

LEVELING THE PLAYING FIELD FOR LIQUOR DISTRIBUTION IN BC

Issue

In 2018 the BC Government commissioned the Hicken Report¹ aimed at improving efficiency and outcomes in business interaction between government and BC's liquor industry. The report's mandate was described as assisting government in focusing limited resources on evaluating industry priorities, and reflects government's interest in developing policy that makes life better for all British Columbians.

Some of its 24 recommendations have been implemented; some are under review; and some are not currently under discussion.

This policy addresses the need to revisit the report and continue the work which will benefit the private liquor business in BC.

Background

The BC Government is on record supporting private sector involvement to improve service and access while improving LDB resources.² Wholesale pricing for hospitality customers was made permanent on February 23, 2021 – Hicken Report Recommendation #10.³

The current model without the balance of the Hicken Report recommendations being implemented, continues to pit private liquor stores in direct competition with the LDB, which can out-compete any private liquor store. Private stores may compete through longer hours of operation. Thus, the playing field is far from level, particularly on price and selection.

Of the 24 total recommendations made by BTAP – the Business Technical Advisory Panel – to the government, another seven are “under review” by government, but no public report is available on the progress toward achieving.

Hicken Recommendations:

- Recommendations 1 and 3: Non-Stocked Wholesale Product alternative distribution and third-party review of the LDB distribution centre;
- Recommendation 2: allowing BDL to deliver other products manufactured by the companies that own BDL;
- Recommendation 10: selling liquor products to hospitality customers at a “proper” wholesale price;
- Recommendation 17: direct-to-consumer sales;
- Recommendation 18d: blended mark-up structure for breweries;
- Recommendation 20a: allowing craft distilleries to produce refreshment beverages; and
- Recommendation 20b: eliminating the restriction preventing craft distillers from selling directly to duty free stores.

¹ <https://www2.gov.bc.ca/gov/content/employment-business/business/liquor-regulation-licensing/liquor-panel>

² 2002 BC Government news release <http://www2.news.gov.bc.ca/archive2001-2005/CSE0054-000575.htm>

³ ABLE BC Advocacy Report 2022 Strengthening your Business November 2022

There are also emerging issues around RTDs (ready to drink) beverages which are not covered by the Hicken recommendations.

Now that the government has addressed the single distribution and warehousing key issue, the private sector is closer to equal footing with government vis-à-vis service delivery. Government revenue is not impacted: taxes collected from alcohol sales continue to flow to government regardless of distribution channel.

Private liquor stores and their customers would have greater choice and easier access to products because private sector operations can choose their own hours of operation, and have greater flexibility in managing overhead, but they need the modernization which implementing the Hicken recommendations would bring to their already highly-regulated businesses

THE CHAMBER RECOMMENDS

That the Provincial Government

1. Immediate implement all outstanding recommendations (of the 24) in the 2018 Hicken Report as recommended by the Business Technical Advisory Panel to the Government.

Submitted by the Kelowna Chamber of Commerce
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