenses to Sales (%)	9.7%	10.0%	10.1%	10.0%	10.2%	10.7%	10.4%	-0.3%	0.2%	12.0%	12.0%
Net Income to sales (%)	30.7%	31.7%	31.5%	31.5%	29.8%	29.0%	30.2%	1.2%	0.4%	30.9%	30.8%
Inventory Turnover	17	17	18	18	18	18	18	0	0	0	0
Debt	0.8	0.4	0.2	0.1	0	0	0	0	0	0	0
Retained Earnings	0	0	0	0	0	0	0	0	0	0	0

## Low, Elaine LDB:EX

---

**From:** Low, Elaine LDB:EX  
**Sent:** Monday, June 01, 2015 9:23 AM  
**To:** Kemick, April LDB:EX  
**Subject:** RE: SUBMISSION: LDB's 2014/15 Annual Service Plan Report  
**Attachments:** LDB Financial Statements final.docx

Here is the word document. You will have to insert electronic signatures for Roger and Blain on the first page and on the financial position page.

Also, I don't have audit report as a page on its own.

### Elaine Low

Director, Finance - Planning and Reporting  
BC Liquor Distribution Branch  
2625 Rupert Street, Vancouver BC V5M 3T5  
T: 604 252-3158 E: [elaine.low@bclddb.com](mailto:elaine.low@bclddb.com)

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---

**From:** Kemick, April LDB:EX  
**Sent:** Friday, May 29, 2015 4:27 PM  
**To:** Low, Elaine LDB:EX  
**Subject:** RE: SUBMISSION: LDB's 2014/15 Annual Service Plan Report  
**Importance:** High

Hi Elaine,

On Monday, can you please send me your Word doc version of these (ie. pages 1 to 21)? I need to insert them into a template for review so it would really help if you could do that.

Cheers,

April

### April Kemick

Manager, Communications  
BC Liquor Distribution Branch  
2625 Rupert Street, Vancouver BC V5M 3T5  
T: 604 252-3034 E: [april.kemick@bclddb.com](mailto:april.kemick@bclddb.com)

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**From:** Low, Elaine LDB:EX  
**Sent:** Wednesday, May 27, 2015 5:39 PM  
**To:** Kemick, April LDB:EX  
**Subject:** FW: SUBMISSION: LDB's 2014/15 Annual Service Plan Report

Here is the file.

**Elaine Low**  
Director, Finance - Planning and Reporting  
BC Liquor Distribution Branch  
2625 Rupert Street, Vancouver BC V5M 3T5  
T: 604 252-3158 E: [elaine.low@bclddb.com](mailto:elaine.low@bclddb.com)

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**From:** Low, Elaine LDB:EX  
**Sent:** Tuesday, May 19, 2015 1:59 PM  
**To:** Palmer, Tarina LDB:EX  
**Cc:** Kemick, April LDB:EX  
**Subject:** RE: SUBMISSION: LDB's 2014/15 Annual Service Plan Report

Audited financial statements (in PDF).

**Elaine Low**  
Director, Finance - Planning and Reporting  
BC Liquor Distribution Branch  
2625 Rupert Street, Vancouver BC V5M 3T5  
T: 604 252-3158 E: [elaine.low@bclddb.com](mailto:elaine.low@bclddb.com)

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**From:** Palmer, Tarina LDB:EX  
**Sent:** Friday, May 15, 2015 3:06 PM  
**To:** Low, Elaine LDB:EX  
**Cc:** Kemick, April LDB:EX  
**Subject:** RE: SUBMISSION: LDB's 2014/15 Annual Service Plan Report

Elaine,

There will have an opportunity for us to review and make edits in the next round. We should receive this feedback on or around May 22. Once received, we have until June 5 to submit our final copy.

Tarina

**Tarina Palmer**

Senior Communications Officer, Corporate Policy & Communications  
BC Liquor Distribution Branch  
2625 Rupert Street, Vancouver BC V5M 3T5  
T: 604 252-3028 E: [tarina.palmer@bcdlb.com](mailto:tarina.palmer@bcdlb.com)

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**From:** Low, Elaine LDB:EX  
**Sent:** Friday, May 15, 2015 2:29 PM  
**To:** Palmer, Tarina LDB:EX  
**Subject:** RE: SUBMISSION: LDB's 2014/15 Annual Service Plan Report

Will we get another chance to review?

**Elaine Low**

Director, Finance - Planning and Reporting  
BC Liquor Distribution Branch  
2625 Rupert Street, Vancouver BC V5M 3T5  
T: 604 252-3158 E: [elaine.low@bcdlb.com](mailto:elaine.low@bcdlb.com)

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**From:** Palmer, Tarina LDB:EX  
**Sent:** Friday, May 15, 2015 2:22 PM

**To:** Eisler, Shelley JAG:EX

**Cc:** Kemick, April LDB:EX; Low, Elaine LDB:EX; Shrieves, Renee LDB:EX; Wong, Audrey LDB:EX; Bissoondatt, Roger LDB:EX

**Subject:** SUBMISSION: LDB's 2014/15 Annual Service Plan Report

Hi Shelley,

Please find attached the LDB's Annual Service Plan Report. This version now reflects and addresses all of the feedback we received. In a few instances,<sup>s.13</sup>

In the preparation of this document I have paid close attention to the template requirements.<sup>s.13</sup>  
s.13

Lastly, <sup>s.13</sup>  
s.13

As ever, if you have any questions or concerns please do not hesitate to give me a call.

I hope you're taking some well-deserved time off this long weekend.

All the best,

Tarina

**Tarina Palmer**

Senior Communications Officer, Corporate Policy & Communications

BC Liquor Distribution Branch

2625 Rupert Street, Vancouver BC V5M 3T5

T: 604 252-3028 E: [tarina.palmer@bcldb.com](mailto:tarina.palmer@bcldb.com)

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## Low, Elaine LDB:EX

---

**From:** Bissoondatt, Roger LDB:EX  
**Sent:** Monday, May 16, 2016 6:16 PM  
**To:** Low, Elaine LDB:EX  
**Cc:** john. k. bunting; Jones, Russ OAG:EX; Moore, Lisa OAG:EX; jessica.e.rockliff@ca.pwc.com  
**Subject:** Re: LDB Annual Report

s.13

I am cc'ing john and Russ etc on this to get some more input and will also bring it up at the EMC meeting tomorrow.

Roger  
Roger

Sent from my iPad

> On May 16, 2016, at 5:52 PM, "Low, Elaine LDB:EX" <Elaine.Low@bcdlb.com> wrote:  
>  
> Let's discuss tomorrow.  
>  
> Elaine Low  
> Director, Finance - Planning and Reporting BC Liquor Distribution  
> Branch  
> 2625 Rupert Street, Vancouver BC V5M 3T5  
> T: 604 252-3158 E: elaine.low@bcdlb.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.  
>  
> [cid:\_1\_06BAA83006BAA4940003BEEC88257FB6]  
>  
> Disclaimer: The content of this e-mail is intended solely for the use of the individual or entity to whom it is addressed. If you have received this communication in error, be aware that forwarding it, copying it, or in any way disclosing its content to any other person, is strictly prohibited. If you have received this communication in error, please notify the author immediately and delete the message including any attachments.  
>  
> From: john.k.bunting@ca.pwc.com [mailto:john.k.bunting@ca.pwc.com]  
> Sent: Monday, May 16, 2016 5:41 PM  
> To: Low, Elaine LDB:EX  
> Cc: jessica.e.rockliff@ca.pwc.com  
> Subject: Re: LDB Annual Report  
>  
> Elaine - please see my comments on page 46. s.13,s.17  
s.13,s.17  
  
>  
> You better check this with Russ and his team as well I would think, please pass my thoughts along.  
>  
> John

## Low, Elaine LDB:EX

---

**From:** Bissoondatt, Roger LDB:EX  
**Sent:** Wednesday, May 18, 2016 5:47 PM  
**To:** Low, Elaine LDB:EX; john.k.bunting@ca.pwc.com; Jones, Russ OAG:EX; Moore, Lisa OAG:EX  
**Subject:** RE: LDB Annual Report  
**Attachments:** LDB revised Appendix A - revision may 18.docx

My suggested changes are indicated.

Roger

**Roger Bissoondatt**  
Chief Financial Officer, Finance  
BC Liquor Distribution Branch  
2625 Rupert Street, Vancouver BC V5M 3T5  
T: 604 252-3151 E: [roger.bissoondatt@bclddb.com](mailto:roger.bissoondatt@bclddb.com)

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---

**From:** Low, Elaine LDB:EX  
**Sent:** Wednesday, May 18, 2016 2:15 PM  
**To:** john.k.bunting@ca.pwc.com; Bissoondatt, Roger LDB:EX; Jones, Russ OAG:EX; Moore, Lisa OAG:EX  
**Subject:** FW: LDB Annual Report

To All,

Incorporating all the feedback on Appendix A, attached is an updated version.

John, LDB had a conference call with Russ and Lisa this morning: <sup>s.13</sup>  
s.13

Please review and see if this addresses the feedback.

Lisa/Russ – we will send the full updated annual report as you had other comments; however, I wanted to get this piece reviewed first.

Regards,  
**Elaine Low**  
Director, Finance - Planning and Reporting  
BC Liquor Distribution Branch

2625 Rupert Street, Vancouver BC V5M 3T5  
T: 604 252-3158 E: [elaine.low@bcldb.com](mailto:elaine.low@bcldb.com)

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**From:** [john.k.bunting@ca.pwc.com](mailto:john.k.bunting@ca.pwc.com) [<mailto:john.k.bunting@ca.pwc.com>]  
**Sent:** Monday, May 16, 2016 5:41 PM  
**To:** Low, Elaine LDB:EX  
**Cc:** [jessica.e.rockliff@ca.pwc.com](mailto:jessica.e.rockliff@ca.pwc.com)  
**Subject:** Re: LDB Annual Report

Elaine - please see my comments on page 46. s.13,s.17  
s.13,s.17

You better check this with Russ and his team as well I would think, please pass my thoughts along.

John

**John K. Bunting**  
PwC | Partner | Audit and Assurance Group  
T: +1 604 806 7797  
Email: [john.k.bunting@ca.pwc.com](mailto:john.k.bunting@ca.pwc.com)

Assistant: Nicola Agnew | T: +1 604 806 7878  
Email – [nicola.j.agnew@ca.pwc.com](mailto:nicola.j.agnew@ca.pwc.com)  
PricewaterhouseCoopers LLP  
PricewaterhouseCoopers Place,  
250 Howe Street, Suite 700, Vancouver BC V6C 3S7  
<http://www.pwc.com/ca>

From: "Low, Elaine LDB:EX" <[Elaine.Low@bcldb.com](mailto:Elaine.Low@bcldb.com)>  
To: Jessica E. Rockliff/CA/ABAS/PwC@Americas-CA, John K. Bunting/CA/ABAS/PwC@Americas-CA  
Date: 05/16/2016 11:13 AM  
Subject: LDB Annual Report

Hello John/Jessica,

I was wondering if you can take a quick look at the LDB annual report.

We have included in the appendix on page 46, the BCLS financial results.

One page 16 we have explicitly stated that “ all transactions between the two lines of business have been eliminated from the LDB financial results.”

On page 46, the BCLS numbers consist of the following:

Sales: Net (without) CRF which is consistent with the corporate accounting policy.

Gross Margin – based on the cost at wholesale price (not duty paid cost, as in the consolidated statements)

Direct Expenses - Includes order processing fees ( internal transaction – LDB wholesale charge)

s.13

**Elaine Low**

Director, Finance - Planning and Reporting

BC Liquor Distribution Branch

2625 Rupert Street, Vancouver BC V5M 3T5

T: 604 252-3158 E: [elaine.low@bcldb.com](mailto:elaine.low@bcldb.com)

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[attachment "2016-05-13 - LDB Annual Service Plan Report-DRAFT.docx" deleted by John K. Bunting/CA/ABAS/PwC]

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Page 097

Withheld pursuant to/removed as

DUPLICATE

## Low, Elaine LDB:EX

---

**From:** Low, Elaine LDB:EX  
**Sent:** Thursday, June 09, 2016 11:46 AM  
**To:** Bissoondatt, Roger LDB:EX  
**Subject:** Budget question - Economic Stability Fund dividend

For this year - 2016/17, s.13,s.17  
s.13,s.17

s.13,s.17

Do you want me to discuss with Blain?

### **Elaine Low**

Director, Finance - Planning and Reporting  
BC Liquor Distribution Branch  
2625 Rupert Street, Vancouver BC V5M 3T5  
T: 604 252-3158 E: [elaine.low@bclddb.com](mailto:elaine.low@bclddb.com)

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## Low, Elaine LDB:EX

---

**From:** Low, Elaine LDB:EX  
**Sent:** Wednesday, July 06, 2016 4:51 PM  
**To:** Kemick, April LDB:EX  
**Subject:** RE: FOR REVIEW: key messages and Q&As re: Annual Report

Yes I am sure that is fine.

### Elaine Low

Director, Finance - Planning and Reporting  
BC Liquor Distribution Branch  
2625 Rupert Street, Vancouver BC V5M 3T5  
T: 604 252-3158 E: [elaine.low@bcldb.com](mailto:elaine.low@bcldb.com)

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---

**From:** Kemick, April LDB:EX  
**Sent:** Wednesday, July 06, 2016 12:16 PM  
**To:** Low, Elaine LDB:EX  
**Subject:** RE: FOR REVIEW: key messages and Q&As re: Annual Report

Hi Elaine,

s.13

Cheers,

April

### April Kemick

Manager, Communications  
BC Liquor Distribution Branch  
2625 Rupert Street, Vancouver BC V5M 3T5  
T: 604 252-3034 E: [april.kemick@bcldb.com](mailto:april.kemick@bcldb.com)

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---

**From:** Low, Elaine LDB:EX  
**Sent:** Wednesday, July 06, 2016 8:29 AM  
**To:** Kemick, April LDB:EX; Bissoondatt, Roger LDB:EX  
**Cc:** Turner, Caeli LDB:EX  
**Subject:** RE: FOR REVIEW: key messages and Q&As re: Annual Report

Sorry, I was interviewing most of yesterday and today. s.13  
s.13

**Elaine Low**  
Director, Finance - Planning and Reporting  
BC Liquor Distribution Branch  
2625 Rupert Street, Vancouver BC V5M 3T5  
T: 604 252-3158 E: [elaine.low@bcldb.com](mailto:elaine.low@bcldb.com)

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---

**From:** Kemick, April LDB:EX  
**Sent:** Tuesday, July 05, 2016 9:07 AM  
**To:** Low, Elaine LDB:EX; Bissoondatt, Roger LDB:EX  
**Cc:** Turner, Caeli LDB:EX  
**Subject:** FOR REVIEW: key messages and Q&As re: Annual Report  
**Importance:** High

Hi Elaine and Roger,

Given that the Annual Report may be released any day now (still no word on when!), I've been asked to pull together some key messages and Q&As in preparation for any questions we may get from media, stakeholders, government, etc. The document is attached.

**Would one/both of you be able to review today and send me back feedback by the end of the day today?**

You'll notice I've included some comments in the doc where I wasn't sure if I was being accurate – please pay particular attention to those, but also feel free to tweak/edit anything else. If you think there are other obvious questions that may come up that I'm missing, please also add those!

Thanks in advance for your help and please let me know if you have any questions.

Cheers,

April

**April Kemick**  
Manager, Communications



BC Liquor Distribution Branch  
2625 Rupert Street, Vancouver BC V5M 3T5  
T: 604 252-3034 E: [april.kemick@bcldb.com](mailto:april.kemick@bcldb.com)

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