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## NEWS RELEASE

For Immediate Release  
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November 19, 2014

Ministry of Justice

### **Latest liquor changes good for consumers, small businesses**

VICTORIA – The latest changes to B.C.’s liquor policy will offer greater consumer choice and convenience, support small- and medium-sized breweries to grow and expand, and ensure fair and equitable wholesale pricing for the retail industry.

For consumers, April 1, 2015, will mark the first day that grocery stores are allowed to sell liquor through the store-within-a-store model. As well, that same day, restrictions will be lifted on BC Liquor Stores, allowing them to offer refrigeration and to stay open longer hours, including on Sundays.

For small- and medium-sized businesses, today’s changes will remove barriers that have previously hindered and discouraged growth, both with regard to the breweries themselves and to their volume of beer production. By moving to gradual increases in mark-up rates, there will be no more financial cliff as soon as breweries grow into a new production category. Simply, it will mean no more artificial barriers to growth and it will mean more jobs for British Columbians.

For retail stores, there has long been the perception that BC Liquor Stores had an unfair advantage in the market. No longer. Starting April 1, 2015, all liquor retailers, including BC Liquor Stores, will purchase their product from the BC Liquor Distribution Branch (BCLDB) at a common, wholesale price. This will do away with the existing complex model that offers retailers various discounts depending on the type of retailer they are.

Simply, all liquor retailers will now be able to make business choices based on a more level playing field. The expectation is that, by increasing competition, the market can be more responsive to the needs of consumers. Of note, the shelf price that consumers pay when purchasing liquor at private stores has never been set by government, and this will continue to be the case. A minimum purchase price, protecting health and public safety, will also continue to be in place.

#### **Quotes:**

#### **Suzanne Anton, Attorney General and Minister of Justice –**

“Underpinning many of our liquor changes – including our models for liquor in grocery stores and wholesale pricing – is the concept that government needs to get out of the way and leave more to market forces.

“It is our expectation that, starting April 2015, these changes will create a more competitive market for retailers. The changes we’re making to the wholesale price today will enable more competition between retailers to attract British Columbians into their stores and should not

force any change in shelf prices.

“We’ve focused on making changes that benefit consumers, promote local products and support equal opportunities for business development across the board – this is a promise made, promise kept.”

**John Yap, Parliamentary Secretary for Liquor Policy Reform –**

“Liquor in grocery stores and wholesale pricing are a few of many changes to support a level playing field and a more competitive marketplace, while balancing the priorities of consumers, industry and health and safety advocates. We heard from many stakeholders during the Liquor Policy Review that the current, varying mark-up and discount rates were confusing to different retailers – and government is acting to address the calls for simplicity and a level playing field.”

**Michael Tod, partner and director of sales, Parallel 49 Brewing Company –**

“The boom of craft breweries opening in B.C. over the last few years has been built on a shared love of good quality brewing and support from local beer enthusiasts, which has helped bring success to our industry. It is the strong ties we have to our community and our customers’ loyalty that has helped our industry grow. Now, government is building on that support, reducing the mark-up for some of our products and eliminating barriers to growth – this will hopefully lead to further benefits for our loyal customers and B.C. craft breweries.”

**Quick Facts:**

- As previously announced, the rules around the relocation of liquor licences (the “five kilometre rule”) will also be lifted on April 1, 2015, to expedite the store-within-a-store option, but ultimately, it will be up to the market to determine how quickly this model is adopted.
- The moratorium on the number of private liquor store licences will continue, as previously committed.
- The new wholesale price is designed to collect approximately the same amount of revenue from each product category as exists today.
- The change to beer mark-up rates has the potential to positively affect more than 90 B.C. breweries – that employ over 2,500 people in the province – as they grow.
- An additional 1,000 people work in brewpubs owned by craft brewers.
- The current system allows liquor retailers to purchase products at a discount based on the shelf price at BC Liquor Stores. For examples, discounts range from 30% for independent wine stores, to 16% for private liquor stores to 12% for rural agency stores.
- The new system will see any liquor retailer, including BC Liquor Stores, buy product at the same price from the BCLDB.
- Government is also working to separate BC Liquor Stores’ retail operations from the Liquor Distribution Branch’s wholesale operations to remove any perception of an unfair advantage that government liquor stores have in the marketplace.
- B.C.’s craft breweries have invested over \$100 million in equipment and expansion in the past two years.
- B.C.’s small- and mid-sized breweries make up approximately 95% of the total number of breweries in B.C.
- Currently, there are 196 BC Liquor Stores in B.C., 670 private liquor stores, 221 rural agency stores and 12 independent wine stores.

- Government's updates on the grocery model and wholesale pricing are centred on addressing the calls of consumers, enabling a competitive marketplace and providing industry with certainty and time to prepare for the changes. As the Province works to implement these changes, and the remaining recommendations from the Liquor Policy Review, consultations with industry will continue.

**Learn More:**

There were more than 50 meetings and written submissions to the Liquor Policy Review that called for elements to level the playing field, including wholesale pricing. View a list of submissions here: [www.engage.gov.bc.ca/liquorpolicyreview/stakeholder-positions](http://www.engage.gov.bc.ca/liquorpolicyreview/stakeholder-positions)

Government announced it would move to a new wholesale pricing model in March 2014: [www.newsroom.gov.bc.ca/2014/03/bc-outlines-balanced-plan-for-grocery-store-liquor-sales.html](http://www.newsroom.gov.bc.ca/2014/03/bc-outlines-balanced-plan-for-grocery-store-liquor-sales.html)

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## BACKGROUND

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### **Summary of changes to level the playing field**

Government has set a date of April 1, 2015, for the implementation of a number of changes aimed at added convenience for consumers, a level footing for all liquor retailers, and a clear separation between the BCLDB's wholesale and retail operations.

#### **Effective April 1, 2015:**

- BC Liquor Stores will be allowed to extend their hours of operation to match private liquor stores, including opening on Sundays.
- BC Liquor Stores will have the choice to install refrigeration units to sell cold beer and wine.
- British Columbia's "store-within-a-store" model for liquor sales in grocery stores will take effect, with safeguards in place to protect health and safety and ensure continued restricted access to alcohol by minors.
- The five-kilometre rule – which currently sets the maximum distance that a private liquor store can relocate if moving outside of its jurisdiction – will be removed, allowing for the relocation of licences throughout the province.
- The one-kilometre rule – the minimum distance between new or relocating private liquor stores – will be maintained and expanded to BC Liquor Stores.
- A new price-based wholesale pricing model for wine and spirits will take effect.
- A new volume-based wholesale pricing model for beer will take effect, with a graduated mark-up system, allowing small- and medium-sized breweries to grow their product lines and create jobs.

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