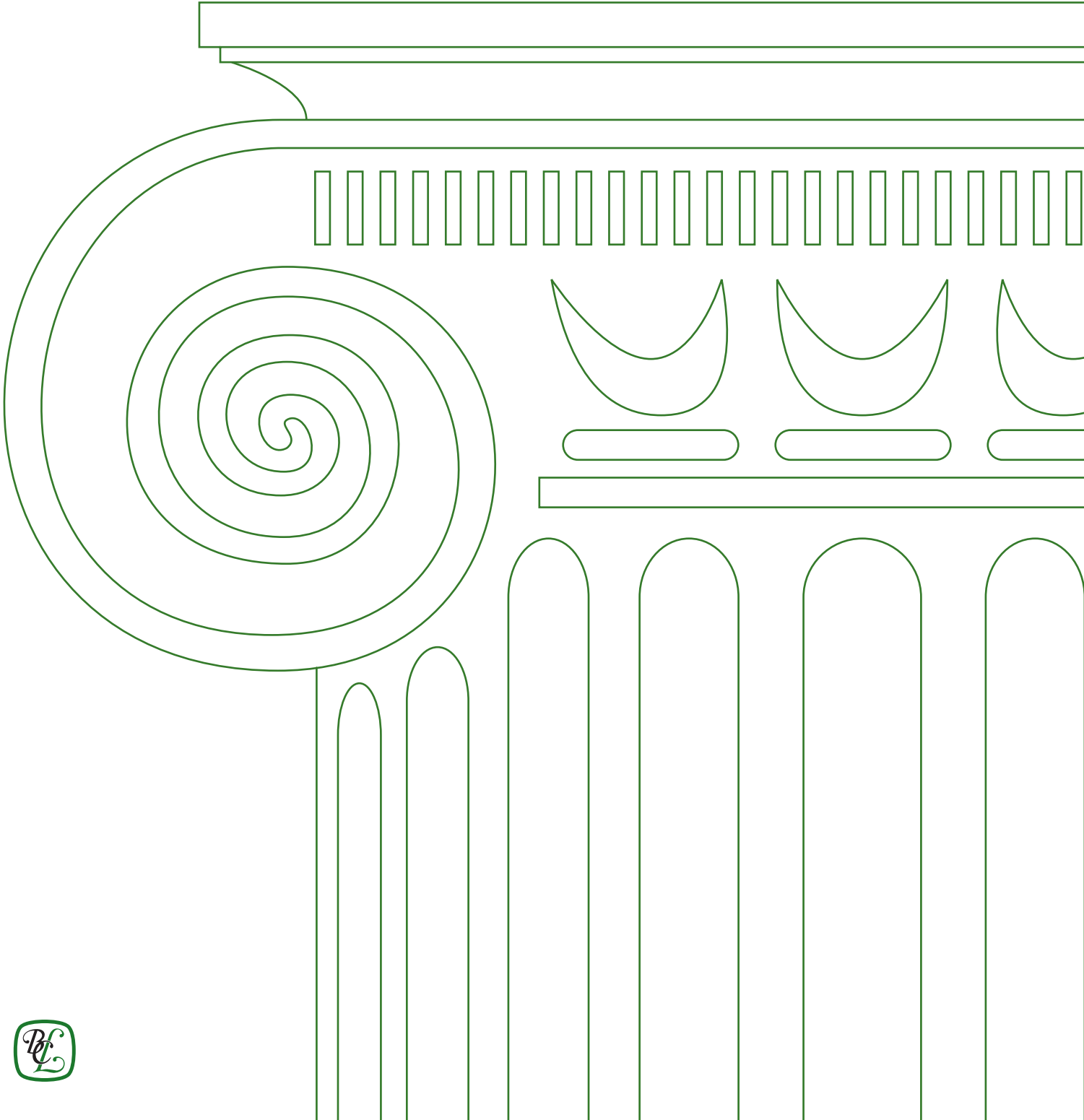


British Columbia  
Liquor Distribution Branch

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# 2001 · 2002 ANNUAL REPORT





The Honourable Rick Thorpe  
Minister of Competition, Science and Enterprise  
Parliament Buildings  
Victoria, British Columbia

Sir:

It is my pleasure to hereby transmit the 81st Annual Report of the Liquor Distribution Branch for the fiscal year ended March 31, 2002.

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Donald Lietch  
Deputy Minister  
June 27, 2002

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# Corporate Profile

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The Liquor Distribution Branch (LDB) regulates the distribution, importation and retailing of beverage alcohol in the province of British Columbia by mandate of the Liquor Distribution Act.

## **LDB resources include:**

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- 224 government liquor stores
- Two distribution centres
- More than 3,500 full and part-time employees

## **LDB operating business departments include:**

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- Retail Services (Store Operations, Distribution, Property Management and Merchandise Services)
- Finance
- Human Resources
- Information Services
- Corporate Policy
- Communications
- Corporate Strategy & Change Management
- Loss Prevention
- Legal Services
- Audit

## **As well, the LDB oversees retail operating agreements with:**

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- 144 Rural Agency Stores
- 290 Licensee Retail Stores
- 26 Consignment Agency Stores
- 103 Private Wine Outlets

The LDB reports operationally through the Ministry of Competition, Science and Enterprise. For performance planning and financial management, the LDB reports to the Crown Agencies Secretariat.

## Mission

The mission of the British Columbia Liquor Distribution Branch is to be a customer-focused, profitable and socially responsible retailer of beverage alcohol, and to impartially administer the distribution and sale of beverage alcohol in the province of British Columbia.

## Values

### Integrity

We take responsibility, and are fully accountable, for our actions, decisions and behaviour. We meet our commitments and obligations to co-workers, customers and business partners. We are open, honest and fair.

### Quality of Service

We take pride in the quality of our work. We strive for excellence in serving customers and co-workers.

### Mutual Respect

We recognize, support and appreciate others. We value their opinions even when they do not coincide with our own. We respond promptly to requests.

### Teamwork

We recognize that by working together, within and across departments and work groups, we achieve more. We work together as a team in a spirit of cooperation and community toward our common goals.

### Change

As a progressive retailer, we embrace change. We encourage our people to find innovative and creative ways of doing things and enhancing and reconfirming their value to the organization.

## Vision

The British Columbia Liquor Distribution Branch will be recognized as a truly superior retailer in each of the communities it serves. We will achieve this through the provision of quality products, services and modern technology. Relationships with customers and stakeholders will be a priority at every level. We will constantly strive for the greatest possible value for our people, customers and stakeholders.

# Executive Organization

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*As of March 31, 2002*

**General Manager**  
Jay Chambers

**Acting Executive  
Administrative Assistant**  
Susan Church

**Executive Director, Finance**  
Roger Bissoondatt

**Executive Director, Retail Services**  
Kelly Conrad

**Legal Counsel**  
Catherine Sloan

**Executive Director,  
Human Resources**  
Conny Nordin

**Director, Store Operations**  
Bill Hall

**Director, Distribution**  
Brian Tuckey

**Director, Loss Prevention**  
Donna Morse

**Director, Merchandise Services**  
Michael Procopio

**Director, Property Management**  
Brian Anderson

**Director, Information Services**  
Don Farley

**Director, Corporate Strategy  
and Change Management**  
Bruce Logan

**Director, Corporate Policy**  
Gordon Hall

**Manager, Communications**  
Kate Pasieka

**Chief Auditor**  
Rita Bittel

## Message from the General Manager

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In fiscal year 2001/02, the Liquor Distribution Branch has surpassed financial expectations and exceeded the budgeted net contribution to government by \$21 million. Our net income was \$637 million, compared to a budget of \$616 million. Total beverage sales increased to \$1.79 billion, compared to the budgeted \$1.72 billion. Except for draught beer, all product categories reported increased sales.

As British Columbia's largest retailer, customer service is a priority at all levels. This year we introduced two new stores — in Vancouver's popular Yaletown area and at the Vancouver International Airport — to provide improved customer convenience in these areas.

In the year ending March 2002, the LDB made technology and business changes that will provide a foundation for ongoing development, innovation, and excellence in customer service. Most significantly, our cash register and scanning system was completely modernized, resulting in fast, efficient service at all liquor stores; we also implemented the Warehouse Operating System (WOS), computerizing all product handling and inventory activities in the Vancouver Distribution Centre. Our LDB Web site, which has become the primary medium for delivering product information to customers, was reconfigured and redesigned to further enhance the customer's experience.

Other business accomplishments included the completion of a strategic plan for e-business, as well as an emergency response plan. The LDB continued to provide its employees with first-class training and development programs, and this year launched a leadership program for store managers.

Our commitment to community is demonstrated by our programs related to responsible use of alcohol, container recycling and community fundraising. In 2001/02, we formed a new business partnership to support our recycling program and joined the Canadian Association of Liquor Jurisdictions in promoting a national Don't Buy for Minors campaign. This year's Dry Grad campaign raised over \$83,000 to help fund alcohol-free graduation celebrations for high school students throughout the province, and our employees raised over \$121,000 to support community charities throughout British Columbia.

As we move into fiscal 2002/03, we anticipate increased sales and service as a result of the province's recent liquor policy changes. The sale of spirits was permitted in licensee retail stores (LRS's) effective April 2nd, and criteria are being developed to allow new stores to compete in the marketplace. New rules for our Rural Agency Store program will allow for an increase in these outlets, creating additional opportunities for small business in rural communities and tourist destinations, and providing more convenient access to beverage alcohol products. We await the results of the government's core services review and look forward to making further improvements to the beverage alcohol retailing system.

In the face of much change, I continue to be impressed with the commitment to excellence and innovation demonstrated by our employees. I thank our business partners for their support through our ongoing business changes. And to our customers and our communities, thank you for the honour and the pleasure of serving you.

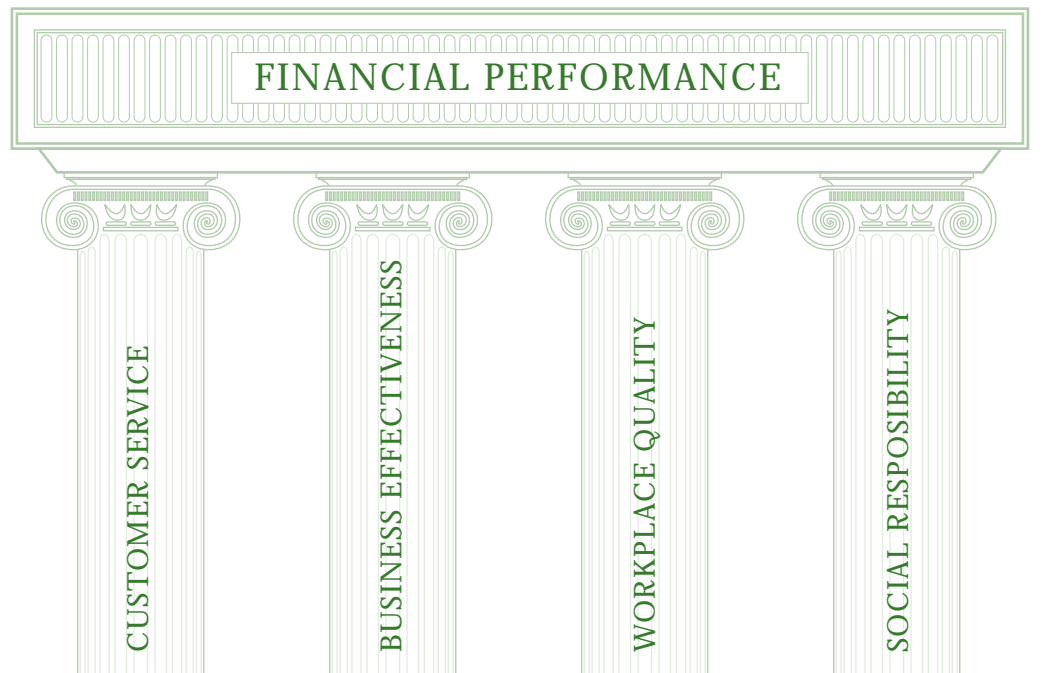
Jay Chambers  
General Manager  
June 27, 2002

# Business Review

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## The Four Pillar Framework

For the past seven years, the Liquor Distribution Branch has organized its strategic priorities and key objectives around the concept of four pillars: Customer Service, Business Effectiveness, Workplace Quality, and Social Responsibility. These pillars in turn support the roof of the structure—the Financial Performance goal and objectives.



The four pillars embody the following goals:

### **Customer Service**

Understand and meet the needs of our retail customers, business partners and internal customers by having the right product or service in the right place at the right time, delivered by friendly, courteous and knowledgeable staff.

### **Business Effectiveness**

Manage internal business practices in a climate of continuous improvement, operating efficiencies and value added.

### **Workplace Quality**

Employ a workforce of motivated and satisfied employees who pull together effectively in groups and teams, and who are confident that their work environment is safe.

### **Social Responsibility**

Achieve recognition in the industry and community in the promotion of responsible drinking, and as an organization that is reducing its impact on the environment.



## Financial Objectives

### Sales Results

Sales of beverage alcohol in fiscal 2001/02 reached a record \$1.79 billion, an increase of 4.3 per cent over the 2000/01 level of \$1.72 billion. The record sales can be attributed to a sales increase of 2.5 per cent in spirits, 6.4 per cent in wine, 4.2 per cent in packaged beer and an impressive 15.3 per cent increase in cider/cooler sales. The only exception to the increases was draught beer, which experienced a decrease of 0.5 per cent.

Spirit sales continue to show strong growth, primarily due to the performance of products in the vodka and liqueur categories.

Both domestic and imported wines showed increased sales. Vintner Quality Alliance (VQA) wine sales continued to improve, and propelled domestic wine sales to a 9.2 per cent increase over last year. The 5.8 per cent increase in imported wine sales was fuelled by the performance of wines from Australia, which were up by 21 per cent over last year.

Packaged beer had its greatest growth in the import beer sector — an increase of 30 per cent over the previous year.

In the cooler category, Smirnoff Ice — in its first full year on the market — generated a phenomenal \$22.5 million in sales.

## Customer Service

### Store System Retail Plan

The Liquor Distribution Branch continued to roll out its retail model for the store system in fiscal 2001/02, renovating, relocating and opening new stores in its ongoing commitment to providing improved customer service. The LDB's design and decor format creates an inviting shopping experience for customers.

The LDB opened two new stores in fiscal 2001/02: a boutique-style outlet in Yaletown, one of the most popular residential areas in Vancouver, in addition to a small convenience outlet at Vancouver International Airport's (YVR) domestic arrivals area. This store offers convenient service to the 22,000 YVR employees and to the 8.3 million passengers who pass through the domestic terminal annually.

To better serve customers in existing service areas, two Lower Mainland stores — Pitt Meadows and 8th & Cambie — were relocated to higher profile, more convenient locations. Three stores — Mission Plaza in Mission, Nanaimo's Harbour Park and Vancouver's Kerrisdale — underwent significant renovations. This year the LDB operated a temporary holiday/gift store in downtown Vancouver's Pacific Centre.

### VQA Products

BC Liquor Stores continued to support the marketing efforts of the British Columbia Wine Institute by promoting products that have the Vintners Quality Alliance (VQA) designation. All products with a VQA designation are made from 100 per cent British Columbia-grown grapes, and have met the standards required by a panel of expert tasters. VQA wine sales continue to increase each year — a testament to the exceptional wines being produced in the Okanagan and other grape-growing areas in British Columbia. In fiscal 2001/02, sales of VQA wines increased by 24 per cent over the previous year.

## **Matters of Taste Magazine**

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The Matters of Taste magazine has found its niche in the marketplace, and provides customers with standard features that include Value Rated Wines, Easy Picks and a BC Homegrown page. The magazine provides product knowledge expertise, using the LDB's in-house experts as well as external guests to provide food and drink recipes. Entertaining tips and product recommendations are also standard features. Strong support from the supplier community has allowed the magazine to grow and become an important marketing tool for BC Liquor Stores and industry.

The Value Rated feature page was promoted in select stores on a quarterly basis. The wines were chosen by the LDB's in-house product experts for their exceptional quality and value, and were displayed in the stores along with a description of each wine and suggestions for use with various foods. This is another example of the LDB's commitment to provide product knowledge programs to help educate customers.

The magazine was published four times in 2001/02, and a total of 47,500 copies of each issue were distributed throughout the province.

## **BC Liquor Stores Online**

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As the Internet becomes the primary medium for delivering product information to customers, the LDB continues to research ways to add value and customer service via its Web site at [www.bcliqorstores.com](http://www.bcliqorstores.com). Towards the end of the fiscal year, the site underwent significant changes in order to improve the overall customer experience online.

## **Vancouver Playhouse International Wine Festival**

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The LDB operated an on-site store during the 23rd Vancouver Playhouse International Wine Festival in April 2001. The store offered many wines available exclusively at the festival and gave customers the option of picking up their purchases at their local liquor store. In three days the on-site store generated sales of \$209,400.

## **Spice Up Your Life Promotion**

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Spice Up Your Life is a quarterly in-store promotion that profiles the traditional food and spices of different cultures, and includes wine recommendations to complement exotic dishes.

The wine recommendations for each featured dish are provided by LDB product experts. Collectable recipe cards that include wine suggestions were available to customers in both English and Cantonese.

## **Retail Management Training and Development**

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In November 2001, 40 participants graduated from the Assistant Manager Development Program. The six-module program covers many aspects of the retail management role, including customer service delivery, product and financial management and human resources management. It is aimed at assisting employees in moving into assistant manager or manager positions within the store system.

## Customer Service Training

In support of the LDB's commitment to excellence in customer service, the Training and Development department continued to deliver training and informational programs to staff throughout the retail system.

The LDB provides a range of product knowledge and customer service programs—from self-directed and facilitated classroom learning, to hands-on experience in the field for liquor store VQA and beer advocates. The two-day Progressive Retailing Program, which provides selling and customer service skills, along with product knowledge, was delivered to employees.

The Customer Service Information Program continued to provide information for store staff on seasonal or specific product categories or trends. The program's focus is a series of customer service posters that are distributed to stores, supplemented with booklets that feature product information and a range of food and drink recipes.

## Customer Satisfaction Survey

The LDB conducted customer satisfaction surveys in the Greater Vancouver and Capital (Victoria area) regional districts in early 2001/02. A second survey for the rest of the province was conducted in the third quarter of the year. In addition to customer satisfaction ratings, the surveys provided the LDB with information on customers' expectations, awareness of services and suggestions for improvement. Results in the Vancouver and Victoria areas were high: 89 per cent of respondents stated that the LDB either met or exceeded their service quality expectations and 77 per cent rated the LDB in the good-to-excellent range in the eight service categories.

Outside of Vancouver and Victoria, 95 per cent of respondents stated that the LDB met or exceeded their overall service quality expectations. Ninety per cent rated the LDB in the good-to-excellent range in the eight service categories measured.

## Business Effectiveness

### Retail Management System

Implementation of the new Retail Management System (RMS), a computerized point-of-sale system, was the main focus of change at BC Liquor Stores in fiscal 2001/02. The system allows the LDB to scan product bar codes, which the previous 20-year-old cash registers were unable to support. In addition, RMS helps the LDB to operate more efficiently and improve service to all retail and wholesale customers.

Implementing the system involved training more than 2,500 store staff and installing new point-of-sale equipment for more than 750 checkout lanes. By the end of 2001/02, RMS was operational in 223 stores.

The cash registers feature bar code scanning, integrated debit/credit, quick receipt printing, and overall faster processing of each customer transaction. The cash registers are located on newly-designed ergonomic checkstands that also contribute to the efficiency of customer service. The technical infrastructure, including multiple network connections, multiple servers and workstations and system security, was implemented by the Information Services department in concert with the various hardware/software vendors and the government's Common Information Technology Services in Victoria.

## Warehouse Operating System

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The LDB implemented the Warehouse Operating System (WOS) in the Vancouver Distribution Centre in February 2002. WOS, which complements the newly-installed RMS, is a wireless, paperless, radio frequency system that facilitates product shipping, receiving and data collection. Products are processed using bar codes, providing accuracy in all distribution and inventory functions. This supports the strategic objective of 100 per cent accuracy for order fill rates.

## Technology Strategy

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LDB's Information Services had a busy year with the implementation of the RMS and WOS as well as the completion of many other projects.

### System Architecture

Information Services established the Corporate Architecture Group to create clear standards for system architecture and enable integrated system design. The standards also facilitate the planned migration from platforms that have no ongoing strategic role for the LDB.

### E-Business

An e-business implementation plan was completed with a list of initiatives. The plan is now under revision by a newly-formed steering committee. Meanwhile, several e-business projects were being planned for implementation in the next fiscal year 2002/03, including a supplier Web site. This new site will allow suppliers to apply for and track product listings electronically, rather than using the current paper-based system. It will also provide on-demand sales data and supplier news and information.

### Human Resources

An upgraded system for reporting and authorizing "timesheet" data was introduced to all LDB business units. The system, which is 100 per cent electronic and a significant paper saver, serves as the front-end to the LDB's PeopleSoft Payroll system and feeds the human resources components of the PeopleSoft software package.

### High Speed Network

As part of the RMS project, Information Services initiated the installation of high-speed broadband connections to the vast majority of store locations. This allows for fast, frequent data communication between stores, Head Office and the debit/credit service providers.

### Windows 2000

Also, as part of the RMS project, BC Liquor Stores saw the first deployment of the Windows 2000 operating system, running on the in-store servers. This operating system provides increased system security and operational stability.

### Enterprise Storage Solution

To address the ever-increasing demand for data storage, Information Services introduced a new Enterprise Storage Solution, facilitating the dynamic sharing of storage space across all enterprise servers. This is cost effective from both the data storage and server acquisition points of view. It also assists with business continuity efforts, providing effective back-up and recovery functions.

#### Data Warehouse

Planning and development for a replacement data warehouse was undertaken, with a planned release date in the first quarter of the new fiscal year. The initial version includes store sales, inventory and labour data.

### Emergency Planning

Fiscal 2001/02 saw the inception of many facets of the Emergency Preparedness program at the LDB. This was the first year that this type of program was attempted. Emergency preparedness measures were taken by publishing booklets with information for all employees, holding information sessions, and providing disaster survival kits in appropriate venues.

Search and Rescue Teams for Head Office and both distribution centres were trained in Light Urban Search and Rescue techniques and Rapid Building Damage Assessment. Coinciding with this, search and rescue gear was purchased for these locations, and several emergency response drills were conducted throughout the year.

The groundwork was laid for the development of Business Continuity plans for each store, both distribution centres and every Head Office department. This will ensure that the safety of employees and customers is paramount and that operations can continue in the event of business interruptions.

### Workplace Quality

#### Employee Health and Safety

In order to optimize employee health and safety, a number of initiatives were implemented in fiscal 2001/02. All store employees received the first two videos and instruction manual for the All the Right Moves program, which provides tips on the use of sound ergonomic work practices. The program goal is to prevent and reduce employee musculo-skeletal injuries, which account for 85 per cent of the LDB's Worker's Compensation Board (WCB) costs.

As part of the Retail Management System (RMS) project, new ergonomic checkstands were constructed in 223 stores. They offer better visibility and access for cashiers, with printers, scanners and touch screen displays placed within easy reach at counter level.

The LDB opened a rehabilitation centre in Vancouver for injury treatment and recovery programs. The centre aims to rehabilitate employees for an early return to work and prevent recurring injuries. The program Personal Health and Awareness, A Healthy Lifestyle Choice, was introduced in order to encourage head office and distribution centre employees to follow and improve their general personal fitness and health.

A 2001/02 target for WCB claims costs was set at less than 0.45 per cent of the annual payroll. The result at the end of the fiscal year was 0.43 per cent. For sick leave (STIIP), a target was set at less than 3.99 per cent of the annual payroll. The result at the end of the year was considerably less at 2.53 per cent.

#### Service to Diverse Worksites and Communities

At the LDB, managing multiculturalism and diversity is part of the strategic planning process. The commitment to providing exceptional customer service to the LDB's increasingly diverse customers is demonstrated through numerous retail promotions and



cultural celebrations. During this past year, BC Liquor Stores celebrated Chinese New Year, Cinco de Mayo and Diwali, and built on the established celebrations of St. Patrick's Day and Oktoberfest. To enable recycling information to reach more customers, the LDB translated its Bring 'Em Back Clean leaflet into Chinese, Vietnamese, Punjabi, Spanish and Korean. In response to customer inquiries, the LDB brochure on icewines was translated into Japanese and Chinese.

A team of internal facilitators trained 496 employees from store operations, distribution and head office in the Discrimination Prevention workshop. The Workplace Harassment Prevention and Intervention Skills program was completed by 60 store managers and assistant managers.

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### **Violence in the Workplace Initiatives**

All liquor stores completed their Violence Prevention plans as well as their Store Risk Analysis reports. A total of 479 employees received Violence in the Workplace training.

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### **Organization Development and Performance**

For the past six years, the LDB has made use of a management discipline known as Organization Development (OD) to promote effectiveness and alignment in and between departments, teams and work groups. During 2001/02, many individual OD projects resulting in improved work processes and strengthened business planning were completed. In addition, our capability to apply OD as a way of helping to increase organizational effectiveness was expanded with the establishment of an organization development and performance consulting function within the Training and Development Department.

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### **Leadership and Management Development**

In January 2002, the LDB commenced the inaugural session of its new Store Manager Development Program. Focusing on leadership and management within the retail context, the program assists current managers and assistant managers in gaining the knowledge and skills required to perform at a senior store management level. Incorporating such topics as retail knowledge, performance management, progressive discipline, situational leadership, change management, team building, harassment prevention and conflict resolution, the program represents the final level of formalized learning offered by the LDB for employees interested in the retail career path.

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### **Employee Training**

The LDB continued to provide a wide range of training opportunities for staff including new employee orientation, product knowledge, progressive retailing and customer service-related programs, along with programs associated with all aspects of corporate health and safety.

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### **RMS Training**

During the implementation of the new RMS, more than 2,800 employees in 223 liquor stores received training in use of the back office system, point-of-sale system and scanning technology.

## Distribution Department Training

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The Distribution department, with centres in Vancouver and Kamloops, provides continuing training for employees in order to provide a safe and secure work environment. With support from the Human Resources Training department, the Distribution department has developed in-house trainers for various operational courses, including New Employee Orientation Training, Workplace Hazardous Materials Information System training and Mobile Equipment recertification. Trainers also act as subject matter experts, researching and reviewing safe work procedures. In fiscal 2001/02, many of the operational courses had to be reviewed and changed in order to adapt to the new Warehouse Operating System (WOS), particularly the orientation training and the courses that address specific distribution functions such as receiving, assembly, shipping, stock control and maintenance. As well, the trainers were instrumental in the implementation of the new WOS and were responsible for testing the software from the operations perspective, for both the unit and system-wide applications.

## Employee Awards

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The government-wide Employee Recognition Program encourages employee ideas and team-based work process review projects with a view to improving operations, service to the public and the work environment. Awards of up to five per cent of net annual savings to a pre-tax maximum of \$2,000 per employee are available when improvements with quantified benefits are achieved. In 2001/02, LDB employees submitted 19 ideas, of which six were adopted, representing a net savings of \$255,200.

At this year's Public Service Awards, the LDB's staff won both individual and team awards in recognition of process improvements and in the prevention of underage alcohol consumption.

## Social Responsibility

The Liquor Distribution Branch incorporates social responsibility as part of its daily operations. Throughout the year, the LDB sponsors or participates in a number of programs and initiatives that further its goal of promoting both the responsible use of alcohol and environmental sustainability. Additionally, LDB employees participate in a variety of programs and campaigns that benefit people throughout the province of British Columbia.

## Dry Grad Campaign

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BC Liquor Stores' second annual campaign to support dry grads raised a total of \$83,505 to support high schools planning alcohol-free graduation events. The eight-week campaign began in February 2002 in partnership with 56 participating school districts. Liquor store customers were invited to donate \$1 and receive in return a Support Dry Grad bookmark. One hundred per cent of all donations went to the customers' local school district for distribution to high schools planning dry grads.

Store employees and customers got into the spirit of the campaign, with four stores collecting more than \$2,000:

- Fort St. John \$5,716
- Ganges \$3,755
- Ladner \$2,640
- Williams Lake \$2,119

The Dry Grad fundraising campaign is one aspect of the LDB's mandate to discourage underage drinking and prohibit the sale of alcohol to minors.

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### **Don't Buy for Minors**

In September and October, BC Liquor Stores took part in the first national campaign to raise public awareness of the importance of preventing underage access to alcohol. "Minor Problem — Minor With a Problem. Who cares? We do." was the theme of the campaign coordinated by the Canadian Association of Liquor Jurisdictions. All 13 provincial and territorial liquor corporations and liquor boards took part in the campaign.

As in previous years, BC Liquor Stores held a Don't Buy for Minors campaign during grad season, reminding customers not to buy for minors and warning that grads, cars and alcohol can be a lethal combination.

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### **Safe Ride Home**

The LDB, in cooperation with ICBC, Translink and BC Transit, offered their Safe Ride Home program at 19 beer and wine festivals throughout the province. Now in its fifth year of operation, Safe Ride Home gave out more than 2,000 transit tickets and more than 700 taxi vouchers to help ensure that patrons of beer and wine festivals had a safe ride home.

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### **Boat Safe — Boat Smart**

BC Liquor Stores and the Canadian Red Cross partnered over the summer in the Boat Safe — Boat Smart campaign. In-store posters reminded boaters not to drink and boat, and to drive as responsibly on the water as they should on the highway.

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### **Fetal Alcohol Syndrome**

The LDB continued to actively educate its staff and customers about the risks of drinking alcohol when pregnant. In addition to a yearly in-store campaign targeted at Fetal Alcohol Syndrome (FAS) awareness, the LDB distributed brochures and posters containing valuable information about alcohol and pregnancy that were previously developed in consultation with the BC FAS Society and endorsed by British Columbia doctors, nurses and midwives. These materials have been made readily available to customers, as well as to health care and community workers across the province and across the country. In 2001, the LDB distributed more than 5,000 FAS brochures and 400 posters.



## **Beverage Container Stewardship Program**

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During 2001/02, the LDB's Beverage Container Stewardship program recycled approximately 110 million containers and diverted more than 40 million kilograms of waste from British Columbia landfills. The program succeeded in meeting the target beverage container return rate of 85 per cent.

The LDB entered into a new business relationship with Encorp Pacific Inc. to provide recycling services and a provincewide network of 160 bottle depots. Encorp's bottle depots give customers more options for returning containers and will help to reduce pressure on stores that have high-volume container returns. Additionally, in order to protect employee and customer health and safety, a "Bring 'Em Back Clean" program was implemented in BC Liquor Stores to ensure that returned beverage alcohol containers are rinsed out and free of contaminants.

## **PECSF Campaign**

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This year's Provincial Employees Community Services Fund (PECSF) gave LDB employees the opportunity to participate in a variety of fundraising activities. The 2001/02 campaign total was \$121,376, an increase of 19 per cent, up from \$102,000 last year. The PECSF is an employee-supported charitable fundraising campaign that provides financial support to local charities in each community.

## **24-Hour Relay for the Kids**

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For the seventh year in a row, the LDB Beer-O-Crats team participated in the Vancouver 24-Hour Relay For the Kids, a fundraiser to help children with disabilities attend one of the Lions Society Easter Seal Camps. The team, comprised of 44 runners, raised more than \$8,350, an increase of \$350 over last year. For the first time, the Beer-O-Crats also formed a team for the Victoria event, which raised close to \$13,000. The event, supported entirely by volunteers, is held in cities across Canada and is the largest overnight fundraiser in North America.

## **Twin Bear Program**

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For the twelfth consecutive year of the Twin Bear program, customers at BC Liquor Stores were invited to buy twin old-fashioned curly-haired teddy bears for \$10 in November and December. One twin bear went home with the customer and the other was donated to a charity chosen by liquor store staff. Thanks to generous customers, the LDB donated 16,586 bears to needy children throughout the province. Since the program began, more than 170,000 bears have been donated to British Columbia charities.

## **Feed the Food Bank**

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The LDB supports the Food Bank each year in July and December by allowing employees to "dress casual" in exchange for a cash donation. All funds that the LDB staff raise are effectively tripled by the food bank, when translated into food donations. As in past years, holiday season donation boxes were also made available in all liquor stores in December for employees and customers to make food donations to their local Food Bank.

# Performance Report

## Performance Against Objectives 2001/2002

The foundation for the Liquor Distribution Branch 2001-2004 Performance Plan is the four-pillar framework: Customer Service, Business Effectiveness, Workplace Quality and Social Responsibility. These pillars in turn support the LDB's Financial Performance objectives. The following table shows the actual results for fiscal 2001/02 compared to targets set.

### Pillar: Financial Objectives

Objective	Measure	Target	Status at End of Fiscal 2001/02
Total Sales & Net Income	Total Revenue	\$1.72 billion	\$1.79 billion
	Net Income	\$616 million	\$637 million
Operating Expenses	Total Expenses	\$215 million	\$231.9 million Variance of \$16.9 million is attributable to higher than expected sales, handling costs for returned glass, greater usage of debit/credit, Retail Management System amortization, retiring benefit accrual, and an adjustment for tenant improvements.

Net contribution to government exceeded target by \$21 million.

### Pillar: Customer Service

Objective	Measure	Target	Status at End of Fiscal 2001/02
Marketing Strategy	Market Research	By Dec. 2002	Targets scheduled for fiscal 2002/03
	Detailed Plan	By Jan. 2003	
Customer Satisfaction	Customer Survey Results	90% satisfaction	85% satisfaction
Wholesale Customers	Wholesale Customer Survey	85% surveyed	Target scheduled for 2002/03
	Straight Up Newsletter	4 editions published	3 editions
Supplier & Industry Partners	Meetings with Industry Groups	2 meetings per year with each of 4 interest groups	Total of 10 meetings in fiscal 2002/03
Retail Store Network	Renovations, Relocations & New Locations	12	7 completed, 5 rescheduled and/or deferred
	Temporary Seasonal Stores	Up to 6	1 Christmas store

Stores included in the developmental program experienced a 10% increase in sales.

**Pillar: Customer Service**

Objective	Measure	Target	Status at End of Fiscal 2001/02
Training in Support of Customer Service	Total Number of Training Sessions	24 sessions	22 sessions
	Total Number of Participants	484 participants	255 participants (Target modified mid-year due to competing demands from RMS project.)
Multiculturalism	Market Research	Completed Dec. 2001	Deferred to 2002/03
	Articles in Ethnic Media	6 articles	6 articles
	Employees Trained	40 employees	Deferred to 2002/03 and incorporated into customer service training to leverage efficiency.

A major new initiative, the Store Manager Development Program, was introduced.

**Pillar: Business Effectiveness**

Objective	Measure	Target	Status at End of Fiscal 2001/02
Supply Chain Management	Stockout Reports	0	1
	Store Inventory Levels (core products)	100%	98%
	Inventory Turns for Distribution Centres	Meet or exceed 18.5	20.4
Supply Chain Improvements	RMS – selected subcomponents	Complete in stores Nov. 2001	Achieved
	RMS – Training	Complete Nov. 2001	Achieved
	RMS Enhancements	Complete Nov. 2001	Rescheduled to Fiscal 2002/03
	RMS in Central Licensee Store	Complete Jan. 2002	Achieved April 2002
	RMS Budget	100% or below	On budget
	Warehouse Operating System Implementation in Kamloops	Complete Dec. 2001	Kamloops implementation deferred
	WOS Budget	100% or below	Below budget
	Compliance with Bar Code Standards	100%	Greater than 95%

The new Retail Management System with bar code scanning capability was the main focus of changes in 223 liquor stores. RMS includes modernized cash register and retail functions that allow stores to operate more efficiently, and improve service to retail and wholesale customers.

**Pillar: Business Effectiveness**

Objective	Measure	Target	Status at End of Fiscal 2001/02
<b>Enterprise Business Intelligence</b>	Data Warehouse	Software selected	Achieved
		Infrastructure completed	Substantially completed
	Pilot RMS Sales Data	Complete	Achieved
	Product Sales Transaction Data	Complete	Substantially completed
<b>E-Business</b>	Prioritized List of E-commerce Initiatives & Implementation Plan	Plan complete end of fiscal 2001/02	Plan under revision by newly-formed steering committee
<b>Store Efficiency</b>	Store-wide Staff Scheduling Efficiency	100%	98.3%
	Store Employment as a Percentage of Sales	7.5%	6.7%
<b>Technology &amp; Application Architecture</b>	Assessment of Needs	Report complete by fiscal 2001/02	Achieved
		Action plan complete by fiscal 2001/02	Corporate Architecture Group working on new configurations
	Web-enabled Access to Accounts Payable	In production by Nov. 01	In production
	Web-enabled Access to General Ledger	In production by end of fiscal 2001/02	New strategy for implementation and upgrading developed
	Web-enabled Access to PPIIMS	Software installed for test by end of fiscal 2001/02	Deferred to fiscal 2002/03 — new implementation strategy developed
<b>Emergency Planning &amp; Management</b>	Emergency Response Plans	Documented & tested by end of fiscal 2001/02	Substantially completed
	Business Continuation Plans	Supply chain systems documented by end of fiscal 2001/02	Deferred to fiscal 2002/03

Several e-business applications were planned for implementation in 2002/03. These include a supplier site for sales data and product listing applications.

## Pillar: Workplace Quality

Objective	Measure	Target	Status at End of Fiscal 2001/02
Employee Health & Safety	WCB Claims Costs	Less than 0.45% of annual payroll	0.43%
	Sick Leave (STIIP) Costs	Less than 3.99%* of annual payroll	2.53%
Violence in the Workplace	Number of Employees Trained	800 employees	479 Some training deferred due to RMS
	Store Risk Analysis Reports	100% of stores completed	100%
	Violence Prevention Plans	100% of stores completed	100%
Employee Diversity & Equity	Number of Employees Trained	580	496
	Recommendations in Employment Systems Review	Findings communicated to all employees by fiscal year-end	Achieved
		Working committee created by fiscal year-end	Achieved
	In-house Communications	Articles in 50% of issues	Achieved
Human Resource Strategies	Documented HR Strategies	In place by June 2001	Achieved
Internal Customer Service	Standards, Behaviours and Measures Developed	In place by fiscal year-end	Achieved

LDB launched All the Right Moves program to reduce and prevent workplace injuries.

\*Sick Leave Cost target was revised from 2.85 per cent as originally published to 3.99 per cent, based on analysis of data.

**Pillar: Social Responsibility**

Objective	Measure	Target	Status at End of Fiscal 2001/02
Waste Reduction	Beverage Container Return Rate	85%	86%
	Waste Reduction Strategy	Complete strategy by Dec. 01	Achieved
Responsible Use of Beverage Alcohol	Public Awareness (through focus groups)	3 campaigns for fiscal 2001/02	Deferred to fiscal 2002/03
	Public Awareness (through survey)	Majority of respondents report awareness	Achieved
	Dry Grad Sponsorship	Establish baseline	Baseline established
	Service Refusal Tracking	Determine tracking mechanism by March 2002	Rescheduled for early fiscal 2002/03
	Safe Ride Home Awareness	5 major events	Achieved

The LDB's Responsible Use initiatives continue to enjoy high levels of recognition and respect from the public, employees, suppliers and other liquor jurisdictions. The branch's Safe Ride Home program at numerous wine and beer festivals, the highly respected Alcohol and Pregnancy brochure and the Dry Grad campaign all actively and publicly deliver on the LDB's social responsibility mandate.

# Strategic Performance Plan

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## Opportunities and Challenges 2002/03

Looking ahead, LDB's external economic and operating environment will be affected by a range of issues and trends that represent both opportunities and challenges. These include:

### Government Direction

The government of British Columbia has outlined a new vision for the public service and an aggressive agenda for change. Every ministry, agency and Crown corporation is undergoing or has completed a core services review to determine its essential functions and future program delivery. The LDB began its review in early 2002 and expects results sometime during the 2002/03 fiscal year.

In March 2002, the government announced some changes to its liquor policy, including the LDB's Rural Agency Store (RAS) program. The program uses general merchandise stores to provide liquor retail service in small, rural communities where it is too small to warrant the establishment of a government liquor store. The changes were made to improve customer service and choice, and are expected to increase the number of RAS's throughout the province during 2002/03. The government also approved the lifting of a moratorium on new licensee retail stores (or LRS's) in British Columbia. As a result, the Liquor Control and Licensing Branch is developing a set of criteria and an application process to allow these new stores to operate. As well, LRS's were granted approval to begin selling spirit products as of April 2, 2002, which will increase customer convenience by providing more choices for purchasing beverage alcohol.

As these policy changes are implemented in 2002/03, it is anticipated that they will result in increased sales of beverage alcohol in the upcoming year.

### The Provincial Economy

The economic outlook for British Columbia was unclear towards the end of 2001/02. On a positive note, the economy of the United States began to recover from its economic slowdown. Less positive was the fact that global economic conditions continued to be weak. This combination caused doubt about the strength of the recovery in the United States — British Columbia's largest trading partner — and some economists forecast that the industrialized economies would remain weak well into 2002. According to the Conference Board of Canada, the re-emergence of the softwood trade dispute with the United States, the struggling Japanese economy and continued out-migration are expected to contribute to a slow rate of growth for the province's real gross domestic product.

Although the slow economy will undoubtedly impact consumer spending, the beverage alcohol industry does not normally fluctuate as much as other retail sectors when economic activity changes. Revenue from alcohol sales is expected to remain a major source of government revenue while the province's economic growth rate is low.

### The Retail Picture in Canada

The aftermath of the information technology downturn and the events of September 11, 2001 continue to challenge Canadian retailers. The Conference Board of Canada predicted slow economic growth in 2001 and 2002 but also predicted that the economy would not



descend into a recession. By early 2002, the board was reporting that both consumer and business confidence were on the rise and had hit the highest levels since 1988.

### **Wholesale & Retail Customers**

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The needs of retail and wholesale customers are constantly changing as the demographics shift and new trends emerge. The range of outlets selling beverage alcohol influences customers' buying habits and preferences. The options are broad and include almost 800 retail locations and more than 7,000 licensed establishments where customers purchase beverage alcohol for on-premise consumption.

With the government's announcement of the framework for a new liquor licensing system and the lifting of the moratorium on new LRS's, both industry and the LDB are optimistic that the changes will provide new opportunities in 2002/03 and beyond.

The LDB expects the "premiumization" trend to continue, whereby people consume less, but buy better. Other significant trends are the continued sales growth of red wine and refreshment beverages.

### **The British Columbia Population**

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The total British Columbia population is currently 3.9 million people and is expected to grow by about 1.5 per cent in each of the next three years. More important to the beverage alcohol industry is the change in various age groups, as age is key in determining consumption and buying habits. During the next three years, population numbers in the 20 to 30-year-old age group are expected to remain stable, while the 40 to 59-year-old age group is expected to increase. With the relative affluence of this group, this may represent more opportunities for the "premiumization" of beverage alcohol sales.

### **Responsible Use of Alcohol**

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Changing public awareness about alcohol use in recent years has led to increased intolerance for drinking and driving and heightened sensitivity to Fetal Alcohol Syndrome, a condition resulting from the abuse of alcohol during pregnancy. These and other abuses of alcohol continue to receive increased public attention and reports in the media.

Despite recognition of the dangers of drinking and driving, recent statistics indicate many Canadians continue to drive after consuming alcohol. According to a Statistics Canada survey, regular heavy drinking is most common among youth in Canada. Over one-third of youth aged 20-24 who were current drinkers consumed five or more drinks at least 12 times in the previous year, and one-fifth of teenage drinkers (age 15-17) also reported regular heavy drinking despite being under the legal age. The LDB will continue to work with industry partners to promote the responsible use of alcohol and prevent the sale of alcohol to minors.

### **Environmental Impact**

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Since the expansion of the provincial deposit-refund system to include all beverage alcohol containers in 1998, the LDB has been responsible for the environmental stewardship of all beverage alcohol containers sold in the province (with the exception of refillable bottles and



cans). The program has recycled 86 per cent of containers sold in fiscal 2001/02. This success, however, has resulted in large volumes of returns to LDB stores. The LDB has recently increased the number of bottle depots in its program to provide customers with more alternatives to return containers, and it is anticipated that this change will help to reduce pressure on LDB stores.

## External Stakeholders

As one of the larger retailers of beverage alcohol in the world, the LDB is the principal connection between producers and consumers in British Columbia. Consequently, the LDB seeks to develop relationships with its external stakeholders to ensure that retail programs benefit suppliers, agents, retailers, and — most importantly — customers. In October 2001, the minister responsible for the LDB held a meeting with industry groups to seek their input on how the beverage alcohol industry in British Columbia could be enhanced. The LDB is working with the groups to develop and implement initiatives.

## 2002/03 Performance Targets

Following is a summary of performance targets as set out in the Liquor Distribution Branch *Three Year Corporate Strategy: A Performance Plan for 2002-2004*. A more detailed discussion of objectives, strategies and targets is outlined in the plan.

### Pillar: Financial Objectives

Objective	Measure	Target
Total Sales & Net Income	Total revenue	\$1.8 billion
	Net income	\$640 million*
Operating Expenses	Total expenses	\$232 million

### Pillar: Customer Service

Objective	Measure	Target
Customer Satisfaction	Retail survey results	90% satisfaction
	Wholesale survey results	85% satisfaction
Marketing Strategy	Definition of target markets	Complete by Dec. 2002
Supplier & Industry Partnerships	Meetings with industry groups	Twice per year with 7 key associations
	Meetings with individual suppliers	As requested
	Product portfolio adjustments	Biannual review
Retail Store Network	Renovations, relocations and/or new locations	12

\* Subject to government's Core Services Review

**Pillar: Business Effectiveness**

<b>Objective</b>	<b>Measure</b>	<b>Target</b>
<b>Supply Chain Management</b>	Core products in stock in distribution centres	100% per year
	Inventory turns	Meet or exceed 14 turns per year
	Qualitative inventory levels of core products in stores	100% of product available
	Qualitative stockout reports	No reports of GLS shelf stockouts of core products
<b>Store Efficiency</b>	Store efficiency	100%
	Store employment costs as a percentage of sales	7.5%

**Pillar: Business Effectiveness**

<b>Objective</b>	<b>Measure</b>	<b>Target</b>
<b>Technology Improvements</b>	Enterprise Business Intelligence (Data Warehouse) project	Release 2 (store labour & inventory) and Release 3 (warehouse labour & inventory) implemented
	E-business	Infrastructure implemented
	PeopleSoft applications (PPIIMS & GL)	Version 8 (Web-enabled) implemented
<b>Emergency Planning &amp; Management</b>	Emergency Management Program	Procedures tested twice in March & Sept.
	Business continuation planning	Plans finalized by June
	Product recall protocols	Protocol finalized by April & tested by Oct.

**Pillar: Workplace Quality**

Objective	Measure	Target
<b>Workforce Planning &amp; Management</b>	Workforce planning strategy	In place by Dec. 2002
	Succession planning process	In place by Dec. 2002
	Retirement planning process	Implemented and communicated by April 2002
	Career path process	Preliminary scope developed by March 31, 2003
	Diversity & equity — training	580 employees trained by end of fiscal
	Diversity & equity — representation of visible minorities among regular employees	Increase by 2.5% over 2001 baseline by end of fiscal
<b>Employee Safety &amp; Health</b>	Diversity & equity — in-house communication	Articles in 50% of newsletter issues
	Completion of annual safety inspection/audit	100% annually
	Monthly safety inspection meeting	100%
	STIIP claim costs	Not more than 3.99% of payroll
	WCB claim costs	Not more than 0.45% of payroll

**Pillar: Workplace Quality**

Objective	Measure	Target
<b>Employee &amp; Organization Development</b>	Framework for evaluation of training	Developed by Sept. 2002
	Framework for distance learning	Developed by Dec. 2002
	Framework for competency profiles	Developed by March 2003
	Total number of person/days of training in Management Development & Customer Service programs	Management Development: 1400; Customer Service: 1000
<b>Internal Customer Service</b>	Internal customer satisfaction survey	Baseline established and improvement target set

**Pillar: Social Responsibility**

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<b>Objective</b>	<b>Measure</b>	<b>Target</b>
<b>Waste Reduction — Containers</b>	Minimum annual container return rate	85%
	Diversion of LDB store return volume to bottle depots	50%
<b>Waste Reduction — Other Waste</b>	Reduction of waste in retail stores, distribution centres & head office	Will be determined upon completion of audit of current environment by contractor by March 31, 2002
	Reduction in waste management costs to LDB	Will be determined upon completion of audit of current environment by contractor by March 31, 2002
<b>Responsible Use of Beverage Alcohol</b>	Public awareness as measured by focus groups and/or customer service surveys	80% of respondents report awareness of social responsibility messaging
	Service refusal tracking	Develop and implement tracking system

# Financial Report

## Management Discussion and Analysis

### RESULTS OF OPERATION

Fiscal 2001/02 saw the Liquor Distribution Branch record its 10th consecutive year of growth in gross sales, with an average annual increase of 3.1 per cent. Net income of \$637 million for the year ended March 31, 2002 was \$21 million greater than the budget of \$616 million and \$5 million less than the previous year.

### KEY INDICES

(all \$ figures in \$,000)

	2002	2001	change	% change
Gross Sales	\$1,792,877	\$1,719,182	\$73,695	4.3
Net Income	\$636,673	\$642,426	\$(5,753)	(0.9)
Capital Expenditures	\$14,584	\$3,470	\$11,114	320.3
RMS Project	\$22,548	\$16,181	\$6,367	39.3
Customer Count	44,438,990	43,596,914	1.9	
Gross Margin %	48.15%	48.14%		0.01
Operating Income to Sales	35.22%	36.56%		(1.34)
Operating Expenses to Sales	12.93%	11.58%		1.35
Net Income to Sales	35.51%	37.37%		(1.86)
Inventory Turnover	14.5 times	13.9 times		0.6 times

Gross sales grew in all product categories of beverage alcohol in both sales dollars and volume, except draught beer. Sales dollars increased by 4 per cent while volume increased by 1.1 per cent.

Packaged beer had the largest increase in dollar sales (\$28.1 million) and wine had the largest increase in volume (1.8 million litres). Premiumization contributed to the higher sales dollars reflected in spirit, wine and, to a lesser extent, packaged beer and coolers.

### GROWTH IN SALES

(in \$,000)

Product	2002	2001	\$ change	% change
Spirits	485,309	473,526	11,783	2.5
Wine	390,864	367,312	23,552	6.4
Packaged Beer	702,684	674,597	28,087	4.2
Draught Beer	117,241	117,804	(563)	(0.5)
Cider/Coolers	86,098	74,674	11,424	15.3
Special Orders/Non-alcoholic	10,681	11,268	(587)	(5.2)
	<b>1,792,877</b>	<b>1,719,181</b>	<b>73,696</b>	<b>4.3</b>

## GROWTH IN SALES

(in ,000's of litres)

Product	2002	2001	Vol. change	% change
Spirits	19,776	19,410	366	1.9
Wine	35,691	33,933	1,758	5.2
Packaged Beer	207,633	206,036	1,597	0.8
Draught Beer	50,725	52,767	(2,042)	(3.9)
Cider/Coolers	18,864	16,922	1,942	11.5
Other	272	229	43	18.8
	<b>332,961</b>	<b>329,297</b>	<b>3,664</b>	<b>1.1</b>

Net income of \$637 million was down from the previous year by \$5 million due to non-recurring income adjustments of \$8.6 million in fiscal 2000/01. Operating income for fiscal 2001/02 was \$631 million, an increase of \$3 million over the previous year.

Capital expenditures increased during the year due to the ongoing Retail Management System (RMS) project and the recording of tenant improvements from previous years. The RMS system was implemented in 223 stores by March 31, 2002, and hence one-quarter of the cost to date (\$9.7 million of \$38.7 million) was amortized in fiscal 2001/02.

Gross margin percentage remained relatively the same. The increase in sales of spirits and wine (2.5 per cent and 6.4 per cent respectively) positively affected the gross margin percentage. This was, however, offset by the 15.3 per cent increase in the cider/cooler category which has a lower mark-up rate.

The increase in the percentage of operating expenses to sales (12.9 per cent from 11.6 per cent in the previous year) was attributable to higher beverage recycling costs, a higher usage of credit and debit cards, RMS amortization, retirement benefit accrual and an accounting adjustment for tenant improvements.

Inventory turnover for the year was 14.5 times, up from 13.9 times in the previous year. This was attributable to increased sales volume and more timely management of inventory in BC Liquor Stores.

## KEY FINANCIAL AND OPERATING STATISTICS

for the five years ended March 31, 2002

(all dollar figures in \$,000)

	2001/2002	2000/2001	1999/2000	1998/1999	1997/1998
<b>Sales</b>	1,792,877	1,719,182	1,663,323	1,640,781	1,594,457
Cost of Sales	882,748	846,662	822,100	807,315	784,591
Gross Margin	863,270	827,561	798,528	790,146	768,581
Gross Margin (%)	48.15	48.14	48.01	48.16	48.20
Operating Expenses	231,859	199,028	188,424	178,161	165,761
Operating Expenses to Sales (%)	12.93	11.58	11.33	10.86	10.40
Operating Income	631,411	628,533	610,104	611,985	602,820
Operating Income to Sales (%)	35.22	36.56	36.68	37.30	37.81
Net Income	636,673	642,426	617,387	615,855	606,045
Net Income to Sales (%)	35.51	37.37	37.12	37.53	38.01
Inventory Turnover	14.5	13.9	13.9	14.6	14.9

## PROVINCIAL SALES BY SOURCE

For the five years ended March 31, 2002

(as a percentage of total dollar sales)

Counter Sales	2001/2002	2000/2001	1999/2000	1998/1999	1997/1998
Government Liquor Stores (%)	58.5	57.6	57.6	56.5	56.4
Licensee Retail Stores (%)	15.7	15.9	15.8	16.7	16.7
Agency Stores* (%)	4.1	4.2	4.1	4.1	4.1
<b>Total Counter Sales (%)</b>	<b>78.3</b>	<b>77.7</b>	<b>77.5</b>	<b>77.3</b>	<b>77.2</b>
Licensee Sales (%)	21.7	22.3	22.5	22.7	22.8
<b>Total Sales (%)</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

\* Agency stores refer to all rural agency stores, consignment agency stores, independent wine stores, winery agency stores and tourist wine shops.

## REMITTANCES TO GOVERNMENT AGENCIES

For the five years ended March 31, 2002

(in \$,000's)

	2002	2001	2000	1999	1998
<b>FEDERAL GOVERNMENT</b>					
Custom Duties and Excise Tax	103,718	98,345	97,687	90,377	90,270
Goods and Services Tax	124,131	113,435	112,802	111,271	108,367
Total	227,849	211,780	210,489	201,648	198,637
<b>PROVINCIAL GOVERNMENT</b>					
LDB Net Income	636,673	642,425	617,387	615,855	606,045
Social Services Tax	105,044	99,175	95,159	92,691	89,725
Total	741,717	741,600	712,546	708,546	695,770
<b>MUNICIPAL GOVERNMENT</b>					
Property Taxes	4,716	4,575	4,756	4,296	4,317
Total Remittances	974,282	957,955	927,791	914,490	898,724

Note: The above amounts do not include taxes paid directly by external parties, namely: excise duty and taxes paid by the domestic brewers, wineries and distilleries; and goods and services tax collected by licensees, agency stores and other licensed establishments.

## MANAGEMENT FUTURE OUTLOOK

For fiscal 2002/03, sales in all categories are budgeted to increase over fiscal 2001/02. Spirits, wine, imported beer and coolers are expected to maintain their strong performance.

A number of policy changes recently announced by the government will improve customer access to beverage alcohol products and are expected to increase sales. Government has permitted the sale of spirits in licensee retail stores (LRS's) and will be lifting the moratorium on new LRS's once eligibility criteria have been developed. The criteria for Rural Agency Stores were also changed to allow for more of these outlets in rural communities.

Operating expenses as a percentage of sales are expected to be 12.8 per cent due to increases in employment, freight, rent and utilities. Employment expenses are expected to rise due to contractual agreements. However, control of expenses will be managed through emphasizing cost control measures and capitalizing on the efficiencies gained through technological changes.



## Management Report

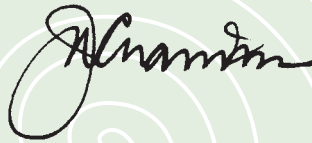
### Year ended March 31, 2002

The financial statements of the British Columbia Liquor Distribution Branch have been prepared by management in accordance with Canadian generally accepted accounting principles. Any financial information contained elsewhere in the annual report has been reviewed to ensure consistency with the financial statements.

Management is responsible for the integrity of the financial statements and has established systems of internal control to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and financial records are properly maintained to facilitate the preparation of financial statements in a timely manner.

The Liquor Distribution Branch audit division performs internal audits designed to test the adequacy and consistency of internal controls, practices and procedures.

The Auditor General of British Columbia has performed an independent audit of the financial statements of the Liquor Distribution Branch. The Auditor's Report outlines the scope of this independent audit and expresses an opinion on the financial statements of the Liquor Distribution Branch.



**Jay Chambers**  
General Manager

Vancouver, British Columbia  
May 24, 2002



**Roger M. Bissoondatt, CA, CMA**  
Executive Director, Finance

## Report of the Auditor General of British Columbia

### To the Minister of Competition, Science and Enterprise, Province of British Columbia:

I have audited the balance sheet of the British Columbia Liquor Distribution Branch as at March 31, 2002 and the statements of operations, changes in advance due to the province of British Columbia and cash flows for the year then ended. These financial statements are the responsibility of the branch's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the British Columbia Liquor Distribution Branch as at March 31, 2002 and the results of its operations, changes in advance due to the province of British Columbia and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



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Wayne Strelieff, CA  
Auditor General

Victoria, British Columbia  
May 24, 2002

## Audited Financial Statements

### BALANCE SHEET

(in 000's)

MARCH 31

2002

2001

#### ASSETS

##### CURRENT ASSETS

Cash	\$ 4,946	\$ 14,656
Accounts receivable	5,427	6,735
Inventories	62,691	58,977
Prepaid expenses	2,769	1,679
Due from Province of British Columbia	2,304	---
	<u>78,137</u>	<u>82,047</u>

##### CAPITAL ASSETS (note 3)

	47,280	28,576
	<u>\$ 125,417</u>	<u>\$ 110,623</u>

#### LIABILITIES

##### CURRENT LIABILITIES

Accounts payable and accrued liabilities	\$ 112,278	\$ 105,736
Due to Province of British Columbia	---	2,635
Current portion of Loans	1,377	---
Current portion of capital lease	262	273
	<u>113,917</u>	<u>108,644</u>

##### LONG TERM LIABILITIES

Tenant Improvement Loans (note 4)	9,551	---
Obligation under Capital Lease (note 5)	1,949	1,979
	<u>\$ 125,417</u>	<u>\$ 110,623</u>

Commitments and Contingent Items (notes 7 & 8)

Approved by:



**Jay Chambers**  
General Manager



**Roger M. Bissoondatt, CA, CMA**  
Executive Director, Finance

The accompanying notes and supplementary schedule are an integral part of these financial statements.

## STATEMENT OF OPERATIONS

(in 000's)

YEAR ENDED MARCH 31	2002	2001
Sales (note 6)	\$ 1,792,877	\$ 1,719,182
Less commissions & discounts	46,859	44,959
	<u>1,746,018</u>	<u>1,674,223</u>
Cost of merchandise sold	882,748	846,662
Gross margin	<u>863,270</u>	<u>827,561</u>
Operating expenses (schedule)	231,859	199,028
	<u>631,411</u>	<u>628,533</u>
Other income (Note 9)	5,262	13,893
<b>Net income</b>	<b><u>\$ 636,673</u></b>	<b><u>\$ 642,426</u></b>

## STATEMENT OF ADVANCE DUE FROM (TO) PROVINCE OF BRITISH COLUMBIA

(in 000's)

YEAR ENDED MARCH 31	2002	2001
Balance beginning of year	\$ (2,635)	\$ 7,365
Net Income	(636,673)	(642,426)
Payments to Province of British Columbia	641,612	632,426
Balance end of year	<u>\$ 2,304</u>	<u>\$ (2,635)</u>

*The accompanying notes and supplementary schedule are an integral part of these financial statements.*

## STATEMENT OF CASH FLOWS

(in 000's)

YEAR ENDED MARCH 31	2002	2001
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	\$ 1,747,326	\$ 1,673,869
Cash payments to Provincial Treasury	(641,612)	(632,426)
Cash paid to suppliers and employees	(1,091,978)	(1,021,748)
Cash receipts from other income	5,233	13,815
Interest paid on capital lease and loans	(2,164)	(227)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>16,805</b>	<b>33,283</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of capital assets excluding RMS	(14,584)	(3,470)
Acquisition of RMS capital assets & capital project	(22,847)	(16,181)
Proceeds from disposal of capital assets	29	78
<b>CASH FLOWS (USED IN) INVESTING ACTIVITIES</b>	<b>(37,402)</b>	<b>(19,573)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment on capital lease	(41)	(248)
Tenant Improvement Loans	10,928	--
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES</b>	<b>10,887</b>	<b>(248)</b>
<b>NET (DECREASE) INCREASE IN CASH</b>	<b>(9,710)</b>	<b>13,462</b>
<b>CASH BEGINNING OF YEAR</b>	<b>14,656</b>	<b>1,194</b>
<b>CASH END OF YEAR</b>	<b>\$ 4,946</b>	<b>\$ 14,656</b>

*The accompanying notes and supplementary schedule are an integral part of these financial statements.*

## SCHEDULE OF OPERATING EXPENSES

(in 000's)

YEAR ENDED MARCH 31	2002	2001
Salaries, wages and benefits	\$ 137,673	\$ 127,239
Rents	22,646	25,611
Professional Services	2,488	2,270
Repairs and maintenance	4,639	4,858
Freight to stores	5,128	4,860
Amortization	18,727	4,088
Light, water and fuel	3,718	3,597
Container Recycling Costs	10,511	4,595
Other operating expenses	5,403	4,630
Stationery and supplies	3,337	2,991
Merchandising	2,535	2,274
Bank charges	6,427	5,463
Data processing	2,529	2,404
Telephone	1,561	1,469
Travel	714	868
Loss prevention	931	860
Warehouse equipment costs	728	724
Interest on Capital Lease and Loans	2,164	227
	<u>\$ 231,859</u>	<u>\$ 199,028</u>

## Notes to the Financial Statements

March 31, 2002  
(Tabular Amounts in 000s)

### 1. Purpose of the Branch

The British Columbia Liquor Distribution Branch (branch) obtains its authority for operation from the British Columbia Liquor Distribution Act (act) which is administered by the Minister responsible for Competition, Science and Enterprise. As stated in Section 2 of this act, the branch has the exclusive right to purchase liquor for resale and reuse in the province in accordance with the provisions of the Importation of Intoxicating Liquors Act (Canada).

### 2. Significant Accounting Policies

As prescribed by Section 30(3)(b) of the act, the financial statements of the branch are prepared in accordance with Canadian generally accepted accounting principles.

Significant accounting policies are as follows:

#### Inventories

Inventories are valued at cost on a first in first out basis, with cost comprising of supplier invoiced value, freight, duties and taxes.

#### Capital Assets

Capital assets are stated at cost and are amortized on a straight line basis as follows:

- **Buildings**  
7.5 per cent per annum.
- **Leasehold improvements**  
A minimum of 10 per cent per annum or a rate sufficient to amortize the cost over the remaining life of the respective lease.
- **Furniture, fixtures, vehicles and equipment**  
25 per cent per annum.
- **Retail Management System**  
All costs of development, construction and other costs associated with the development of the Retail Management System are being capitalized. The project was substantially completed in fiscal year ending March 31, 2002 and has been amortized at 25 per cent per annum.
- **Capital Projects**  
All costs of development for e-business are being capitalized. At the point in time when the project is substantially completed, it will be amortized at 25 per cent per annum.

#### Leases

Leases are classified as capital or operating leases. A lease that transfers substantially all of the benefits and risks incidental to the ownership of property is classified as a capital lease. At the inception of a capital lease, an asset and an obligation are recorded at an amount equal

to the lesser of the present value of the minimum lease payments and the property's fair value at the beginning of the lease. Assets recorded under capital leases are amortized on a straight-line basis over the term of the lease. All other leases are accounted for as operating leases wherein rental payments are expensed as incurred.

#### Related Party Transactions

The branch is related through common ownership to all province of British Columbia ministries, agencies and Crown corporations. Transactions with these entities, as well as other transactions in which provincial government intervention is a component, are generally considered to be in the normal course of operations and are recorded at the exchange amount, unless disclosed separately in these financial statements.

#### Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

### 3. Capital Assets

	2002			2001
	Cost	Accumulated Amortization	Net book Value	Net book Value
Land	\$ 1,073	\$ ---	\$ 1,073	\$ 1,114
Buildings	17,893	14,630	3,263	3,979
Leasehold improvements	18,463	10,960	7,503	494
Furniture, fixtures vehicles & equipment	29,067	24,423	4,644	5,114
Office furnishings under capital lease	3,627	2,176	1,451	1,694
Retail Management System	38,729	9,682	29,047	16,181
Capital Project under development	299	---	299	---
	<b>\$ 109,151</b>	<b>\$ 61,871</b>	<b>\$ 47,280</b>	<b>\$ 28,576</b>



#### 4. Tenant Improvement Loans

In the past the branch has entered into tenant improvement loans which were not recorded in its accounts. During the year the branch capitalized all tenant improvements and their related liabilities up to March 31, 2002. The effect of this change resulted in an increase in capital assets of \$13.0 million, accumulated amortization of \$6.0 million, liabilities of \$10.9 million and a charge to income of \$2.2 million.

As at March 31, 2002, the branch has tenant improvements loans of \$10.9 million financed through landlords. The range of interest rates is 3.3 per cent to 20.0 per cent with loans expiring from May 2002 to August 2015. The Principal payments due are as follows:

*Year ending March 31*

2003	\$ 1,377
2004	1,279
2005	1,254
2006	1,159
2007	1,066
Subsequent years	4,793
<b>Total</b>	<b>\$10,928</b>

#### 5. Obligation Under Capital Lease

In the fiscal year 1994, the branch entered into a 15-year capital lease expiring in the fiscal year 2009 for certain of its head office tenant improvements and office furnishings. The following is a schedule of future minimum lease payments under the capital lease expiring July 31, 2008, together with the balance of the obligation under capital lease:

*Year ending March 31*

2003	\$ 475
2004	475
2005	475
2006	475
2007	475
Subsequent years	634
<b>Total</b>	<b>\$3,009</b>
Less: imputed interest at 10%	( 798)
current portion	( 262)
<b>Total</b>	<b>\$1,949</b>

## 6. Sales

Total sales reported include sales to retail customers, licensed establishments, licensee retail stores and agency stores. These amounts do not include subsequent resale by licensed establishments, licensee retail stores and agency stores.

	2002	2001
Retail Customers	\$ 1,049,078	\$ 991,181
Licensee Retail Stores	280,583	273,191
Licensed Establishments	389,584	382,935
Agency Stores	73,632	71,875
<b>Total</b>	<b>\$ 1,792,877</b>	<b>\$ 1,719,182</b>

## 7. Commitments

Future commitments for operating leases for branch premises and equipment are as follows:

*Year ending March 31*

2003	\$14,723
2004	12,035
2005	10,386
2006	9,845
2007	8,527
Subsequent years	22,800
<b>Total</b>	<b>\$78,316</b>

## 8. Contingent Items

### Agents' Stocking Program

The branch has authorized suppliers' agents to import and warehouse liquor for subsequent purchase by the branch. Under this program, the branch has a contractual obligation to purchase all inventories held by the agent should the agent opt out of the program. As at March 31, 2002, the value of agents' inventories totalled approximately \$36.9 million (2001 - \$42.7 million) and the future liability for related federal excise taxes is \$8 million (2001 - \$8.9 million).

## 9. Employees' Benefit Plans

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The branch and its employees contribute to the Public Service Pension Plan in accordance with the Public Sector Pension Plans Act. The Public Service Pension Plan is a multi-employer, defined benefit plan and is available to substantially all of the branch employees. On behalf of employers, the British Columbia Pension Corporation administers the plan, including payment of pension benefits to employees to whom the act applies. The most recent actuarial valuation (March 31, 1999) determined the plan was in a surplus position. The cost of employee future benefits for these plans is recognised as an expense in the year contributions are paid. During the prior year contributions of \$3,635,420 were refunded to the branch, which was recorded as Other Income. The Public Service Pension Plan's management changed to a joint trusteeship whereby the management, risks and benefits are shared between the employees and employers.

Employees are also entitled to specific retirement benefits as provided for under collective agreements and terms of employment. The future liability for this obligation amounts to \$1,371,682, which represents future employees' retirement benefits outside of the Public Service Pension Plan. The expense recorded in the year is \$1,284,700.

## 10. Financial Instruments

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The Liquor Distribution Branch's financial instruments consist of cash, accounts receivable, advance due to/from the Province of British Columbia, accounts payable and accrued liabilities, tenant improvement loan and capital lease. Unless otherwise noted, it is management's opinion that the branch is not exposed to significant interest, currency or credit risks arising from these financial instruments.

## 11. Comparative Figures

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The figures for the prior year have been reclassified to conform to the presentation adopted for the current year.

## Store Sales by Region

Store Name	Number	Sales		Litre Product Mix				Litre Product Mix Percentage			
		Retail \$	Litres	Spirits	Wine	Beer	Cider/ Coolers	Spirits	Wine	Beer	Cider/ Coolers
<b>VANCOUVER ISLAND /COAST</b>											
Alert Bay	225	607,824	111,391	7,620	10,443	77,962	15,366	6.8%	9.4%	70.0%	13.8%
Bella Bella	171	1,087,922	179,913	19,551	6,576	135,140	18,646	10.9%	3.6%	75.1%	10.4%
Bella Coola	232	1,180,394	208,664	16,827	19,110	152,285	20,442	8.1%	9.1%	73.0%	9.8%
<b>Campbell River Stores</b>											
Campbell River	005	10,804,394	1,534,183	168,777	259,073	948,648	157,685	11.0%	16.9%	61.8%	10.3%
Willow Point	185	3,379,054	570,744	51,249	67,734	406,224	45,537	9.0%	11.8%	71.2%	8.0%
Chemainus	206	2,148,339	346,765	34,107	49,832	239,675	23,151	9.8%	14.4%	69.1%	6.7%
Comox	235	5,389,866	763,245	79,020	163,474	441,330	79,421	10.4%	21.4%	57.8%	10.4%
Courtenay	010	10,292,760	1,424,348	171,183	267,139	833,916	152,110	12.0%	18.8%	58.5%	10.7%
Cumberland	008	1,087,899	220,448	13,951	14,738	176,108	15,651	6.3%	6.7%	79.9%	7.1%
Duncan	012	12,427,282	1,998,982	178,924	288,895	1,294,596	236,567	9.0%	14.4%	64.8%	11.8%
Gabriola Island	134	1,764,019	278,543	22,141	50,236	187,503	18,663	7.9%	18.1%	67.3%	6.7%
Ganges	204	4,926,746	612,957	62,271	172,441	331,063	47,182	10.2%	28.1%	54.0%	7.7%
Gold River	055	788,010	159,618	9,904	7,826	132,026	9,862	6.2%	4.9%	82.7%	6.2%
Ladysmith	024	3,786,715	607,105	60,445	81,771	403,043	61,846	10.0%	13.4%	66.4%	10.2%
Lake Cowichan	067	2,480,017	453,380	34,714	37,433	330,384	50,849	7.7%	8.2%	72.9%	11.2%
Mill Bay	173	4,292,444	628,681	65,104	107,575	402,565	53,437	10.4%	17.1%	64.0%	8.5%
<b>Nanaimo Stores</b>											
Harbour Park	033	4,735,946	658,922	87,641	107,273	421,128	42,880	13.3%	16.3%	63.9%	6.5%
Country Club	159	4,595,733	579,254	89,542	115,503	333,297	40,912	15.5%	19.9%	57.5%	7.1%
Longwood Station	188	6,162,245	803,186	102,388	172,518	477,026	51,254	12.7%	21.5%	59.4%	6.4%
Terminal Park	243	12,477,186	1,690,228	197,638	339,039	894,923	258,628	11.7%	20.1%	52.9%	15.3%
<b>Parksville Stores</b>											
Parksville	042	5,583,842	811,695	88,596	150,657	520,115	52,327	10.9%	18.6%	64.1%	6.4%
Parksville North	157	4,927,982	725,455	77,460	142,172	432,432	73,391	10.7%	19.6%	59.6%	10.1%
Pender Island	155	1,348,566	196,747	16,680	39,538	125,252	15,277	8.5%	20.0%	63.7%	7.8%
<b>Port Alberni Stores</b>											
Port Alberni	040	5,392,198	896,153	82,029	109,429	614,616	90,079	9.2%	12.1%	68.6%	10.1%
Pt. Alberni Northport	104	3,638,410	622,329	56,343	70,321	442,165	53,500	9.1%	11.2%	71.1%	8.6%
Port Alice	128	579,730	106,550	8,086	7,333	85,138	5,993	7.6%	6.9%	79.9%	5.6%
Port Hardy	236	2,797,889	478,429	39,059	58,540	321,064	59,766	8.2%	12.2%	67.1%	12.5%
Port McNeill	115	2,432,395	389,208	37,703	44,920	269,285	37,300	9.7%	11.5%	69.2%	9.6%
Powell River	041	6,722,806	1,019,553	107,828	158,923	619,633	133,169	10.6%	15.5%	60.8%	13.1%
Qualicum	034	4,961,348	755,017	69,480	153,510	484,372	47,655	9.2%	20.3%	64.2%	6.3%
Sidney	050	9,292,112	1,161,572	140,905	309,701	639,162	71,804	12.1%	26.7%	55.0%	6.2%
Sooke	229	3,800,579	629,607	54,161	80,021	441,600	53,825	8.6%	12.8%	70.1%	8.5%
Tahsis	056	269,888	52,994	3,648	2,594	41,902	4,850	6.9%	4.8%	79.1%	9.2%
Tofino	118	2,445,379	335,052	27,645	62,864	219,959	24,584	8.3%	18.8%	65.6%	7.3%
Ucluelet	216	1,384,337	241,212	17,597	27,856	178,381	17,378	7.3%	11.5%	74.0%	7.2%

Store Name	Number	Sales		Litre Product Mix				Litre Product Mix Percentage			
		Retail \$	Litres	Spirits	Wine	Beer	Cider/ Coolers	Spirits	Wine	Beer	Cider/ Coolers
<b>Victoria (Greater) Stores</b>											
Trafalgar Square	059	4,809,842	711,953	68,355	139,854	456,987	46,757	9.6%	19.6%	64.2%	6.6%
Esquimalt	068	3,414,980	572,445	52,447	70,387	410,366	39,245	9.2%	12.2%	71.7%	6.9%
Gorge & Tillicum	124	9,330,983	1,539,127	140,106	197,087	1,093,959	107,975	9.1%	12.8%	71.1%	7.0%
Langford	125	7,230,137	1,171,884	112,746	152,022	814,032	93,084	9.6%	13.0%	69.5%	7.9%
Cedar Hill	140	6,269,276	851,386	97,653	191,416	509,364	52,953	11.5%	22.5%	59.8%	6.2%
James Bay	150	3,546,815	489,017	52,060	121,180	289,681	26,096	10.6%	24.9%	59.2%	5.3%
Blanshard Square	161	9,543,560	1,583,950	132,230	185,960	1,151,691	114,069	8.3%	11.8%	72.7%	7.2%
Fairfield	178	4,666,378	579,965	54,977	191,298	306,891	26,799	9.5%	33.0%	52.9%	4.6%
Broadmead Village	181	7,082,702	917,084	100,390	231,098	522,999	62,597	10.9%	25.3%	57.0%	6.8%
Victoria Eaton Centre	184	4,525,637	527,827	75,221	108,095	298,047	46,464	14.3%	20.4%	56.5%	8.8%
Fort Street	218	15,498,084	1,749,928	169,716	505,991	979,064	95,157	9.7%	29.0%	55.9%	5.4%
Colwood	219	4,026,776	679,512	58,759	86,903	481,184	52,666	8.6%	12.8%	70.8%	7.8%
Government Street Licensee	231	17,211,694	1,814,648	224,086	582,416	593,235	414,911	12.3%	32.1%	32.7%	22.9%
Saanich	242	8,118,997	1,216,951	117,042	213,157	801,220	85,532	9.6%	17.6%	65.8%	7.0%
<b>MAINLAND/SOUTHWEST</b>											
<b>Abbotsford Stores</b>											
Abbotsford	001	7,358,105	1,056,818	123,466	178,283	626,301	128,768	11.7%	16.8%	59.3%	12.2%
Abbotsford Village	189	6,229,130	916,098	96,657	145,101	605,654	68,686	10.6%	15.8%	66.1%	7.5%
Agassiz	064	2,851,005	457,248	37,932	66,589	304,805	47,922	8.3%	14.5%	66.7%	10.5%
Aldergrove	109	6,765,175	1,071,260	110,331	134,293	722,758	103,878	10.3%	12.5%	67.5%	9.7%
<b>Burnaby Stores</b>											
Lougheed Plaza	077	9,603,968	1,361,593	137,639	262,326	839,566	122,062	10.1%	19.2%	61.7%	9.0%
Royal Oak & Rumble	121	4,721,959	674,383	71,884	123,031	422,792	56,676	10.7%	18.2%	62.7%	8.4%
Kensington	137	4,469,694	653,124	59,632	132,431	424,597	36,464	9.1%	20.3%	65.0%	5.6%
Brentwood	187	2,879,844	392,109	40,770	72,516	255,628	23,195	10.4%	18.5%	65.2%	5.9%
South Burnaby	203	5,728,444	806,397	82,119	164,332	501,030	58,916	10.2%	20.4%	62.1%	7.3%
North Burnaby	217	7,804,731	1,202,170	104,845	203,942	815,739	77,644	8.7%	16.9%	67.9%	6.5%
Middlegate	220	8,242,736	1,288,298	126,879	171,546	912,677	77,196	9.8%	13.4%	70.8%	6.0%
<b>Chilliwack Stores</b>											
Chilliwack	007	11,276,672	1,886,612	167,182	207,663	1,286,358	225,409	8.9%	11.0%	68.2%	11.9%
Sardis	170	8,035,219	1,227,650	137,763	169,496	833,364	87,027	11.2%	13.8%	67.9%	7.1%
Clearbrook	149	10,447,439	1,394,045	218,360	190,516	864,180	120,989	15.7%	13.6%	62.0%	8.7%
<b>Coquitlam Stores</b>											
Como Lake	153	4,855,431	705,148	64,010	139,583	446,627	54,928	9.1%	19.8%	63.3%	7.8%
Austin Road	200	6,833,435	1,067,674	101,060	165,461	739,374	61,779	9.5%	15.4%	69.3%	5.8%
<b>Delta Stores</b>											
Ladner	025	7,918,356	1,091,623	116,396	247,970	643,134	84,123	10.7%	22.7%	58.9%	7.7%
Tsawwassen	098	7,419,358	957,342	96,557	268,248	537,265	55,272	10.1%	28.0%	56.1%	5.8%
Scottsdale	145	11,237,457	1,369,747	234,515	236,386	795,454	103,392	17.1%	17.3%	58.1%	7.5%
Kennedy Heights	241	10,871,657	1,465,628	233,082	152,904	972,044	107,598	15.9%	10.5%	66.3%	7.3%
Gibsons	080	4,946,942	764,151	69,826	133,293	505,058	55,974	9.1%	17.5%	66.1%	7.3%
Haney	065	9,020,579	1,295,667	153,299	213,623	792,706	136,039	11.8%	16.5%	61.2%	10.5%
Hope	071	3,641,566	667,710	51,802	54,633	500,476	60,799	7.8%	8.1%	75.0%	9.1%

Store Name	Number	Sales		Litre Product Mix				Litre Product Mix Percentage			
		Retail \$	Litres	Spirits	Wine	Beer	Cider/ Coolers	Spirits	Wine	Beer	Cider/ Coolers
<b>Langley Stores</b>											
Langley	022	8,949,327	1,256,218	155,488	226,027	757,778	116,925	12.4%	18.0%	60.3%	9.3%
Fort Langley	127	2,146,490	342,127	28,895	54,083	239,065	20,084	8.4%	15.8%	69.9%	5.9%
Willowbrook	158	11,805,635	1,657,514	187,480	291,941	1,002,129	175,964	11.3%	17.6%	60.5%	10.6%
Walnut Grove	186	5,385,866	746,967	79,457	146,297	446,321	74,892	10.6%	19.6%	59.8%	10.0%
Lillooet	023	2,082,871	403,235	24,361	31,161	313,233	34,480	6.0%	7.7%	77.7%	8.6%
Madeira Park	093	1,960,390	284,843	30,068	51,296	180,464	23,015	10.6%	17.9%	63.4%	8.1%
West Maple Ridge	164	9,280,921	1,373,210	150,808	210,713	885,079	126,610	11.0%	15.3%	64.5%	9.2%
Mission Plaza	027	8,713,189	1,378,418	144,456	153,623	949,847	130,492	10.5%	11.1%	68.9%	9.5%
<b>New Westminster Stores</b>											
New Westminster	031	10,703,394	1,537,916	178,555	232,363	1,001,763	125,235	11.6%	15.2%	65.1%	8.1%
Royal Square	097	5,837,550	835,340	83,275	169,135	491,448	91,482	10.0%	20.2%	58.8%	11.0%
<b>North Vancouver Stores</b>											
North Vancouver	030	8,621,469	1,316,974	104,176	265,324	816,826	130,648	7.9%	20.2%	62.0%	9.9%
Westview	107	11,836,036	1,545,899	141,100	380,851	938,075	85,873	9.1%	24.6%	60.7%	5.6%
Dollarton Village	133	5,256,647	681,893	60,399	186,274	398,849	36,371	8.9%	27.3%	58.5%	5.3%
Capilano Mall	152	5,127,722	673,216	67,053	178,627	384,324	43,212	10.0%	26.5%	57.1%	6.4%
Lynn Valley	247	10,389,621	1,433,293	122,735	353,714	853,386	103,458	8.6%	24.7%	59.5%	7.2%
Pemberton	101	2,425,769	448,936	23,284	46,527	329,930	49,195	5.2%	10.3%	73.5%	11.0%
Pitt Meadows	165	3,630,179	526,024	62,161	75,135	323,513	65,215	11.8%	14.3%	61.5%	12.4%
<b>Port Coquitlam Stores</b>											
Port Coquitlam	011	6,251,481	997,821	89,622	140,759	666,709	100,731	9.0%	14.1%	66.8%	10.1%
Prairie Mall	089	4,253,482	730,295	60,191	85,465	537,343	47,296	8.2%	11.7%	73.6%	6.5%
Westwood Centre	163	15,124,303	2,068,400	209,127	370,290	1,327,041	161,942	10.1%	17.9%	64.2%	7.8%
Port Moody	205	4,891,456	701,396	65,433	151,362	422,895	61,706	9.3%	21.6%	60.3%	8.8%
<b>Richmond Stores</b>											
Brighouse	076	10,298,500	1,396,514	137,470	271,266	911,452	76,326	9.8%	19.4%	65.3%	5.5%
Ironwood Mall	120	4,914,325	689,377	68,826	144,553	418,934	57,064	10.0%	20.9%	60.8%	8.3%
Blundell	176	6,859,582	904,165	84,142	231,444	516,019	72,560	9.3%	25.6%	57.1%	8.0%
Garden City	180	4,113,736	588,374	62,249	112,879	382,660	30,586	10.6%	19.2%	65.0%	5.2%
Richmond Seafair	244	7,668,846	1,137,144	95,216	246,202	698,452	97,274	8.4%	21.6%	61.4%	8.6%
Vancouver Airport	193	214,814	17,484	2,998	5,857	7,991	638	17.1%	33.6%	45.7%	3.6%
Sechelt	230	5,801,198	807,760	85,756	169,089	481,171	71,744	10.6%	20.9%	59.6%	8.9%
Squamish	208	5,715,886	927,495	77,585	115,709	643,814	90,387	8.4%	12.5%	69.4%	9.7%
<b>Surrey Stores</b>											
Cloverdale	070	6,824,792	1,018,185	113,465	143,152	659,876	101,692	11.1%	14.1%	64.8%	10.0%
Ocean Park	110	4,996,341	601,770	62,877	185,514	323,482	29,897	10.4%	30.8%	53.8%	5.0%
North Surrey	116	8,070,560	1,192,944	158,044	112,950	788,257	133,693	13.2%	9.5%	66.1%	11.2%
Whalley	122	8,582,936	1,402,587	135,612	145,525	965,504	155,946	9.7%	10.4%	68.8%	11.1%
Newton	172	10,531,601	1,470,595	214,521	173,879	962,893	119,302	14.6%	11.8%	65.5%	8.1%
Fleetwood	182	9,438,046	1,329,949	172,173	192,366	864,090	101,320	12.9%	14.5%	65.0%	7.6%
Peninsula Village	183	11,224,594	1,522,532	144,715	339,062	964,948	73,807	9.5%	22.3%	63.4%	4.8%
Guildford	240	8,047,735	1,053,733	141,291	190,012	629,909	92,521	13.4%	18.0%	59.8%	8.8%

Store Name	Number	Sales		Litre Product Mix				Litre Product Mix Percentage			
		Retail \$	Litres	Spirits	Wine	Beer	Cider/ Coolers	Spirits	Wine	Beer	Cider/ Coolers
<b>Vancouver Stores</b>											
Marpole	038	5,556,101	768,122	70,963	157,458	497,091	42,610	9.2%	20.6%	64.7%	5.5%
Harbour Centre	053	4,585,044	631,958	73,466	88,426	429,939	40,127	11.6%	14.1%	68.0%	6.3%
Hastings & Slocan	058	6,808,332	1,127,637	86,956	146,425	805,812	88,444	7.7%	13.0%	71.5%	7.8%
Victoria Drive	087	7,164,854	1,123,176	111,729	126,871	816,399	68,177	9.9%	11.3%	72.7%	6.1%
Jericho Village	090	9,592,358	1,214,940	101,285	307,200	736,569	69,886	8.3%	25.3%	60.6%	5.8%
Bute Street	094	5,652,792	860,847	72,691	146,072	580,383	61,701	8.4%	17.0%	67.4%	7.2%
Broadway & Lillooet Licensee	100	80,411,273	4,761,454	1,313,840	2,330,703	224,353	892,558	27.6%	49.0%	4.7%	18.7%
Dunbar	102	9,959,631	1,027,962	78,490	367,613	534,858	47,001	7.6%	35.8%	52.0%	4.6%
Commercial Drive	111	8,519,912	1,325,105	89,564	236,135	891,850	107,556	6.8%	17.8%	67.3%	8.1%
Cardero	112	7,938,457	1,012,196	106,676	241,952	598,294	65,274	10.5%	24.0%	59.1%	6.4%
Collingwood - Kingsway	113	11,201,299	1,788,662	154,791	233,966	1,300,136	99,769	8.7%	13.0%	72.7%	5.6%
Broadway & Maple	117	13,752,525	1,779,120	144,704	443,558	1,086,423	104,435	8.1%	24.9%	61.1%	5.9%
Kingsgate Mall	123	7,060,142	1,298,263	81,153	134,099	1,008,903	74,108	6.3%	10.3%	77.7%	5.7%
Thurlow & Alberni	129	13,981,207	1,411,586	111,750	436,021	774,845	88,970	7.9%	30.9%	54.9%	6.3%
Arbutus	136	5,019,522	468,054	58,608	198,856	187,285	23,305	12.5%	42.5%	40.0%	5.0%
Granville	141	2,463,433	296,853	26,883	86,164	166,870	16,936	9.1%	29.0%	56.2%	5.7%
18th & Cambie	146	3,845,405	506,503	36,886	127,869	312,109	29,639	7.3%	25.2%	61.6%	5.9%
39th & Cambie	160	30,915,424	2,703,748	303,150	863,681	1,379,470	157,447	11.2%	32.0%	51.0%	5.8%
8th & Cambie	177	5,440,966	651,457	58,577	177,455	378,023	37,402	9.0%	27.3%	58.0%	5.7%
Spirits on Robson	190	884,886	27,841	15,778	11,450	475	138	56.7%	41.1%	1.7%	0.5%
Yaletown	191	613,984	60,807	6,052	18,413	33,392	2,950	10.0%	30.2%	54.9%	4.9%
Kerrisdale	210	2,134,739	233,560	24,038	76,744	120,882	11,896	10.3%	32.8%	51.8%	5.1%
Robson Street	233	10,566,970	1,431,464	118,196	301,410	923,846	88,012	8.3%	21.1%	64.5%	6.1%
28th & Main	237	4,939,825	816,241	62,853	101,389	609,814	42,185	7.7%	12.4%	74.7%	5.2%
Pacific Centre Gift Store	260	246,303	14,512	3,104	5,625	5,133	650	21.4%	38.7%	35.4%	4.5%
Broadway & Lillooet	300	6,734,150	1,283,514	54,574	115,417	1,064,548	48,975	4.3%	9.0%	82.9%	3.8%
<b>West Vancouver Stores</b>											
Ambleside	072	7,440,217	713,767	85,784	301,263	299,006	27,714	12.0%	42.2%	41.9%	3.9%
Caulfeild	175	6,032,836	601,804	55,765	244,802	259,351	41,886	9.3%	40.6%	43.1%	7.0%
Park Royal	228	15,079,309	1,312,398	128,198	528,119	605,030	51,051	9.8%	40.2%	46.1%	3.9%
<b>Whistler Stores</b>											
Whistler Marketplace	179	11,327,744	1,237,137	101,119	318,024	740,170	77,824	8.2%	25.7%	59.8%	6.3%
Whistler	302	7,420,680	958,793	90,886	147,371	653,637	66,899	9.5%	15.3%	68.2%	7.0%
White Rock	006	8,756,433	1,125,738	127,092	299,701	610,135	88,810	11.3%	26.6%	54.2%	7.9%
<b>THOMPSON/OKANAGAN</b>											
Armstrong	215	2,263,313	382,117	37,149	38,263	272,643	34,062	9.7%	10.0%	71.4%	8.9%
Ashcroft	002	874,077	167,630	12,092	12,312	132,491	10,735	7.2%	7.4%	79.0%	6.4%
Barriere	138	1,141,086	221,132	16,033	12,879	174,170	18,050	7.3%	5.7%	78.8%	8.2%
Cache Creek	060	1,202,725	213,313	17,809	18,271	152,127	25,106	8.3%	8.6%	71.3%	11.8%
Chase	226	3,864,104	537,041	73,186	70,787	307,661	85,407	13.6%	13.2%	57.3%	15.9%
Clearwater	088	2,128,277	357,712	33,371	32,331	260,004	32,006	9.3%	9.1%	72.7%	8.9%
Clinton	201	1,155,529	215,221	17,322	13,140	171,440	13,319	8.0%	6.1%	79.7%	6.2%
Enderby	049	1,999,148	351,901	32,758	25,758	261,742	31,643	9.3%	7.3%	74.4%	9.0%
Golden	016	3,737,864	589,339	48,664	64,933	434,795	40,947	8.3%	11.0%	73.8%	6.9%



Store Name	Number	Sales		Litre Product Mix				Litre Product Mix Percentage			
		Retail \$	Litres	Spirits	Wine	Beer	Cider/ Coolers	Spirits	Wine	Beer	Cider/ Coolers
<b>Kamloops Stores</b>											
Thompson Park	021	2,284,760	328,370	42,069	54,750	209,324	22,227	12.8%	16.7%	63.7%	6.8%
Columbia Place	079	12,089,895	1,635,732	187,990	288,898	981,098	177,746	11.5%	17.6%	60.0%	10.9%
Valleyview	108	3,905,744	603,843	65,965	76,808	398,186	62,884	10.9%	12.8%	65.9%	10.4%
Westsyde	147	1,582,720	287,985	24,292	23,218	224,408	16,067	8.4%	8.1%	77.9%	5.6%
Kamloops North	223	10,940,958	1,838,992	183,983	153,141	1,312,355	189,513	10.0%	8.3%	71.4%	10.3%
<b>Kelowna Stores</b>											
Bernard	020	2,167,066	321,283	34,420	47,431	216,355	23,077	10.7%	14.8%	67.3%	7.2%
Gordon & Harvey	103	5,010,060	781,487	83,274	108,598	541,408	48,207	10.7%	13.8%	69.3%	6.2%
Westbank	143	8,293,814	1,278,510	136,112	181,463	841,511	119,424	10.6%	14.3%	65.8%	9.3%
Mission Park	148	6,480,691	932,735	102,019	170,082	604,099	56,535	10.9%	18.2%	64.8%	6.1%
Orchard Park	167	22,397,044	2,790,897	364,722	536,129	1,478,909	411,137	13.1%	19.2%	53.0%	14.7%
Willow Park	246	5,393,997	934,861	90,803	77,725	711,014	55,319	9.7%	8.3%	76.1%	5.9%
Keremeos	019	1,446,537	265,700	20,977	24,327	202,049	18,347	7.9%	9.2%	76.0%	6.9%
Logan Lake	139	713,348	118,679	11,988	13,626	84,349	8,716	10.1%	11.5%	71.1%	7.3%
Lumby	214	1,681,878	302,680	26,725	19,415	225,792	30,748	8.8%	6.4%	74.6%	10.2%
Lytton	209	643,194	129,097	7,878	9,091	98,735	13,393	6.1%	7.0%	76.5%	10.4%
Merritt	029	3,869,376	671,993	59,237	62,343	466,766	83,647	8.8%	9.3%	69.5%	12.4%
Oliver	069	2,746,794	442,411	46,922	48,382	310,638	36,469	10.6%	11.0%	70.2%	8.2%
Osoyoos	083	3,735,761	587,164	59,135	77,837	388,394	61,798	10.1%	13.3%	66.1%	10.5%
<b>Penticton Stores</b>											
Penticton - Martin St.	039	6,015,556	889,794	103,387	127,974	576,782	81,651	11.6%	14.4%	64.8%	9.2%
Penticton Plaza	130	8,612,324	1,340,298	136,832	194,619	887,123	121,724	10.2%	14.5%	66.2%	9.1%
Princeton	037	2,496,562	468,082	34,995	35,163	365,069	32,855	7.5%	7.5%	78.0%	7.0%
Revelstoke	045	3,411,253	517,707	50,247	69,912	352,517	45,031	9.7%	13.5%	68.1%	8.7%
Salmon Arm	048	7,212,279	1,039,666	132,231	143,196	651,345	112,894	12.7%	13.8%	62.6%	10.9%
Sicamous	092	2,052,043	316,481	37,700	30,321	209,155	39,305	11.9%	9.6%	66.1%	12.4%
Summerland	086	3,745,616	657,034	50,248	81,085	483,973	41,728	7.6%	12.3%	73.7%	6.4%
<b>Vernon Stores</b>											
Vernon	062	6,961,704	1,027,524	121,881	145,769	674,677	85,197	11.9%	14.1%	65.7%	8.3%
Vernon Square	135	9,986,853	1,422,315	174,922	212,014	867,155	168,224	12.3%	14.9%	61.0%	11.8%
Winfield	166	3,790,495	632,642	56,576	79,491	440,271	56,304	8.9%	12.6%	69.6%	8.9%
<b>KOOTENAY</b>											
Castlegar	078	5,073,291	848,456	80,175	92,575	603,782	71,924	9.4%	10.9%	71.2%	8.5%
Cranbrook	009	9,026,078	1,404,999	159,873	163,268	950,681	131,177	11.4%	11.6%	67.7%	9.3%
Creston Valley Mall	075	4,130,907	715,067	63,602	69,202	530,828	51,435	8.9%	9.7%	74.2%	7.2%
Elkford	131	658,833	110,489	11,802	7,234	84,693	6,760	10.7%	6.5%	76.7%	6.1%
Fernie	013	3,741,029	563,051	53,518	71,151	394,530	43,852	9.5%	12.6%	70.1%	7.8%
Fruitvale	095	1,314,428	258,516	16,979	20,525	206,182	14,830	6.6%	7.9%	79.8%	5.7%
Grand Forks	015	3,588,388	586,826	54,956	77,642	398,837	55,391	9.4%	13.2%	68.0%	9.4%
Greenwood	014	401,236	79,671	5,257	4,887	63,734	5,793	6.6%	6.1%	80.0%	7.3%
Invermere	017	5,351,072	821,441	74,526	106,704	561,627	78,584	9.1%	12.9%	68.4%	9.6%
Kaslo	018	1,352,560	245,865	16,604	25,124	187,549	16,588	6.8%	10.2%	76.3%	6.7%
Kimberley	066	3,167,683	505,261	51,385	60,819	350,601	42,456	10.2%	12.0%	69.4%	8.4%
Nakusp	202	1,809,449	330,706	24,815	27,158	256,958	21,775	7.5%	8.2%	77.7%	6.6%
Nelson	032	8,428,109	1,224,170	119,981	202,287	792,157	109,745	9.8%	16.5%	64.7%	9.0%
New Denver	074	492,123	93,023	5,401	9,554	72,013	6,055	5.8%	10.3%	77.4%	6.5%
Radium	245	1,587,225	262,580	21,639	29,546	190,226	21,169	8.2%	11.3%	72.4%	8.1%
Rosland	044	1,757,916	277,764	19,793	48,049	192,423	17,499	7.1%	17.3%	69.3%	6.3%



Store Name	Number	Sales		Litre Product Mix				Litre Product Mix Percentage			
		Retail \$	Litres	Spirits	Wine	Beer	Cider/ Coolers	Spirits	Wine	Beer	Cider/ Coolers
<b>KOOTENAY continued</b>											
Salmo	207	958,005	189,904	13,400	9,140	153,962	13,402	7.1%	4.7%	81.1%	7.1%
Sparwood	028	1,251,870	216,410	22,307	11,983	168,207	13,913	10.3%	5.6%	77.7%	6.4%
Trail	051	3,938,401	650,171	58,669	105,302	431,021	55,179	9.0%	16.2%	66.3%	8.5%
<b>CARIBOO</b>											
100 Mile House	221	5,449,409	787,839	100,494	114,862	492,923	79,560	12.8%	14.5%	62.6%	10.1%
Mackenzie	106	2,173,968	370,012	36,379	24,267	277,984	31,382	9.8%	6.6%	75.1%	8.5%
McBride	026	770,157	141,816	11,378	8,503	116,351	5,584	8.0%	6.1%	82.0%	3.9%
<b>Prince George Stores</b>											
Hart Highway	114	3,048,007	527,535	52,790	35,405	409,065	30,275	10.0%	6.8%	77.5%	5.7%
10th Avenue	126	10,197,187	1,670,429	181,309	135,113	1,245,795	108,212	10.9%	8.0%	74.6%	6.5%
College Heights	154	3,684,212	630,276	58,807	56,410	478,989	36,070	9.3%	9.0%	76.0%	5.7%
Parkwood Place	174	12,224,023	1,737,982	201,362	272,621	993,675	270,324	11.6%	15.6%	57.2%	15.6%
Quesnel	043	7,117,800	1,055,820	134,222	124,025	679,279	118,294	12.7%	11.8%	64.3%	11.2%
Valemount	096	1,177,204	201,344	16,566	15,914	156,510	12,354	8.2%	8.0%	77.7%	6.1%
Williams Lake	063	8,603,290	1,187,408	167,991	176,846	669,413	173,158	14.1%	14.9%	56.4%	14.6%
<b>NORTH COAST</b>											
Hazelton	227	1,279,348	266,843	13,263	13,897	205,092	34,591	5.0%	5.1%	76.9%	13.0%
Kitimat	213	3,343,921	557,725	50,136	64,731	400,160	42,698	9.0%	11.6%	71.7%	7.7%
Masset	105	1,591,477	292,435	19,991	27,646	224,144	20,654	6.8%	9.5%	76.6%	7.1%
Prince Rupert	035	6,018,953	918,121	96,765	117,068	613,756	90,532	10.5%	12.8%	66.8%	9.9%
Queen Charlotte City	211	1,597,063	263,775	22,415	27,040	198,962	15,358	8.5%	10.3%	75.4%	5.8%
Stewart	047	472,323	79,555	7,986	6,878	59,397	5,294	10.0%	8.6%	74.7%	6.7%
Terrace	052	7,858,959	1,275,389	121,432	144,411	872,159	137,387	9.5%	11.3%	68.4%	10.8%
<b>NECHAKO</b>											
Burns Lake	073	2,218,680	349,470	40,296	32,969	243,841	32,364	11.5%	9.4%	69.8%	9.3%
Fort St. James	248	1,957,757	352,184	29,486	24,082	267,530	31,086	8.4%	6.8%	76.0%	8.8%
Fraser Lake	091	966,719	162,538	16,161	13,005	120,732	12,640	9.9%	8.0%	74.3%	7.8%
Houston	099	1,633,364	268,353	28,098	18,326	194,758	27,171	10.5%	6.8%	72.6%	10.1%
Smithers	046	4,689,295	688,811	76,387	96,842	442,194	73,388	11.1%	14.0%	64.2%	10.7%
Vanderhoof	081	2,322,033	383,761	36,999	37,019	264,716	45,027	9.6%	9.7%	69.0%	11.7%
<b>PEACE RIVER</b>											
Chetwynd	238	1,949,737	349,056	31,008	17,870	266,042	34,136	8.9%	5.1%	76.2%	9.8%
Dawson Creek	212	5,389,077	865,424	97,145	78,920	609,514	79,845	11.2%	9.2%	70.4%	9.2%
Fort Nelson	222	3,454,767	483,401	73,795	34,190	322,038	53,378	15.3%	7.1%	66.6%	11.0%
Fort St. John	003	9,717,157	1,381,950	198,105	114,230	908,076	161,539	14.3%	8.3%	65.7%	11.7%
Hudson Hope	234	555,510	108,050	7,678	4,714	89,739	5,919	7.1%	4.3%	83.1%	5.5%
Tumbler Ridge	169	683,203	113,935	11,865	8,684	83,197	10,189	10.4%	7.7%	73.0%	8.9%
<b>GRAND TOTAL</b>		<b>1,336,658,710</b>	<b>184,461,039</b>	<b>19,723,581</b>	<b>32,838,836</b>	<b>115,697,298</b>	<b>16,201,324</b>	<b>10.7%</b>	<b>17.8%</b>	<b>62.7%</b>	<b>8.8%</b>

## Appendix I: Legislation

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### Liquor Distribution Act (British Columbia)

The Liquor Distribution Act gives the Liquor Distribution Branch “the sole right to purchase, both in and out of British Columbia, liquor for sale and reuse in British Columbia in accordance with the provisions of the Importation of Intoxicating Liquors Act (Canada).” The act further specifies that the Minister must appoint a general manager, and the general manager is responsible for administering the act, including the general control, management and supervision of liquor stores, subject to the orders, directions and supervision of the Minister. The act further clarifies the powers of the general manager and delineates the administration of the LDB and the operation of its liquor stores.

### Liquor Control and Licensing Act

The Liquor Control and Licensing Act, RSBC 1996, c. 267 (act), establishes the Liquor Control and Licensing Branch (LCLB) and authorizes it to grant licenses to establishments to sell liquor by the glass for on premise consumption (restaurants, pubs, bars, cabarets etc.) and to licensed retail stores for the sale of liquor for off-premise consumption. The LCLB also issues licenses to manufacturers of liquor (wineries, breweries, distilleries) operating in the province and to Ubrews and Uvins. The act also contains general provisions, in the public interest, dealing with the purchase, sale, consumption and use of alcohol in the province including provisions related to minors and intoxicated persons.

### Importation of Intoxicating Liquors Act (Canada)

This act governs interprovincial and international traffic in intoxicating liquors in Canada. The act states that no person shall import, or cause to be imported, any intoxicating liquor into any province from or out of any place within or outside Canada. The exceptions include liquor that has been purchased by and is consigned to the government of the province into which it is being imported, or any governmental agency that, by the law of the province, is vested with the right of selling intoxicating liquor. The act also states that any person who contravenes any of its provisions is liable to prosecution and conviction.

## Appendix II: Publications

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2000-2001 Annual Report

BC Liquor Stores Location Guide

BC Liquor Stores Product Guide (monthly)

Bring ‘Em Back Clean (leaflet)

Matters of Taste: A Magazine from BC Liquor Stores (quarterly)

Pregnant? Did you know that alcohol can hurt your baby? (brochure)

Quarterly Market Review

Serving You Straight Up (newsletter for licensees)

Supplyline (newsletter for suppliers and agents)

Three Year Corporate Strategy, A Service Plan for 2002-2004

WinePress (quarterly)

# Glossary

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**Assistant Manager Training Program (AMTP)**

A multi-module program designed to help store employees attain the knowledge and skills to perform at the assistant manager level.

**Beer**

A low-strength, alcoholic beverage made by fermenting a mash of malted grain, usually barley.

**Beverage Alcohol**

Any potable liquid containing 0.5 to 99.9 per cent ethyl alcohol by volume.

**Business Objective**

A measurable target or goal set out during the LDB's strategic planning process.

**Cider**

A beverage made from fermented fruit juice.

**Consignment Agency Store**

Stores operated by British Columbia beverage alcohol manufacturers, such as breweries, commercial wineries and distilleries, where the LDB owns the inventory.

**Distribution Centre**

A branch-operated warehouse which is used for liquor storage.

**Draught Beer**

Beer, sold at locations such as bars, pubs and restaurants, which is dispensed from kegs.

**Fiscal Year**

The start and end of the year for business and financial purposes. The LDB's fiscal year runs from April 1st – March 31st.

**Four Pillars**

For the LDB's strategic planning process, strategies and goals are developed around the four pillars of Customer Service, Business Effectiveness, Workplace Quality and Social Responsibility, which in turn support the Financial Objectives.

**Government Liquor Store (GLS)**

The retailing arm of the Liquor Distribution Branch, these government-owned and operated liquor stores sell beverage alcohol to the general public. They are also referred to as BC Liquor Stores (BCL).

**Gross Sales**

The total amount of revenue brought in through sales by the LDB for the corresponding fiscal year.

**Independent Wine Store**

A stand-alone wine store that sells both imported and domestic wine, cider and coolers.

**Licensee Retail Store (LRS)**

Commonly known as cold beer and wine stores, these private outlets are licensed by the Liquor Control and Licensing Branch to sell wine, beer, and (effective April 2, 2002) spirits to the public.

**Liquor Distribution Branch (LDB)**

The government organization, reporting to the Ministry of Competition, Science and Enterprise, responsible for the importation, distribution and retailing of beverage alcohol in the province of British Columbia.

**Net Income**

The total amount of profit that the LDB made in the corresponding fiscal year.

**Packaged Beer**

Any type of beer which is sold in cans or bottles.

**Premiumization**

The trend whereby the public is drinking less volume of beverage alcohol, but drinking higher quality products.

**Private Wine Outlet**

A private retail store appointed under the Liquor Distribution Act that sells wine. Most stores are operated by British Columbia wineries.

**Refreshment Beverage**

Also known as coolers, these mixed, ready-to-serve drinks contain seven per cent or less alcohol by volume. Refreshment beverages contain fruit juice, artificial flavouring, flavouring preparation, water, mineral water and/or carbon dioxide which is added to a base of beer, wine, spirit, or cider.

**Retail Management System (RMS)**

The new state-of-the-art, point-of-sale system, including cash registers and scanners, used to process transactions in 223 British Columbia liquor stores.

**Rural Agency Stores (RAS)**

Providing retail liquor sales to communities too small to sustain a government-owned liquor store, RAS's, in conjunction with or as part of a general merchandise store, sell all types of beverage alcohol to the public.

**Spirit**

Any alcoholic beverage that has been distilled. Spirits include whisky, vodka, rum, tequila, gin and brandy.

**Store Manager Development Program (SMTP)**

This fully interactive program is designed to help assistant managers acquire the advanced knowledge, skills and attitudes required of LDB store managers.

**Strategic Plan**

The LDB's three-year corporate plan which sets out business objectives with targets to be met each year.

**Tourist Wine Shop**

A tourist-oriented business that sells wines made only from 100 per cent British Columbia-grown grapes. The only tourist wine shop is located at the Victoria Cruise Ship terminal.

**Ubrew/Uvin**

A business which provides the facilities, equipment and ingredients for patrons to make their own beer or wine.

**Vintners Quality Alliance (VQA)**

A quality designation administered by the British Columbia Wine Institute. British Columbia VQA wines are made entirely from grapes grown in British Columbia and are certified by a panel of expert tasters.

**Warehouse Operating System (WOS)**

The new computerized system in use at the LDB's Vancouver distribution centre to facilitate product shipping, receiving, inventory tracking and data collection.

**Wine**

An alcoholic beverage produced by the fermentation of grapes or other fruit.

**Winery Agency Store**

A commercial winery appointment which allows their products to be sold off-site at a separate British Columbia brewery.



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**British Columbia  
Liquor Distribution Branch**