



February 22, 2013

To: All Liquor Licensees

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**Re: Changes to Liquor Licensing Laws and Policies**

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Government recently approved the following changes to the Liquor Control and Licensing Act and Regulation and to Liquor Control and Licensing Branch and Liquor Distribution Branch policies. Below is a brief summary of these changes. More information on each of the LCLB changes is contained in a policy directive – one for each change – which you can find on our website at [www.pssg.gov.bc.ca/lclb](http://www.pssg.gov.bc.ca/lclb), under “Current News”.

**Catering Licences and Endorsements** – in effect February 6, 2013

Catering companies may apply for a liquor licence to provide full food and beverage services to their customers. Food-primary and liquor-primary licensees may also apply for an endorsement to their licence to offer full food and beverage services off-site. Information on eligibility, operating terms and conditions and fees, as well as information on responsibilities and the enforcement process is available on our website.

**Licensee Retail Store Relocations** – in effect February 8, 2013

Licensee retail store (LRS) licensees can continue to apply to relocate their store anywhere within the same municipality or up to 5 kilometres away provided the proposed site is more than one km from an existing LRS or LRS relocation application already in progress. Effective February 8, 2013, exemptions to the one km distance restriction will only be approved if they meet the following criteria which are now set out in the regulations. The LCLB general manager has no discretion or authority to make exceptions for LRS that do not meet one or more of these criteria:

- the address of the proposed location is the same legal address as the existing site;
- the proposed location is not closer to an existing or proposed LRS than the current location;
- the travelling distance between the proposed location and any existing or other proposed LRS is 1.0 km or more because of the existence of a natural barrier; or
- the relocation is necessitated by a fire or natural disaster and the store has been substantially destroyed as a result.

A "proposed LRS " means a proposed LRS that is the subject of a relocation application already received by the Branch.

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**Liquor Control and  
Licensing Branch**

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### **Capacity Increases** – in effect February 8, 2013

Liquor-primary, liquor-primary club and winery lounge licensees with a patron capacity less than the occupant load will no longer be permitted to increase their capacity without first seeking input from local government and nearby residents or businesses. This exemption from a process that is in place for other types of licence changes, e.g. an increase in hours, was put in place 10 years ago as part of a major transition of licensing classes from 19 to 2 for on-premises consumption. This change repeals that transitional provision and ensures that local government input is always required whenever substantive changes to the licence are made. New applications to increase the capacity of a liquor-primary, liquor-primary club, or winery lounge must be submitted as a structural change application, and will require local government input.

### **Private Wine Stores** – in effect February 8, 2013

Wine stores have been transitioned from appointments under the Liquor Distribution Act (LDA) to licensed establishments under the Liquor Control and Licensing Act (LCLA). Government transferred responsibility for private wine stores to the Liquor Control and Licensing Branch in 2007 and passed legislation in 2010 enabling them to be licensed.

Operating terms and conditions - such as where wine store licensees may obtain their wine and what type of wine may be sold and to whom – remain the same. These are outlined on the licence certificate and in the “Wine Store Terms and Conditions Guide”, found in the Publications and Legislation section of the LCLB website. This change ensures a more level playing field amongst retail liquor stores.

All liquor licensees in B.C. are required to pay an annual fee and this will apply to wine stores beginning April 1, 2014. They will be based on annual liquor purchases or sales reports with the minimum fee set at \$250 – your licence will state whether your renewal fees will be based on your LDB purchases or your sales reports.

### **Manufacturer On-Site Stores** – in effect February 8, 2013

In keeping with the move to transition store appointments under the Liquor Distribution Act to licensed establishments under the Liquor Control and Licensing Act, effective February 8, 2013, manufacturer on-site stores that were previously considered appointments under Section 18(5) of the Liquor Distribution Act are now treated as endorsements on a manufacturer’s licence under the Liquor Control and Licensing Act. The application fee for a new on-site store endorsement is \$110, with a \$110 annual renewal fee.

### **New Manufacturer Endorsement Opportunities** – in effect March 1, 2013

As of March 1, 2013, brewers and distillers may apply to add an on-site lounge, special event, picnic or tour area in the same way that wineries have been able to do so for the last several years. If approved, this will enable you to sell single servings of your product for on-site consumption in these areas. As with wineries, the application process for lounges and special event areas includes input from local government and nearby residents and businesses. Wineries, breweries and distilleries can use form LCLB049a which will be available on our website March 1, 2013.

## **Tied House Regulations** – in effect March 1, 2013

A “tied house” is an establishment that has an association – financial or otherwise – with a liquor manufacturer, that is likely to lead to the manufacturer’s products being favoured.

Small and medium volume wineries, breweries and distilleries licensed in B.C. may apply to have a tied house association with up to three licensed establishments located away from the manufacturing site, and sell their product at that establishment.

To qualify for an off-site tied house association, annual production volume must not exceed:

- 100,000 litres for a distillery,
- 750,000 litres for a winery, and
- 300,000 hectolitres for a brewery.

In addition, the manufacturer must either:

- have an ownership interest in the licensed establishment,
- operate the establishment under a third party operator agreement, or
- have a relationship with the licensed establishment, through a family member who either owns the establishment or is the third party operator of the establishment.

The licensed establishment can be either a liquor-primary, food-primary, private liquor store, or the business location of a caterer. In order to do this, you will need to apply using the Application for a Permanent Change to a Liquor Licence form (LCLB005b), a new version of which will be on our website March 1, 2013. With the exception of off-site wine stores, off-site licensed establishments must also sell a range of other products from a variety of manufacturers that are not associated with or connected with one another. Licensed agents are not eligible to own or be associated with a licensed establishment.

Eligibility for on-site establishments is now expanded to include distilleries as well as breweries and wineries, and there are no eligibility restrictions based on production volumes. All manufacturers are eligible to apply to have any type and any number of on-site establishments licensed under section 12 of the Liquor Control and Licensing Act (such as a food-primary, liquor-primary or private liquor store).

These changes apply to all liquor licensees in B.C. except UBrew/UVin establishments, who may not own or enter into a business relationship with a liquor manufacturer.

## **Trade Practices**– in effect March 1, 2013

Trade practices refer to how liquor manufacturers can promote their products in licensed establishments. These include rules for promotional items, product samples, contests, and hospitality. Until now, certain activities were permitted provided they were documented in a buy-sell agreement between the manufacturer and the licensee.

Effective March 1, 2013, the existing restrictions and prohibitions for promotional activities are still in place, but they do not have to be documented in a buy-sell agreement.

With the exception of manufacturer on-site establishments and winery-operated wine stores, licensees must carry a cross section of brands from a variety of manufacturers that are not associated with or connected to one another.

There has been no change to the prohibition on manufacturers providing inducements to licensed establishments, unless a tied house exemption is in place.

As with the tied house regulations, these changes apply to all liquor licensees in B.C. except UBrew/UVin establishments.

### **Sponsorships** – in effect March 1, 2013

Licensees may now sponsor events, activities and organizations, in the same way that liquor manufacturers can. Sponsoring events aimed at minors is still generally prohibited, although establishments in which unaccompanied minors are permitted (such as restaurants) may sponsor minors' activities, events and organizations without having to apply.

Liquor manufacturers and agents are now only required to notify the Liquor Control and Licensing Branch, in writing, at least 14 days before a sponsored activity or event if the sponsorship is at or with a licensed establishment.

### **FURTHER INFORMATION**

Further information regarding liquor control and licensing in British Columbia is available on the Liquor Control and Licensing Branch website at [www.pssq.gov.bc.ca/lclb](http://www.pssq.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:*

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Liquor Control and Licensing Branch