

# **BC Liquor Distribution Branch**

## **2024/25 – 2026/27 Service Plan**

**February 2024**



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## General Manager and CEO's Accountability Statement



The 2024/25 – 2026/27 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 responsible for the validity and reliability of the information presented.

All significant assumptions, policy decisions, events and identified risks, as of February 5, 2024 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'. The signature is stylized and written in a cursive-like font.

R. Blain Lawson  
General Manager and Chief Executive Officer, LDB  
February 5, 2024

# Table of Contents

General Manager and CEO's Accountability Statement..... 3

Strategic Direction..... 5

Purpose of the Organization and Alignment with Government Priorities..... 5

Operating Environment..... 6

Annual Economic Statement ..... 8

Performance Planning ..... 10

Financial Plan ..... 24

Appendix A: Minister's Letter of Direction..... 28

## Strategic Direction

In 2024/25, public sector organizations will remain focused on providing the services and infrastructure that people depend on to build a good life. Public sector organizations will continue to support Government in delivering results that matter to British Columbians including helping people with costs, attainable and affordable housing, strengthened health care, safer communities, and a secure, clean and fair economy. Public sector organizations will also continue to work closely with Government as it works collaboratively with Indigenous Peoples to implement the Action Plan for the Declaration on the Rights of Indigenous Peoples Act and delivers initiatives that advance reconciliation in ways that make a difference in communities throughout the province.

This 2024/25 service plan outlines how the LDB will support the government's priorities and selected action items identified in the most recent [Minister's Letter of Direction](#).

## Purpose of the Organization and Alignment with Government Priorities

In British Columbia, 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 sale of liquor and cannabis and events.

The [Liquor Distribution Act](#) (LDA) gives the LDB the sole right to purchase beverage alcohol both within British Columbia (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 a government wholesale distribution model for cannabis, 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 Public Safety and Solicitor General, 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 Public Safety and Solicitor General;
- 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 5,660 full- and part-time staff.

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

The LDB and LCRB have a shared mandate to encourage the responsible consumption of beverage alcohol and cannabis and work closely together to coordinate policies and programs to that end.

The LDB is committed to government's goals of making life better for people in B.C., improving services, and ensuring a sustainable province for future generations. The revenue generated by the LDB helps fund essential public services like health care, education, and other community programming.

The LDB will continue to help government advance lasting and meaningful reconciliation. For example, 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.

## Operating Environment

### Shift in Consumer Trends

The LDB regularly reviews market conditions and sales trends and considers the impacts of changes in policy or regulatory approaches as part of its forecasting activities. Recent trends of increased sales of lower priced products indicate a possible shift in consumer price sensitivity and behaviour, especially as concerns regarding inflation and a potential economic slowdown persist. Other recent changes include increased public discourse around the impacts of alcohol consumption on health and safety.

As new consumer buying habits become known, the LDB's business areas will continue to take steps to ensure they are making responsible purchasing decisions and maintaining fiscal responsibility. In our retail stores, BCL and BCCS will continue to adjust operations, as necessary, to accommodate changes in consumer trends. This includes implementing changes to product assortments that reflect consumer buying habits and allocating the correct amount of shelf space for products based on the value and volume of each product subcategory.

## **Business Continuity**

In recent years, the LDB has been impacted by disruptions caused by supply chain challenges, labour market pressures, inflation, and extreme weather events, which have, at times, impacted the LDB's ability to ensure timely product delivery. These challenges highlight the need for the LDB to revisit its approach to contingency planning to safeguard its operations against major impacts of unexpected disruptions. As part of its commitment to continuous improvement, the LDB will continue to implement initiatives aimed at mitigating the impacts of unexpected events and disruptions on customers and suppliers.

## **Business Technical Advisory Panel**

In 2017, government appointed a panel of liquor industry stakeholders to the Business Technical Advisory Panel (BTAP). The panel was established to advise on possible liquor reforms to improve efficiency and outcomes for business and government. In April 2018, BTAP presented its initial report containing 24 liquor policy recommendations to government. To date, most initial recommendations have been addressed by industry and government, and several emergency recommendations have been implemented. With this progress in mind, government and BTAP made a commitment to reflect on their work and to identify and assess new opportunities and priorities to better meet today's environment.

In fiscal 2024/25, work to address the updated set of shared priorities and initiatives will include continued consultation and engagement with BTAP as well as cross-industry and government collaboration to address current challenges and support industry. Through the ongoing relationship with BTAP, the LDB will share information and seek feedback on policy and regulatory improvements aimed at supporting the sustained growth of the liquor industry.

## **Digital Modernization**

Over the next several years, the LDB will be undertaking key technology upgrades to set the LDB on a strong and sustainable path forward. In the long-term, the plan is to transition the LDB from the current aging information technology (IT) infrastructure and business applications to a modernized IT architecture. This work is a priority as it will help address organizational risks associated with aging technology systems.

This work will begin with a focus on modernizing liquor wholesale systems before beginning on cannabis wholesale systems. The LDB will be taking steps to modernize its wholesale technology systems to leverage industry standards and to set the foundation to address risks associated with aging technology systems while increasing responsiveness to industry needs into the future.

In fiscal 2024/25, a key component of the modernization work will be the development of a comprehensive change management strategy. The focus of this strategy will be on ensuring adoption of the new solutions and a smooth transition to new business processes. It will place a strong emphasis on stakeholder engagement to bring internal and external stakeholders

along on the change journey. The strategy will define LDB's approach to engaging with liquor and cannabis wholesale customers throughout the change process.

### **Continued Establishment of B.C.'s Cannabis Industry**

The LDB is the sole wholesale distributor and public retailer of cannabis. Through its efforts, it enables an efficient and resilient supply chain for B.C. cannabis producers, processors, and private retail stores that operate within the marketplace. Aligned with its role, the LDB will continue to work collaboratively with its ministries' counterparts to support the objectives of increasing legal market competitiveness and ensuring access to quality product selection for consumers.

For example, the LDB delivers programs such as the cannabis direct delivery program and the BCICP program. Both programs first launched in 2022 in support of legal market competitiveness for small-scale and Indigenous producers in B.C. while providing opportunities for licensed cannabis retailers to build strong relationships directly with suppliers. More specifically, the purpose of the cannabis direct delivery program is to enable B.C.-based nurseries and small-scale cultivators who produce up to 3,000 kilograms of cannabis per year to direct deliver their products to retailers across the province. The BCICP program highlights cannabis products from B.C.-based Indigenous producers in private cannabis retail stores, BCCS, and online, helping consumers easily identify Indigenous products and make purchasing decisions. Together, these programs also open greater access to specific products for local consumers.

With only five years passing since legalization, the legal cannabis marketplace is still in its early phases of development and is continuing to evolve and mature. The LDB will continue to implement measures to support the development of a sustainable legal cannabis market aligned with government's priority of eliminating the illicit market. Specifically, in 2024/25, the LDB will continue its review of its cannabis direct delivery program in partnership with the Cannabis Secretariat to assess the program to identify possible program improvements.

## **Annual Economic Statement**

B.C.'s economy posted modest growth last year as interest rate increases weighed on the economy, and employment continued to expand, supported by immigration. Inflation in the province continued to ease and the Bank of Canada has not raised its policy interest rate since July 2023. The impact of higher rates on borrowing costs and elevated household debt led to lower consumer spending and reduced home sales. Lumber, natural gas and coal prices declined in 2023, reducing the value of the province's goods exports. Meanwhile, there was a record number of housing starts in the province in 2023. There is uncertainty over the transmission of high interest rates to the residential construction sector and the duration of slower growth for the rest of the economy in B.C. and among our trading partners. The Economic Forecast Council (EFC) estimates that B.C. real GDP expanded by 0.9 per cent in 2023 and expects growth of 0.5 per cent in 2024 and 2.1 per cent in 2025. Meanwhile for Canada, the EFC estimates growth of 1.1 per cent in 2023 and projects national real GDP growth of 0.5 per cent in 2024 and 1.9 per cent in 2025. As such, B.C.'s economic growth is expected to be



broadly in line with the national average in the coming years. The risks to B.C.'s economic outlook continue to center around interest rates and inflation, including the risk of price increases stemming from geopolitical conflicts, the potential for interest rates remaining higher for longer, and uncertainty around the depth and timing of the impact on housing markets. Further risks include ongoing uncertainty regarding global trade policies, lower commodity prices, climate change impacts and the volatility of immigration levels.

# 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 British Columbians rely on every day. To achieve this goal, the LDB will continue to look for opportunities to enhance sales and increase operating efficiencies.

### Objective 1.1: Optimize LDB's financial performance

The financial success of the LDB's wholesale and retail lines of business are key to supporting net returns to the Province of B.C.

#### Key Strategies

- Enhance liquor and cannabis wholesale inventory management by focusing on improving forecasting and working closely with suppliers.
- Enhance sales in BCL and BCCS by focusing on strategic product assortment and improved forecasting.
- Manage liquor and cannabis wholesale operating expenses by closely monitoring on-hand inventory and maintaining comprehensive cost controls.

#### Discussion

In the coming fiscal year, the LDB is dedicated to achieving several key strategies in the areas of liquor and cannabis inventory management, sales enhancement, and expense control. The common thread within each of these key strategies is an emphasis on supplier collaboration with the aim of achieving increased effectiveness and efficiency.

Liquor and cannabis wholesale will focus on enhancing inventory management by refining the methods that are used for forecasting. Additionally, liquor and cannabis wholesale will continue to collaborate with suppliers on strategies to address slow-moving inventory effectively. This includes providing guidance to suppliers to facilitate a price change or promotion, to optimize inventory. In doing so, we anticipate a more cost-effective inventory management process.

A key priority will be to responsibly support sales growth at BCL and BCCS. Work towards this priority will include strategically selecting product assortments and improving the accuracy of forecasting. For example, BCL's adoption of an assortment planning tool which is aimed at improving its agile response to emerging customer purchasing trends. This work is intended to align product offerings more closely with customer demand, resulting in sales growth and overall customer satisfaction.

In line with the LDB's commitment to fiscal responsibility, liquor and cannabis operating expenses will continue to be carefully managed. This management will involve closely

monitoring on-hand inventory levels and maintaining comprehensive cost controls. This includes leveraging historical data and sales patterns to help strike a balance between avoiding stockouts and minimizing excess inventory. In doing so, the LDB will maintain efforts to maximize operational efficiency while keeping expenses in check.

## Performance Measures

Performance Measure	2023/24 Forecast	2024/25 Target	2025/26 Target	2026/27 Target
1.1a Net income (in \$ millions) <sup>1,2</sup>	\$1,150.3	\$1,089.7	\$1,092.6	\$1,101.3
1.1b Liquor distribution centres inventory turnover per year <sup>3</sup>	13.0	13.1	13.2	13.3
1.1c Cannabis distribution centre inventory turnover per year <sup>4</sup>	9.3	9.0	9.0	9.0
1.1d BCL sales per square foot <sup>5,6</sup>	\$1,472	\$1,487	\$1,501	\$1,509
1.1e BCCS sales per square foot <sup>7</sup>	\$800	\$800	\$850	\$850

<sup>1</sup> 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 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. LDB expense data is captured, stored, and reported by the LDB's financial system.

<sup>2</sup> 2024/25 and 2025/26 targets have been updated to reflect the projected industry outlook for both liquor and cannabis of reverting to historical averages.

<sup>3</sup> 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.

<sup>4</sup> 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.

<sup>5</sup> Data source: BCL sales data is collected from point-of-sale cash register systems and stored in Head Office databases.

<sup>6</sup> 2024/25 and 2025/26 targets have been adjusted to reflect minor updates to square footage at some stores and updated inflation forecasts.

<sup>7</sup> 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.

## Discussion

### 1.1a Net Income

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 by the Office of the Auditor General of British Columbia.

The LDB is forecasting to meet the Budget 2023 target for fiscal year 2023/24 assuming no significant sales impacts due to external factors. However, the fiscal year 2023/24 forecast reflects a decrease in net income of 4.0 per cent compared to fiscal 2022/23 net income of \$1,198.3 million due to lower gross margins on product sales and higher anticipated operating expenses. Future year targets for 2024/25 and 2025/26 have decreased significantly from last year's Service Plan to reflect anticipated continuation of significant downward shifts in beverage alcohol sales due to changing consumer behaviour, economic conditions and inflationary impacts. These causes are somewhat mitigated by changes in operating costs due to revised staffing plans, changes in sales related costs and project timelines, which were slightly offset by increased facility-related costs.

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

### **1.1b and 1.1c Inventory Turnover**

The distribution centre inventory turnover rate is an indicator that wholesale product assortment is aligned with market demands. It measures the number of times inventory has been shipped to wholesale customers (including BCL and BCCS) and replaced within a fiscal year.

#### *Liquor*

The LDB is forecasting that for fiscal 2023/24, its liquor inventory turnover will be 13.0, slightly short of its target of 13.6. This shift can be attributed to changing market conditions influenced by inflation and changes in consumer preferences towards lower-priced products, which have directly impacted inventory turnover. For that reason, the liquor inventory turnover target for fiscal 2024/25 has been revised to 13.1. Targets for subsequent years have also been revised to show a gradual growth from 13.1, as inflationary pressures are expected to lessen over time.

The revised targets through 2026/27 continue to ensure a stable supply of liquor to serve the size of B.C.'s market. The LDB's liquor distribution centres maintain an optimal on-hand inventory of three to four weeks to safeguard against supply chain disruptions and uphold high levels of customer service. Additionally, the liquor wholesale division works closely with its suppliers to optimize product availability. This collaboration involves data analysis and demand forecasting to identify and address slow-moving products. By proactively communicating with suppliers and sharing this information, strategies are developed together to reduce overstocking and optimize inventory levels. At the same time, the LDB's liquor wholesale division collaborates with suppliers to ensure adequate inventory levels of high-demand products that meet wholesale customers' evolving needs and preferences.

#### *Cannabis*

For fiscal 2023/24, the LDB anticipates surpassing its cannabis inventory turnover target of 9.0 with a rate of 9.3. This is due to higher-than-expected demand during the peak summer season and strong management of slow-moving and aged inventory. The management of slow-moving and aged inventory is done through routine inventory monitoring and

collaborative efforts with suppliers, including the development of action plans to address aged inventory.

Looking ahead, the cannabis inventory turnover target will remain at 9.0 for fiscal 2024/25 and subsequent fiscal years, extending through 2026/27. A target of 9.0 translates to maintaining approximately 40 days' worth of inventory at the LDB's cannabis distribution centre, ensuring a consistent and reliable supply of cannabis products for its customers. This target reflects the early stages of the legal cannabis marketplace, during which the LDB occasionally faces product shortages from licensed producers. Consequently, the LDB maintains an adequate product stock in its cannabis distribution centre to mitigate potential shortages.

As the cannabis industry and marketplace in B.C. continue to mature, the LDB will evaluate and potentially adjust its future inventory turnover targets with the goal of ensuring a reliable supply of cannabis for businesses across the province.

### **1.1d and 1.1e Sales per Square Foot**

The amount of sales per square foot of retail space is an indicator of BCL and BCCS operating efficiency. The LDB regularly reviews its sales per square foot performance to optimally layout its stores with product assortment, space planning, and merchandising.

#### *Liquor*

The LDB is forecasting that for fiscal 2023/24, BCL sales per square foot will be \$1,472, slightly short of its target of \$1,497. This slight target shortfall can be attributed to decreased foot traffic, influenced by high inflation rates, and shifting trends in alcohol consumption.

Looking forward, the sales per square foot targets for each fiscal year, through 2026/27, have been slightly reduced. These targets have been adjusted down to account for projected inflation and planned minor modification in the square footage of some BCL locations due to store reconfigurations.

#### *Cannabis*

The LDB is projecting that it will meet its BCCS sales per square foot target of \$800 in fiscal 2023/24. Looking ahead, the target for fiscal 2024/25 will remain at \$800, given the anticipated persistence of competition from the illicit market and the continued entry of new private cannabis retailers into the market. Additionally, as the cannabis industry continues to mature, the average price per gram is expected to continue to decline. This price decline is likely to impact the total sales revenue of BCCS through 2024/25.

However, it is worth noting that the target for fiscal 2025/26 has been revised upward to \$850 and carried forward to fiscal 2026/27. This adjustment is due to the LDB's anticipation of higher sales volumes per square foot, driven by the continued revenue growth in major market stores and the opening of two new stores in high-density areas in 2023/24.

To maintain and enhance its sales performance, the LDB is actively analyzing BCCS customer purchasing patterns by location and region. This analysis informs decisions related to product assortment and merchandise planning. The LDB is committed to introducing new product

categories as they become available in the market to better serve existing and future customers.

## **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 to meet the needs of British Columbians and demonstrate its value and reliability to stakeholders.

### **Objective 2.1: Improve retail and wholesale customer satisfaction**

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

#### **Key Strategies**

- Leverage liquor wholesale data to support more accurate deliveries and introduce secondary freight carriers in each region to support consistent service delivery.
- Continue implementing BCL's multi-year brand modernization strategy to offer a consistent omnichannel customer experience.
- Maximize BCL's operational effectiveness and customer service delivery through employee training and implement the employee-use of portable tablets in stores to enhance customer interactions.
- Leverage market research and survey feedback to execute related initiatives and process improvements with the aim of meeting BCCS and cannabis wholesale customer needs.
- Begin process for updating technology systems to align with industry standards and provide a streamlined liquor and cannabis wholesale customer experience.

#### **Discussion**

Each line of business has customized their approach to improving customer satisfaction, specific to their respective needs and operating environments. These approaches include improvements to product delivery, quality assurance, operational effectiveness, brand consistency, and understanding customer needs.

Driven by a dedication to customer satisfaction, the LDB's liquor wholesale division is proactively implementing measures, such as introducing secondary freight carriers in each region to enhance service reliability and minimize disruptions. Simultaneously, the liquor wholesale division will be focusing on coaching staff to support more accurate deliveries. Specifically, it will leverage data and insights from internal audits of orders and shipments processed to inform how to best coach employees on addressing issues. These steps reinforce the LDB's commitment to ensuring an exceptional liquor wholesale customer experience.

BCL's brand modernization strategy was developed based on consumer research findings and aims to appeal to its target segments and attract a refreshed customer base. The strategy will start to influence in-store collateral, social media, advertising, website, and different

touchpoints to create a consistent, engaged, and modernized BCL brand and customer experience. As part of their annual refresh strategy, BCL continues to renovate stores with the updated BCL brand look and feel. BCL has also recently rolled out new portable tablets to enhance service delivery and inventory management. The use of portable tablets enhances customer service by enabling product searches and product information on the sales floor. This means that associates no longer have to leave the customer on the sales floor and walk to a workstation to access the information they need. In addition, BCL recently launched, and will continue to roll out, a new service training program for all associates and a sales coaching program for store leaders. These programs will help ensure customers' needs are met consistently throughout all BCL locations.

In 2024/25, the LDB's cannabis operations will be implementing insights and learnings gained from market research completed by a professional, third-party research and analytics company. Market research of cannabis consumers and BCCS customers' attitudes and needs will better assist the LDB in serving customers and potential customers, and help the organization cater its information, communications, services, and product mix in the future.

The LDB's cannabis wholesale division will be conducting its annual online survey to collect feedback from its wholesale customers regarding their service satisfaction. Based on feedback collected, the division will enhance its service to customers and implement process improvements, where feasible. The division's approach to leveraging survey insights has already been proven to positively impact cannabis wholesale customer satisfaction. For example, in its fiscal 2023/24 survey, the categories of service quality from the LDB's Cannabis Customer Care centre and product assortment saw an increase of eight per cent in customer satisfaction.

The LDB as a whole will be taking initial steps to modernize its business systems. The primary objectives are to reduce risks, align more effectively with industry standards, and deliver key functionalities that liquor and cannabis wholesale customers have advocated for. These key functionalities include end-to-end order tracking visibility and complete order and inventory management. During fiscal 2024/25, the LDB will develop a comprehensive change management strategy that addresses the approach to engaging internal and external stakeholders to adequately support this change.

The LDB's efforts will also include the development of a deployment strategy to define the key objectives of modernization and to create a plan that will address the needs of those involved in the transition. This deployment strategy will be developed during a detailed discovery phase, conducted in collaboration with an external solution and implementation partner. The LDB will follow a competitive procurement process to select the most suitable external solution and implementation partner.

## Performance Measures

Performance Measure	2023/24 Forecast	2024/25 Target	2025/26 Target	2026/27 Target
2.1a Liquor Wholesale on-time delivery <sup>1</sup>	95.1%	95.0%	95.0%	95.0%
2.1b Cannabis Wholesale on-time delivery <sup>2</sup>	97.3%	98.5%	99.0%	99.0%
2.1c Liquor Wholesale accurate delivery <sup>3</sup>	99.6%	98.8%	98.8%	98.8%
2.1d Cannabis Wholesale accurate delivery <sup>4</sup>	94.5%	96.0%	97.0%	97.5%
2.1e BCL retail customer satisfaction <sup>5, 6</sup>	74.0%	74.0%	75.0%	75.0%

<sup>1</sup> 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.

<sup>2</sup> 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.

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

<sup>4</sup> Data source: Based on an audit of all orders and shipments processed by LDB's cannabis distribution centre.

<sup>5</sup> Data source: The LDB contracts a professional, third-party company to conduct market research. Data from insights shared by an online panel are shared with the BCL via a dashboard that includes high-level graphs.

<sup>6</sup> 2024/25 target has been adjusted to reflect a more realistic outcome because of a change in methodology of collecting customer feedback from in-store survey to digital (online). Generally, lower results can be expected from digital surveys.

## Discussion

### 2.1a and 2.1b Wholesale On-time Delivery

In 2023/24, the LDB shifted its approach to focus on objective measurement of its on-time delivery rate as an indicator of wholesale customer service levels. Previously, the LDB reported on results of its liquor wholesale customer satisfaction survey, conducted every two years. Wholesale on-time delivery measures the number of orders that arrive at a customer's location within a pre-determined delivery window. On-time delivery allows customers to plan labour more effectively and is a key driver of wholesale customer satisfaction.

#### *Liquor*

In line with industry standards, the LDB will continue to target a 95 per cent success rate in liquor wholesale delivery. The 2023/24 forecast predicts the achievement of this goal. This success is attributed to the implementation of more robust contingency planning.

Liquor distribution centres discount delays caused by factors beyond their control, such as highway closures due to extreme weather events, from its on-time delivery performance measure.



### *Cannabis*

The introduction of real-time tracking by carriers in the first half of 2023/24 has improved the LDB's cannabis distribution centre's methods for measuring on-time performance and immediately addressing delays. However, improved accuracy of tracking late deliveries and highway closures due to wildfires have negatively impacted the LDB's on-time delivery performance. As such, the LDB forecasts a 97.3 per cent result for fiscal 2023/24 against a target of 98.0 per cent. The LDB has and will continue to optimize its delivery windows and routes as more cannabis stores enter the retail marketplace and to mitigate service disruptions to its customers.

The LDB's cannabis operations faces a unique challenge related to the fluctuating mix of customers, products, and order size from week to week that impacts its selection of carriers. This, in turn, impacts the LDB's performance against this measure. Future year targets through to 2026/27 account for planned incremental improvements to on-time performance and enhanced precision of measuring performance.

### **2.1c and 2.1d Wholesale Accurate Delivery**

In addition to reporting on-time delivery rates as noted above, the LDB monitors its accurate delivery rate as an indicator of wholesale customer satisfaction. Wholesale accurate delivery measures the accuracy of orders that are fulfilled and delivered to a customer without error. A higher order accuracy rate allows customers to operate their business more efficiently by allowing them to quickly get their product to market and strengthens wholesale customer satisfaction while reducing the LDB's labour cost associated with correcting inaccurate orders. To maintain its wholesale delivery accuracy, the LDB regularly reviews its audit and quality assurance records to identify, investigate, correct, communicate, and prevent through employee education the causation of errors upstream in the order picking process.

### *Liquor*

The forecast for 2023/24 stands at 99.6 per cent, almost one per cent above the target of 98.8 per cent. This strong performance can be attributed to training and improved processes, with a greater focus on accuracy. Liquor wholesale division consistently maintains a baseline and target of 98.8 per cent from year to year. This demonstrates the LDB's commitment to providing accurate and reliable delivery services, encompassing both product and quantity delivery accuracy.

### *Cannabis*

The LDB's cannabis distribution centre implemented an enhanced version of its packing tool to reduce error within its two-part order fulfillment process, picking and packing. As a result of correcting packing errors before orders leave the warehouse, the LDB forecasts a year-over-year result of 94.5 per cent in 2023/24. However, unforeseen challenges with its technology systems experienced in the early part of the fiscal year prevented the achievement of the intended target of 95.0 per cent.

The LDB will continue to monitor its cannabis order accuracy. Additionally, steps will be taken to reduce errors in the order picking process. These measures are intended to enhance performance incrementally in 2024/25 and 2025/26 and achieve a target accuracy rate of 97.5 per cent by 2026/27.

### **2.1e BCL Retail Customer Satisfaction**

As mentioned in previous reports, for fiscal year 2023/24, BCL changed its retail customer satisfaction surveying methodology from in-store to online, which aligns with industry best practice. Instead of gathering results every two years, BCL will have access to a real-time results dashboard, allowing for more timely decisions and actionable findings. The new methodology is also more cost-effective, less intrusive for in-store customers, and will also provide more flexibility to update survey questions over time.

At the time of writing its 2023/24 – 2025/26 Service Plan, no specific target was set for BCL customer satisfaction in the 2023/24 fiscal year. As a result of the data obtained from implementing and conducting the real-time online survey during this period, BCL has revised its 2024/25 target from 87 per cent to 74 per cent to reflect a more realistic outcome of collecting customer feedback online. Generally, lower customer satisfaction results can be expected from online surveying methods because of anonymity. To align with the outcome of adopting the new surveying methodology, an updated target has been established for fiscal 2025/26 and a new target defined for 2026/27.

## **Goal 3: Create positive social impact**

Social and environmental responsibility is a key element of the LDB's mandate. To support these efforts, the LDB focuses on three themes: reducing the impact its business has on the environment, encouraging and promoting the responsible use of alcohol and cannabis, and giving back to the people and communities it serves.

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

The LDB is taking steps to move towards net zero emissions and eliminate waste and single-use plastics from entering landfills. This work is aligned with the [CleanBC Roadmap to 2030](#) and government's legislated target to reduce greenhouse gas emissions from buildings by 40 per cent below 2007 levels, and by 40 per cent below 2010 levels for fleet vehicles by 2030.

#### **Key Strategies**

- Reduce the overall waste generated by the LDB across all lines of business.
- Develop programs to recognize and promote to customers the environmental sustainability practices of liquor manufacturers and cannabis suppliers and their products.
- Continue to replace LDB's gas and hybrid fleet vehicles with light-duty, zero-emission vehicles (ZEVs) and explore incorporating ZEVs and hydrogen-fuelled heavy-duty freight vehicles into operations.

- Support the CleanBC Roadmap to 2030 by delivering programs and solutions that reduce the LDB's carbon footprint.

### **Discussion**

The LDB will continue to work to minimize the impact of operations on the environment through a wide range of strategies encompassing all lines of business.

On a monthly basis, the LDB analyzes data provided by contracted waste management providers. The aim of this analysis is to improve visibility into real-time diversion activities, quickly deploy corrective measures, and develop optimal permanent solutions. All BCL and BCCS retail locations will continue to align with single-use plastic regulations. They will also expand their organics collection and recycling streams to ensure all worksites follow municipal, provincial and federal environmental priorities.

As part of its ongoing commitment to reducing the impact of its operations on the environment, the LDB plans to develop programs centred on sustainable packaging within its distribution supply chain (e.g., recognizing manufacturers that use lightweight glass, recyclable, or post-consumer recycled materials).

Inserting CleanBC 2030 objectives into business operations remains a priority to ensure the LDB reaches provincial targets for waste and emissions reduction. To date, 23 per cent (six out of 26) of the LDB's light-duty vehicle fleet has been converted to ZEVs. The rollout of ZEVs for the light-duty fleet will continue in 2024/25 in alignment with the LDB's fleet strategy. The strategy supports the reduction of LDB's vehicle fleet emissions into the future. Additionally, the LDB will work to align with regulations, compliance requirements, and phased implementation targets (e.g., incorporating ZEVs and hydrogen heavy-duty fleet freight vehicles into operations).

Efforts made to reduce emissions and the organization's annual emissions profiles are reported in the LDB's [Carbon Neutral Action Reports](#) published on its website. The Carbon Neutral Government requirements are set out in B.C.'s [Climate Change Accountability Act](#) and the [Carbon Neutral Government Regulation](#).

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

The LDB will continue to support government's mandate of prioritizing public health and safety and promoting responsible consumption and awareness of the risks associated with consuming liquor and cannabis.

#### **Key Strategies**

- Prevent sales to minors or intoxicated persons in BCL and BCCS through employee education and consistent ID-checking.
- Reinforce social responsibility and responsible consumption through campaigns and the display of educational material, signage, and content in BCL and BCCS stores and their social media channels.

## Discussion

The LDB is committed to being a responsible retailer of liquor and cannabis. To support this commitment, BCL and BCCS will continue ID-checking all customers who appear under the age of 30. Additionally, stores will continue to take part in campaigns centered around responsible consumption and awareness of the health risks associated with the misuse of alcohol and cannabis. The campaigns, which range in themes from impaired driving to consuming in moderation, are implemented across all sales channels. BCL and BCCS regularly review their ID-checking and social responsibility materials for relevancy. On an ongoing basis, the LDB continues efforts to develop modern and fresh campaigns in alignment with LCRB and promotes them in collaboration with stakeholders and community partners.

BCL reminds all sales associates daily of its Check-30 Program to reinforce the importance of asking customers who appear younger than 30 for two pieces of identification prior to transacting their purchase. In addition to ID-checking at the till, BCCS strategically allocates resources to check identification at store entrances during peak traffic periods.

BCCS continues to reinforce its commitment to social responsibility and the importance of all ID-checking requirements to keep cannabis out of the hands of minors. Enhanced ID-check training materials are being rolled out to all BCCS employees.

## Objective 3.3: Increase positive social impact

The LDB already delivers several social impact activities across the organization. Going forward, the LDB will build on these existing activities to further affect change from a social, environmental, and economic standpoint to benefit all British Columbians.

### Key Strategies

- In 2024/25, the LDB will launch its unified corporate impact strategy and continue to develop and execute social and environmental programs aligned with the strategy.
- Support the communities in which the LDB operates by facilitating select in-store charitable programs or campaigns in 2024/25, in alignment with the corporate impact strategy.
- Support employees in building respectful, meaningful relationships with Indigenous Peoples and help advance reconciliation efforts by continuing to implement activities within the LDB's multi-year Indigenous Learning Journey.
- Continue to take steps to foster a safe and supportive work environment by establishing a dedicated diversity and inclusion team to lead the development of a multi-year diversity and inclusion strategy and undertake related employee engagement activities.

## Discussion

In 2024/25, the LDB will launch and begin implementing its corporate impact strategy, which has been developed with the intention of unifying the organization's social and environmental

initiatives to have a positive impact on the communities in which it operates. The strategy is guided by four pillars: people, communities, the environment, and partners. All programs and activities executed under this strategy will align with one or more of these pillars to ensure the LDB's social and environmental activities provide positive benefits to employees, Indigenous partners, stakeholders, and customers.

Planned programs include campaigns aimed at highlighting the positive social and environmental activities being undertaken in the liquor and cannabis industries. Additionally, there will be in-store charitable campaigns executed via the LDB's network of BCL and BCCS to raise funds and awareness for community partners and charitable organizations. Further, there will be diversity and inclusion campaigns, such as the Do You Proud campaign, which launched in 2022 with an emphasis on supporting the 2SLGBTQIA+ communities. The strategy will continue to be expanded and new programs will be developed to address emerging social and environmental causes that align with objectives of the strategy.

In line with building respectful, meaningful relationships with Indigenous Peoples, the LDB created a multi-year Indigenous Learning Journey in fiscal 2021/22. This initiative was developed in partnership with an Elder-led Indigenous organization and aims to assist LDB employees to build cultural awareness, sensitivity and agility to enhance positive relationships with Indigenous communities and partners. Looking ahead to fiscal 2024/25, the LDB will focus on executing the third phase of its Indigenous Learning Journey. This phase entails the development of LDB-specific learning solutions and toolkits to be deployed across the organization. The LDB will also assess existing Indigenous learning programs, including those currently in development by the B.C. Public Service Agency. These assessments will support the enhancement of LDB programs to include elements of Indigenous cultural safety.

The LDB will continue to work to embed a culture of diversity and inclusion across the organization. This effort aligns with the Province's overarching commitment to diversity, anti-racism, gender equity, and reconciliation with Indigenous Peoples. In fiscal 2024/25, the LDB will be taking steps to establish a dedicated diversity and inclusion team. This team will be responsible for leading the development of a multi-year strategy to create a more inclusive, safe, and supportive work environment for all employees. Additionally, in fiscal 2024/25, the LDB will continue to execute several employee engagement activities aimed at raising awareness about the various cultures that make up our organization and the communities we serve and that emphasize the importance of celebrating diversity.

## Performance Measures

Performance Measure	2023/24 Forecast	2024/25 Target	2025/26 Target	2026/27 Target
3.1a Waste diversion rate <sup>1</sup>	89.0%	90.0%	91.0%	91.0%
3.2a BCL and BCCS compliance with ID-checking requirements <sup>2</sup>	94%	100%	100%	100%
3.3a Consumer stakeholder awareness of LDB's corporate social impact <sup>3</sup>	n/a	n/a	n/a	n/a

<sup>1</sup> Data source: Diversion rates are determined based on measured weights reported by contracted waste and recycling service providers.

<sup>2</sup> Date source: The LCRB administers an ID compliance checking program and provides the results of BCL and BCCS compliance to the LDB.

<sup>3</sup> Forecast and targets are to be determined.

## Discussion

### 3.1a Waste Diversion Rate

Waste diversion rates represent the percentage of material diverted from the landfill through composting and recycling at LDB worksites serviced by contracted waste and recycling service providers. The rates are determined based on measured weights reported by the contracted waste and recycling service providers. A limitation to this performance measure is that a portion of BCL and BCCS locations are overseen by landlords that do not currently provide their waste collection and diversion data to the LDB. As such, these BCL and BCCS locations are excluded from this performance measure.

For fiscal year 2023/24, we have forecasted a waste diversion rate of 89.0 per cent, which aligns with the established target. Looking ahead to 2024/25, the LDB plans to work collaboratively with landlords of BCL and BCCS locations to expand its measurement of waste diversion across worksites that are currently the responsibility of our landlord partners. Using the data collected, the LDB will make necessary adjustments to its targets through to 2026/27. Additionally, the LDB will work with landlords to develop programs to ensure that all worksites under measurement align with these updated targets.

LDB's future targets for waste diversion, as outlined in this Service Plan up to 2026/27, represent the broadening of recycling streams at worksites currently serviced by LDB-contracted service providers, improving the quality of reporting from these providers, and maintaining our commitment to employee education and engagement in diverting materials from landfill.

### 3.2a BCL and BCCS Compliance with ID-checking Requirements

BCL and BCCS continue to enforce the ID-checking program through employee training, customer awareness, and store signage. A continuous target of 100 per cent has been set to reflect the critical importance to the LDB of preventing sales to minors. In fiscal 2023/24, the

LCRB expanded its ID compliance checking program to include cannabis retailers. Results of BCL and BCCS compliance is provided by the LCRB to the LDB. Compliance in 2023/24 is forecasted to be 94 per cent, based on data from the LCRB, against a target of 100 per cent. To date, LCRB conducted 52 and 18 inspections of BCL and BCCS, respectively. Out of these inspections, there were two infractions each for BCL and BCCS. Enhanced ID-check training materials continue to be rolled out to all BCL and BCCS employees to reinforce the LDB's commitment to social responsibility and the importance of all ID-checking requirements.

### **3.3a Consumer Stakeholder Awareness of LDB's Corporate Social Impact**

As part of the development of its corporate impact strategy, the LDB will implement tracking measures to assess the success and reach of social impact activities. Work to establish metrics is currently underway and is expected to be completed in 2025/26. The LDB expects to use tools such as employee and stakeholder surveys, customer insights surveys, and data tracking to evaluate its performance against this measure. Additionally, the LDB will establish targets for each of its programs to ensure they are delivering the intended impact.

# Financial Plan

## Financial Summary

\$millions	2023/24 Forecast	2024/25 Budget	2025/26 Plan	2026/27 Plan
<b>Revenue</b>				
Revenue	3,957.7	3,970.1	4,038.7	4,082.0
Cost of Sales	2,251.2	2,277.6	2,319.4	2,346.4
<b>Gross Margin</b>	1,706.5	1,692.5	1,719.3	1,735.7
<b>Expenses</b>				
Operating Expenses – Employment	350.3	371.5	383.1	384.3
Operating Expenses – Amortization	65.6	66.8	71.1	71.7
Operating Expenses – Administration	71.1	93.0	96.6	98.1
Operating Expenses – Bank Charges	43.6	43.5	45.9	48.1
Operating Expenses – Facilities <sup>1</sup>	33.9	36.1	37.3	38.7
Operating Expenses – Lease Financing	6.7	6.9	7.7	8.5
<b>Total Expenses</b>	571.2	617.8	641.7	649.4
Other Income	15.0	15.0	15.0	15.0
<b>Net Income</b>	1,150.3	1,089.7	1,092.6	1,101.3
<b>Capital Expenditures</b>	25.4	34.0	27.4	28.9
<b>Total Debt<sup>2</sup></b>	263.5	287.1	291.8	300.9
<b>Accumulated Surplus (Deficit)</b>	-	-	-	-

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

<sup>1</sup> Facilities costs consist of common area maintenance, property taxes, utilities, repairs, and maintenance.

<sup>2</sup> LDB does not have any loans. Debt consists of lease liabilities as of March 31.



## Key Forecast Assumptions, Risks and Sensitivities

Due to market volatility, the LDB has considered various external factors in preparing economic forecasts in the short term. These factors include weakening consumer confidence, tightening labour markets, and rising household costs. Due to these factors, consumers are expected to be more price-conscious and focus on products that provide value for money.

The LDB closely monitors the liquor and cannabis industries, especially the state of supply chains, and continually assesses potential impacts to LDB finances and business operations.

The LDB's forecast includes the following assumptions:

- An overall sales revenue growth of 2.2 per cent in fiscal 2023/24 over the previous fiscal year, driven primarily by changes in inflation, product mix, and increased cannabis retail locations.

### *Beverage alcohol assumptions*

- In fiscal year 2024/25 through 2026/27, beverage alcohol sales dollar increases will be an average of 1.0 per cent primarily due to a small decline of volume in litres sold and higher costs.
- The stabilization of the liquor wholesale customer market share in fiscal year 2023/24 with minimal changes in future years.
- The beverage alcohol product mix is changing due to economic conditions and shifting consumer preferences through fiscal year 2023/24; moving away from spirits and wine, towards lower-margin refreshment beverage. However, the product mix will be reverting to historical trends through 2026/27.
- The volume of beverage alcohol measured in litres is expected to decline 1.7 per cent in fiscal year 2024/25 from 2023/24 levels, however increasing slightly through 2026/27.
- As cannabis sales increase there will be no significant impact on liquor sales.

### *Cannabis assumptions*

- The cannabis legal market will continue to expand which will result in increased LDB sales as more private retailers enter the marketplace. The rate of growth will slow as the industry continues to mature.
- Product selection will continue to change with innovation, and there will be continued strong growth in extracts and concentrates.
- Product margins will shift as new products are introduced and consumers' consumption patterns change.

Capital requirements reflect expenditures for opening and renovating BCL and BCCS, operating equipment, vehicles, and updating technology-related hardware.

Future projects include updating existing IT to ensure robust, secure systems, and moving to a cloud or software-as-a-service solution where possible. The LDB will continue investing in retail

and wholesale operations to support efficient and timely delivery of products while complying with regulatory requirements.

## **Sensitivity Analysis**

Beverage alcohol and cannabis are discretionary consumer products and sales are affected by lifestyle choices, availability of products, as well as economic conditions. Consumer confidence in the economy impacts the level of entertainment dollars spent on beverage alcohol and cannabis. In an inflationary environment in which the costs of basic goods and services are high, consumers can become more price-sensitive and shift towards lower-priced products.

Changes in the marketplace with innovation in new products and changes in consumer preferences can result in changing product margins and slow-selling products. Bodies of research that discuss the potential harms and health risks associated with the consumption of alcohol may also impact consumer behaviour and buying trends. The LDB proactively monitors trends and adjusts buying to ensure appropriate inventories are in stock. In B.C.'s mixed public-private retail model, there is an impact on LDB revenues whether consumers purchase in an LDB-operated store or a private store.

Constraints in the supply chain can impact the availability of products. Environmental conditions that cause fires, floods and drought have impacted the supply chain and caused business disruptions. Shortages in materials like aluminum and cardboard have created production problems for suppliers, impacting the availability of product for the LDB and its customers. Continuing disruption of key international shipping routes as a result of humanitarian and/or environmental crises may introduce additional logistical barriers, supply shortages, and price increases.

Cultural shifts and demographics also influence purchasing patterns. Changing consumer preferences indicate a shift away from beer towards other product categories, while some surveys indicate that younger people of legal drinking age tend to drink less.

Weather patterns and the timing of statutory and non-statutory holidays can impact the LDB's revenue. A hot, dry summer and long weekends normally result in increased sales, particularly in the refreshment beverage and beer categories. Conversely, colder and/or wetter weather conditions have a negative impact on liquor sales. The timing of statutory and non-statutory holidays also impacts sales – when holidays fall on Mondays or Fridays, sales are much stronger than when they fall on Tuesdays or Wednesdays.

The LDB monitors all 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 a variety of margins on products and, as a result, changes in product mix impact net income. Due to the percentage-based mark-up in place for products, each percentage change in product costs across the wine, spirit, refreshment, and cannabis categories has a cumulative effect of approximately \$15.0 million on net income.

Beer has a volume-based mark-up and, therefore, the same margin dollars are generated regardless of supplier prices. The LDB derives more margin dollars when there is a volume increase in beer sales.

Increased sales of lower-margin products and decreased sales of higher-margin products both result in lower product margins for the LDB overall. They also result in a flattening of revenue to the Province of B.C. over time.

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, the LDB's margin as a percentage of sales will decrease.

## **Management's Perspective on Financial Outlook**

Inflation, supply chain issues, labour shortages, and decreasing economic consumer confidence are likely to continue to present uncertainties and risks to the LDB.

In its liquor operations, the LDB will continue to focus on business efficiencies and adapting to the needs of its wholesale and retail customers. In BCL operations, future initiatives will focus on enhancing the customer shopping experience. In liquor wholesale operations, pricing and supply chain processes and systems continue to be reviewed and streamlined to gain efficiencies and more flexibility.

As the legal cannabis industry in B.C. continues to evolve, the LDB will focus on maintaining efficient distribution operations to support Indigenous and small-scale producers in B.C. and improve consumer access to products. 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 BCCS locations to service the needs of the community and promote safe, responsible consumption while making necessary adjustments to align with government policy changes when required.

Labour shortages, particularly in skilled and IT roles, can result in increased operating costs for the LDB. This is due to the reliance on external contractors to fill these vacancies. To address this challenge, the LDB will continue to implement plans to support employee recruitment, engagement, and retention. Furthermore, the ongoing development of leadership capabilities across the organization will enable the LDB to sustain operational efficiencies.

## Appendix A: Minister's Letter of Direction



VIA EMAIL

Ref: 655915

August 18, 2023

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

Dear Blain Lawson:

I would like to extend my thanks to you and your executive leadership team for your dedication, expertise, and service to the people of British Columbia.

This letter, which I am sending in my capacity as Minister responsible for the BC Liquor Distribution Branch (LDB), sets out overarching principles relevant to the public sector and specific direction on priorities and expectations for the LDB for the remainder of Government's term.

Government must continue to advance results that people can see and feel in these key areas: strengthened health care, safer communities, attainable and secure housing, and a clean and fair economy that delivers affordability and prosperity. In doing so, you will continue working towards lasting and meaningful reconciliation by supporting opportunities for Indigenous Peoples to be full partners in the province we are building together and delivering on specific commitments as outlined in the *Declaration on the Rights of Indigenous Peoples Act* action plan.

As required by the *Climate Change Accountability Act*, please ensure the LDB implements targets and strategies for minimizing greenhouse gas emissions and managing climate risk, including achieving carbon neutrality each year and aligning with the CleanBC target of a 50 per cent reduction in public sector building emissions and a 40 per cent reduction in public sector fleet emissions by 2030. As a branch of government, the LDB is expected to report out on these plans and activities.

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

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responsibility to tackle systemic discrimination in all its forms – and every branch of government has a role in this work. The adoption of the Gender-Based Analysis Plus (GBA+) lens is required to ensure gender equity is reflected in your operations and programs.

British Columbians expect that government operate in a responsible manner to deliver quality services equitably in all regions of the province. This requires strategic stewardship of planning, operations, and policies in the areas of financial, risk, and human resource management including information security and privacy protection.

The LDB must also demonstrate continued diligence and education to maintain an effective fraud risk management strategy, including, for example, strategies for minimizing large cash transactions.

In addition to continuing to make progress on your 2021 mandate letter, and working with the Crown Agencies Secretariat in the Ministry of Finance, 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 develop plans to address the following continuing priorities within your approved net income targets:

- Strengthening the LDB's focus on corporate social impact/responsibility through initiatives that align with government's social and environmental priorities;
- Continuing commitment to improve organizational effectiveness and management practices by building on existing strengths to enhance a productive work culture and bolster overall performance; and,
- Working with other government partners to refresh and refocus the LDB's work with the Business Technical Advisory Panel on areas that are mutually beneficial and straightforward to advance.

I look forward to continuing to work with you to meet the high standards set for us by all British Columbians.

Sincerely,



Mike Farnworth  
Minister of Public Safety and Solicitor General  
and Deputy Premier

pc: Mary Sue Maloughney  
Associate Deputy Minister, Crown Agencies Secretariat  
Ministry of Finance

Kim Horn  
Executive Lead, Crown Agencies Secretariat  
Ministry of Finance