

Craft Distillery Policy – Canadian Jurisdictions:

Province	Criteria	Benefits
B.C.	All products produced by the distillery must be fermented and distilled at the licenced distillery site using 100% BC agricultural inputs, and All products must be produced using traditional distilling techniques; production of spirit cooler products or other highly processed products are not permitted, nor is the use of NGS, and the distillery has an annual production volume of less than 50,000 litres of finished product.	Permitted to sell direct to licensees, private liquor stores and the public mark-up exempt. Mark-up benefit phased-out between 50,000 litres and 100,000 litres. Once production exceeds 100,000 litres there is no mark-up benefit and distillery can no longer direct sell to licensees and private liquor stores. All distilleries may sell direct to consumers from their on-site store.
Alberta	80% of distilled product must be distilled from raw material (grain). No minimum or maximum production level.	Distillery allowed one manufacturer’s store at a location of their choosing
Saskatchewan	Must manufacture 75% of product on-site by distillation or rectification Must produce at least 250 litres annually and not more than 50,000 litres annually.	Reduced mark-up on direct sales to consumers and licensees – \$0.70/litre. Social reference price (minimum price) must be charged on retail sales to consumers, but micro distilleries can free-price on sales to licensees. May have an on-site store and sell at farmers’ markets.
Manitoba	Maximum production level of 50,000 litres annually. [no separate policy; under mark-up schedule referred to as micro-distilleries]	Reduced mark-up applied: 105% for product distilled on-site and 130% on blended product (regular spirit mark-up is 153%). Reduced per litre surcharge as well. Permitted to have an on-site store to sell only their product at MLCC retail price.
Ontario	Determination of Craft Distillery status will be granted based on the following criteria (must meet	No monetary benefits to small Ontario distillers. However, if a distillery meets the criteria the

	all): <ul style="list-style-type: none"> • Distillery must own a still and be licensed to manufacture spirits. • Total production is less than 50,000 litres of saleable product. • With the exception noted below, all products produced and sold must be made on-site. • Greater than 50% of raw materials must be fermented on site. 	LCBO will stock at a few select stores the distillery's product for purchase by licensees if product is not listed by LCBO. The LCBO also treats listing applications from small distillers favourably.
Quebec	No policy	N/A
New Brunswick	Qualified craft (defined as New Brunswick cottage) distilleries – Minimum 5,000 litres (at startup) and maximum 100,000 litres annual production	50% mark-up reduction, and mark-up exempt on direct sales to consumers from manufacturer's retail outlet.
Nova Scotia	s.16	s.16
PEI	No craft distinction made for distilleries	All distilleries have a reduced mark-up applied to direct sales to the public from the distillery site.
Newfoundland & Labrador	NL has one small craft distillery. There is no craft distillery policy.	The craft distillery does have an onsite store where the products must be sold at the same price that NLC stores sell the product for. There is no mark-up benefit
Yukon	No policy	N/A
Nunavut	No policy	N/A
NWT	No policy	N/A

Catungal, Renin LDB:EX

From: Wong, Audrey LDB:EX
Sent: Tuesday, September 02, 2014 1:21 PM
To: Yap.MLA, John LASS:EX
Subject: RE: Information requested during teleconference with Tyler Dyck
Attachments: Craft Distillery Policy Comparison Table.docx

Hi John,

I apologize as I have just been notified of an error in the prior table I sent you. It doesn't affect my summary, but I thought I'd send you the updated table attached. The amendments pertain only to Saskatchewan.

In this updated table, in the SK row, the line:

s.13

was removed; and,

May have an on-site store and sell at farmers' markets.

was added.

Best,

Audrey Wong J.D.
A/Director, Corporate Policy & Communications
BC Liquor Distribution Branch
2625 Rupert Street, Vancouver BC V5M 3T5
T: 604 252-3035 E: audrey.wong@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.



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From: Wong, Audrey LDB:EX
Sent: Thursday, August 28, 2014 6:56 PM
To: Yap.MLA, John LASS:EX
Subject: RE: Information requested during teleconference with Tyler Dyck

Hi John,

I am following up on a phone conversation we had with Tyler Dyck regarding BC's Craft Distillery Policy. Per your request I have included a chart detailing the craft distillery policies for all other jurisdictions in Canada.

To summarize:

- Of the jurisdictions that offer mark-up benefits to craft distillers (BC,SK, MN, NB) all, except NB and BC, are capped at 50,000L
- NB is capped at 100,000L
- BC offers 100% mark-up benefits to 50,000L which gradually phases out at up to 100,000L
- BC is the only jurisdiction to provide 100% mark-up benefits
- All other jurisdictions offer varying degrees of mark-up benefits that do not match BC's

I apologize for the delay as the summer vacation months made it difficult to obtain information from all groups in a timely manner. Per my email to you July 9, 2014, I am unsure if you wanted me to copy this information to Mr. Dyck. As such, I have only sent the information to you for your review. This information is free to be forwarded to Mr. Dyck.

Best,

Audrey Wong J.D.

A/Director, Corporate Policy & Communications

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From: Wong, Audrey LDB:EX

Sent: Wednesday, July 09, 2014 12:37 PM

To: Yap.MLA, John LASS:EX

Subject: Information requested during teleconference with Tyler Dyck

Hi John,

This is to follow-up on our phone conference yesterday with Tyler Dyck. You requested two additional pieces of information from me.

1. When the LDB is planning to review the Craft Distillery Policy.
2. What other jurisdictions in Canada currently offer for craft distilleries.

I can confirm that the LDB is planning to review the Craft Distillery Policy s.13 to ensure that it is meeting its objectives. I am still awaiting information from other jurisdictions on their craft distillery policies.

Please confirm if I should CC Tyler on the email to you when I receive an official answer to my inquiries.

Thanks,

Audrey Wong

A/Director, Corporate Policy & Communications

BC Liquor Distribution Branch

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	<p>the following criteria (must meet all):</p> <ul style="list-style-type: none"> • Distillery must own a still and be licensed to manufacture spirits. • Total production is less than 50,000 litres of saleable product. • With the exception noted below, all products produced and sold must be made on-site. • Greater than 50% of raw materials must be fermented on site. 	distillery meets the criteria the LCBO will stock at a few select stores the distillery's product for purchase by licensees if product is not listed by LCBO. The LCBO also treats listing applications from small distillers favourably.
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NWT	No policy	N/A

Not Responsive

From: Yap, John [<mailto:J.Yap@leg.bc.ca>]
Sent: Friday, August 8, 2014 3:55 PM
To: Scott, Douglas S JAG:EX; Lalonde, Jarett JAG:EX
Cc: Ives, Andrew JAG:EX; Quigley, Janta LASS:EX
Subject: Fw: Recently Announced Policies

Doug and Jarett:

Please see the attached. I would like a briefing on this and options we could consider recommending. I will be back from my travels and available in early September.

Thank you.

John

From: Stephen Bebis <sbebis@lsgp.ca>
Sent: Friday, August 8, 2014 2:18 PM
To: Yap, John
Subject: Recently Announced Policies

John,

I am writing to you about a couple of recently announced policies for inter-store transfers of liquor (Policy Directive No: 14-09), and off-site liquor storage (Policy Directive No: 14-05)

The inter-store transfer is recommendation 61 of the BC Liquor Review Final Report. While we appreciate the initiative to simplify the system and improve flexibility, we do not view the outcome as meeting that need.

First, to restate the recommendation: "61. Individual establishments that are part of a larger company (eg. Chain outlets) should be able to transfer small amounts of liquor between locations." The current policy directive states, a 'small amount' is \$10,000 per locations.

s.13

Currently, we would have to take the product back to the LDB, return it, and then have our other store purchase it. Which is very inefficient for both our business and the LDB.

s.13

In a highly competitive industry, we believe this will benefit consumers by providing them with more choice, while also meeting the objective of recommendation 73 "To ensure that these recommendations, when taken in total, represent a significant reduction in red tape for business in the liquor industry in B.C., to support economic development."

Thank you for your review of this matter and I look forward to continuing our dialogue on this and other policies.

Sincerely,

Stephen Bebis

Liquor Policy Review Recommendations Update



**PRESENTATION
TO
B.C. WINE INSTITUTE
JULY 8, 2014**

Overview



- **Economic Significance of BC Wine Industry**
- **Report Recommendations**
- **Implementation Status**
- **Recommendations of Interest to Wineries**

Economic Significance of BC Wine Industry



Support to the BC Wine Industry



Liquor Policy Review Recommendations



- Health, safety and social responsibility (18 recommendations)
- Retail and convenience (4 recommendations)
- Economic growth, jobs, tourism and marketing (11 recommendations)
- Licensing and cutting red tape (38 recommendations)
- Change management (2 recommendations)

Health and Safety



- Report's goal was to balance the access and convenience consumers were looking for with appropriate policies and controls that government and health and safety advocates were looking for.
- Over one-quarter of recommendations are focused on health, safety, social responsibility, enforcement and education
- Recently announced:
 - Happy hours and minimum prices

Retail and Convenience



- Liquor in grocery stores drew more public interest and comment than any other topic
- Key retail recommendations:
 - 2 part model:
 - ✦ Store in Store
 - Continue to restrict total number of retail outlets
 - Require separation of grocery products and liquor
 - Require controlled access points
 - ✦ BC wine products on shelves
 - Limited number of stores
 - ✦ Adopt a phased in approach

Economic Growth, Jobs and Tourism



- Report looked at ways to better showcase B.C. product and increase flexibility around sales and sampling
- Recently announced:
 - Liquor sales at farmer's markets now permitted
 - LRS and wine stores can set up temporary stores at liquor and food and beverage festivals

Licensing and Cutting Red Tape



- Report recommended substantial changes to remove outdated restrictions and develop a streamlined licence approval process
- Recently announced:
 - Licensees may apply to have minors in pubs
 - Whole-site Special Occasion Licensing at family-friendly events if there are no public safety concerns
 - Mixed spirit drinks at public SOL events, stadiums and arenas
 - Carrying liquor between adjoining licensed establishments
 - Transferring small amounts of liquor between establishments

Implementation Status



- **Government accepted all 73 recommendations in the Liquor Policy Review report;**
 - Over 70% of the 73 recommendations will be completed by the end of fiscal 2014/15 – including all high priority items
 - Some 17 recommendations implemented to date
 - Most of the recommendations will require consultation with stakeholders
 - Legislative amendments to enable key aspects received Royal Assent on May 29, 2014

Legislative Plan: LCL Act



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

Required legislative work will be completed in 2 phases

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

Additional Recommendations of Interest to Wineries



- Better promote BC products in BC Liquor Stores
- Develop new promotional materials for BC wineries, breweries and distilleries
- Work with other Canadian wine-producing jurisdictions to better promote Canadian wine
- Allow manufacturers to sell their products at additional off-site locations (e.g., permanent tasting rooms)
- Allow more people in lounges on ALR land
- Streamline the liquor application process

Additional Recommendations of Interest to Wineries



- Allow manufacturers to sell liquor they did not produce in their on-site lounges
- Low risk tasting venues such as picnic areas should be part of existing licence without having to apply for specific endorsement
- Consult with industry and review the minimum requirements to obtain a winery, brewery and distillery licence
- On-line Special Occasion Licence application process

Thank you



QUESTIONS?

Bieller, Barry JAG:EX

From: Wanamaker, Lori JAG:EX
Sent: Wednesday, August 6, 2014 5:15 PM
To: 'Yap, John'
Cc: Bieller, Barry JAG:EX; Lalonde, Jarett JAG:EX
Subject: RE: BC Tree Fruits Cooperative

Hi John.

s.13, s.17

Lori

From: Yap, John [mailto:J.Yap@leg.bc.ca]
Sent: Wednesday, August 6, 2014 10:24 AM
To: Scott, Douglas S JAG:EX; Bieller, Barry JAG:EX
Cc: Lalonde, Jarett JAG:EX; Wanamaker, Lori JAG:EX
Subject: FW: BC Tree Fruits Cooperative

Please review this submission by the BC Tree Fruits Cooperative; is there a way we can accommodate their request?

I understand with summer there may be staff on vacation but would appreciate advise on this. I will also need to respond to Minister Letnick who has been approached for support by the Tree Fruits Coop as well.

Thanks.

John

From: Michael Daley [mailto:wineryconsultants@gmail.com]
Sent: August 6, 2014 9:37 AM
To: Yap, John
Subject: Fwd: BC Tree Fruits Cooperative

Hi John,

As requested I am resending this to your other email. Thanks again for following this up. This is obviously very important to us and your time most appreciated!

Kindest Regards,

Begin forwarded message:

From: "Shelley Bakker" <sbakker@bctree.com>

Date: July 31, 2014 at 2:56:34 PM PDT

To: <norm.letnick@gov.bc.ca>

Cc: <lclb.lclb@gov.bc.ca>, <john.yap.mla@leg.bc.ca>, <jag.minister@gov.bc.ca>, <suzanne.anton.mla@leg.bc.ca>, <stsb.minister@gov.bc.ca>, <naomi.yamamoto.mla@leg.bc.ca>, <jtst.minister@gov.bc.ca>, <shirley.bond.mla@leg.bc.ca>, <linda.larson.mla@leg.bc.ca>, <dan.ashton.mla@leg.bc.ca>, <premier@gov.bc.ca>, "Michael Daley" <wineryconsultants@gmail.com>

Subject: BC Tree Fruits Cooperative

To: Minister Norm Letnick,

Copy:

Parliamentary Secretary John Yap

Minister Suzanne Anton

Minister Naomi Yamamoto

Minister Shirley Bond

MLA Linda Larson

MLA Dan Ashton

Premier Christy Clark

We appreciate your assistance with moving our new industry forward to accomplish greater prosperity for small business, tourism and diversified profitable value added agri food production.

As discussed the production of cider from BC apples is another opportunity to reach our goals with value added agriculture within the Province of BC. The apple growers need to add value to their products and this assists with that goal. These farms are small businesses that create good jobs within the Okanagan Valley and are sustainable for the long term.

We are experiencing an issue in obtaining a Land Based winery (for apple cider) license due to a technicality with the location of our co op grower production facility. When the overview of the requirements were written, they attached a requirement for the applicant to have 2 acres of land, and stated it needed to be adjacent to the manufacturing facility. With our growers we more than meet the requirement of the 2 acres of land, but because it is a co op it is centralized off site of the farm. There is no reasonable justification for the requirement of attachment, it is one of the left over regulations of the old wine industry before free trade.

The only need is to clearly distinguish between commercial wineries who import wine, and land based that do not. We do not import any product. We are 100% BC products (unlike many of the domestic ciders on the market today) and we

would like to be treated in the same way the other land based wineries are treated. We couldn't be any more of a BC - land based business!

I have attached a copy of a letter that was sent to the BCLDB for our application as well as the old wording being used to differentiate commercial importers. Please advise if you require any additional information on this.

Sincerely,

Michael Daley
BC Tree Fruits Cooperative
1473 Water Street
Kelowna, BC V1Y 1J6
Phone: 250.470.4200