

BC Liquor Distribution Branch

**New payment remittance model for
BC Commercial Distilleries**

Webinar 1: November 9, 2017



**LIQUOR
DISTRIBUTION
BRANCH**

Introduction & Purpose:

- In October 2016, LDB successfully transitioned small and mid-sized breweries to a new remittance process. The LDB has initiated a project to change the payment remittance process for BC commercial distilleries.
- This new model will apply to all BC commercial distilleries.
- The goal of the new model is to help improve the cash flow for BC commercial distilleries.
- The purpose of this briefing is to provide initial information related to the new model and the timelines for further communication and implementation.

The Mechanics:

Current Process

Day 1

Distillery reports MOS sales through DSWR and deposits sales into LDB bank account

Day 30

30 days later LDB reimburses distillery supplier cost (duty paid cost)

Day 45+

LDB reimburses distillery 7% commission on wholesale price on MOS sales

New Process

Day 1

Distillery reports MOS sales through DSWR

Day 5

LDB withdraws mark-up and applicable taxes and fees owing from the distillery's PAD bank account.

Distillery retains supplier cost and commission.

Key benefits:

- Improve distilleries' cash-flow
- Speed up commission payment
- A more modern, stream-lined process

New Payment Remittance Model:

- Gross sales amount will no longer be deposited into LDB's bank account.
- Mark-up, container deposits, container recycling fees (if applicable) and applicable taxes will be collected from your designated bank account.
 - Commission payment amounts will be applied against what is owing to the LDB.
- LDB will set up a Pre-Authorized Debit (PAD) agreement with each commercial distillery prior to transition.
- Remittance of the amount due will be withdrawn from your bank account under your PAD agreement.
- No changes in the way you currently report weekly sales through Direct Sales Web Reporting (DSWR).

Additional Changes:

- There will be a restriction placed within the DSWR application which will restrict the visibility of your manufacturer SKUs.
- LDB reports will include additional details related to your sales which will assist in your reconciliation process.
- Minor changes will be made to your sales agreements to reflect the transition to the new payment remittance model.

Timelines:

- A second webinar will take place in December 2017 and will include more technical information about:
 - Detailed system changes
 - Overview of new reports
 - Timing of notifications
 - Details of transition onto the new model
- After the second webinar the LDB will provide an information package that will include:
 - A PAD Agreement
 - Information about changes to your direct delivery and sales agreement
 - Transition requirements/information
- The LDB is committed to having the new model ready to onboard commercial distilleries starting in early 2018.

Q&A

Thank you for participating in today's webinar.

- We will now go through any of the questions we have received from you about this initiative.
- If you have additional questions, please direct them to:
PD.Settlement.Support@bcldb.com.
- Please complete the short survey after the completion of the webinar.