

BC Liquor Distribution Branch

2026/27 – 2028/29 Service Plan

February 2026



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General Manager and CEO's Accountability Statement



The 2026/27 – 2028/29 BC Liquor Distribution Branch (LDB) Service Plan was prepared under my direction in accordance with the *Budget Transparency and Accountability Act*. This plan is consistent with government's strategic priorities and fiscal plan. I am accountable for the contents of this plan and am responsible for the validity and reliability of the information presented.

All significant assumptions, policy decisions, events and identified risks, as of February 4 have been considered in preparing the plan. The performance measures presented are consistent with the *Budget Transparency and Accountability Act*, 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 LDB's operating environment, forecast conditions, risk assessment and past performance.

A handwritten signature in black ink, appearing to read 'R. Blain Lawson'.

R. Blain Lawson
General Manager and Chief Executive Officer, LDB
February 4, 2026

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Strategic Direction

In 2026/27, the public sector organizations will do their part to support the Government of British Columbia's prioritizing support for people by taking action to make life better for everyone.

Despite a challenging fiscal environment due to global uncertainty, trade relationship reordering, and low resource prices, over the past year Government made significant progress on efforts to reduce costs for British Columbians, hire more doctors and nurses, and build more homes, hospitals and schools, faster. Crown Agencies will continue to advance these key priorities even as tariffs, trade policies, and instability outside of the province's borders continue to put pressure on the province's finances.

Ongoing fiscal pressure means all parts of Government, including Crown Agencies must continue to do their part to maximize efficiencies and make sure every dollar counts.

To respond to these extraordinary times, Crown Agencies will support Government's focus on expanding trade and investment both within Canada and abroad and delivering major projects that offer good jobs and opportunities for people and communities. This focus on economic growth and prosperity is critical to delivering the revenue needed to provide services and infrastructure.

Good relationships and mutually beneficial partnerships with First Nations are critical to building a better future for everyone in British Columbia. Crown Agencies will continue supporting efforts to implement the Declaration on the Rights of Indigenous Peoples Act Action Plan. Through collaboration and open dialogue, we aim to foster trust, stability and certainty for all.

This 2026/27 service plan outlines how the LDB will support the Government's priorities and selected action items identified in the Minister's most recent [Letter of Direction](#).

Purpose of the Organization and Alignment with Government Priorities

In British Columbia (B.C.), the LDB is one of two branches of government that provide oversight for the beverage alcohol and non-medical cannabis (cannabis) industries; the other is the Liquor and Cannabis Regulation Branch (LCRB). The LDB is responsible for the wholesale distribution and retail sale of beverage alcohol and cannabis. The LCRB oversees the regulation and licensing of private retail sales of liquor and cannabis and events.

The [Liquor Distribution Act](#) (LDA) gives the LDB the sole right to purchase beverage alcohol both within B.C. and from outside the province, in accordance with the federal [Importation of Intoxicating Liquors Act](#). The LCRB licenses private liquor stores, restaurants, pubs, and manufacturers, and enforces regulations under the [Liquor Control and Licensing Act](#).

The [Cannabis Distribution Act](#) (CDA) establishes the LDB as the wholesale distributor for cannabis, and the operator of public cannabis retail stores, and a publicly run e-commerce retail channel. The LCRB licenses private cannabis stores and enforces some aspects of the regulations under the [Cannabis Control and Licensing Act](#).

Accountable to the Minister of Agriculture and Food; the LDB:

- Has a General Manager and Chief Executive Officer who is responsible for administering the LDA and the CDA, subject to direction from the Minister of Agriculture and Food;
- Oversees a province-wide mixed public-private retail and public wholesale beverage alcohol and cannabis business model;
- Distributes liquor products through two distribution centres in Delta and Kamloops, and cannabis products through a distribution centre in Richmond;
- Provides online ordering systems for wholesale customers of beverage alcohol and cannabis;
- Operates 198 BCLIQUOR stores (BCL) and 39 BC Cannabis Stores (BCCS);
- Operates an e-commerce retail channel for cannabis under the BCCS brand; and,
- Employs approximately 5,610 full- and part-time staff.

In line with government priorities, the LDB will continue to optimize the LDB's financial performance and sustain net returns to the Province while building on existing strengths and improving organizational effectiveness and management practices to enhance productivity and performance. The revenue generated by the LDB helps fund essential public services like health care, education, and other community programming.

The LDB will also continue to focus on corporate social impact through [Multiply the Good](#) initiatives that align with government's social and environmental priorities, which includes collaborating with the LCRB on a shared mandate to encourage the responsible consumption of beverage alcohol and cannabis and continuing to coordinate policies and programs to that end.

In coordination and collaboration with its government's partners, the LDB will continue to support B.C. liquor manufacturers and businesses through strengthening local economies and reducing barriers to interprovincial trade. This work aligns with broader government policy objectives, such as promoting the use of B.C. agricultural inputs, supporting agri-tourism, encouraging the growth of small B.C. businesses, and fostering employment and economic activity.

As part of B.C.'s mixed public-private retail and public wholesale beverage alcohol and cannabis model, the LDB is committed to responding to customer needs, which includes providing an expansive product selection and offering exceptional customer service.

The LDB will continue to help government advance lasting and meaningful reconciliation, and will comply with the [Declaration on the Rights of Indigenous Peoples Act](#). As part of this

commitment, the LDB will continue supporting Indigenous Nations' participation in the cannabis industry through the [cannabis direct delivery program](#) and the [BC Indigenous Cannabis Product \(BCICP\) program](#), which promote greater visibility of Indigenous cannabis producers and their products to both wholesale and retail customers.

Economic Statement

B.C.'s economy saw mixed performance among sectors in 2025 amid U.S. tariffs and related global economic uncertainty and declining B.C. population growth. Consumer spending was strong through the first half of the year, supported by front-loaded spending ahead of U.S. tariffs (particularly for automobiles), lower inflation and interest rates, but spending has slowed in recent months. Residential construction remained above average in 2025 despite declining from the high levels of activity seen in recent years, and home sales were subdued in 2025. Meanwhile other investment indicators (such as public sector investment and commercial building permits) saw steady growth despite headwinds from economic uncertainty. B.C.'s exports have been resilient amid U.S. tariffs. The value of international exports was unchanged as lower forestry exports and coal prices offset higher values of natural gas and copper exports.

The Economic Forecast Council (EFC) estimates that B.C. real GDP grew by 1.5 per cent in 2025. In the near-term, the EFC expects B.C.'s economy to also grow by 1.5 per cent in 2026 and by 1.9 per cent in 2027, similar to the national average. For Canada, the EFC estimates growth of 1.6 per cent in 2025 and projects national real GDP growth of 1.3 per cent in 2026 and 1.9 per cent in 2027.

A volatile global trade conflict as well as immigration and population fluctuations are the main risks to the outlook. Other risks include commodity price instability, renewed inflationary pressures leading to elevated interest rates, prolonged housing market weakness, and climate change impacts.

Performance Planning

Goal 1: Sustain net returns to the Province of B.C.

The LDB is committed to optimizing its financial performance to deliver its expected financial results to the Province of B.C. The LDB is a significant generator of government revenue, which supports public services that people living in B.C. rely on every day. For more information on external factors that are impacting the LDB's ability to achieve this goal, please see the "Financial Plan" section of this report.

Performance Measures

Performance Measure	2025/26 Forecast	2026/27 Target	2027/28 Target	2028/29 Target
1.1a Net income (in \$ millions) ^{1, 2}	\$950.0	\$944.9	\$896.8	\$847.3
1.1b Liquor distribution centres inventory turnover per year ^{3, 4}	12.4	12.0	12.0	12.1
1.1c Cannabis distribution centre inventory turnover per year ^{5, 6}	10.1	10.0	10.0	10.0
1.1d BCL sales per square foot ^{7, 8}	\$1,234	\$1,323	\$1,293	\$1,265
1.1e BCCS sales per square foot ^{9, 10}	\$901	\$901	\$897	\$888

¹ Data source: BCL and BCCS sales data are collected from point-of-sale cash register systems and stored in Head Office databases. Sales made directly to consumers by authorized representatives on behalf of the LDB are transmitted to the LDB and stored in databases. LDB financial statements are audited annually by an independent auditor contracted by the LDB under the oversight of the Office of the Auditor General. LDB expense data is captured, stored, and reported by the LDB's financial system.

² 2026/27 and 2027/28 targets have been revised to align with the projected industry outlook for both liquor and cannabis. These projections are informed by recent observable trends and anticipated future economic and social dynamics.

³ Data source: Inventory data is collected from applications at LDB's liquor distribution centres in Delta and Kamloops designed for this purpose and stored in Head Office databases. Inventory turnover is calculated by dividing the duty paid cost of shipments from LDB's liquor distribution centres to customers (including BCL) by the average inventory in the same period.

⁴ 2026/27 and 2027/28 targets have been revised to align with updated sales forecasts and increased inventory requirements.

⁵ Data source: Inventory data is collected from applications at LDB's cannabis distribution centre designed for this purpose and stored in Head Office databases. Inventory turnover is calculated by dividing the duty paid cost of shipments from LDB's cannabis distribution centre to customers (including BCCS and BCCannabisStores.com) by the average inventory in the same period.

⁶ 2026/27 target has been revised based on the forecasted outcome of exceeding the 2025/26 target.

⁷ Data source: BCL sales data is collected from point-of-sale cash register systems and stored in Head Office databases.

⁸ 2026/27 and 2027/28 targets have been adjusted to reflect minor updates to square footage at some stores due to reconfigurations and updated inflation forecasts.

⁹ Data source: BCCS sales data is collected from point-of-sale cash register systems and stored in Head Office databases. It is based on total square footage, not sales floor space.

¹⁰ 2026/27 and 2027/28 targets have been adjusted to reflect minor updates to square footage at some stores due to reconfigurations and updated inflation forecasts.

Discussion

Net income represents the LDB's contribution to the Province from the sale of beverage alcohol and cannabis in B.C. LDB's financial statements are audited annually by an independent auditor contracted by the LDB under the oversight of the Office of the Auditor General of British Columbia.

The LDB is forecasting a \$77.2 million shortfall from the Budget 2025 target for fiscal 2025/26. The fiscal 2025/26 forecast reflects a decrease in net income of 13.2 per cent compared to fiscal 2024/25 of \$1,094.2 million primarily due to the BC General Employees' Union (BCGEU) job action spanning September and October 2025, as well as impact from the United States (U.S.) tariff response, including the removal of all U.S.-made liquor products from BCL stores in March 2025. Slow and steady growth in cannabis sales has partially offset losses from liquor.

Future year targets for 2026/27 and 2027/28 have decreased from last year's service plan due to continued economic deterioration and shifting consumer trends compared to projections. Changes made to future year targets take into consideration a decrease in forecasted net income by \$77.1 million in fiscal 2026/27 and \$128.0 million in fiscal 2027/28 to reflect anticipated continuation of significant downturn in beverage alcohol sales due to changing consumer behaviour, economic conditions, and inflationary impacts. The LDB projects that these unfavorable conditions, including escalating household costs and declining immigration, will persist in the near future and, as a result, net income is expected to continue to decline respectively.

For a list of the assumptions used in LDB's forecast, please see the "Key Forecast Assumptions, Risks and Sensitivities" section of this report.

Objective 1.1: Optimize the LDB's financial performance

The financial success of the LDB's wholesale and retail lines of business is key to supporting net returns to the Province of B.C. The LDB has a responsibility to pursue operational efficiencies and support economic growth and affordability for people living in B.C. To achieve this, the LDB ensures that its operations remain relevant, efficient, and sustainable by adhering in spirit and intent to core government fiscal management practices.

Key Strategies

- Continue enhancing wholesale liquor supply chain resiliency by deepening supplier partnerships and utilizing collaborative demand forecasting to ensure reliable product flow.
- Strengthen operational resilience of LDB's liquor distribution by maintaining balanced inventory levels that anticipate external and environmental disruptions and adopting a "just-in-case" approach to mitigate temporary demand surges or supply interruptions.
- Drive optimization of LDB's wholesale liquor and cannabis inventory through proactive monitoring, strategies to address and reduce slow-moving products, and ensuring an agile and balanced product assortment that meets customer needs and supports operational efficiency.

- Enhance sales in BCL through optimized marketing and promotion activities, control costs via inventory management and staff scheduling, and explore enhancement of current inventory management tools and best practices to increase efficiencies.
- Optimize labour allocation and workplace productivity through targeted strategies at BCL, BCCS, and LDB's liquor distribution centre in Delta.

Goal 2: Improve customer experience with the LDB

As the province's sole wholesale distributor of beverage alcohol and cannabis, and the public retailer of these products, the LDB is committed to providing best-in-class service and demonstrating its value and reliability to industry and consumers.

Performance Measures

Performance Measure	2025/26 Forecast	2026/27 Target	2027/28 Target	2028/29 Target
2.1a Liquor Wholesale on-time delivery ¹	94.3%	97.0%	98.0%	98.0%
2.1b Cannabis Wholesale on-time delivery ²	99.0%	99.0%	99.0%	99.0%
2.1c Liquor Wholesale accurate delivery ³	99.5%	99.7%	99.8%	99.8%
2.1d Cannabis Wholesale accurate delivery ^{4, 5}	99.7%	99.8%	99.8%	99.8%
2.1e BCL retail customer satisfaction ^{6, 7}	76.0%	77.0%	78.0%	79.0%

¹ Data source: Delivery data is collected by LDB's own fleet of freight vehicles and third-party freight carriers and audited against bill of lading documents signed by the customers, confirming arrival times for accuracy of data.

² Data source: Delivery data is collected by third-party freight carriers through their proof of delivery systems and audited against customers' reports of late deliveries made to LDB's cannabis customer care centre.

³ Data source: Based on an audit of four per cent of orders and shipments processed by the LDB's liquor distribution centres.

⁴ Data source: Based on an audit of one hundred per cent of outbound orders and shipments processed by LDB's cannabis distribution centre.

⁵ 2026/27 and 2027/28 targets have been revised as a result of aligning to measurement methodology applied at LDB's liquor distribution centres.

⁶ Data source: The LDB contracts a professional, third-party company to conduct market research. Insights gathered from an online panel are shared with BCL via a dashboard that presents high-level visual graphs.

⁷ 2026/27 and 2027/28 targets have been revised based on the forecasted outcome of exceeding the 2025/26 target and to reinforce its commitment to continuous improvement.

Objective 2.1: Maintain retail and wholesale customer satisfaction

Delivering a high standard of service and maintaining customer satisfaction are critical priorities for the LDB.

Key Strategies

- Improve efficiency and resiliency of LDB's liquor and cannabis distribution network by streamlining its delivery routes and diversifying carrier partnerships.

- Drive continuous improvement in delivery timeliness and outbound order accuracy at LDB's liquor distribution centres through tracking of performance metrics, identifying causes of delays or errors, and enhancements to the distribution processes.
- Enhance cannabis distribution by offering more shipping size options and implementing trackable delivery protocols for carriers and customers to follow.
- Continue to refine BCL's brand to engage key and emerging customer segments based on research results and insights.
- Enhance service delivery through store employee sales training and industry-recognized certifications, while continually refining product assortments to reflect evolving customer preferences.

Goal 3: Strengthen LDB's focus on corporate social impact and environmental sustainability

The LDB is committed to strengthening its focus on initiatives that align with government's priorities. Through its corporate impact platform, [Multiply the Good](#), the LDB advances its goals of environmental sustainability, responsible alcohol and cannabis consumption, and positive social change. The platform focuses on four key pillars: engaging and supporting employees, empowering communities, sustaining the environment, and collaborating with industry partners.

Performance Measures

Performance Measure	2025/26 Forecast	2026/27 Target	2027/28 Target	2028/29 Target
3.1a Waste diversion rate ^{1, 2}	87.0%	87.5%	88.0%	88.5%
3.2a BCL and BCCS compliance with ID-checking requirements ³	100%	100%	100%	100%

¹ Data source: Diversion rates are determined based on measured weights reported by LDB-contracted waste and recycling service providers. Excluded from this performance measure are BCL and BCCS locations that are overseen by landlords that do not provide their waste collection and diversion data to the LDB.

² 2026/27 target has been revised due to delays in implementing waste diversion initiatives as a result of BCGEU job action.

³ Data source: The LCRB administers an ID-checking compliance program and provides the results of BCL and BCCS compliance to the LDB.

Objective 3.1: Minimize the impact of LDB operations on the environment

With over 235 retail stores, multiple distribution centres, and a head office building, the LDB has a large footprint across the province. To reduce the environmental impact from its operations and these facilities, the LDB is taking tangible steps to reduce emissions and eliminate waste and single-use plastics from entering landfills. In line with the [Climate Change Accountability Act](#), the LDB will continue to implement plans and strategies for minimizing greenhouse gas emissions and managing climate risk.

Key Strategies

- Reduce the overall waste generated by the LDB across all lines of business and worksites through employee education and engagement and expansion of recycling programs.
- Implement practical measures to reduce emissions from LDB's fleet, prioritizing solutions that balance environmental impact with operational requirements.

Objective 3.2: Encourage the responsible use of beverage alcohol and non-medical cannabis

The LDB will continue to focus on corporate social impact through initiatives that align with government's social and environmental priorities, including BCLIQUOR stores' and BC Cannabis Stores' promotion of responsible consumption and awareness of the risks associated with liquor and cannabis consumption.

Key Strategies

- Continue to prevent sales to minors or intoxicated persons in BCL and BCCS through employee education and training, and consistent ID-checking of its customers.
- Reinforce social responsibility and responsible consumption through campaigns and the display of educational material, signage, and content in BCL and BCCS stores and online.
- Leverage the quarterly results of its Mystery Shopper programs in BCL and BCCS to monitor ID-checking performance.

Objective 3.3: Strengthen LDB's focus on social impact

Alongside efforts to advance Reconciliation, Equity, Diversity, and Inclusion across the organization, the LDB will build on existing charitable campaigns to improve its reach and further affect positive social change to benefit all people living in B.C. The LDB is targeting an enhanced performance measure that tracks the impact of its charitable campaigns, once performance evaluation and measurement tools are in place for its corporate social impact program, [Multiply the Good](#).

Key Strategies

- Align in-store charitable campaigns with LDB's corporate impact platform—[Multiply the Good](#)—to increase the impact LDB has on its select charitable organizations, and the impact it has in communities where it operates; begin to evaluate the effectiveness of the campaigns by developing a performance measurement framework.
- Advance the LDB's Reconciliation, Equity, Diversity, and Inclusion (REDI) roadmap through a Reconciliation Action Plan, EDI initiatives, and the implementation of an enterprise-wide accessibility project in line with provincial regulations.

Financial Plan

Financial Summary

\$millions	2025/26 Forecast ¹	2026/27 Budget	2027/28 Plan	2028/29 Plan
Revenue				
Revenue	3,620.6	3,824.8	3,780.3	3,742.8
Cost of Sales	2,108.0	2,246.2	2,236.0	2,230.1
Gross Margin	1,512.6	1,578.6	1,544.3	1,512.7
Expenses				
Operating Expenses – Employment	363.6	403.3	413.9	425.7
Operating Expenses – Amortization	68.2	70.8	72.5	73.8
Operating Expenses – Administration	64.7	88.3	86.6	87.9
Operating Expenses – Bank Charges	39.7	42.6	42.2	41.9
Operating Expenses – Facilities ²	34.2	36.7	38.5	40.5
Operating Expenses – Lease Financing	7.2	7.0	8.8	10.6
Total Expenses	577.6	648.7	662.5	680.4
Other Income	15.0	15.0	15.0	15.0
Net Income	950.0	944.9	896.8	847.3
Capital Expenditures	19.6	19.6	29.9	30.2
Total Debt³	204.5	209.0	271.0	288.2
Accumulated Surplus (Deficit)	0	0	0	0

Note: The above financial information was prepared based on current International Financial Reporting Standards.

¹ The fiscal 2025/26 forecast is primarily impacted by the BCGEU job action and the actions taken in response to U.S. tariffs.

² Facilities costs consist of common area maintenance, property taxes, utilities, repairs and maintenance.

³ LDB does not have any loans. Debt consists of lease liabilities as of March 31.

Key Forecast Assumptions, Risks and Sensitivities

The LDB takes various external environmental factors into account when preparing short-term economic forecasts. These factors include recent labour disruptions, weakening consumer confidence in the economy, tightening labour markets, rising household costs, and a growing preference for healthier lifestyles shifting liquor consumption trends. As a result, consumers are expected to become more price-conscious, prioritize products that offer good value for money, and gravitate toward low alcohol or non-alcohol options.

In addition to these trends, a projected decline in immigration levels in the coming years is expected to exert further pressure on alcohol sales within the province. Recent events such as the BC General Employees' Union (BCGEU) job action spanning September and October 2025 caused significant disruptions and shifted sales from BCL to private retailers, leading to estimated losses of \$53 million in net income.

Ongoing trade tensions between Canada and the U.S., which began in the last quarter of fiscal 2024/25, add further uncertainty. Retaliatory measures against U.S. tariffs, including halting the importation and removing all U.S.-made liquor products from BCL store shelves, have resulted in an overall drop in U.S. liquor sales in B.C. In fiscal 2024/25, U.S. liquor wholesale sales were approximately \$225 million. By comparison, in the first nine months of fiscal 2025/26 sales totaled \$41 million.

The LDB closely monitors the liquor and cannabis industries, with particular attention to the state of supply chains, and continually evaluates potential impacts on its finances and business operations.

Beverage Alcohol Assumptions

- **Revenue Decline:** Revenue is expected to decrease by 7.1 per cent in fiscal 2025/26, exacerbated by the BCGEU job action, countermeasures in response to U.S. tariffs, and economic pressures, continuing the deterioration of sales volumes that began in prior years. Litres sold is projected to fall by 3.2 per cent compared to fiscal 2024/25.
- **Product Mix:** Economic conditions and shifting consumer preferences are expected to drive a continued shift in product mix, with declining demand for spirits, wine, and beer, and stable interest in refreshment beverages and elevated ready-to-drink options through fiscal 2028/29.
- **Volume Projections:** Beverage alcohol in litres is expected to continue declining in low single digit numbers in the upcoming years.
- **Cannabis Impact:** Projected cannabis sales are not expected to offset declines in beverage alcohol sales.

Cannabis Assumptions

- **Market Expansion:** The legal cannabis market is expected to grow, leading to increased LDB wholesale sales as more private retailers enter the marketplace. However, the

growth rate will continue to slow as the industry matures, and direct delivery continues to grow.

- Product Innovation: Product selection will continue evolving with strong growth anticipated in pre-rolls, inhalable extracts, and beverages categories, while sales of dried flower decline.
- Price Pressure: Supplier prices will face downward pressure due to competition from both the legal and illicit markets.
- Margins: Product margins are expected to shift as new products are introduced, and consumer consumption patterns evolve.

Capital and Operational Considerations

- Capital Expenditures: Funding will focus on replacing critical operating equipment, upgrading technology-related hardware, and renovating required BCL locations.
- Leasing and Property Costs: Leasing costs, particularly for buildings, and property tax are expected to continue to rise due to inflation.
- Future Projects: Future projects will focus on modernizing IT systems to ensure robust and secure operations, with a shift toward software-as-a-service solutions to enhance customer and stakeholder experience and LDB efficiency.

Sensitivity Analysis

Beverage alcohol and cannabis represent discretionary consumer goods shaped by personal lifestyles, product access, and broader economic factors. Slowed economic growth resulting from population decline exerts downward pressure on consumer confidence, which in turn plays a key role in overall consumer spending and discretionary expenditures, including purchases of alcoholic beverages and cannabis. During periods of inflation, when the cost of essential goods and services is higher, consumers tend to grow more budget-conscious, often opting for lower priced alternatives or refraining from purchasing altogether.

Developments in the market, such as new product introductions at lower price points and shifting consumer behaviours, such as preferences for ready-to-drink items, and products of regional or locality distinction (e.g. Buy BC), can alter profit margins. Studies pointing to the potential health risks associated with alcohol use also affect consumer habits and purchasing patterns. The LDB proactively monitors these developments and refines its inventory strategies to ensure appropriate inventory levels and alignment with consumer demand.

Natural environmental events like wildfires and flooding that have been frequent over the past several years interrupt supply chain, logistics, and operational activities, and will continue to do so if these events persist. Scarcities of materials, such as aluminum and cardboard, may pose manufacturing hurdles for vendors, affecting availability for the LDB and its customers. Persistent issues with major global shipping routes caused by humanitarian crises or environmental disruptions could continue to impact supply chains, resulting in inventory shortfalls and cost surges. Alterations to global trade agreements, including U.S. tariffs and

B.C.'s counter measures in early fiscal 2025/26, could notably influence costs, product access, and consumer choices.

Societal and demographic changes further influence buying behaviors. Overall, beverage alcohol consumption in B.C. has moderated in recent years across all age groups, including the aging population. Surveys indicate younger cohorts consume less liquor than prior generations, reinforcing moderation trends. Further, generational turnover is reshaping the market, as emerging cohorts exhibit a different relationship with liquor than the aging population they are replacing. This shift is reflected in declining beer popularity and growing preference for alternative categories such as refreshment beverages. Meanwhile, cannabis consumption is gradually increasing as overall beverage alcohol consumption continues to decline.

Possible third-party work stoppages, impacting operations and supply chains, could threaten projected financial outcomes.

Compensation adjustments as a result of collective agreement negotiations are factored into expense projections starting in fiscal 2026/27. These projections account for the financial impact of the 20th BCGEU collective agreement on both annual wage increases and job reclassifications.

Climatic conditions and the timing of statutory and non-statutory holidays impact the LDB's net income. Warm, arid summers, and extended weekends marked by a holiday on Monday or Friday usually elevate sales, particularly in the categories of refreshment beverages and beer. Conversely, cooler or rainier conditions bring reduced liquor purchases. Revenues tend to be lower when holidays occur midweek.

The LDB regularly assesses these factors with the best available information and data to inform decisions about product assortment, procurement, and staffing.

Changes in sales patterns, like boosts in sales of lower-margin products or dips in higher-margin items, generally lead to an overall decrease in the LDB's product margins. Over time, this pattern causes a leveling-off of revenue contributions to the Province of B.C.

Management's Perspective on Financial Outlook

The LDB's financial outlook remains cautious due to ongoing challenges stemming from evolving economic and market dynamics in B.C. Factors like inflation, supply chain issues, severe weather incidents, and labour disputes—including the BCGEU job action in 2025—affect revenues. Projections for the economy show moderate real Gross Domestic Product (GDP) increases of 1.8 per cent for 2025 and 1.9 per cent for 2026; nevertheless, amid falling per capita GDP and unemployment reaching a high of 6.5 per cent, restrained consumer spending on discretionary goods could continue.

Trends in cannabis consumption offer distinct opportunities for the LDB's network of BCCS. Growing interest in pre-rolls, edibles, and beverages highlights the importance of broadening product assortment to align with customer preferences. Competition in the cannabis sector is

increasing as direct delivery expands and demand for dried flower declines. For sustained competitiveness, BCCS prioritizes delivering value through quality product selection, customer education, and an exceptional store experience.

The LDB plans to adjust for overall declining liquor sales patterns by aligning product assortment to emerging consumer trends in ready-to-drink options, local products, and options perceived as healthier. Ongoing trade tensions with the U.S. may necessitate additional shifts in supplier selection, product procurement, and pricing strategies to maintain competitiveness and value for customers. In sum, the LDB seeks to mitigate risks through cost efficiencies—including right-sizing of investments—increased operational resiliency, responsiveness to consumer demand, technology upgrades, and vigilant tracking of sector developments to maintain net contributions to the Province.

Appendix A: Minister's Letter of Direction



December 10, 2025

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

Dear Blain Lawson:

On behalf of Premier Eby and Executive Council, I would like to extend my thanks to you and your senior leadership team for your leadership, dedication, and expertise in which you serve the people of British Columbia (B.C).

Public sector organizations—including crown corporations, health authorities and post secondary institutions—support British Columbians by delivering vital public services and are accountable to the public through their Minister responsible. Your continued leadership in advancing and preserving the public interest strengthens trust in public institutions.

This letter, which I am sending in my capacity as Minister responsible for BC Liquor Distribution Branch (LDB), communicates our government's priorities for the entire public sector and provides specific direction and expectations of your organization for the duration of Government's term.

Government's priority is to make a tangible difference in people's lives through growing the economy, creating good paying jobs, strengthening health care and making our communities and neighbourhoods safer for British Columbians. British Columbians expect public sector organizations to deliver responsible, quality services equitably in all regions across the province. This includes strategic stewardship in planning, operations, financial, risk, and human resource management including information security and privacy protection. Providing equitable service requires due consideration of the diverse needs of local communities with specific attention to the unique needs of rural, remote and First Nation communities.

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In the current economic and fiscal context including the threat of U.S. tariffs and other global economic challenges affecting British Columbian families, your organization is to review all existing programs and initiatives to ensure programs remain relevant, efficient, sustainable, grow the economy, and help keep costs low for British Columbians. Public sector organizations are expected to adhere to the principles of cost consciousness, accountability, appropriate compensation, service, and integrity. This includes following the spirit and intent of core government fiscal management practices to make all efforts to achieve administrative and operating efficiencies while delivering core programs and services.

Strategic stewardship requires public sector organizations keep up-to-date systems and implement effective cybersecurity practices, including maintaining information management and cybersecurity policies, guidelines, and standards; assessing enterprise risk for high-value information and services, including confidential and sensitive data; and continuously evaluating and updating security practices to align with industry standards. The Office of the Chief Information Officer within the Ministry of Citizens Services is available to support and offer guidance to your organization in any of these areas including communication protocols with core government.

As required by the *Climate Change Accountability Act*, you must ensure your organization implements plans and strategies for minimizing greenhouse gas emissions and managing climate risk. Your organization is expected to work with my ministry to report out on these plans and activities as required by legislation. Public sector organizations will continue to take action on climate change, a commitment that remains foundational and key to a healthy and prosperous B.C. for future generations.

Underlying all this work is our partnership with Indigenous peoples and our commitment to advancing reconciliation. I expect your organization to comply with the Declaration on the Rights of Indigenous Peoples Act, including implementing existing commitments made under it. I expect your organization to work in partnership with First Nations rights holders to advance shared interests.

To support the annual budget process, you are to provide annual updates to Treasury Board on the LDB's operations, including financial forecasts, program delivery, risks and issues. Additional guidance related to the content and timing of these updates will be provided by Treasury Board Staff.

I expect you to ensure the important priorities and areas of focus listed in this letter are incorporated into the practices of your organization and as you develop plans to address the following priorities:

- Optimizing 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. This includes a review of spending and operations for efficiency aligned in spirit and intent of government's financial and hiring directives.
- Continuing to improve organizational effectiveness and management practices by building on existing strengths to enhance a productive work culture and bolster overall performance.
- Continuing to strengthen LDB's focus on corporate social impact through initiatives that align with government's social and environmental priorities, including B.C. Liquor Stores' and B.C. Cannabis Stores' promoting responsible consumption of beverage alcohol and non-medical cannabis.
- Responding to tariffs and continuing to support B.C. liquor manufacturers and businesses through strengthening local economies, reducing barriers to interprovincial trade, and supporting impacted businesses and workers.

As General Manager and Chief Executive Officer, you are asked to sign this letter to acknowledge this direction from government to your organization. This signed letter is to be posted publicly on your website immediately upon signing.

I look forward to continuing to work with you to ensure the sustainable delivery of the services the public relies on.

Sincerely,



Honourable Lana Popham
Minister of Agriculture and Food

Date: December 16, 2025

cc: Honourable David Eby, K.C.
Premier

Shannon Salter
Deputy Minister to the Premier, Cabinet Secretary
and Head of the BC Public Service

Michelle Koski
Deputy Minister, Ministry of Agriculture and Food

A handwritten signature in black ink, appearing to read 'R. Blain Lawson', is positioned above a horizontal line.

R. Blain Lawson
General Manager and Chief Executive Officer
BC Liquor Distribution Branch
Date: December 18, 2025