Date: December 4, 2018

To: All LCRB staff
          All licensees
          All industry associations
          All local government, First Nations and police agencies

Re: **Dormancy Policies**

Please note: these policy changes are effective immediately

Introduction
An establishment is considered dormant when it ceases to operate. In January 2017, a two-year maximum dormancy period was introduced. The general manager of the Liquor and Cannabis Regulation Branch must cancel the licence unless a licensee is granted, due to prescribed circumstances, an exception to the two-year dormancy period.

The following will be used to determine if an establishment is dormant, and to determine when the two-year maximum dormancy period has been reached.

1. Distinguishing an operational licence from a dormant licence

Current Policy
N/A

New Policy
The Liquor and Cannabis Regulation Branch (the Branch) will apply a reasonableness test to differentiate between dormant and operating establishments. The licensee may be required to verify they are operating in good faith. Relevant information can include, but is not limited to: sales records, stock levels, employee payroll, advertising, liquor purchases. The licensee is responsible for satisfying the general manager that the establishment is operating in good faith.

Explanation
Using a 'one-size fits all' approach for all licensees would be unfair, given the different nature of the businesses. A reasonableness test allows flexibility to accommodate a range of different businesses and circumstances.

2. Length of Closure

Current Policy
N/A

New Policy
It is a term and condition of a licence that licensees must notify the Branch of establishment closures of 90 days or longer, within ten days of the establishment closure, or as soon as the licensee becomes aware that the closure will last longer than 90 days.

Explanation
Licensees may close their establishments for short periods of time due to illness, vacation or minor renovations etc., without any impact to public safety or the public interest, and should be able to do so without impacting their operational status. Conversely, longer closures are more likely to have impacts to public safety and public interest, and therefore need to be monitored by the Branch.

3. Required operating period between periods of dormancy

Current Policy
N/A

New Policy
A minimum of a six-month operating period between periods of dormancy is required to reset the two-year dormancy period.

Explanation
This time period reinforces the Branch's expectation that licensees are operating their establishments. The Branch may consider a "standard season" for licensees who could demonstrate that their typical operating seasons are less than six months in duration.

4. Closures viewed cumulatively

Current Policy
N/A

New Policy
Cumulative periods of dormancy over a six-year period may be reviewed. The Branch will review the length and frequency of closures over a six-year period to ensure licensees continue to operate in good faith.

Explanation
To confirm dormancy, the term and condition must clearly establish the length of time an establishment may be closed without being considered to have ceased operation. The Branch may assess cumulative closures over a period of time to establish a pattern of dormancy.

A licensee operating in good faith is not generally expected to go through frequent periods of closure, or to repeatedly be closed for the maximum allowable time. Frequent or long closures over a longer time frame may be relevant to determining the operational status and timelines of a licence.

Further Information
Further information regarding liquor control and licensing in British Columbia is available on the Liquor Control and Licensing Branch website at
http://www.gov.bc.ca/liquorregulationandlicensing

If you have any questions regarding these changes, please contact the Liquor and Cannabis Regulation Branch toll free in Canada at 1-866-209-2111 or 250 952-5787 if calling from the Victoria area.

Original signed by

Dugald Smith,
A/Assistant Deputy Minister and General Manager