



Policy Discussion



Licensee Credit and Incentives

Context

- ▶ Licensee credit and incentives have been raised in many contexts by WCO members
 - ▶ Both sides of the issue – some favour allowing the practice with some transparency, some favour an intensification of AGCO effort to stop the practice
- ▶ WCO Board discussed the issue and feel that there is a need to get broader membership input on the issue
- ▶ Preface the discussion with a review of current practices and other jurisdictions
- ▶ Propose then a broader discussion on credit and incentives together
 - ▶ Members assert correctly that credit is often offered as inducement to licensee



Rules - Incentives

▶ Ontario

- ▶ Review of LLA a few years ago around financial penalties raised the issue
- ▶ Approach broadly from all sectors of beverage alcohol that it would be easier to enable/have transparency than to develop penalty system
- ▶ AGCO opted for penalties, no liberalization

▶ BC

- ▶ Have passed legislation that will liberalize restrictions on trade incentives that are currently regulated by “Buy Sell agreements”
- ▶ Just concluded consultations on regulatory framework scope
 - ▶ Free for all, to some modest limits around merchandise, fixtures, exclusivity
 - ▶ Will resolve with some liberalization in some way beyond the current allowable practices

▶ Alberta

- ▶ Also work on premise of Buy Sell agreements
 - ▶ Cannot contemplate financial incentives to licensee (ie. rebates)
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Key questions

- ▶ Suggestions on improving/enhancing the existing policy?
- ▶ What would make the most sense to benefit VQA wines?
- ▶ Priority of policy changes versus other WCO priorities (retail access, other LLA changes)?

