

MINISTRY OF SMALL BUSINESS AND RED TAPE REDUCTION  
AND MINISTER RESPONSIBLE FOR THE LIQUOR DISTRIBUTION BRANCH  
**INFORMATION NOTE**

Cliff #: 37313

January 12, 2016

**PREPARED FOR:** Honourable Coralee Oakes, Minister of Small Business, Red Tape Reduction and Responsible for the Liquor Distribution Branch

**ISSUE:** Background on the BC Small Business Accord (Accord)

**BACKGROUND:**

The Accord was launched in October, 2012. The Accord was developed to support BC's small business sector by helping boost business confidence and renew small business sector engagement with government.

In November 2012, the former Minister of State for Small Business, Naomi Yamamoto, traveled throughout B.C., holding extensive consultations for the Accord. Participants included members of the local small business community, the Small Business Roundtable, Chambers of Commerce and business service delivery organizations such as Small Business BC and Community Futures.

Attendees were encouraged to raise topics of concern and identify opportunities for changes that government could make to better support small business. Online surveys and a Twitter Town Hall were also used in the consultation process, reaching over 35,000 individuals across the province.

On February 5, 2013, the Ministry of Jobs, Tourism and Skills Training held a Small Business Accord forum with 14 small business owner-operators drawn from all regions of the province. During this forum, participants endorsed the Accord and proposed six action items.

The Accord (see attached PDF) was approved by Cabinet in the winter of 2012/13, and was subsequently signed by former Minister of State for Small Business, Naomi Yamamoto, at a Small Business Accord signing event in March 2013. The Accord sets out principles to guide interactions with BC's small business sector and reduce barriers to engaging with and doing business with government.

The Accord is largely recognized among BC municipalities, industry, sector associations and service providers as a symbol of government's commitment to BC's small business sector: to support business start-up and growth, to reduce red-tape for small business, and to make BC the most small business friendly jurisdiction in Canada. A significant component of the Small Business Branch's current work relates to a key action under the Accord, the "Small Business Awareness Strategy" (attached).

**DISCUSSION:**

s.13

**ATTACHMENTS:**

1. BC Small Business Accord
2. Information Note from July 20, 2015 – SB Accord
3. Small Business Awareness Strategy

Approved / Not Approved	Date:
Comments:	

Contact: Christine Little, ADM, Small Business and Red Tape Reduction  
 Telephone: (250) 952-0367

Prepared by: Stefan Virtue, Senior Analyst, Small Business Branch  
 Telephone: (250) 356-7530

Reviewed by				
Dir: JB	ED: JH	ADM: CL	DM: TM	MIN:



# BC Small Business Accord

We are in business to create the most small business friendly jurisdiction in Canada

## Goal

*We, the undersigned, established this **BC Small Business Accord** and its principles to help foster a progressive business culture where government initiatives support current and future generations of small business owners across British Columbia.*

## Principles

**Consider the needs** and impacts of small businesses in policy and program decisions to enhance business certainty, access to qualified labour, access to capital and technology adoption.

**Foster a regulatory environment** that small business can access, navigate and influence effectively and efficiently.

**Design government programs and resources** affecting small business so that they are well developed, accessible, properly funded and effectively communicated.

**Foster thoughtful collaboration** among all levels of government, including First Nations.

**Deploy educational and training programs** that are future-focused and aligned to meet the changing needs of small business and the labour talent it develops.

**Create long-term growth opportunities** for small business through government procurement.

Honourable Naomi Yamamoto  
Minister of State for Small Business

Gay Hahn  
Avalon Dairy, Burnaby

Jack Bandstra  
Bandstra Transportation Systems Ltd., Smithers

Deanne Ziebart  
Developmental Disabilities Association, Richmond

Bob Redden  
EDI Environmental Dynamics Inc., Prince George

Garin Josey  
William F. White International Inc.

Pat Corbett  
Hills Health Ranch, 108 Mile

Justin Rigsby  
Holbrook Dyson Logging, Campbell River

Robin Lapointe  
Lapointe Engineering Ltd., Kitimat

Brad Mills  
Mills Basics, Vancouver

Greg Munden  
Munden Ventures, Kamloops

Dave Mathieson  
Nu Tech Roofing & Waterproofing Ltd., Kelowna

Lynne Jacobs  
Oh My Gift, Vancouver

Bill Downing  
Structurlam Wood Products Ltd., Penticton

Cybele Negriz  
Webnames.ca, Vancouver

Annemarie Templeman-Kluit  
Yoyomama.ca, Vancouver

## SMALL BUSINESS ACCORD

### Background:

- Small business in British Columbia is a major contributor of employment and a priority for the *BC Jobs Plan*. A key economic driver in the province, small business accounts for 98% of businesses, 54% of private sector jobs, and 33% of British Columbia's GDP.
- In support of this sector, the B.C. Small Business Accord ("the Accord") was launched in October 2012. The intent was to develop a set of principles to guide government interactions with small business owners, and reduce the complexity and frustration for small business when dealing with government.
- The six Accord principles guide the manner in which government interacts with and considers the interests of the small business community. The principles were approved by government and announced on March 19, 2013 along with six related action items. The principles are:
  - Consider the needs and impacts of small businesses in policy and program decisions to enhance business certainty, access to qualified labor, access to capital and technology adoption.
  - Foster a regulatory environment that small business can access, navigate and influence effectively and efficiently.
  - Design government programs and resources affecting small business so that they are well developed, accessible, properly funded and effectively communicated.
  - Foster thoughtful collaboration among all levels of government, including First Nations.
  - Deploy educational and training programs that are future-focused and aligned to meet the changing needs of small business and the labour talent it develops.
  - Create long-term growth opportunities for small business through government procurement.
- Significant progress has been made to date in initiating or completing deliverables under the six actions:
  - Encourage Provincial/Municipal Collaboration in the Adoption of the Small Business Accord Principles:
    - Developed the "Open for Business" award, adjudicated by the Small Business Roundtable, which provides a \$10,000 award to local governments that operate within the spirit of the Accord.
  - Reduce Barriers to Government's Procurement Process:
    - Updated government's *How to do Business with Government Guide* to clarify the procurement process for small businesses.
    - Appointed a senior government official (George Farkas) to undertake the *Small Business: Doing Business With Government* consultation with small

businesses. Released an interim report in December 2013 and a final report in March 2014 outlining 12 recommendations to government.

- A new two-page Request for Proposals was developed and rolled-out across government in April 2014, reducing paperwork for procurement opportunities less than \$250,000.
- Procurement baseline measure research was completed to understand how much business government already does with small business (for fiscal 2012/13), in order to measure outcomes toward government's commitment to a 20 per cent increase in procurement spending to small business.
- Raise Awareness of Small Business Mentorship Programs:
  - Provided BC Innovation Council with a grant of \$300,000 (\$150,000 in each fiscal 2012/13 and 2013/14) to develop the MentorshipBC web portal. In November 2013, MentorshipBC was launched to help business owners locate mentor programs and opportunities. Ongoing operations and maintenance of MentorshipBC was transferred to Small Business BC in April 2014.
- Develop a Mobile Trainers Program for Remote Communities:
  - A mobile training pilot focused on succession planning was launched in February/March 2014 in partnership with Community Futures and Venture Connect to address the Small Business Accord action commitment, and respond to recommendations from the Small Business Roundtable.
- Support Additional Skills Training:
  - Supported the implementation of the Micro-business Training Pilot and other entrepreneurial skills development initiatives funded through the former Canada-BC Labour Market Agreement. The Small Business Branch is now working with the Labour Market and Immigration Division to support the implementation of BC's Skills for Jobs Blueprint and Canada's most small business-friendly Canada Job Grant program.
- Develop a Small Business Awareness Strategy:
  - Launched in Fall 2014, progress has been made in a number of key areas:
    - A cross-government Small Business Accord Advisory Forum has been formed to raise awareness of the Accord and ensure a small business lens is placed on new policies, legislation and initiatives across government. The Forum held a very successful inaugural meeting in March 2015, followed by a second meeting in May. A third meeting is scheduled for July. Engagement among members is high and the Forum has already benefitted from several excellent presentations about key small business issues as well opportunities for strategic relationship building.

- The Small Business Roundtable has struck an Awareness Sub-Committee that will develop and implement a plan to increase awareness of the Roundtable's activities and to bring greater awareness to issues affecting small businesses. s.13,s.17  
s.13,s.17
  
- The Small Business Branch worked with the Economic Development Division on a Small Business webinar that was available to participants across the province. The Small Business Branch ran a panel session at the BCEDA Summit and continues to participate in a number of Small Business Expos
- Over the past year, the Small Business Branch (SBB) has supported or led the implementation of several new or enhanced initiatives to increase awareness of small business resources and information: the Small Business Roundtable's Open for Business Awards, Succession Planning Mobile Trainer Program, Business Walks, Mentorship BC, Small Business Doing Business with Government Project, Small Business Vendor Outreach Workshops, Small Business Accord website refresh, participation in several business sector meetings, attendance at small business events and update of key small business publications.
- In December 2014, the SBB contracted Small Business BC to organize a series of regional outreach events designed to help meet engagement objectives under the Awareness Strategy, including a series of high-profile province-wide events to raise awareness of local small business resources, highlight progress made under the Accord, and showcase accomplishments of the Small Business Roundtable.
- In a continued effort to strengthen the awareness of small business resources in the province and reach a broader small business audience, the SBB, in partnership with Service BC, Ministry of Technology, Innovation and Citizens' Services (MTIC) have been working together to coordinate the launch of a new business registrant Welcome Package (Package) which will include a personalized joint Minister's Letter and a Small Business Resources Hand-out.

A number of additional activities have been started or are ongoing.

- In 2015-16, the Small Business Branch will continue to deliver key initiatives resulting from the Accord consultation work, with the Small Business Awareness Strategy being a key priority area.

**Program Expenditure / Revenue Implication:**

- The Accord provides the overarching lens for the work carried out by the Small Business Branch. As such, there is no specific budget attached to the Accord.

**Contact:**

Jackie Hunter, Executive Director  
Small Business Branch  
250.387.1548

B.C.'S SMALL BUSINESS AWARENESS STRATEGY:

ACCELERATING GROWTH AND COMPETITIVENESS

OVERVIEW

The Small Business Awareness Strategy is an action under the **BC Small Business Accord**. The Strategy will help ensure that government policy and programs are developed and implemented with a small business lens, and that information and programs to support small businesses are marketed to the small business sector in a coordinated and effective way.

VISION

The Strategy will strengthen the BC Small Business Accord and help foster a climate that supports small business, improves investment readiness and encourages economic development and competitiveness.

OBJECTIVES

- 1) Increase awareness among business owners and entrepreneurs of the tools and resources available to them.
- 2) Increase awareness of small business needs across government and broaden partnerships with local, federal, provincial and Aboriginal agencies to leverage small business supports.
- 3) Increase awareness among the general public of the critical role of buying from local BC companies.

STRATEGIES

The Awareness Strategy includes 3 pillars and 12 actions, driven by the 6 Accord principles, to enhance outreach activities across government and externally with the public and key business sector stakeholders.

PILLARS	ACTIONS
<div>1.</div> <div>Market information on policy and programs that impact small business</div>	<div><div>Leverage the Small Business Roundtable to raise awareness of small business needs and the role of the Roundtable.</div><div>Update the Accord by developing new actions annually and by providing regular updates on government initiatives.</div><div>Develop centrally accessible plain language small business information products to highlight new or developing government initiatives supporting the Accord.</div><div>Profile regional labour market information in publications and resources to help inform small business owners and investors' decision making.</div></div>
<div>2.</div> <div>Open small business engagement across provincial, federal and local governments and Aboriginal communities</div>	<div><div>Create cross-government small business forum to raise awareness of the Accord and ensure a small business lens is placed on new policies and initiatives across government.</div><div>Implement cross-government and regional training to raise awareness of the Accord to help others develop a real understanding of how to work within its principles.</div><div>Facilitate partnerships with the business sector by acting as the liaison between government agencies and business support organizations.</div><div>Increase regional engagement and collaboration through consultations with local and federal governments and regional economic development officials.</div></div>
<div>3.</div> <div>Promote and leverage new initiatives to support small business start-up, growth and transition</div>	<div><div>Promote new programs and resources for business by developing new information products, and harnessing online and regional engagement opportunities.</div><div>Support and promote small business market research to increase the level of understanding of business owners' issues and needs at local and regional levels.</div><div>Generate awareness of provincial, local and federal governments' small business resources by updating and consolidating online small business information.</div><div>Leverage partnerships with the business sector to expand business resource presence on key partner and stakeholder websites.</div></div>

MINISTRY OF SMALL BUSINESS AND RED TAPE REDUCTION  
AND MINISTER RESPONSIBLE FOR THE LIQUOR DISTRIBUTION BRANCH  
**DECISION NOTE**

Cliff #: 37322

Date: January 28, 2016

**PREPARED FOR:** Honourable Coralee Oakes, Minister Small Business and Red Tape Reduction and Minister Responsible for the Liquor Distribution Branch

**ISSUE:** Rural Agency Stores (RAS) policy review

**BACKGROUND:**

In recent years, a number of RAS applications consistent with RAS program intent were denied by the Liquor Distribution Branch (LDB) on the basis of program approval criteria. Government directed that a review of the approval criteria be undertaken by the Liquor Control and Licensing Branch, in consultation with LDB, to determine if they are still relevant and are successful in effectively achieving the intended outcomes of the RAS Program.

Rejected RAS applications were evaluated to identify the rationale for each denial. The current approval criteria were then individually evaluated to determine if they were effective and appropriate tools to meet the original intent of the RAS program.

Currently, RAS applicants have to meet all the criteria in order to be approved. A proposed RAS must:

- Be 10km away from the nearest liquor outlet (by all-weather road);
- Be within a community of at least 200 people within a 5km radius, or in the case of a resort, have significant tourist accommodation;
- Be outside municipal boundaries;
- have community support; and
- Be housed within a suitable business (existing full service general store operating successfully for at least one year).

**DISCUSSION:**

***Program Intent***

The RAS program is intended to provide liquor sales to communities that are not served by a BC Liquor Store (BCLS), Licensee Retail Store (LRS) or other existing RAS.

### ***Current Practice***

In order to evaluate an application, LDB staff undertake the following sequential steps:

1. Examine the population, distance and municipal boundary criteria.
2. Ensure the business criteria are met.
3. Evaluate community support with input from First Nations, police, permanent and seasonal residents as well as the regional district or other local government (the LDB currently accepts a staff letter as support rather than the more robust option of a resolution).

The approval criteria form is the sole basis of LDB decisions. LDB exercises some limited discretion in reviewing RAS applications (e.g. weighting of the opinions of permanent vs. seasonal residents) but in general their approach has been conservative in ensuring all the criteria are met.

### ***Criteria Evaluation***

#### **1. 10km rule**

The purpose of this rule is to prevent the proliferation of liquor outlets and ensure that RAS appointments are only approved in communities where an existing liquor retailer does not exist. Shortening the required distance between liquor retail locations may undermine the intent of the policy by increasing access to liquor beyond what was intended. Lengthening the distance has the potential to unnecessarily prevent a community's liquor access.

As with any threshold criteria, there will be situations at the margins where a proposed RAS location is close to the prescribed distance, making denial of the application appear unreasonable within the larger context. Exercising discretion in such situations has proven to be problematic in what has been a very litigious industry. Establishment of clear criteria under which discretion may be exercised could make the rule more functional.

#### **2. Population requirements (minimum 200 permanent residents)**

Existence of a community to be served by a proposed RAS is fundamental to the model. Without a community of local residents, a RAS could be located at a highway gas station or convenience store detached from any specific community, which is not consistent with program intent. LDB currently determines whether an application meets this criterion based on BC Stats data. This data has proven to be unreliable at low population levels and is only updated every 5 years. As a result, LDB has received erroneous population counts in the past that have prevented otherwise viable RAS applications.

Given the unreliability of BC Stats data, other options for determining the number of community residents should be considered (such as using property tax information or enabling the applicant to demonstrate the number of local residents).

### 3. Outside municipal boundaries

The municipal boundary criterion is based on the assumption that all municipalities have a liquor store. It is a derivative rule, in contrast to the 10km rule which directly relates to the presence of another liquor store. There are two situations where this criterion may result in a decision counter to the original policy intent. The first is in cases where a municipality expands its boundaries into rural areas (often to extend their tax base). The second is in the case where a municipality loses a liquor retail outlet due to the relocation of a store previously serving the community. In both these circumstances a RAS appointment approval may be reasonable despite the failure to meet this criterion.

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### 4. Suitable business criteria (existing full service general store)

Requiring a full service general store as the host for an RAS is considered a fundamental criterion to meet the intended policy objective. If the community does not require local access to basic food and household items there is little argument that the community requires liquor sales.

### 5. Community support:

Community support is an important criterion for RAS appointments. If a community does not support the RAS appointment, then naturally access to local liquor sales is not required since it is not desired.

## **CONSULTATIONS:**

The following stakeholders were consulted on whether the 10km rule should be flexible in some circumstances, and if inclusion within municipal boundaries should be grounds for rejection.

Stakeholder	Response
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Stakeholder	Response	
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**RECOMMENDATIONS:**

1. s.13

2.

3.

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<u>Approved</u> / Not Approved	Date: January 29, 2016
	
Comments:	

Prepared by: Janice Carlson, Senior Policy Analyst, LCLB 250 952-5794

Melanie Golder, Senior Policy Analyst, LCLB 250 952-5756

Reviewed by			
Dir:	ED:	ADM: DS	DM: TM

MINISTRY OF SMALL BUSINESS AND RED TAPE REDUCTION  
AND MINISTER RESPONSIBLE FOR THE LIQUOR DISTRIBUTION BRANCH  
**MEETING NOTE**

Cliff #: 37352

Date: January 25, 2016

**PREPARED FOR:** Honourable Coralee Oakes, Minister of Small Business and Red Tape Reduction and Minister Responsible for the Liquor Distribution Branch

**DATE AND TIME OF MEETING:** January 27, 2016, Main Street Brewery  
4:00 pm to 6:00 pm

**ATTENDEES:** Poma Dhaliwal, President, ABLE BC  
Jeff Guignard, Executive Director, ABLE BC  
Shauna Burry, Director of Business Development, FreshTAP

**ISSUE:** ABLE BC Industry Reception and Buy ABLE BC Online Purchasing Portal Launch.

**BACKGROUND:**

ABLE (Association of Beverage Licensees of British Columbia) is an association representing many licensee retail stores and liquor primary establishments – particularly pubs and hotels.

Also attending will be representatives from FreshTAP Systems Inc, which owns Postmark Brewing, a Vancouver microbrewery (produces less than 15,000 hectolitres annually) that opened in June 2014. Postmark Brewing also operates Vancouver Urban Winery.

**DISCUSSION:**

**ABLE BC**

ABLE's position on the following current issues is summarized below:

Restrictions on LRS's selling kegs of beer

ABLE is concerned that LRS's may sell only "pony" kegs which are no larger than 30 litres or approximately half the size of a standard keg.

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### LRS Sales to Licensees

ABLE and others have for many years requested that LRS's be permitted to make sales to the hospitality industry. s.13,s.17

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### BC Wine on Grocery Shelves

The B.C. Alliance for Smart Liquor Retail Choices is a newly formed lobby group comprised of ABLE, the Private Liquor Store Association, and Terroir BC (which represents around 60+ small to medium sized wineries).

The group has requested that government impose a 6-month moratorium on approvals for wine-in-grocery.

They argue that wine sales in grocery will be bad for small and medium sized because:

- Grocery stores prefer to stock wines from manufacturers that can provide bigger volumes and lower unit costs
- Experience in other jurisdictions (such as Washington state) is that small to medium sized wineries can't compete
- Restricting sales to BC-only product contravenes trade agreements. Trade challenges will result in grocery stores having to offer lower-cost international wines in addition to BC wines

Government representatives met with the Alliance in October 2015 to discuss options to address some of their concerns.

Notwithstanding their request, at this time Government still intends to proceed in the coming months with the auctioning of BC wine-in-grocery licences.

### Extension of the 1 Km Rule

ABLE supports extending the 1 km rule to all wine stores and has lobbied local governments for bylaw and zoning changes to achieve this.

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## FreshTAP

### Keg wine excluded from qualifying as a VQA

FreshTAP is concerned that the BC Wines of Marked Quality Regulation excludes all wines packaged in kegs from eligibility for VQA status. The benefits of VQA status include a mark-up exemption on direct delivered 100% BC grape wine made by land based wineries.

FreshTAP is working with over 50 BC wineries and the 3 large commercial wineries to provide wine-on-tap services to hospitality licensees. They consider the markup discrepancy to put them at a competitive disadvantage.

The Deputy Minister and General Managers responsible for both liquor branches are meeting with the commercial wineries on February 12 to discuss this issue. The regulation governing VQA wines is the responsibility of the Minister of Agriculture. s.13,s.17  
s.13,s.17

Contact: Janice Carlson, Senior Policy Analyst, LCLB  
Telephone: 250 952-5756

Reviewed by				
Dir:	ED:	ADM:	DM:	MIN: