

Date: April 1, 2016

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

Re: **Liquor Control and Licensing Act: Section 45 (Inducements)**

The purpose of this policy directive is to remind industry of the *Liquor Control and Licensing Act* prohibition on inducements.

Section 45 of the *Liquor Control and Licensing Act* specifically prohibits a liquor supplier from offering or providing a benefit of any kind to a licensee as an inducement to promote its products, and specifically prohibits a licensee from receiving, requesting or accepting, directly or indirectly, a benefit of any kind for promoting a supplier's products:

Licensee not to give or accept gifts for promoting liquor

45(1) A person must not offer or give or agree to offer or give and a licensee or the licensee's employee must not demand, accept or receive or agree to accept or receive money, gifts, reward or remuneration, directly or indirectly, for promoting, inducing or furthering the sale of a particular kind, class or brand of liquor.

(2) A licensee or the licensee's employee must not induce, further or promote the sale of a particular kind, class or brand of liquor.

This means that suppliers must not offer any discounts on product in exchange for preferential shelf space, or offer volume discounts to licensees. Suppliers also must not offer discounted product in exchange for marketing benefits. For example, suppliers must not compensate retailers for purchasing and promoting their products by offering a percentage discount on liquor products, with the difference being used to create a marketing fund to promote the products of those suppliers.

Licensees must not accept discounts on products, nor enter into paid or unpaid marketing program agreements to sell the liquor of a particular supplier(s). Licensees must carry and make available to consumers a representative selection of brands of liquor products from a variety of suppliers that are not associated with or connected with each other¹. Licensees must not sell shelf space or provide preferential shelf space locations to certain suppliers.

Every licensee is also subject to terms and conditions on the licence that relate to offering or receiving inducements to sell or promote liquor, which are set out in each of the Licensee Guides. It is the licensee's responsibility to know and to comply with the terms and conditions contained in the relevant Licensee Guide.

Where contraventions of section 45 have been identified, the branch may pursue enforcement action against both suppliers and licensees. Penalties for contravention of section 45 include a suspension of at least 10-15

days for a first contravention, or a monetary penalty ranging, at a minimum, from \$7,500 to \$10,000. Corporations that are not licensees, such as an industry association, can be prosecuted, and the maximum fine is \$50,000.

Further Information

Further information regarding liquor control and licensing in British Columbia is available on the Liquor Control and Licensing Branch website at <http://www2.gov.bc.ca/liquorregulationandlicensing>. If you have any questions regarding these requirements, please contact the Liquor Control and Licensing Branch toll free in Canada at 1-866-209-2111 or 250 952-5787 if calling from the Victoria area.

Original signed by

Douglas Scott
Assistant Deputy Minister and General Manager

¹ Note that exceptions are made by regulation in certain tied house situations (e.g. manufacturer on-site establishments, winery-operated wine stores, stadiums and concert halls, and approved tied house relationships with small to medium volume manufacturers).