Liquor Control and Licensing Branch
POLICY DIRECTIVE
No: 16-02

February 18, 2016

To: All LCLB staff
All Industry Associations
All Local Government, First Nations, and Police Agencies

Re: Special Wine Stores and Auction

Introduction

New regulations have come into effect that provide for auctions to determine eligibility to apply for the special wine store licence and establish the new special wine store licence for the sale of 100% BC wine from grocery store shelves.

Statutory Authority and Policy Rationale

The *Special Wine Store Licence Auction Act* (Bill 22) and regulations are now in force. They provide for auctions to determine eligibility to apply for a special wine store licence and will raise funds for Government.

Government has also amended the Liquor Control and Licensing Regulations. Section 14.01 establishes the new special wine store licence.

The regulations are available on the LCLB website at www.pssg.gov.bc.ca/lclb.

More detailed information on the auction and licensing process, including information about application forms, is available at http://www.pssg.gov.bc.ca/lclb/docs-forms/auction-sws-information-interested-parties.pdf.

Special Wine Store Auction

A series of auctions will be held to determine eligibility to apply for the special wine store licence. The regulation allows up to 18 special wine store licences to be issued, but government will start by holding auctions for 6 licences.

The auctions will be conducted in April 2016 by BC Auction, an agency of the Ministry of Technology, Innovation and Citizen Services.

Eligibility

Eligibility to participate in the auctions is restricted to grocery store owners who have, or will have by the time of licensing, a grocery store with a minimum of 10,000 square feet of space, including storage space.

The store must be primarily engaged in retailing a general line of foods including canned, dry and frozen food, fresh fruits and vegetables, fresh and prepared meats, fish and poultry, dairy products, baked products, snack foods, and juices, carbonated beverages and flavoured beverages.

Once licensed, grocery stores must continue to meet these conditions, and the sales revenue from food and non-liquor beverages must total:

- at least 70% of non-liquor sales, and
- more than 50% of the total sales revenue of liquor and non-liquor products at the grocery store.

These are the same requirements licensee retail stores, BC Liquor Stores, and wine stores must meet to relocate to grocery stores.

Process

To enter the auction, interested parties must submit a fully completed Special Wine Store Auction Bidding Registration Form, LCLB 313, to the branch by **4:30 p.m. PST Friday March 18, 2016. Late applications will not be accepted.** Applicants with more than one grocery store may submit applications for up to 6 stores.

Applicants who meet the eligibility criteria will be invited to register with BC Auction to participate in the auctions. A deposit of $25,000 is required for each grocery store application, e.g. a grocery store chain bidding to obtain the right to apply for 3 licences must pay a deposit of $75,000. The minimum bid for each auction is $125,000.

The successful bidder is the highest bid in each auction. Successful bidders are not required to pay the bidden amount until the time of licensing. Unsuccessful bidders will be refunded their deposit.

Successful bidders will be invited by the branch to apply for a licence and it must be submitted within 60 days of branch notification. The usual statutory requirements apply, including a fit and proper assessment, tied house assessment, and appropriate zoning by the local government or First Nation, as well as meeting the grocery store requirements described above.

In addition, the licensee must submit a security and staff training plan to the branch indicating how they will guard against shoplifting, and ensure minors and intoxicated customers do not access the product.

Fees

The licence application fee is $2,200 with the same fee for the first year of licensing. Subsequent years' licensing fee ranges from $250 - 2,200, based on liquor purchases made the previous year.

Operating Terms & Conditions

The special wine store licence permits the sale of 100% BC wine on grocery store shelves. This includes cider, mead, and sake made from 100% BC agricultural inputs.

Wine may be purchased at designated tills or regular tills. Regardless of the type of till, the staff making the sale must have Serving It Right certification and be at least 19 years of age.

The licensee is responsible for determining their product display area and the tasting area, if tastings are offered. The product display area does not need to be bounded and may encompass a variety of shelf configurations such as a small corner of the store, a kiosk, multiple shelves on one or both sides of an aisle, etc. as long as the following conditions are met:

- All product to which the public has access must be within one contiguous product display area within the grocery store; separate “wine sections” are not permitted.
- The wine must be able to be secured and inaccessible to the public during the hours that wine is not available for sale (e.g. when licensed hours do not align with the grocery store’s hours of operation).

The licensee may move the product display area within the grocery store without notifying the branch, as long as it continues to meet the above-noted conditions.

Wine inventory must be securely stored within the non-public areas of the store (i.e. stockroom) or in an approved off-site storage.

One tasting area is permitted. It must be immediately adjacent to the product display area and must be defined by a physical barrier (e.g. ropes and stanchions). Only product sold at the store may be offered for tastings

Licensees must carry a selection of product from a significant number of BC wineries of all sizes. While it is recognized that space limitations may restrict the volume of product available in a store, the underlying rationale for the new special wine store licence model is to provide consumers with increased access to BC wines and particularly to wines not widely available through other sales channels.

Special wine stores are also eligible to apply for a temporary off-site sales endorsement to place a temporary store at a food or beverage festival that is the subject of a special occasion licence. Wine sales are restricted to 100% BC wine.

Further Information

Further information regarding liquor control and licensing in British Columbia is available on the Liquor Control and Licensing Branch website at http://www.pssg.gov.bc.ca/lclb/. If you have any questions regarding these changes, please contact the Liquor Control and Licensing Branch toll free in Canada at 1-866-209-2111 or 250 952-5787 if calling from the Victoria area.

Original signed by

Douglas Scott
Assistant Deputy Minister and General Manager