

## BACKGROUNDER: BC Manufacturer Supports

### Support for B.C. Liquor Manufacturers

- Mark-up collected from liquor sales is an essential source of government revenue. In 2023/2024, the LDB contributed just over \$1 billion to the Government of British Columbia.
- The BC Liquor Distribution Branch (LDB) is a strong supporter and advocate for British Columbia's liquor manufacturers, and continues to implement programs to support local industries, including stocking and promoting B.C. and Canadian-made products.
- B.C. liquor manufacturers must be licensed by the Liquor & Cannabis Regulation Branch (LCRB) and enter into a sales agreement with the LDB to produce and sell alcohol in B.C. The sales agreement authorizes the manufacturer to sell and distribute its products, and provides requirements relating to reporting sales, making payments and maintaining records.
- Different B.C. liquor manufacturers -whether breweries, distilleries, or wineries – operate under distinct sales agreements, each with specific eligibility criteria and requirements.
- In recognition that certain sales agreements, such as those governing craft distilleries and land-based wineries, require liquor manufacturers to meet particularly strict eligibility criteria, the LDB provides additional benefits to manufacturers that meet these high standards for local input use and production quality. These benefits may include:
  - direct sales and delivery of their product to hospitality customers and private retailers (which also improves payment terms); and/or
  - mark-up benefits or other rebates and commissions.
- The supports provided to liquor manufacturers align with broader government policy objectives, such as promoting the use of B.C. agricultural inputs, supporting agri-tourism, encouraging the growth of small B.C. businesses, and fostering employment and economic activity.
- While the LDB provides significant benefits to B.C. liquor manufacturers, it is important to note that the mark-up collected from liquor sales is an essential source of government revenue.
- In 2023/2024, the LDB contributed just over \$1 billion to the Government of British Columbia. These funds – generated in large part through the liquor industry – help fund

vital public services, including health care, social services and public education, which benefit all British Columbians.

- As B.C.'s liquor industry evolves, the LDB continues to work closely with local manufacturers and industry associations to explore opportunities for sustainable growth. However, the province must carefully balance requests for additional financial support for the liquor industry with broader public funding priorities, ensuring that essential services remain properly funded.

## **B.C. Craft Liquor Manufacturers, Land-Based Wineries and BC VQA**

### **B.C. Craft Distilleries:**

- To be classified as a B.C. craft distillery, a distillery must meet various criteria, including using 100 per cent B.C. agricultural inputs and producing no more than 100,000 L of spirits annually.
- Unlike commercial distillers, B.C. craft distillers can direct deliver their products to thousands of private liquor stores, licensed restaurants, pubs and bars across the province, and are subject to a reduced graduated mark-up (ranging from 0-103%) depending on their annual production volume on those products they direct deliver.
- This policy is intended to support the growth and sustainability of the craft distilling sector by providing greater market access and opportunities for small producers.

### **B.C. Craft Breweries:**

- There is no designated craft brewery classification; all breweries and brewpubs can direct deliver packaged and kegged beer to BCL stores and thousands of private liquor stores, licensed restaurants, pubs and bars across the province.
- The mark-up rates for beer are applied as a cost per litre calculated based on the brewery's annual worldwide production volume. Domestic beer annual production categories are: micro brew beer (annual production up to 15,000 HL); regional beer (annual production over 15,000 HL and up to 350,000 HL) and commercial beer (annual production over 350,000 HL).
- In addition, B.C. breweries that produce less than 100,000 HL annually and do not have BCL listed products are eligible for the BCL "Locally Selected Beer Program". This program encourages BCL store managers to choose up to 30 local SKUs to list in-store, depending on store size and sales volume. Store managers have full discretion over

choosing, refreshing and rotating the SKUs that make up the local selection in their stores.

### **B.C. Land-Based Wineries:**

- The LDB recognizes land-based wineries have made significant investment into their acreage and manufacturing facilities in order to meet the current criteria under their sales agreement. As such, these wineries can direct deliver their products to thousands of private liquor stores, licensed restaurants, pubs and bars across the province and receive mark-up benefits on these sales.
- Both land-based and commercial wineries are eligible for benefits associated with their production of BC Vintners Quality Alliance (VQA) grape wine, including a rebate on sales of these products through LDB distribution (including BCLs) and mark-up benefits on their direct sales of these products.
- The British Columbia Wine Authority (BCWA) oversees the BC VQA program, which ensures qualifying vintages are made from 100 per cent B.C. inputs and also meet various other criteria related to quality, taste, packaging, and other factors. Details on the BC VQA program are available on their website at [bcvqa.ca](http://bcvqa.ca)

### **BCLIQUOR (BCL) Supports for Local Manufacturers:**

- BCL is a strong supporter and advocate for B.C.-based liquor manufacturers and continues to implement programs to support local producers, including stocking and promoting products from regional producers and supporting “Buy Local” months, including April BC VQA wine, and August Buy Local which features BC VQA wines, B.C. spirits, and B.C. craft beer.
- The LDB is also making it easier for customers to choose Canadian-made wine, beer, refreshment beverage and spirit products that support B.C. and Canadian manufacturers and jobs in local industries.
- BCL stores are adding red maple leaf shelf labels next to the price labels of products supplied by Canadian manufacturers. This is in addition to detailed product information already available to BCL customers that includes country or region of origin which are included on their individual in-store shelf tag and on the product descriptions posted on

the BCL website at [www.bcliquorstores.com](http://www.bcliquorstores.com).

- To further support B.C. manufacturers, BCL stores stock a variety of B.C. products and actively promote them through various initiatives, including dedicated “Locally Yours” sections in stores for BC VQA wine and Bottled in B.C. sections for wine that is bottled in the province, and B.C. craft beer sections in-store.
- BCL regularly includes regional producer profiles in BCL’s *taste* magazine, as well as in traditional and digital advertising and through social media channels with dedicated marketing campaigns.
- BCL stores also have dedicated and expertly trained BC VQA advocates to help further promote those wines to customers.
- Given these extraordinary times, the LDB will continue to review and implement strategies to support local B.C. and Canadian liquor manufacturers. As part of this work, the LDB and government will continue to work with industry to align priorities with broader policy objectives.