

BC Liquor Distribution Branch

2022/23 – 2024/25 Service Plan

February 2022



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General Manager and CEO Accountability Statement



The 2022/23 – 2024/25 BC Liquor Distribution Branch (LDB) Service Plan was prepared under my direction in accordance with the *Budget Transparency and Accountability Act*.

The plan is consistent with government’s strategic priorities and fiscal plan. I am accountable for the contents of the plan, including what has been included in the plan and how it has been reported. I am responsible for the validity and reliability of the information included in the plan.

All significant assumptions, policy decisions, events and identified risks, as of January 30, 2022, have been considered in preparing the plan. The performance measures presented are consistent with the *Budget Transparency and Accountability Act*, the LDB’s mandate and goals, and focus on aspects critical to the organization’s performance. The targets in this plan have been determined based on an assessment of the LDB’s operating environment, forecast conditions, risk assessment and past performance.

A handwritten signature in black ink, appearing to read 'R. Blain Lawson', written over a faint, light-colored circular stamp or watermark.

R. Blain Lawson
General Manager and Chief Executive Officer

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Strategic Direction and Alignment with Government Priorities

In 2022/2023, public sector organizations will continue to align with and support the Government of British Columbia efforts in responding to the COVID-19 pandemic with a focus on protecting the health, social and economic well-being of British Columbians. Building on our economic, environmental, and social strengths while looking to seize opportunities to improve outcomes for all British Columbians will be an important aspect of each Crown Agency's work as we respond to COVID-19 and recover from devastating floods and wildfires. The policies, programs and projects developed over the course of this service plan period will align with the five foundational principles established by Government in 2020: putting people first, working toward lasting and meaningful reconciliation, supporting equity and anti-racism, ensuring a better future through fighting climate change and meeting our greenhouse gas reduction targets, and supporting a strong, sustainable economy that works for everyone.

This 2022/23 service plan outlines how the LDB will support the government's priorities including the foundational principles listed above and selected action items identified in the most recent [Crown Agency Mandate Letter](#).

Operating Environment

Economic Growth Statement

B.C.'s economy has rebounded from the impacts of the COVID-19 pandemic that began in 2020, despite significant pandemic variant and climate-related events. A strong health response, high vaccination rates, increased infrastructure investments and supports for British Columbians struggling through the pandemic has helped the province rebound. While the recovery has broadened over the past year, it remains uneven with sectors like tourism, hospitality and live recreation events not fully recovered. The path of the ongoing economic recovery in B.C. and its trading partners remains highly uncertain. However, rebuild efforts from the November 2021 floods are expected to provide some support to economic activity in the province. The Economic Forecast Council (EFC) estimates that B.C. real GDP expanded by 5.1 per cent in 2021 and expects growth of 4.2 per cent in 2022 and 2.7 per cent in 2023. Meanwhile for Canada, the EFC projects national real GDP growth of 4.1 per cent in 2022 and 2.8 per cent in 2023, following an estimated gain of 4.7 per cent in 2021. As such, B.C.'s economic growth is expected to be broadly in line with the national average in the coming years. The pandemic has increased risks to B.C.'s economic outlook, such as the emergence of further variants of concern, inflationary supply chain disruptions, extended travel restrictions, and the continued impact of the slower recovery in some sectors of the B.C. economy. Further risks include ongoing uncertainty regarding global trade policies, and lower commodity prices.

Supporting Government's five foundational principles

The Provincial Government has outlined five foundational principles, which include: putting people first, lasting and meaningful reconciliation, equity and anti-racism, a better future through fighting climate change, and a strong sustainable economy that works for everyone. The LDB will continue to develop and implement initiatives that support the Government's commitment to these principles. Several initiatives have been determined for the LDB's cannabis line of business that support lasting and meaningful reconciliation. This includes the implementation of a cannabis direct delivery program for small-scale nurseries and cultivators, including those owned by Indigenous Nations. The LDB is also developing a B.C. Indigenous Cannabis Product Program to promote greater visibility of Indigenous cannabis producers and their products to both wholesale and retail customers.

A continued focus on reducing the LDB's environmental footprint, in support of Government's goal of fighting climate change, will result in the implementation of a number of operational efficiencies, such as the optimization of transportation vehicles and routes to reduce our carbon footprint. The LDB also continues to work on the elimination of paper throughout our operations through processes that reduce overprinting and increase use of online tools, and the continuation of recycling programs in BC Liquor Stores (BCLS) and BC Cannabis Stores (BCCS).

An ongoing and expanding commitment to diversity and inclusion programs at the LDB will support the Government's goals of equity, anti-racism, and putting people first. The implementation of a Corporate Social Impact Strategy that is reflective of the needs of our employees, customers, and community members will provide an opportunity for the LDB to

positively affect change from a social, environmental, and economic standpoint to the benefit of all British Columbians.

Impact of COVID-19 on operations

The COVID-19 pandemic has continued to impact LDB operations and work practices across all lines of business. Cleaning and safety protocols that were put in place in all BCLS and BCCS at the beginning of the pandemic in March 2020 were maintained to ensure the safety of employees, customers, and the most vulnerable. The LDB continues to review these protocols regularly to ensure they continue to align with the latest public health guidelines. Employees who were able to work remotely continued to do so, supported by investment in information technology equipment and resources. Vaccine mandates for public service employees, including all LDB employees, help safeguard LDB workplaces from the continued threat of COVID-19.

In the coming fiscal year, the LDB will continue to consider and implement initiatives – temporary and permanent – that will support customers and suppliers impacted by current and potential future crises, such as the recent weather events and the evolving pandemic, while meeting Government’s net income targets to support public services like health care and education.

The combined effect of COVID-19 and the severe weather events experienced in 2021 have impacted all aspects of the LDB’s business, and as a result, several performance targets in this year’s service plan for 2022/23 and beyond have been adjusted accordingly. Target adjustments are highlighted in the footnotes and explained further in discussion sections throughout this document.

Business Technical Advisory Panel

In April 2018, Government received the Business Technical Advisory Panel (BTAP) report and recommendations related to liquor policy. Recognizing the impact that the COVID-19 pandemic has continued to have on the hospitality and liquor industries, Government prioritized the enactment of several of BTAP’s recommendations and continues to lead others through the analysis stage, while some recommendations are awaiting direction from Government on whether/how to proceed.

The LDB will continue to work with other Government partners, including the Liquor and Cannabis Regulation Branch (LCRB), the Ministry of Agriculture, Food and Fisheries (AFF) and the Crown Agencies Secretariat (CAS) and other ministries as appropriate, to analyze and consider the potential health, public safety, social, financial, and labour impacts on industry associated with the BTAP recommendations and implement them where appropriate. The BTAP process is an effective method for Government and industry to discuss BTAP’s original recommendations, as well as to collaborate on recovery efforts related to COVID-19.

Development of cannabis line of business

The LDB is the sole wholesale distributor and public retailer of non-medical cannabis. Efforts to further establish the wholesale line of business will ensure an efficient supply chain and support

for private cannabis stores entering and operating in the marketplace. The LDB will also continue to focus on supporting local B.C. cannabis producers, including Indigenous Nations.

The network of BCCS will continue to be established in line with Government direction and working with local governments and municipalities to understand and align with their bylaws and business requirements. The BCCS network will continue to be cautious and thoughtful in its operations and align to Government’s key priorities of protecting public health and safety, promoting social responsibility, eliminating the illicit market and positively impacting the overall net returns to the Province.

Performance Planning

Goal 1: Grow LDB’s financial performance

Objective 1.1: Meet Government’s financial objectives

Key Strategies

- Grow sales by improving wholesale and retail customer experience.
- Enhance product selection and ensure a robust supply chain.
- Effectively manage operating expenses while sustaining net returns to the Province.

| Performance Measure(s) | 2020/21 Actuals | 2021/22 Forecast | 2022/23 Target | 2023/24 Target | 2024/25 Target |
|---|-----------------|------------------|----------------|----------------|----------------|
| 1.1a Net income (in \$ millions) ¹ | 1,160.9 | 1,153.3 | 1,166.3 | 1,197.9 | 1,225.5 |

Data source: Data Source: BCLS and BCCS sales data is collected from both computerized point-of-sale cash register systems and on-line sales systems and stored in Head Office databases. Sales made directly to customers by authorized representatives on behalf of the LDB are transmitted to the LDB and stored in databases. LDB financial statements are audited annually by the Office of the Auditor General, annually. LDB expense data is captured, stored, and reported by the LDB’s financial system.

¹ 2022/23 and 2023/24 targets have been updated to reflect future projected industry outlook for both liquor and cannabis.

Linking Performance Measure to Objective

1.1a Net income is the LDB’s contribution to the Government from sales of beverage alcohol and non-medical cannabis in the province. Using this as a performance measure is an accurate way of determining if the LDB has met the financial targets approved by Government.

Discussion

The LDB regularly reviews market conditions, sales trends, and any recent policy changes, incorporating this information into future forecasts. The 2022/23 target and future years’ targets have been updated to reflect the latest sales trends, product mix, and inflation observed in the LDB’s current operational environment and future projected industry outlook for liquor and cannabis. See “Key Forecast Assumptions, Risks and Sensitivities” on page 25 for a list of the assumptions used in LDB’s forecast.

Goal 2: Maintain focus on customer experience

Objective 2.1: Maintain a high level of retail and wholesale customer satisfaction

BCLS Retail Division Strategies:

- Improve customer satisfaction by exploring ways to provide a more consistent BC Liquor (BCL) brand and customer experience across all sales channels (in-store, on-line, etc.).
- Continue to renovate BCLS, but with modernized BCL branding to enhance the customer experience by providing brighter, more welcoming store appearances, refrigeration, and optimization of store layout, product assortment and product placement.
- Continuously enhance customer service through on-going employee training, and regularly reviewing customer traffic trends to optimize staffing levels and to ensure delivery of a customer-centric culture across the retail store network.

| Performance Measure(s) | 2016/17 Baseline | 2021/22 Forecast | 2022/23 Target | 2023/24 Target | 2024/25 Target |
|-----------------------------------|------------------|------------------|----------------|----------------|----------------|
| 2.1a Retail customer satisfaction | 83% | n/a | 86% | n/a | 87% |

Data source: The LDB contracts with professional survey companies to conduct the retail customer service surveys. This Performance Measure is a measurement of the proportion of respondents who expressed an overall satisfaction with BCLS.

Linking Performance Measure to Objective

2.1a Every two years, BCLS retail customers are surveyed by a professional survey company to determine customer satisfaction. The results of these surveys allow the BCLS chain to compare retail customer satisfaction over time and determine if a high level of satisfaction is being maintained.

Discussion

In response to an increasingly competitive market, BCLS is undertaking a multi-year approach to create a consistent, engaging, and relevant brand and customer experience to differentiate itself from competitors.

BCLS is looking to create a consistent customer experience by centralizing its customer inquiries to a single BCLS call centre to enable the LDB to identify common customer issues and emerging themes, improving its ability to address and resolve them on a wider scale across more BCLS’ customers.

Launching BCLS’ social media channels (Facebook & Instagram) in late 2020 has contributed to customer satisfaction through engaging interaction, responsive customer service, and advertising deals, product releases, and special events. BCLS’ social media presence continues to gain momentum, which is expected to positively impact survey results over time. Customer service and satisfaction experienced on-line and in-person at stores will continue to be an area of ongoing focus as Liquor Retail Operations continue to review its in-store service standards,

identify and execute improvement opportunities, and improve the customer journey and experience from on-line through to in-store.

There are 12 planned minor/major store renovations for 2022/23 to modernize its stores with new BCL branding, enhancing the customer experience by providing brighter, more welcoming store appearances and improved refrigeration, optimizing the store layouts, product assortment, and product placement with the overall goal of maintaining current and attracting new customers as new private stores continue to enter the market and increase competition

Liquor Wholesale Division Strategies:

- Continuously provide enhanced customer service through efficient order processing and fulfillment.
- Support a customer-centric culture within the warehouse team and continue to provide employee training opportunities.

| Performance Measure(s) | 2016/17 Baseline | 2021/22 Forecast | 2022/23 Target ¹ | 2023/24 Target | 2024/25 Target |
|--------------------------------------|------------------|------------------|-----------------------------|----------------|----------------|
| 2.1b Wholesale customer satisfaction | 68% | n/a | 73% | n/a | 78% |

Data Source: The LDB contracts with professional survey companies to conduct the wholesale customer service surveys.

¹ 2022/23 target has been adjusted taking to account the impacts that external factors (beyond the LDB’s control) have had on its operations and the ongoing uncertainty that remains.

Linking Performance Measure to Objective

2.1b The wholesale customer satisfaction survey was completed in January 2021 and showed a 68 per cent wholesale customer satisfaction rate. The next LDB survey will be conducted in 2022/23 and will survey customers on service levels, delivery services, responsiveness to customer inquiries and order changes, customer experience consistency, and communications.

Discussion

Every two years, LDB Liquor Wholesale Operations customers (public and private retail stores, rural agency stores, bars and restaurants) are surveyed by a professional survey organization to evaluate customer satisfaction. The results of these surveys allow the Wholesale Division to compare wholesale customer satisfaction over time and to determine if a high level of satisfaction is being maintained.

The target for 2022/23 of 73 per cent, a change from the previously published target, represents an adjustment to better-reflect the environment within which the LDB is currently operating. Specifically, the impact of COVID-19 and adverse weather conditions on the LDB’s operations, including wholesale operations, have been significant. Liquor Wholesale Operations continues to focus on internal operational changes and efficiencies in its recovery approach from these significant impacts in order to meet customer expectations.

Initiatives in response to results surfaced in the customer satisfaction survey are underway with the goal of improving customer satisfaction. The discovery study of a product information

management system, a foundational technology capability, is in progress to support an improved e-commerce and order management system. When implemented, customer satisfaction levels are expected to be positively impacted as improvements in product information availability, end-to-end product visibility, and the online ordering experience are achieved which are increasingly important given the recent supply chain disruptions due to the ongoing COVID-19 pandemic and extreme weather events.

Cannabis Division Strategies (Wholesale and Retail):

- Satisfy wholesale and retail customers by providing an excellent and safe experience, along with a broad and competitively priced assortment of products that meet customer expectations.
- Deliver a positive onboarding experience for private retail stores.

| Performance Measure(s) | 2020/21 Baseline | 2021/22 Forecast | 2022/23 Target | 2023/24 Target | 2024/25 Target |
|--|---------------------|---------------------|-------------------|-------------------|-------------------|
| 2.1c Retail customer satisfaction ¹ | 86% | 92% | 90% | 90% | 90% |
| 2.1d Wholesale customer satisfaction ^{2, 3} | 71% | 70% | 85% | 85% | 85% |

¹ Data Source: BCCS. placed customer survey tablets in five stores as a pilot project. Tablets will be rotated throughout the chain.

² Data Source: Private cannabis retailers participated in an online survey.

³ Targets for 2022/23 and 2023/24 were adjusted to take into account the impacts that external factors (beyond control of LDB) have had on its operations and the ongoing uncertainty that remains.

Linking Performance Measure to Objective

2.1c Tablets in free-standing lecterns were placed at five BCCS locations on a three-month rotational basis to gather varying geographical and demographical data to conduct its customer satisfaction survey. The results of these surveys allow the BCCS chain to compare retail customer satisfaction over time, and determine if a high level of satisfaction is being maintained.

2.1d The Cannabis Wholesale Division conducted its annual online survey of private retail stores in July 2021 to determine wholesale customer satisfaction. Results are compared over time to determine if a high level of satisfaction is being maintained and to identify opportunities for improvement.

Discussion

The LDB’s Cannabis Division includes both retail and wholesale lines of business. The Cannabis Retail Division continues to focus on establishing its BCCS brand, operating 33 stores and serving 27 markets, and building relationships with customers through providing an excellent and safe customer service experience with the goal of maintaining a high level of customer satisfaction.

BCCS implemented enhancements to the in-store shopping experience that have been positively received by customers, including improved price tags and merchandising and updated

educational panels. Continually reviewing service standards and customers' shopping experiences in-store at BCCS will be an area of focus as BCCS aims to meet customer expectations.

The Cannabis Wholesale Division is responsible for onboarding new private retailers and for developing and refining procedures and policies to best serve this customer segment. The Cannabis Customer Care Centre (CCC) provides support for day-to-day operational issues for all retail customers, including private retailers, and BCCS. Additionally, the CCC answers inquiries from customers of the BC Cannabis Stores online store and actively tracks all customer complaints, issues, and satisfaction to report them regularly to executive management.

Feedback from the prior-year private retail store satisfaction survey formed the basis of several enhancements in Cannabis Wholesale operations, including a reduction in beverage shipping rates, an increased notification period for wholesale price changes, updates to stock rotation logic, and a reduction in inbound customer care calls. These changes are expected to lead to positive feedback in the areas of order fulfillment, delivery, and customer care in 2022/23. The Wholesale Customer Satisfaction targets for 2022/23 and 2023/24 remain optimistic, but were updated slightly from the [2021/22 – 2023/24 LDB Service Plan](#) to reflect the ongoing impacts that COVID-19 and adverse weather conditions are having on the LDB's operations, as well as the still-evolving nature of the legal cannabis regime in BC.

A number of current and new initiatives are underway to address less-than-satisfactory customer feedback in the areas of product assortment, pricing, and some elements of the website experience, such as a program aimed at improving B.C.-based product assortment delivered from cultivator direct to stores, an initiative which supports the operations of small, local cultivators. Process changes to how licensed processors can adjust product prices in response to actual market demand have improved their operational agility of and have reduced the likelihood of inconsistent or inaccurate pricing information on LDB-operated cannabis websites.

The number of private retail stores being supplied by the Wholesale Division increased by 101 stores in 2021/22 compared to the prior year. As of November 24, 2021, 384 private store licenses had been issued by the LCRB and 370 of them had successfully registered and placed an order for non-medical cannabis.

Goal 3: Improve workplace quality and employee excellence

Objective 3.1: Create a work environment that encourages greater employee engagement

Key Strategies

- Enhance employee learning through in-house foundational leadership and employee training, and other professional development opportunities.
- Provide education in respectful workplace behaviour and accountability frameworks to create a safe, healthy and harassment-free work environment across the organization, as well as a culture of integrity and ethical conduct.
- Build a culture of inclusiveness through employee education and engagement initiatives focused on diversity and inclusion awareness, with a strong focus on Indigenous history and culture.
- Enhance employee experience and engagement through recognition, virtually accessible engagement initiatives, and community charitable giving campaigns.
- Improve the ways employees work to create a more connected and modern workforce.

| Performance Measure(s) | 2017/18 Baseline | 2021/22 Forecast | 2022/23 Target | 2023/24 Target | 2024/25 Target |
|--------------------------|---------------------|---------------------|-------------------|-------------------|-------------------|
| 3.1a Employee engagement | 69 | 71 | n/a | 71 | n/a |

Data Source: Work Environment Survey (WES) conducted by BC Stats for the LDB. The WES is conducted every two years. This Performance Measure is a measurement of respondents’ overall level of engagement on a 100-point scale.

Linking Performance Measure to Objective

3.1a The LDB measures employee engagement every two years by surveying employees about their work environment through the Work Environment Survey (WES). The results of this survey provide a useful snapshot of employee engagement across the LDB and are directly related to the objective.

Discussion

Areas of focus within the LDB for improving workplace quality and employee excellence are concentrated on WES measurables in the areas of job suitability, staffing practices, teamwork, employee empowerment, and workplace tools.

The LDB has a number of initiatives, underway and planned, that will support overall employee engagement, including the following:

- To continue supporting employees in supervisory and management roles, the Organizational Development and Change department (OD&C) developed an Essential Leader Series aimed at enhancing leadership competencies within the organization and is set to open this program up to all leadership levels within the organization beginning in 2022.

- The roll out of My Peak Performance Plan (MyP3), an employee-created development plan that promotes a growth-centric culture.
- To continually reinforce the importance of a bullying- and harassment-free workplace, content covering anti-racism, cultural agility, and unconscious bias is built into mandatory education programs for all employees.
- The LDB's new Diversity, Equity and Inclusion (DE&I) plan aims to build a workforce that is culturally reflective of our diverse province and inclusive of points of view from Indigenous peoples, minority communities, immigrants, persons with disabilities, and the LGBTQ2S+ community.
- As a complement to the LDB's DE&I plan, the LDB's new five-year Indigenous Learning Strategy directly supports Government's foundational principle of lasting and meaningful reconciliation.
- Implementation of the LDB's Modern Workplace Program also continues into 2022/23. This program improves the ways employees work from a people, process, and technology perspective.

Success in these areas of employee development, engagement, and workplace tools is expected to result in an increase in the WES drivers of job satisfaction and commitment to public service.

Goal 4: Increase business effectiveness

Objective 4.1: Improve operating efficiencies in a market of constant change

BCLS Retail Division Strategies:

- Continue to improve assortment and demand planning tools by implementing technology to provide the right product in the right location for consumers.
- Provide efficient, quality service to customers by continuing to utilize training programs to better equip store employees with product knowledge and selling skills.
- Continue with long-term efforts to update BCLS retail systems to reflect customer expectations of a modern retailer, improve efficiency and provide a customer-centric retail experience

| Performance Measure(s) | 2017/18 Baseline | 2021/22 Forecast | 2022/23 Target ¹ | 2023/24 Target | 2024/25 Target |
|---------------------------------|------------------|------------------|-----------------------------|----------------|----------------|
| 4.1a BCLS sales per square foot | \$1,402 | \$1,452 | \$1,455 | \$1,477 | \$1,483 |

Data Source: BCLS sales data is collected from computerized point-of-sale cash register systems and stored in Head Office databases.

¹ 2022/23 and future years targets have been adjusted to represent an increase in total square footage due to store relocation and expansions.

Linking Performance Measure to Objective

4.1a This indicator is based on the annual dollar sales of all stores divided by the total of all stores’ square footage. This measures how well BCLS utilizes floor space and is linked to how efficiently the BCLS chain is operating.

Discussion

As B.C.’s immunization plan rolled out across the province and COVID-19 restrictions imposed on the hospitality sector were eased in various regions, liquor retail sales began to revert back to pre-pandemic levels. BCLS anticipates steady sales-per-square-foot growth over the next few years as a result of various marketing strategies aimed at driving traffic to stores, enhancing the customer experience and service delivery, and upgrading stores with optimal product selection to meet consumer demands.

The adjusted forecast and targets represent an increase in total square footage due to a store relocation and multiple store expansions that are offset by the slowing down of sales. While sales are growing, the increase in sales per square foot is not expected to be as steep as in previous years for this reason. This trend is also reflected in the adjusted targets for 2022/23 and 2023/24.

Liquor Wholesale Division Strategies:

- Continue to improve service levels to customer base through increased on-hand inventory, improved forecasting and communications with vendors and customers.

- Continue to modernize technology systems and business processes, including the use of current and cost-effective technology, to improve service and relationships with customers, suppliers and employees.
- Roll-out plans for improved productivity and reduce cost-per-case as both distribution centres stabilize.

| Performance Measure(s) | 2017/18 Baseline | 2021/22 Forecast | 2022/23 Target | 2023/24 Target | 2024/25 Target |
|--|---------------------|---------------------|-------------------|-------------------|-------------------|
| 4.1b Distribution Centre labour cost per case shipped ¹ | \$1.99 | \$1.96 | \$1.89 | \$1.86 | \$1.86 |
| 4.1c Distribution Centre order fill rate | 89% | 95% | 95% | 95% | 95% |

Data Source: Orders and shipments processed by the LDB Distribution Centres are captured and stored by computer applications designed for this purpose.

¹ Targets for 2022/23 and 2023/24 have been adjusted to take into account the impacts that external factors (beyond control of LDB) have had on its operations and the ongoing uncertainty that remains.

Linking Performance Measure to Objective

4.1b This performance measure is calculated by dividing distribution centre labour expenses by total case shipments. A decreased cost per case indicates efficiencies have been achieved, resulting in less labour being utilized to ship product, which results in operational savings for the LDB and, therefore, the Province.

4.1c This performance measure is the percentage of each order filled completely by the LDB Distribution Centres and is calculated by dividing the number of ordered items that are filled completely by the total number of items ordered.

Discussion

LDB’s operational costs continue to be impacted by external factors including the pandemic, wildfires, and floods that created global supply chain constraints, operational changes such as meeting the increased demand on bottle pick stock keeping unit (SKU) assortment, challenges in recruitment, retention and attendance management, and the deferral in implementing advanced warehouse management system (WMS) capabilities. The prolonged nature of these impacts is expected to cause the cost per case to exceed those previously published in the [2021/22 – 2023/24 LDB Service Plan](#). Adjustments to the 2022/23 and 2023/24 targets have been made to account for the above factors. Several key initiatives including updates to the functionalities of the warehouse management system and process improvements are in discovery. When implemented, efficiencies are expected to stabilize, and contain costs and maintain service levels.

The LDB has achieved a higher-than-baseline order fill rate through improved and efficient inventory management when the product is available from the vendor, enabling delivery of the right product at the right time and resulting in higher customer satisfaction. As the current global and local supply chain constraints continue, resulting in product unavailability or late arrival, it is expected that the rate will come in below the target.

LDB will continue partnering with retailers and vendors to improve forecasting and planning and to manage the impact of supply chain disruptions as efficiently as possible, ensuring product is available and can be supplied to meet the needs of customers. Future targets will balance the effective management of inventory and the minimization of product stock-outs.

Cannabis Division Strategies (Wholesale and Retail):

- Optimize financial performance.
- Responsibly rollout and operate its chain of BCCS to improve access to regulated, non-medical cannabis across the province.
- Continue to increase wholesale product assortment to attract customers from the illicit market.

| Performance Measure(s) | 2019/20 Baseline | 2021/22 Forecast | 2022/23 Target | 2023/24 Target | 2024/25 Target |
|---|---------------------|---------------------|-------------------|-------------------|-------------------|
| 4.1d BCCS sales per square foot ^{1,4} | \$781 | \$753 | \$800 | \$800 | \$800 |
| 4.1e BCCS.com order fill rate ² | 99.7% | 98.5% | 99.0% | 99.0% | 99.0% |
| 4.1f Wholesale (B2B) order fill rate ³ | 98.9% | 97.0% | 99.0% | 99.0% | 99.0% |

¹ Data Source: BCCS sales data is collected from computerized point-of-sale cash register systems and stored in Head Office databases. It is based on total square footage, not sales floor space.

^{2,3} Data Source: Orders and shipments processed by the Richmond Distribution Centre are captured and stored by computer applications designed for this purpose.

⁴ Targets for 2022/23 and 2023/24 have been adjusted to take into account the impacts that external factors (beyond control of LDB) have had on its operations and the ongoing uncertainty that remains.

Linking Performance Measure to Objective

4.1d This indicator is based on the annual dollar sales of all BCCS divided by the total of all stores’ footage, gauging efficiency of the retail line of business. Targets have been updated to reflect more accurate market data, which was not available before legal stores were established and operating.

4.1e This indicator is the percentage of consumer online orders that are filled completely and shipped within 24 hours (excluding weekends and holidays) by the Richmond Distribution Centre. It is calculated by dividing the number of ordered items that are filled completely and shipped on-time by the total number of items ordered. A higher order fill rate leads to increased on-time delivery and higher consumer satisfaction.

4.1f This indicator is the percentage of order lines placed by wholesale customers that are fulfilled in full. It is calculated by dividing the number of order lines placed by BCCS and private retail stores that were fulfilled in full (no shortages) by the total number of order lines placed by those customers. This indicator determines if customers were able to receive inventory displayed as available, and also serves as a gauge for picking issues and distribution centre inventory inaccuracies. A higher percentage means that customers are receiving what they ordered and are not experiencing issues with their orders due to human error or system problems.

Discussion

The LDB opened ten additional BCCS in 2021/22 . With the opening of new stores in larger, higher density markets, BCCS expects to see overall improvements in sales per square foot in 2022/23 compared to 2021/22 forecast. The 2022/23 and 2023/24 targets have been adjusted from what is published in the [2021/22 – 2023/24 LDB Service Plan](#) in response to the persistence of the illicit market, and the increase of licensed private retailers in saturated markets, that add pressure on the BCCS network to remain competitive.

Increased product assortment (from 971 SKUs in 2019 to 1,725 SKUs in 2020) has impacted pricing competitiveness compared to the illicit market and added complexity to inventory management at the RDC and delivery methods to both wholesale and retail customers. The LDB is looking to maximize transportation effectiveness, provide flexibility, and manage cost certainty for the next three years by diversifying its transportation contracts to supplement its primary partners with secondary service providers across the province. Plans are underway to better serve BCCS online customers with local delivery service beginning in early 2022.

The LDB is currently implementing several key initiatives aimed at supporting Indigenous communities and small B.C.-based cultivators to enter the legal cannabis marketplace. A marketing program, the B.C. Indigenous Cannabis Product program, aimed at highlighting cannabis product from B.C.-based Indigenous producers in licensed private cannabis retail stores and BCCS (in-store and online) was launched in January 2022 to help consumers easily identify Indigenous products and make informed purchasing decisions. BCCS will use in-store displays and signage to spotlight B.C.- and Indigenous products to demonstrate its commitment to that end.

The LDB continues to monitor risk to its cannabis business as the market matures and licensed producers facing cash flow and other financial difficulties dissolve or restructure.

Goal 5: Support corporate social responsibility

Objective 5.1: Encourage the responsible use of beverage alcohol and non-medical cannabis

BCLS Retail Division Strategies:

- Prevent sales to minors or intoxicated persons in BCLS through staff education and enforcement of ID-checking requirements.
- Reinforce social responsibility through the display of promotional material and signage at BCLS and social media channels.
- Promote awareness of responsible use by continuing co-operative programs with suppliers and other stakeholders and partners, and approving supplier promotional materials to ensure compliance.
- Continue working with government partners including the LCRB; the Ministry of Agriculture, Food and Fisheries; and the Crown Agencies Secretariat to analyze and consider the potential health, public safety, social, financial and labour impacts on industry associated with the BTAP recommendations and implement them where appropriate.

| Performance Measure(s) | 2020/21 Baseline | 2021/22 Forecast | 2022/23 Target | 2023/24 Target | 2024/25 Target |
|---|------------------|------------------|----------------|----------------|----------------|
| 5.1a Store compliance with ID-checking requirements ¹ | 100% | 100% | 100% | 100% | 100% |
| 5.1b Customer awareness of LDB Corporate Social Responsibility programs ^{2, 3} | 76% | n/a | 80% | n/a | 80% |

¹ Data Source: The Liquor and Cannabis Regulation Branch (LCRB) administers an ID compliance checking program and provides the results of BCLS compliance to the LDB.

² Data Source: The LDB contracts with professional survey companies to conduct retail customer surveys.

³ 2022/23 and future targets have been adjusted to account for changing in customer shopping behavior, as well as the impacts that external factors (beyond control of LDB) have had on its operations and the ongoing uncertainty that remains.

Linking Performance Measure to Objective

5.1a Encouraging the responsible use of beverage alcohol is done, in part, by BCLS’ compliance with ID-checking requirements to ensure that alcohol is not being sold to minors. Therefore, BCLS’ compliance with ID-checking requirements is an appropriate performance measure.

5.1b Every two years, BCLS retail customers are surveyed by a professional survey company to gauge customer recall of promotional posters and other in-store materials related to the BCLS’ corporate social responsibility programs. The results of this survey provide a useful indicator of how well the LDB is achieving its objective of encouraging the responsible use of beverage alcohol.

Discussion

BCLS continue to ensure the enforcement of the ID-checking program through employee training and awareness. A continuous target of 100 per cent has been set to reflect the critical importance to the LDB of preventing sales to minors. BCLS compliance in 2021/22 is forecasted to be on target at 100 per cent, based on current to-date compliance data from LCRB.

BCLS promotes awareness of the risks associated with alcohol misuse through in-store campaigns, promotional posters, digital channels and in collaboration with stakeholders and community partners. Future targets have been adjusted to 80 per cent to account for changes in customer shopping behaviour, such as spending less time browsing in-store and making less frequent shopping trips. During this time, COVID-related safety signage took priority in-stores as well.

Cannabis Retail Division Strategies:

- Prevent sales to minors in BCCS through staff education and enforcement of ID-checking requirements.
- Develop and deliver unique monthly digital campaigns that encourage the responsible use of non-medical cannabis. These are delivered in BCCS, the e-commerce channel and through social media platforms.
- Explore new performance measures going forward to assess customer awareness of and satisfaction with BCCS corporate social responsibility programs.

| Performance Measure(s) | 2019/20 Baseline | 2021/22 Forecast | 2022/23 Target | 2023/24 Target | 2024/25 Target |
|---|---------------------|---------------------|-------------------|-------------------|-------------------|
| 5.1c Store compliance with ID-checking requirements | 100% | 100% | 100% | 100% | 100% |

Data Source: It is assumed that similar to liquor, LCRB will be administering an ID compliance checking program in cannabis stores and will provide the results of BCCS compliance to the LDB.

Linking Performance Measure to Objective

5.1c Encouraging the responsible use of non-medical cannabis is done, in part, through BCCS compliance with ID-checking requirements – therefore, BCCS compliance with ID-checking requirements is an appropriate performance measure.

Discussion

BCCS is committed to ensuring that the ID-checking program is enforced to prevent sales to minors through on-going employee training and awareness. This is aligned with both the federal and provincial governments, which have made social responsibility one of the key priorities of cannabis legalization. To reflect the importance of store compliance with ID-checking requirements, a continuous target of 100 per cent has been set.

Objective 5.2: Minimize the impact of LDB operations on the environment

Performance measures for waste diversion are measured and grouped by lines of business: liquor retail and wholesale; non-medical cannabis retail and wholesale; and Corporate office and central dry goods distribution centre.

Key Strategies:

- Reduce the overall amount of waste generated by LDB’s operations in liquor and cannabis wholesale and retail, and at its head office location.
- Increase waste diversion rates through expansion of recycling streams where possible and continued employee training and awareness campaigns.
- Continue to report annually on greenhouse gases and purchase carbon offsets as part of BC’s Carbon Neutral Government Program.
- Align LDB operations with the CleanBC Roadmap to 2030 through continued efforts to develop and implement programs that reduce greenhouse gases.

| Performance Measure(s) | 2019/20 Baseline | 2021/22 Forecast | 2022/23 Target | 2023/24 Target | 2024/25 Target |
|--|------------------|------------------|----------------|----------------|----------------|
| 5.2a Waste diversion rate at LDB liquor distribution centres (DDC, KDC) and BCLS | 80% | 93% | 93% | 93% | 94% |
| 5.2b Waste diversion rate at LDB’s cannabis distribution centre and BCCS | 67% | 89% | 88% | 89% | 91% |
| 5.2c Waste diversion rate of LDB’s Head Office and Burnaby dry goods distribution centre | 79% | 86% | 81% | 82% | 87% |

Data Source: Diversion rates for the Delta Distribution Centre, Kamloops Distribution Centre, Richmond Distribution Centre, Head Office, and Metro Vancouver BCLS are determined based on measured weights reported by contracted waste and recycling service providers. Rates for BCLS outside of Metro Vancouver and BCCS are determined by estimated weights provided by a contracted waste and recycling service providers.

Linking Performance Measure to Objective

Waste diversion rates represent the weight of material diverted from the landfill through composting and recycling, as a percentage of the total weight of waste material generated. It is an appropriate measure to use when considering the LDB’s objective of minimizing the impact of operations on the environment.

Discussion

The combined waste diversion rate for the Delta and Kamloops distribution centres and BCLS in the Metro Vancouver region was calculated by collecting weight in tonnes throughout the fiscal plan period. The waste categories diverted from landfill at the Delta Distribution Centre (DDC) include mixed containers, paper, organics, electronics, Styrofoam, wood, metal, cardboard, and soft plastics. Cardboard, wood, and mixed paper generated at the Kamloops Distribution Centre (KDC) were diverted from landfill and Metro Vancouver BCLS diverted cardboard, soft plastics, and organics.

The LDB is continuing to develop contractual requirements for its waste collection service providers across the province with the goal of improving LDB's ability to collect and compare data and produce more precise reports.

Waste diversion at the distribution centres includes a high volume of and significantly heavier materials, such as cardboard and wood, compared to BCLS. Additionally, waste services at a number of BCLS are overseen by property managers who do not disclose its waste collection and diversion data with the LDB.

Incremental increases in the rate of diversion will be accomplished through continued employee education and the expansion of recycling programs in BCLS and distribution centres. Two stores have been chosen for a pilot program based on their volume of waste generated. The goal for this pilot program is to understand trends, and identify employee educational best practices so that similar initiatives can be rolled out across the province.

The change to a recyclable soft plastic shrink wrap used where feasible improved overall diversion at the cannabis Richmond Distribution Centre (RDC). The waste categories diverted from landfill at RDC include mixed containers, paper, organics, electronics, Styrofoam, wood, metal, and cardboard. It is expected that a significant percentage of waste materials generated at the distribution centre will continue to be diverted from landfill and slightly increase over time through reviews and analysis with waste management providers. LDB's Cannabis Wholesale Division targets a 95 per cent pallet recovery rate and shrink wrap recycling by way of transportation carrier contracts to further reduce its environmental impact.

Several BCCS stores operate in communities where collection of certain recyclables is not supported or diversion of organics to commercial grade compost facilities is not practiced by waste service providers. Additionally, waste services at several BCCS are overseen by property managers who do not disclose their waste collection and diversion data with the LDB. As new BCCS open in the Metro Vancouver region it is expected that overall diversion rates will remain at-pace with the current trends.

LDB's head office in Burnaby diverts mixed containers, paper, organics, electronics, Styrofoam, wood, metal, and cardboard from landfill. It is expected that the diversion rate will remain steady without the addition of new waste diversion streams. This is currently not a priority due to the larger impact stores and distribution centres have on waste diversion rates. The proportion of employees based at head office as a result of the BC Public Service's telework agreement program of three days a week to support pandemic recovery may impact the diversion rate.

The Burnaby dry goods distribution centre consolidates shipments of support materials for stores such as cleaning products, personal protective equipment and paper goods. Since opening in 2019, it has achieved high diversion rates due to its robust set up at implementation. The combined rates for head office and the Burnaby distribution centre are calculated and reported in the annual report.

Carbon Neutral Organization

Since 2010, the LDB has been measuring its greenhouse gas (GHG) emissions and purchasing BC-based carbon offsets in order to become carbon neutral on an annual basis. Efforts made to reduce emissions and the LDB's annual emissions profiles are captured in the LDB's [Carbon Neutral Action Reports](#) published on its website. The Carbon Neutral Government (CNG) requirements are set out in BC's [Climate Change Accountability Act \(CCAA\)](#) and the [Carbon Neutral Government Regulation \(CNGR\)](#).

The CleanBC Plan originally released by Government in 2018 was updated in October of 2021 to become the CleanBC Roadmap to 2030. The LDB is working to align with the requirements of the Roadmap to reach the provincial waste targets for 2030.

Financial Plan

Financial Summary

| (\$m) | 2021/22 Forecast | 2022/23 Budget | 2023/24 Plan | 2024/25 Plan |
|--|---------------------|-------------------|-----------------|-----------------|
| Sales | 4,328.1 | 4,560.9 | 4,700.4 | 4,802.0 |
| Cost of Sales | 2,641.9 | 2,825.5 | 2,925.1 | 2,993.9 |
| Gross Margin | 1,686.2 | 1,735.4 | 1,775.3 | 1,808.1 |
| Total Expenses | | | | |
| Operating Expenses – Employment | 303.2 | 323.2 | 326.3 | 327.4 |
| Operating Expenses – Amortization | 85.0 | 78.2 | 73.5 | 72.0 |
| Operating Expenses – Administration | 79.6 | 104.6 | 109.2 | 111.8 |
| Operating Expenses – Bank Charges | 40.2 | 41.6 | 44.3 | 45.6 |
| Operating Expenses – Facilities ¹ | 30.1 | 29.4 | 30.8 | 32.1 |
| Operating Expenses – Lease Financing | 7.6 | 7.3 | 8.3 | 9.1 |
| Total Expenses | 545.7 | 584.3 | 592.4 | 598.0 |
| Other Income | 12.8 | 15.2 | 15.0 | 15.4 |
| Net Income | 1,153.3 | 1,166.3 | 1,197.9 | 1,225.5 |
| Capital | 31.8 | 39.9 | 30.9 | 25.2 |
| Debt ² | 204.3 | 212.8 | 235.9 | 246.9 |
| Retained Earnings | 0 | 0 | 0 | 0 |

Note: The above financial information was prepared based on current Generally Accepted Accounting Principles.

¹ Facilities expenses include utilities, property taxes, janitorial, repairs, and maintenance.

² Debt includes capital lease obligations.

Key Forecast Assumptions, Risks and Sensitivities

As British Columbia emerges from the COVID-19 pandemic and the impact of recent adverse extreme weather events, there is still significant uncertainty for the path to economic recovery. Labour shortages, supply chain disruptions, the risk of future variants and changing weather conditions create risk to the LDB's operations and, therefore, uncertainty to the LDB's financial forecasts. The LDB closely monitors the liquor and cannabis industries, especially the state of supply chains, and continually assesses potential impacts to financial and business operations.

The LDB's forecast includes the following assumptions:

- Fiscal 2021/22 overall sales revenue growth will be 4.7 per cent over the previous fiscal year, driven primarily by changes in product mix, inflation, and increased cannabis retail locations.
- Beverage alcohol sales revenue growth in 2022/23 and future years will revert to be consistent with historical trends and will be an average of 2.4 per cent due to a combination of inflation, volume growth and moderate economic growth.
- In 2021/22, liquor industry market share has shifted back toward hospitality as COVID-19 restrictions ease and consumers resume social activities compared to the previous year. The market share is expected to stabilize in 2022/23.
- Product mix remains relatively stable through 2022/23 and in future years.
- Liquor volumes are expected to increase in 2022/23 from 2021/22 levels and remain stable in future years.
- As cannabis sales increase there will be no significant impact on liquor sales.
- Cannabis sales will increase as more public and private retailers enter the legal marketplace, allowing for improved access to the product.

Capital requirements reflect expenditures for opening and renovating liquor and cannabis retail stores, operating equipment, vehicles, technology-related hardware and software and on-going equipment replacements.

Future capital-related projects include investments in e-commerce platforms; product information management; updating foundational information technology systems; workplace modernization; continued expansion of the cannabis retail store chain; and upgrades for head office systems to support liquor and cannabis.

Sensitivity Analysis

Beverage alcohol and non-medical cannabis are highly regulated products and their consumption can be influenced by many factors, including regulatory changes, government policy, economic shifts, demographics, changes in climate, and the timing of statutory holidays.

Government policies and decisions can have a significant impact on LDB revenue. Provincial health orders issued to stop the spread of COVID-19 resulted in people staying home and shifting sales from hospitality to BCLS and private retail stores. As these restrictions ease, it is expected that there will continue to be market share changes as social events resume (e.g. dining

out, sporting events, and travel), which will result in an increased market share for hospitality customers, more in line with historical (pre-pandemic) trends.

Municipal government decisions and regulations around the operation of cannabis retail stores in their communities also influences revenues and costs for LDB's cannabis line of business – municipal rules can determine the location and number of retail stores permitted, as well as the timing within which they are able to open for business.

The LDB's financial performance is also affected by economic conditions:

- COVID-19 – outbreaks and new variants may slow down the province's economic recovery and/or lead to the introduction (or re-introduction) of health and safety measures that affect consumer behaviour;
- Environmental factors – severe weather causing fires and floods can impact the supply chain and cause business disruptions;
- Changes in the marketplace – market share shifts between public/private stores for both cannabis and liquor and cannabis consumer conversion from the illicit market will impact LDB net income;
- Availability of products – constraints on the supply chain can impact the LDB's ability to sell to retail and wholesale customers; and,
- Inflation – high demand and supply limits/disruptions resulting in increased prices in housing, gasoline, food, beverage alcohol, or cannabis prices will result in consumers changing their spending patterns.
Beverage alcohol and non-medical cannabis are discretionary consumer products and sales are affected by economic conditions. Consumer confidence in the economy dictates the level of entertainment dollars spent on beverage alcohol and cannabis.

Cultural shifts and demographics also influence purchasing patterns. Current trends in liquor continue to reflect shifting preferences as consumers shift towards refreshment beverages and spirits, moving away from beer and wine.

Weather patterns and the timing of statutory holidays are other factors that influence LDB revenue. A hot, dry summer and long weekends result in increased sales, particularly in the refreshment beverage and packaged beer categories. Conversely, adverse weather conditions have a negative impact on liquor sales. The timing of statutory holidays during the week also has an impact on sales – when these holidays fall on Mondays or Fridays, sales are much stronger than when they fall on Tuesdays or Wednesdays.

The LDB monitors all of these factors, using the best information available to ensure sound decisions are made with respect to product mix, supply, and staffing.

Product Margins

The LDB has different margins on products and changes in product mix impact net income. Each percentage change in the product cost across the wine, spirit, refreshment, and cannabis categories has a cumulative effect on net income of approximately \$14.8 million, due to the percentage-based mark-up in place for these products.

Beer has a volume-based mark-up and therefore the same margin dollars is generated regardless of supplier prices. The LDB derives more margin dollars when there is a volume increase in beer sales. If there are more sales of products with lower margins and less sales of products with higher margins, this will result in lower LDB product margins overall.

BC VQA wines and wines produced from 100 per cent B.C. grapes also generate lower gross margin dollars, in general. As these two categories grow in relation to other product categories, LDB's margin as a percentage of sales will decrease.

Management's Perspective on the Financial Outlook

The LDB will continue to follow orders issued by the Provincial Health Officer and make adjustments to facilities and retail stores to safeguard employees and customers where necessary.

Similar to many other industries, the economic outlook for the beverage alcohol and cannabis sectors is unclear. Supply chain disruptions and labour shortages due in part to COVID-19 could last well into 2022/23. As well, there is the continuing risk of new COVID-19 variants, which adds additional layers of financial uncertainty. Temporary changes may become permanent and future government policy changes could also have implications for the LDB's business.

As the liquor industry changes into the new 'normal' post-COVID-19, the LDB will continue to focus on business efficiencies and adapting to the needs of its wholesale and retail customers. In retail operations, future investments include e-commerce for BCLS to allow customers more choices in their shopping experience. In wholesale operations, pricing processes and systems continued to be reviewed and streamlined to gain efficiencies and more flexibility.

October 17, 2021, marked the three-year anniversary of cannabis legalization. As the legal cannabis industry in British Columbia continues to mature, LDB will focus on maintaining efficient distribution operations, including the introduction of direct delivery, to support both wholesale and retail customers. The LDB will work with licensed producers to provide a variety of high-quality products and to expand product offerings with a focus on having the right product at the right price. On the retail side, the LDB will continue to operate retail locations to service the needs of the community and promote safe, responsible consumption while making necessary adjustments to align with government policy changes if/when required.

Appendix A: Additional Information

Corporate Governance and Organizational Overview

The LDB's corporate governance structure and organizational overview can be found [here](#), including links to the LDB's [Mission, Vision and Values](#).

Appendix B: Mandate Letter from the Minister Responsible



276776

R. Blain Lawson
General Manager and Chief Executive Officer
BC Liquor Distribution Branch
Ministry of Finance
3383 Gilmore Way
Burnaby BC V5G 4S1

Dear Mr. Lawson:

On behalf of Premier Horgan and the Executive Council, I would like to extend my thanks to you for the dedication, expertise and skills with which you serve the people of British Columbia.

Every public sector organization is accountable to the citizens of British Columbia. The expectations of British Columbians are identified through their elected representatives, the members of the Legislative Assembly. Your contributions advance and protect the public interest of all British Columbians and through your work, you are supporting a society in which the people of this province can exercise their democratic rights, trust and feel protected by their public institutions.

You are serving British Columbians at a time when people in our province face significant challenges as a result of the global COVID-19 pandemic. Recovering from the pandemic will require focused direction, strong alignment and ongoing engagement between public sector organizations and government. It will require all Crowns to adapt to changing circumstances and follow Public Health orders and guidelines as you find ways to deliver your services to citizens. This mandate letter, which I am sending in my capacity as Minister responsible for the BC Liquor Distribution Branch (LDB), on behalf of the Executive Council, communicates expectations for your organization. It sets out overarching principles relevant to the entire public sector and provides specific direction to the LDB about priorities and expectations for the coming fiscal year.

.../2

I expect that the following five foundational principles will inform your agency's policies and programs:

- **Putting people first:** We are committed to working with you to put people first. You are uniquely positioned to advance and protect the public interest and I expect that you will consider how the LDB's decisions maintain, protect and enhance the public services people rely on and make life more affordable for everyone.
- **Lasting and meaningful reconciliation:** Reconciliation is an ongoing process and a shared responsibility for us all. Government's unanimous passage of the *Declaration of the Rights of Indigenous Peoples Act* was a significant step forward in this journey – one that all Crown agencies are expected to support as we work in cooperation with Indigenous peoples to establish a clear and sustainable path to lasting reconciliation. True reconciliation will take time and ongoing commitment to work with Indigenous peoples as they move towards self-determination. Guiding these efforts, Crown agencies must also remain focused on creating opportunities that implement the Truth and Reconciliation Commission through your mandate.
- **Equity and anti-racism:** Our province's history, identity and strength are rooted in its diverse population. Yet racialized and marginalized people face historic and present-day barriers that limit their full participation in their communities, workplaces, government and their lives. The public sector has a moral and ethical responsibility to tackle systemic discrimination in all its forms – and every public sector organization has a role in this work. All Crown agencies are expected to adopt the Gender-Based Analysis Plus (GBA+) lens to ensure equity is reflected in your operations and programs.
- **A better future through fighting climate change:** Announced in December 2018, the CleanBC climate action plan puts our province on the path to a cleaner, better future by building a low-carbon economy with new clean energy jobs and opportunities, protecting our clean air, land and water and supporting communities to prepare for carbon impacts. As part of the accountability framework established in CleanBC, and consistent with the *Climate Change Accountability Act*, please ensure your organization aligns operations with targets and strategies for minimizing greenhouse gas emissions and managing climate change risk, including the CleanBC target of a 50% reduction in public sector building emissions and a 40% reduction in public sector fleet emissions by 2030. Your organization is expected to work with government to report out on these plans and activities as required by legislation.

- **A strong, sustainable economy that works for everyone:** I expect that you will identify new and flexible ways to achieve your mandate and serve the citizens of British Columbia within the guidelines established by the Provincial Health Officer and considering best practices for conducting business during the pandemic. Collectively, our public sector will continue to support British Columbians through the pandemic and economic recovery by investing in health care, getting people back to work, helping businesses and communities, and building the clean, innovative economy of the future. As a public sector organization, I expect that you will consider how your decisions and operations reflect environmental, social and governance factors and contribute to this future.

As the Minister Responsible for the LDB, I expect that you will make substantive progress on the following priorities and incorporate them in the goals, objectives and performance measures in your 2021/22 Service Plan:

- Continue to work with government and Business Technical Advisory Panel (BTAP) members to evaluate and implement permanent and temporary policy and regulatory changes to support sectors impacted by the COVID-19 pandemic.
- Continue to identify and deliver greater benefits to consumers and industry by implementing the approved recommendations from the BTAP report received by government on April 30, 2018, and by finding efficiencies at the LDB liquor distribution centres.
- Continue to establish LDB Cannabis Operations wholesale and retail lines of business and support government's key priorities of protecting public health and safety, promoting social responsibility and eliminating the illicit market.
- In collaboration with stakeholders, continue to reinforce BC Liquor Stores' focus on corporate social responsibility by promoting awareness of the risks associated with alcohol misuse.
- Optimize the LDB's financial performance and sustain net returns to the Province of British Columbia in accordance with government policy, Treasury Board directives and the appropriate legislation and regulation.

The signed Mandate Letter is to be posted publicly on your organization's website in spring 2021.

I look forward to continuing to work with you to build a better B.C.

Sincerely,



Selina Robinson
Minister

Date: April 9, 2021



R. Blain Lawson
General Manager, LDB

Date: April 12, 2021

cc: Honourable John Horgan, Premier

Lori Wanamaker, Deputy Minister to the Premier, Cabinet Secretary and Head of the BC Public Service

Heather Wood, Deputy Minister and Secretary to Treasury Board, Ministry of Finance

Douglas S. Scott, Deputy Minister, Crown Agencies Secretariat, Ministry of Finance

Mary Sue Maloughney, Assistant Deputy Minister, Liquor and Cannabis Regulation, Ministry of Public Safety and Solicitor General