

Date: October 1, 2009

**AMENDED – replaces Policy Directive 09 - 04
dated April 17, 2009**

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

**Re: Temporary exemptions from the tied house and inducement provisions of the Act
for Olympic/Paralympic licensees and food and liquor primary licensees when
under contract with an organization eligible for an Olympic/Paralympic licence**

Sponsorship requirements

**Temporary option for liquor primary licensees to admit minors when under
contract with an organization eligible for an Olympic/Paralympic licence**

Hours of Service

As outlined in Policy Directive 09-01, dated February 2, 2009 (amended October 9, 2009), a new, temporary liquor licence will be available for organizations directly related to the hosting of the Olympic and Paralympic Games in 2010. This licence will be a temporary licence available only from December 1, 2009 to March 31, 2010 and only in the following areas where Games related functions will take place: Burnaby, Vancouver, Richmond, Squamish, Surrey, West Vancouver, Regional district of Squamish-Lillooet, Whistler, and UBC. The eligible organizations which can apply for this licence are the International Olympic and Paralympic Committees, VANOC, an organization which has a contract with VANOC to supply food or beverage services or a facility for the Games, an official Games sponsor, a local government or first nation that is located within the area where the licence is available, governments of participating countries, national Olympic and Paralympic committees, and international sports federations administering one of the events.

Organizations eligible for the new, temporary Olympic/Paralympic (O/P) licence are encouraged to discuss their hospitality needs with existing licensees. Existing licensees have the facilities and the trained staff to provide high quality hospitality services. In many cases, the organization is likely to find that its needs are better served by utilizing the facilities of existing licensees rather than opening a new establishment with its own O/P licence.

Currently under section 18 of the *Liquor Control and Licensing Act* a licensee may not operate as a tied house. A tied house is an establishment that has an association, financial or otherwise, with a liquor manufacturer or its agent, that is likely to lead to its products being favoured. There are some limited exceptions to the tied house prohibition such as for

larger capacity stadiums and concert halls, subject to certain terms and conditions including the requirement for the licensee to make one other product available to patrons. In addition, the Branch does permit an association or link between an establishment and a liquor supplier, e.g. common ownership, provided the supplier's products are not sold within the establishment. Under section 45 of the Act a licensee must not give or accept gifts in exchange for promoting liquor (inducements). Again, some limited exemptions are permitted such as where the benefit accrues to the patrons of an establishment and not the licensee.

The provisions related to tied houses, inducements and sponsorships are related to each other and relations between licensees and manufacturers may include one or more of these concepts. For example, if a manufacturer sponsored a music band and paid the costs of the band's entertainment in a licensed establishment in exchange for the establishment promoting its products and/or providing advertising space this would be considered an inducement. A manufacturer may also want to sponsor an event or activity not in a licensed establishment, such as covering the costs of a baseball team's uniforms in exchange for their product names being prominently affixed to the clothing. The team benefits from the uniforms and the manufacturer benefits from the advertising. This is an acceptable form of sponsorship.

Temporary exemptions from the tied house and inducement provisions of the Act

Who may apply:

You may apply for a temporary exemption from the prohibitions against tied house arrangements and the offering and accepting of inducements to promote particular brands of liquor if you are:

1. an O/P licensee, or
2. a food or liquor primary licensee which enters into an agreement with an organization which is eligible for an O/P licence in respect of an establishment in an area where, and during the time period when, an O/P licence may be granted.

These exemptions are only available to food or liquor primary licensees in the areas where, and during the time period when, the O/P licence is available during the life of the agreement with the O/P eligible organization for the use of your establishment. If you are in doubt about whether you are in an eligible area, consult the Branch **before you sign the agreement**.

To be sure the organization you plan to enter into agreement with is eligible for the O/P licence consult the Branch **before you sign the agreement**.

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(These exemptions are not available for permanent licensees who do not have a contract with an O/P licence eligible organization.)

If you are applying for an O/P licence, you will need to apply for these exemptions whenever you want to accept any form of consideration from a manufacturer or agent to promote or give preference to its products. Existing food or liquor primary licensees are eligible to apply for these exemptions if there is an inducement relating to an O/P eligible organization using their establishment in the eligible geographic area. This situation might arise if an O/P eligible organization offers to rent your establishment but only on condition that you serve certain types or brands of product.

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It is the O/P licensee or the food or liquor primary licensee, as the case may be, which must apply for the exemptions. The letter from the general manager approving the exemption also authorizes the manufacturer to enter the arrangement with the licensee.

Terms and Conditions for the Exemption

Revised
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An exemption to the prohibition against tied house arrangements granted under s. 18(4) and an exemption to the prohibition against inducements granted under s. 45(4) of the Act does not permit a manufacturer or agent to provide free liquor. All licensees must purchase their liquor supplies from the Liquor Distribution Branch.

All other terms and conditions of your licence will remain the same while the agreement is in effect.

Note for Food Primary licensees:

If you have a food primary licence and rent your premises to an O/P licence eligible organization, you must ensure that the activities that take place are within the scope of your food primary licence. You will still have to operate as a food primary establishment during all your hours of operation and all the existing terms and conditions of your licence will remain in effect (except for the rules related to tied house and inducement if you have applied for and been granted an exemption from those rules).

How to Apply:

O/P licence:

The application for the O/P licence contains a section for applying for these exemptions. If the licence has already been issued and later the O/P licensee wants to apply for these exemptions, then it is necessary to complete a temporary change application ([Temporary Change to a Liquor Licence](#) (LCLB023)) and pay the required fee of \$110. No local government comment is required. Submit your application to LCLB Head Office in Victoria.

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Food or liquor primary licence:

To apply for these exemptions, complete the temporary change application ([Temporary Change to a Liquor Licence](#) (LCLB023)), attach a copy of the agreement with the O/P eligible organization for the use of your establishment, and pay the required fee of \$110. No local government comment is required. Submit your application to LCLB Head Office in Victoria.

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Sponsorships

The Liquor Control and Licensing Act allows a liquor manufacturer or agent, subject to the regulations and terms and conditions imposed by the general manager, to sponsor an event, activity or organization under their corporate name or the brand name of their product.

The regulations prohibit sponsorship of an event, activity or organization in which the participants or audience are primarily minors. A liquor manufacturer or agent must give notice to the general manager in advance of any sponsorship if the value is greater than \$1,500 or the event, activity or organization involves a licensed establishment. If signs are displayed by the manufacturer or agent that offers service or sale of liquor, a reasonable number of signs to promote responsible consumption must also be displayed.

A manufacturer or agent may sponsor an event or activity in an O/P, liquor primary or food primary licensed establishment which has obtained an exemption to the tied house and inducement provisions of the Act, as described above in this policy.

Terms and Conditions of Sponsorships

The manufacturer or agent must not provide free liquor. All licensees must purchase their liquor supplies from the Liquor Distribution Branch.

If signs are displayed by the manufacturer or agent that offer service or sale of liquor, a reasonable number of signs to promote responsible consumption must also be displayed.

The general manager may impose additional terms and conditions on the sponsorship.

Sponsorship process:

A manufacturer or agent entering a sponsorship agreement for more than \$1,500 or with a licensed establishment must notify the general manager by email at lclb.lclb@gov.bc.ca with "Attention: sponsorship" in the address line.

Minors and liquor primary premises rented to Olympic/Paralympic licence eligible organizations

If you have a liquor primary licence and rent your premises to an O/P eligible organization, your terms and conditions with respect to the presence of minors may be eligible for a temporary change. The general manager may authorize the presence of minors in a liquor primary establishment within the parameters of the Act and regulations. Minors are permitted in liquor primary establishments only on an exception basis, and only when it can be demonstrated that it is in the public interest to do so.

To apply for a temporary change to admit minors to your liquor primary premises, complete the temporary change application [Temporary Change to a Liquor Licence](#) (LCLB023). No local government comment is required. Once completed, submit the application form, a copy of the rental agreement and the required fee of \$110 to LCLB Head Office in Victoria.

In your application, ensure you specify the hours during which you would like to permit minors to enter and whether minors may enter on their own or only if accompanied by a parent or guardian. You must also describe the nature of the activities that are planned for your premises, including entertainment and hospitality services you intend to provide, when minors are proposed to be present. The branch will consider whether it would be in the public interest to permit minors in your establishment during those times.

Hours of Service

The Liquor Control and Licensing Regulation specifies the maximum hours of liquor service, which are always subject to limitation by the general manager, as being from 9:00 a.m. to 4:00 a.m.. An O/P eligible organization may apply for liquor service hours up to 4:00 a.m. only during the period when the Olympic Games are occurring, subject to local government/First Nation approval. In addition, food primary and liquor primary licensees which operate in an area where the O/P licence is available may apply for a temporary change to extend their hours of liquor service until 4:00 a.m. only during the period when the

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Olympic Games are occurring, subject to local government/First Nation approval. In all cases, local government and First Nations will have the opportunity to comment on the proposed hours of service for O/P licence applications.

Further Information

Further information regarding liquor control and licensing in British Columbia is available on the Liquor Control and Licensing Branch website at www.hsd.gov.bc.ca/lclb. If you have any questions regarding these changes, please contact the Liquor Control and Licensing Branch toll free in Canada at 1-866-209-2111 or 250-387-1254 if calling from the Victoria area. A copy of the Olympic/Paralympic licence regulation can be found on the Branch website.



Karen Ayers
General Manager