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Date: February 8, 2013

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

Re: Amendments to tied house and trade practices requirements for licensed establishments and liquor manufacturers/agents

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The purpose of this policy directive is to announce recent amendments to the Liquor Control and Licensing regulations.

### **Background**

Since 2010, government has been reviewing the need to make changes to the tied house and trade practices requirements for liquor suppliers and licensees. Government has considered industry input, the need to protect government revenue, to protect consumer choice, and to provide some safeguards against market concentration.

### **Regulatory amendments and policy**

The following changes are **effective March 1, 2013**.

#### **Tied Houses**

Small and medium volume liquor manufacturers licensed under section 57 (brewers and distillers) and section 58 (wineries) of the Liquor Control and Licensing Act may own or have an association, financial or otherwise, with up to three licensed establishments located away from the manufacturing site where that manufacturer's liquor may be sold. The associated off-site establishments may be any type of establishment licensed under section 12 of the Act (liquor primary, food primary, private liquor store, or the business location of a caterer).

To qualify for the off-site tied house establishments, manufacturer annual production volumes under a British Columbia manufacturer's licence must not exceed:

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

Manufacturers who qualify for off-site establishments under these limits but expand future production beyond these limits will no longer be eligible to apply for additional

new off-site tied house establishments but may keep any off-site tied house establishments that were previously approved.

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 now eligible to apply to have any type and any number of on-site establishments licensed under section 12, where their liquor may be sold. For example, this change removes the requirement for a brewery to have an on-site liquor primary licence before qualifying for any other type of licence issued under section 12.

All off-site licensed establishments where the manufacturer's liquor may be sold are required to sell a range of products from a variety of manufacturers that are not associated with or connected with each other, as is required for all other types of licensed establishments. Off-site winery stores will continue to be the one exception from the requirement to sell a range of competitors' products.

The changes affect all liquor licensees in British Columbia with the exception of UBrew/UVin establishments which continue to be prohibited from being owned by or having any other type of business relationship with a liquor manufacturer.

Licensed agents are not affected by the regulatory change and continue to be ineligible to own or be associated with a licensed establishment.

## **Trade Practices**

Amendments to the trade practices regulations are as follows:

- The requirements to document promotional activities (the provision of goods and services) between liquor manufacturers/agents and licensees in a buy-sell agreement are removed;
- The reporting requirement for manufacturers' sponsorship activities worth more than \$1,500 is removed; and
- Sponsorship of events, activities and organizations by licensees is now permitted, bringing them into line with what is currently permitted for liquor manufacturers. Sponsorship of events aimed at minors will continue to be generally prohibited, however, the general manager may permit sponsorship of events/activities/organizations involving minors where appropriate (e.g. a restaurant sponsorship of a children's sports team).

Licensees must carry and make available to consumers a representative selection of brands of liquor products from a variety of manufacturers that are not associated with or connected with each other. An exception to this requirement is made for manufacturer on-site establishments.

There are no changes to the requirements for product promotions and the prohibition on inducements where no tied house relationship has been approved. Suppliers and licensees must continue to ensure that there is no opportunity for inducement activity (i.e. all promotional activity must continue to be for the benefit of customers rather than licensees, and promotional items must not include liquor).

These changes apply to all liquor licensees in British Columbia except UBrew/UVins.

## **FURTHER INFORMATION**

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

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