

# Alcohol Privatization



## INTRODUCTION:

Producers in Nova Scotia are unhappy with the current framework for alcohol sales. Both the subsidies and the Nova Scotia liquor Commission (NSLC) monopoly are discouraging growth. It is an unfair system for all breweries and distilleries.

The craft brewing market is explosive in Nova Scotia and this is despite regulations that are considered counterproductive to our producers. Privatizing sales means getting out of the way and letting these companies operate and distribute their products effectively.

## DEFINITIONS:

**Microbrewery:** A brewery that produces under 15000 hectolitres (1.5 million litres) of beer yearly.

**Craft brewery:** A small brewery that produces beer in a traditional or non-mechanized way.

**Distillery:** An establishment for distilling alcoholic liquors.

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## FACTS:

- The province spends 30 million dollars to subsidize the micro brewing market.
  - The largest breweries receive upwards of \$750,000 dollars in subsidies.
- Breweries that sell products direct to consumers or via private alcohol stores, pay the NSLC a retail sales markup allocation, this equals five percent of the cost of the product.
- Micro breweries pay a higher markup rate if they produce less than 15000 hectolitres. This is the highest in the country with the lowest threshold of production.
- In Nova Scotia we charge a tax called a markup. Breweries producing under 15000 hectolitres pay 40% markup. When production exceeds 15000 hectolitres the markup increases to 84.5% for the remainder of the physical year.
- Small producers in Quebec and Ontario are only paying six or seven percent markup.

- Breweries are not permitted to sell their products through competitor breweries as in other provinces like our closest competitor in New Brunswick.
  - The pc minister says allowing this would be an unfair advantage to producers from outside the province.
- Nova Scotia is home to six distilleries which per capita is amongst the highest in Canada.
- Alcohol prices in Canada are approximately twice as expensive as in the United States. The sole reason for this price difference is that the Federal and Provincial Governments regulate minimum prices on alcohol.

#### **OBJECTIVES:**

1. Privatize all sales of distilled spirits, wine, and Beer.
  - a. Allow grocery chains, corner stores, restaurants and new storefronts to facilitate the sale of these products (the way it is in Europe.)
2. End the subsidy program letting capitalism take its effects.
3. End the minimum price regulations
4. Remove red tape and unfair regulations that would discourage production, sales, and distribution.

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#### **Closing Statement:**

Privatization will allow these companies to operate more effectively. The government does not produce alcohol nor should it believe, it can manage the sales better than those that operate in this sector. Breaking the NSLC monopoly also means growth will not be on the taxpayer's dime and can occur more rapidly. By removing the need for the province to invest in the growth it will also result overall in more profit to the taxpayers.