

ANNUAL REPORT



BEER
CANADA

OCTOBER 2018

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CHAIR'S MESSAGE

Beer Canada, the voice of the people who brew our nation's beers, continues to be an inclusive and transparent organization where brewers of all sizes work together to champion a strong and healthy domestic brewing industry.



On behalf of the Board of Directors, I am proud to share the fact that 84% of the beer consumed in Canada, is made right here. Few industries can make a similar statement. That's why Beer Canada is so important, its members collectively account for 90% of the beer brewed here and the voice, advocacy and services it provides to members and industry are essential to the category and its impact.

The enjoyment of a "cold one" is part of our heritage. It's a tradition that creates employment opportunities and meaningful earnings for businesses and governments. Consuming a Canadian-brewed beer supports many more businesses and industries than just the brewery. When beer activity originates in a province, it supports a supply chain of jobs that stretches across the country.

We hope you continue to choose and enjoy Canadian beer.

Cheers,

A stylized, handwritten signature in black ink, appearing to be the name of the chairperson.

PRESIDENT'S MESSAGE



It's no wonder beer is Canada's most popular adult beverage. We live in a country with many advantages to making world-class beer – close proximity to malt barley and fresh water, an educated and creative workforce and 10,000 brands to choose from for more than 10 million beer drinkers.

In Canada, beer has 3x the economic impact of wine and spirits industries combined. The 2018 Conference Board report, "Brewing Up Benefits: The Economic Footprint of Canada's Beer Economy", shows that the beer economy contributes \$13.6 billion to GDP and beer sales generate \$5.7 billion annually in government tax revenues, not including liquor board profits.

Despite beer's economic contributions, the category faces many challenges including high taxes. The price of beer is 47% government tax and Canadians pay 5x more beer tax than their neighbours in the United States. A new automatic tax on excise will increase every April 1 without votes or discussion in Parliament. We believe brewers and consumers pay enough tax and will continue to advocate for tax fairness.

Let's raise a glass to prosperity.

A handwritten signature in black ink that reads "Luca T. Hoffmann".

BOARD OF DIRECTORS

Our Board is made up of large, medium and small brewing company representatives.

[Marcelo Abud](#), Labatt Breweries of Canada

[Charles Bierbrier](#), Bierbrier Brewing Inc.

[Jim Button](#), Village Brewery

[George H. Croft](#), Brick Brewing Company

[Frederic Landtmeters](#), Molson Coors Canada

[Taras Manzie](#), Lake of the Woods Brewing Company

[Michael McBride](#), Storm Brewing in Newfoundland Ltd.

[Andrew Oland](#), Moosehead Breweries Ltd.

[John Sleeman](#), Sleeman Breweries Ltd.

ABOUT US

Beer Canada, the voice of the people who make our nation's beers, is based in Ottawa.

Vision

Beer is a celebrated part of Canada's culture and brewers operate in a healthy regulatory environment.

Mission

Provide thoughtful leadership and strategic focus to grow the beer category and facilitate the commercial success of Canada's brewers.

Values

Be professional in all that you do.
Continuously seek ways to improve.
Plan well, execute brilliantly.
Be transparent.



MEMBERSHIP

Membership is open to all Canadian brewers with a federal excise licence.

We champion a strong domestic brewing industry and a healthy regulatory environment. From coast to coast, we provide services and advocate on behalf of our members and the industry.

Annual Membership Fee:

\$150

+

Assessment Fee,

First 300,000 hL

\$0.03615 / hL

+

After 300,000 hL

\$0.12050 / hL



50+

MEMBERS

COLLABORATION

Participation is encouraged and company representatives are appointed by member principals.

A selection of our committees...

Board of Directors: Approves strategy, budget and policy.

Executive Committee: Guides Board agenda, budgeting and positioning.

Category Reputation Team: Builds tools and partnerships to challenge negative perceptions around beer and health.

Excise Working Group: Defends against erosion of federal excise on beer relative to wine and liquor.

Interprovincial Trade Working Group: Advises on real and apparent trade barriers between provinces.

Product Quality Committee: Guides agenda on technical issues, food safety and product integrity.

TOP PRIORITIES

Taxes

Advocacy for the repeal of the automatic 'escalator' tax brought in under Budget 2017. Canadians already pay enough tax on their adult drink of choice and an indexed tax hike is not an appropriate tax policy for beer makers.

Cannabis

Ensure beer's place and interests are protected and preserved in a changing marketplace.

Canada's Beer Standard

Secure a modernized Beer Standard under the Food and Drug Regulations to protect and expand the beer category. It will benefit consumers, government and industry by providing a clear and concise understanding of what constitutes and defines beer.

Category Reputation

Elevate the beer category in Canada. Bust the "beer causes weight gain" myth and increase awareness that wine's health effects also apply equally to beer.

RECENT ACHIEVEMENTS

Aluminum Tariffs

In July 2018, the Government of Canada imposed retaliatory tariffs on all US imports of aluminum. It was estimated the price of tariffs on beer cans alone would cost Canadian brewers \$10.5 million in additional fees. We advocated for the removal of the tariffs and targeted relief from surtaxes was announced in October.

Tax Repeals

In October 2018, the Government of Ontario halted its scheduled increase of provincial beer taxes and the New Brunswick Liquor Corporation cancelled a beer tax increase. We believe governments need to keep beer taxes fair.

Cannabis

Proposed Cannabis Act, Bill C-45, tabled in April 2017, aligns with the recommendations Beer Canada submitted to the Task Force on Cannabis Legalization and Regulation.

RECENT ACHIEVEMENTS

Canada's Beer Standard

In April 2017, the Government of Canada recommitted to amending the Beer Standard. Pre-consultations were launched in June 2017 and proposed amendments were released a year later for public consultation. The proposed amendments, which will support innovation and preserve beer's integrity, were initially brought forth by Beer Canada and have received broad support across the domestic brewing industry. The regulatory amendment process is expected to be completed in 2019.

Evidence-based information on beer and health

New beercanada.com launched in the spring of 2017. Beer Canada's new consumer-facing site features a Health Care professionals portal, expert advice from registered dietitians, beer educators, malting specialists and beer 101.

We exhibited at the 2017 Dietitians of Canada and Diabetes Canada conferences, equipped with new resources and spoke with hundreds of healthcare professionals about beer and its place in a healthy lifestyle.

ECONOMIC FOOTPRINT

Figures based on Barley Council of Canada, Beer Canada and Conference Board of Canada data from 2016 and 2017.

85% of the beer purchased in Canada is made in Canada.

Beer has 3x the economic impact of wine and spirits industries combined.

817 federally licensed domestic brewing operations exist as of 2016. A 115% increase since 2013.

149,000 brewery jobs and a labour income estimated at \$5.3 billion.

Brewers purchase 300,000 tonnes of Canadian malting barley every year.

1 in every 120 jobs is supported directly and indirectly by the industry.

Beer sales generate \$5.7 billion annually in government tax revenues not including liquor board profits.

The beer economy contributes \$13.6 billion to Canada's GDP.

TAXES

Figures based on Conference Board of Canada, Statistics Canada and Beer Canada data from 2016-2017.

Canada has one of the highest beer taxes in the world.

47% of the price of beer is government tax.

On top of this, Budget 2017 instituted an automatic 'escalator' tax on beer that will raise excise tax every April 1.



Since 2010, Canadian provinces have enacted 45 individual beer tax increases while U.S. states have had just five.

Despite its significant economic footprint, Canada's beer economy faces many challenges including higher input costs and tax increases. These factors result in price increases and likely contribute to the declining trend in per capita beer consumption.

PARTNERSHIPS

Beer Canada invests in strategic partnerships that promote a culture of moderation, encourage constructive research and knowledge exchanges and benefit future generations.

A selection of our partnerships...

Barley Council of Canada works to ensure long-term profitability and sustainable growth of barley farming in Canada. We joined the Council in 2014 to demonstrate our commitment to a successful domestic malt barley industry.

Diabetes Canada is a national charity and the voice for millions of Canadians living with prediabetes or diabetes. In 2017, Beer Canada and the charity collaborated with registered dietitians to create the *Your Guide to Beer and Diabetes* resource.

International Alliance for Responsible Drinking is a not-for-profit organization dedicated to addressing harmful drinking and promoting responsible drinking. IARD is supported by its Member Companies from all sectors of the alcohol industry – beer, wine, and spirits – in their common purpose of being part of the solution to the harmful use of alcohol. Beer Canada is a member of the Partnership Council.

PARTNERSHIPS

Traffic Injury Research Foundation is the acknowledge leader in road safety research. Its mission is to reduce traffic-related deaths and injuries. We partner together to maintain an up-to-date understanding of drink-drive statistics and to develop research-based programs targeted at reducing the incidence of drinking and driving.

Student Awards Beer Canada partners with Olds College, Niagara College and Kwantlen Polytechnic University to fund the award of financial assistance to deserving students in each school's Brewmaster and Brewery Operations Management Diploma programs. These scholarships demonstrate our goal to raise awareness among future brewing leaders of the support available to them.

Worldwide Brewing Alliance seeks general acceptance of the fact that the brewing sector is a responsible stakeholder and the actions taken by it are credible. The WBA facilitates the sharing of knowledge and information and, where appropriate, develops information on social responsibility and product integrity issues. Beer Canada is a founding member.

INDUSTRY TRENDS

Figures based on liquor boards, Statistics Canada, Canada Revenue Agency and Beer Canada data from 2016-2017.

800+ breweries, over half located in Ontario and Québec. Up 17%.

National sales of **22 million hectolitres**, down 0.3%. 1 hectolitre (hL) equals 100 litres.

Domestic beer sales: 18.56 million hL

Import beer sales: 3.62 million hL

Per capita consumption (based on legal drinking age): **75.5 L**, down 2.1%. Newfoundland has the highest rate at 93.4 L, followed by Québec, 82.4 L and PEI 79.7 L.

Can sales up 4.3%, kegs up 1.2%, bottles declined 10.7%.



OUR TEAM

Five full-time team members with a collective experience of more than 65 years in beer.



Tanya Bernier



Brittany Burden



Luke Chapman



Ed Gregory



Luke Harford

GET IN TOUCH

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Our logo is available to our Association members and partners to include in digital and print materials.
