

***When will customers see the higher prices at retail liquor stores?***

The increased mark-up on liquor products takes effect on October 28, 2015, **on AGLC wholesale sales to retailers**. Retailers will start paying the new wholesale prices when they place their next orders. Most of the stock in retail stores was purchased before the increase and it should not be affected by the new mark-up. It is up to the individual retailers as to when they choose to reflect the higher mark-up in their pricing.

Alberta's privatized liquor system allows retailers to determine their own product selection and pricing. This is why people can see different prices for the same products at stores in their neighbourhoods.

***How much of an increase will the new mark-up make in the price of liquor products?***

The retail price is influenced by a number of factors including the mark-up, which is part of the wholesale price that all retailers pay for the products they carry in their stores. The mark-up increase, on the wholesale level, for some common products is:

- Beer, domestic or import – 20 cents per dozen; 2 cents per bottle.
- Spirits –18 cents per 750 ml bottle.
- Wine (popular brands) –18 cents per 750 ml bottle.

**NOTE:** The mark-up is calculated at the case level; therefore, any breakdown of mark-up at the bottle level is only an approximation.

***Why did the Alberta government decide to raise the liquor mark-up again this year?***

The mark-up was increased to meet government revenue expectations for Budget 2015, specifically to generate approximately \$39 million in annual additional revenue.

The liquor mark-up revenue goes into the General Revenue Fund and helps support the programs and services Albertans rely on every day. Additionally, Alberta's liquor mark-up rates remain among the lowest in the country.

***Some of the smaller retailers are claiming the increased mark-up will hurt them more than the big chain stores. Do retail chains get a better deal on wholesale liquor prices?***

All liquor retailers pay the same wholesale price for liquor products as well as the same costs for liquor delivery. It is a level playing field for every retailer in the province.

***Why didn't the AGLC consult with liquor industry stakeholders before increasing the mark-up on liquor products?***

The Alberta government made the decision to increase the liquor mark-up to generate additional revenue to pay for programs and services that Albertans rely on every day.

With this increase, the AGLC has generally continued toward mark-up rates that more appropriately reflect the amount of pure alcohol present in any liquor product. This approach supports the AGLC's social responsibility efforts.

***Why weren't liquor industry stakeholders given any lead time to submit orders prior to the announcement being made in the budget?***

Implementing a mark-up change on Budget day ensures all stakeholders are treated the same and the flow of liquor products to licensees is not disrupted. In essence, it prevents the possibility of some licensees, with the financial resources to do so, from stockpiling items and overloading the supply chain.

***How will liquor industry stakeholders be made aware of the increase?***

The new mark-up schedule has been posted on the AGLC website, [aglc.ca](http://aglc.ca). The AGLC is also directly communicating with liquor agencies and licensees to notify them of the increase.

***How does Alberta's liquor mark-up compare to other provinces?***

It is difficult to compare Alberta with other provinces because Alberta's liquor model is different. There is no government-run retail store network as in many other provinces. In addition, Alberta's mark-up is a flat rate based on the type of product and alcohol content; not the manufacturers' costs.

Alberta's privatized liquor model allows retailers to determine their own product selection and pricing. This is why people can see different prices for the same product at stores in their neighbourhoods. Additionally, consumers who shop around can find some of the best deals in Canada for liquor products.

Even with this increase in mark-up, the AGLC is confident that Alberta's privatized liquor model will continue to offer competitive retail prices that are among the lowest in Canada.

***Why is this increase a dollar value increase as opposed to a percentage increase?***

A uniform dollar value increase ensures that the mark-up rates generally reflect the amount of pure alcohol present in any liquor product, as measured in terms of the 'standard serving.'

According to Canada's national [guidelines](#) for low-risk drinking, a 'standard serving' contains 17.05ml of pure alcohol and can be represented by:

- One 341ml (12oz) bottle of 5% beer; or
- One 142ml (5oz) glass of 12% wine; or
- One 43 ml (1.5oz) shot of 40% spirits.

This recognizes that regardless of the type of a product or drink consumed, alcohol in any alcoholic beverage is chemically the same. Therefore, whether one is drinking beer, wine, spirits, or various cocktails, is not as important as the amount of pure alcohol that is being consumed with those drinks. The mark-up rates collected, based on the 'standard serving' measure are:

<b>One standard serving</b>	<b>Before increase</b>	<b>After increase</b>
341ml (12oz) bottle of 5% beer	41 cents	43 cents
142ml (5oz) glass of 12% wine	52 cents	56 cents
43 ml (1.5oz) shot of 40% spirits	58 cents	59 cents

This mark-up increase continues to even out the amount of mark-up applied to the level of pure alcohol across most types of products (beer, wine, spirits). This is in line with many provincial efforts that promote responsible liquor sales and consumption, including the Alberta Alcohol Strategy.

***What are the changes to the small brewer mark-up policy?***

Alberta’s small brewer mark-up policy was amended to focus the program on breweries located in provinces that are in the New West Partnership – British Columbia, Alberta and Saskatchewan. There will be distinct mark-up rates for brewer’s Annual Worldwide Production (AWP) levels as follows:

- 10 cents per litre for up to 10,000 hL AWP;
- 30 cents per litre for AWP over 10,000 hL and up to 50,000 hL;
- 55 cents per litre for AWP over 50,000 hL and up to 200,000 hL; and
- \$1.25 per litre (standard mark-up rate) for AWP over 200,000 hL.

Each brewer will receive a unique mark-up rate based on its production volumes and a combination of the above rates. In this new system, small brewers maintain the benefit of each production threshold as they grow.

***What is the reasoning behind the changes to the small brewer mark-up policy?***

The AGLC and the Alberta government have heard the industry’s concerns about the need to strengthen the eligibility criteria for the small brewer mark-up and to align Alberta with other provinces that offer various supports for local manufacturers. The changes also encourage economic diversification and allow more opportunities for local production.

***What will this mean for brewers outside of British Columbia, Alberta and Saskatchewan?***

Brewers outside of British Columbia, Alberta and Saskatchewan (the New West Partnership) now have the standard mark-up rate for beer of \$1.25 per litre applied to their products effective immediately.

***What will be included in the new small distiller policy?***

The small distiller mark-up policy for sales at the distillery and at farmers’ markets will be introduced for Alberta distillers producing under 10,000 hectolitres a year. Most other Canadian jurisdictions have a small distiller mark-up regime.

The small distiller mark-up policy will support economic diversification by encouraging the start ups of small Alberta businesses that use local agricultural inputs and focus on destination tourism. Further details on this policy will be announced as the policy is implemented.