

Liquor and Cannabis Regulation Branch CONSULTATION

Purpose

The Liquor and Cannabis Regulation Branch is requesting feedback regarding the eligibility of products to be sold under a licensed liquor manufacturer's On-site Store Endorsement.

Background

Licensed liquor manufacturers can apply to the Liquor and Cannabis Regulation Branch (LCRB) for an "On-site Store Endorsement". This enables the licensee to establish a direct-to-consumer sales channel for their products.

The LCRB has identified a conflict between the Liquor Control and Licensing Regulation (LCLR) and the Manufacturer Terms & Conditions Handbook (T&Cs) as they relate to the products which are eligible to be sold in a manufacturer's on-site store.

The LCLR states that a manufacturer may only sell products which are "**manufactured under the licence**" in their on-site store. This describes liquor that has been manufactured at the licensed manufacturing site. This **excludes** products manufactured for them by another manufacturer.

The Manufacturer T&Cs state that a manufacturer may only sell products which are "**registered to**" their licence in their on-site store. This describes liquor that is owned by the manufacturer, but which may or may not have been produced by the manufacturer on-site. This **includes** products manufactured for them by another manufacturer.

This discrepancy between the T&Cs and the LCLR was identified as a consequence of analysis on the Business Technical Advisory Panel recommendation #18.

Issue and Approaches

The effect of the discrepancy between the T&Cs and the LCLR is that it is possible for a liquor manufacturer licensee with an on-site store endorsement to be compliant with the T&Cs, while simultaneously being non-compliant with the LCLR.

The LCRB is to resolve the discrepancy in order to: (1) ensure regulatory requirements are clear and consistent, and (2) ensure that regulatory requirements effectively serve the public interest.

There are two possible approaches:

1. Require that liquor manufacturer licensees only sell products in their on-site store which are "**manufactured under the licence**".
 - This approach would better align with the existing approach towards product sales to consumers in other endorsement areas.
 - This approach would respond to likely consumer expectations that products purchased from a manufacturer's on-site store have been produced by that manufacturer, at that manufacturing site.

- Manufacturers who are currently selling products at their on-site store which have been manufactured for them by another manufacturer will be required to alter their business practices.
2. Require that liquor manufacturer licensees only sell products in their on-site store which are **“registered to”** their licence.
- This approach would have no impact on existing business practices. This is because products “registered to” the licence include all of a liquor manufacturer licensee’s products, regardless of whether they are manufactured on-site or off-site.
 - This approach is inconsistent with the existing approach towards product sales to consumers in other endorsement areas, and may not meet consumer expectations.

Participation

Feedback from this consultation will help to inform government decision-making about which products are eligible to be sold in a manufacturer’s on-site store.

The LCRB invites feedback on the following:

1. What impacts on your business do you anticipate would result from the two approaches identified in this consultation paper?
2. Which of the two approaches would you recommend? Why have you made this recommendation?
3. If it was necessary to alter your business practices to comply with regulatory requirements, what implementation period would you recommend (e.g. 6 months, 1 year)?
4. Do you have a recommendation which has not been identified in this consultation paper?

Please limit your comments to the above. Comments on other subjects will not be considered.

You may submit an individual reply in addition to the response of the industry organization of which you are a member. Please contact us if you are a manufacturer with an on-site store and you did not receive this consultation directly.

Please send comments to LCRBliquorpolicy@gov.bc.ca by January 3rd, 2020, using the subject-line **“Manufacturer on-site stores, eligible products”**.

Please see Appendix A for a list of organizations contacted as part of this consultation.

Thank you for your participation in this consultation.

Sincerely,

Mary Sue Maloughney
Assistant Deputy Minister and General Manager
Liquor and Cannabis Regulation Branch
Ministry of Attorney General

APPENDIX A

Stakeholders Contacted for Feedback

All Liquor Manufacturer licensees;

BC Craft Brewers Guild;

BC Estate Winery Association;

BC Farm Crafted Cider Associations;

BC Independent Distillers Association;

Beer Canada;

Bottleneck Drive Winery Association;

British Columbia Wine Institute;

Canada's National Brewers;

Canadian Vintners Association;

Coalition of BC Craft Brewers;

Craft Distiller's Guild of BC;

Kamloops Wineries Association;

Naramata Bench Wineries Association;

Okanagan Falls Winery Association;

Oliver Osoyoos Winery Association;

Similkameen Independent Winegrowers;

Similkameen Wineries Association;

Spirits Canada;

Summerland Area Winery Association;

Summerland's Bottleneck Drive;

West Kelowna Vintners Association;

Wine Islands Vintners Association.