



BEER
CANADA

ELECTION 2019  **BREWERS' TOOLKIT**

INTRODUCTION

ELECTION 2019 BREWERS' TOOLKIT

2019 FEDERAL ELECTION

Beer Canada is the voice of the people who make our nation's beers. Our members collectively account for nine out of ten litres of beer made in this country. As the Canadian federal election approaches – it is scheduled to take place on October 21st – we are counting on brewers' to reach out to local politicians to help us ensure the beer community's voice is heard.

Increased communication and the maintenance of positive relationships with politicians from all parties is imperative to share our concerns on behalf of the nearly 1000 breweries in Canada. With politicians active and listening, it is up to us to make certain our future government leaders understand the important role the beer sector plays in the national economy.

This election toolkit provides information on how to connect and effectively communicate with your local candidates. It includes an outline of two major issues, a meeting guide, a letter template and a debriefing questionnaire. Feel free to personalize as you see fit – you know best about your brewery and your community.

We hope to have your support as we work together to make sure the beer community's issues are at the top of the federal political agenda.



OUTREACH

CONNECTING WITH YOUR CANDIDATES

Reaching out to your candidates through multiple channels of communication can be an effective way to get their attention. You can find your electoral district's candidates by visiting the Elections Canada website, particularly the "Candidates" subpage, or the various political party websites. Putting your political inclinations aside and reaching out to multiple candidates from different parties can show professionalism and create strong connections across party lines. Remember that there will be at least two candidates depending on where your business is located.

There are many ways to connect with your candidates. Using social media, email, telephone and sending letters are all acceptable forms of outreach and we've included a letter template in this toolkit that you are welcome to use. Personalizing the template towards your riding or your candidates' platform creates the potential to generate greater impact. It could be the first impression you make with a candidate, so look to make a connection right off the bat.

You can approach meetings with your candidates in different manners. If you are willing, ask the candidate to visit your brewery or taproom. For politicians, being accessible is something they take seriously. Calls and meetings with their constituents are something they will want to be engaged in. Mentioning that you are a constituent and are running or working for a local business is a great way of getting their attention. Candidates are keen to hear about local realities of businesses and industries in their constituencies. As your representative, your issues should be their issues.

NOTABLE WEBSITES:



elections.ca



blocquebecois.org



conservative.ca



greenparty.ca



liberal.ca



ndp.ca

ISSUE #1

EXCISE “ESCALATOR” TAX ON BEER

In 2017, the federal government passed legislation that rigidly increases the excise duty on beer, wine and spirits every year on April 1. There is no clause in the legislation that requires the federal government to review the appropriateness of each subsequent tax increase. Despite challenging economic circumstances, the excise duty rates applied to beer will automatically increase again on April 1, 2020, the fourth increase in just 3 years.

The “escalator” tax mechanism is bad policy. It’s too rigid, feeds higher prices and impairs the industry’s competitiveness. It is inappropriate for any industry and it is unfair to domestic brewers’ who want to invest in their breweries, their people and their communities.

We are not opposing excise duties on beer, nor are we saying excise should never be increased. What we do oppose is a mechanism that automatically increases the tax on beer without a vote, analysis or consideration of the economic realities brewers’ and beer drinkers are up against.



OUR ASK:

That the federal government pause inflation-indexed federal excise duties on beer as stated in the Excise Act, Section 170.2 clauses 1,2,3 and 4, 1(b), 2(b) and 3(b) of Part II of the schedule.

KEY MESSAGES:

- The beer sector is not healthy and is in decline; in a declining market, brewers’ face selling less beer but paying more federal excise duty;
- Since domestically brewed beer accounts for 85% of beer sales in Canada, pausing the excise increase will boost investment within our brewing industry;
- Beer specific taxes are already very high and make up 47% of the average price;
- Each excise increase also raises GST/HST, creating a tax-on-tax effect that is unfair to Canadian beer drinkers;
- Canadian wine is exempt from excise while beer is not, making the legislation unfair to domestic brewers’ and beer drinkers;
- No annual automatic excise duty increase has been proposed for cannabis beverages;
- The U.S. government cut federal excise for American brewers’ in 2018. They are using the tax savings to invest in productivity, innovation and growing exports into Canada; and
- All things kept equal; this action would not reduce federal excise duty revenues.

ISSUE #2

NO AND LOW-ALCOHOL BEERS

There are many positive attributes of beer including the facts that it is naturally low in alcohol, naturally low in sugar and most often sold in portion-controlled serving sizes.

There is an emerging trend in many markets of consumer interest in no and low-alcohol beers. Beer Canada is seeking a recalibration of the existing schedule of excise duty rates to spark the investment brewers' need to make to capitalize on this trend in Canada.

The current schedule of excise duty rates is already calibrated based on alcohol strength but not in a way that is helpful to brewers': excise duty is applied to non-alcohol beer and the highest rate of excise kicks in at 2.5% ABV.

To facilitate investment in this emerging segment, we are seeking a recalibration of the schedule of excise duty rates as outlined below:

Alcohol by Volume	\$ /Litre
<i>Current Excise Duty Rates for Beer</i>	
≤ 1.2%	\$2.742
> 1.2% - ≤ 2.5%	\$16.52
> 2.5%	\$33.03
<i>Proposed Excise Duty Rates for Beer</i>	
≤ 0.5%	\$0.00
> 0.5% - ≤ 2.5%	\$8.26 (25% of full rate)
= 2.5% ≤ 3.5%	\$16.52 (50% of full rate)
= 3.6% - 11.9%	\$33.03

Under this proposal the same reduced rates of excise will still apply on the first 75,000 hectolitres of beer brewed in Canada.

OUR ASK:

That the federal government recalibrate the schedule of excise rates to promote investment in no and low-alcohol beers.

KEY MESSAGES:

- A recalibrated excise schedule would free up capital for brewers' to invest in an emerging growth segment;
- It would result in greater consumer choice of no and low-alcohol beer products;
- This ask aligns with recommendation #28 under Canada's National Alcohol Strategy;
- It aligns with the European Commission's Proposal for a Council Directive to member states;
- It matches the \$0 excise rate available to non-alcohol wine and spirits; and
- Based on 2018 sales, this action would lower federal excise revenues by 0.6%, which could be offset by promoting incremental growth in this up and coming beer segment.

MEETING GUIDE

BEFORE THE MEETING

1. Look at the candidate's biography and related information online, if available:
 - What party?
 - Possible knowledge of the beer industry?
 - Any interests or experiences that may be relevant (positively or negatively)?
2. Read the key messages provided in this toolkit.
3. If the meeting is in person and you are attending it with someone else, discuss who will say what. One person may be more comfortable with one issue over another.
4. Prepare what you will say. Even if the meeting is scheduled for 30 minutes, prepare for 15 minutes as the candidate may be late or have to depart early.

WHAT YOU CAN DO TO PREPARE



The goal is to educate the government on the impact and unfairness of the excise duty “escalator” and rates, while showing the beer industry is made up of individual, hard-working businesses. Know key statistics: how large is your brewery and how does it compare to others, both big and small? Breweries employ people, pay their taxes, contribute to communities, and deserve fair rules.



Prepare to share a story or highlight members of your team who are working hard to run a professional, above-board business.



Describe the rules that are followed by those in the beer industry. Think about safety inspections, insurance, and the regulations that you work within.



Be prepared to discuss the importance of fairness within the beer and wine industry. Highlight how Canadian wine is exempt from the excise tax while beer is not.



Be aware of declining market trends towards alcohol consumption. Worldwide, producers are investing in innovative techniques in the no and low alcohol space to remain ahead of the curve.

MEETING GUIDE

DURING THE MEETING

The following outline is a suggested approach for the meeting. Be prepared to adapt, for example, if the candidate begins with a question.

1. Open your meeting(s) by thanking the candidate for having taken the time from their busy schedule to meet with you and discuss these important issues.
2. Introduce yourself:
 - Where you live and where your business is located.
 - Your profession and how long you've worked there.
 - Your areas of interest and/or background.
 - Give an overview of your business and the kinds of people you work with in the community.
3. Introduce the Canadian beer industry:
 - There are nearly 1000 breweries in Canada as of 2018 numbers from Beer Canada and the Canada Revenue Agency. In 2013, there were less than 400.
 - Despite the beer industry's significant economic impact, breweries face many challenges, including higher input costs and tax increases.
 - Beer Canada is the national voice of domestic brewers' with members across the country. Our members collectively account for 90 percent of beer made in Canada.
4. Say a few words about the purpose and the aim of your meeting:
 - Canadian brewers' and beer-drinkers are the foundation of a large, national community.
 - Acknowledge the beer sector is not in a healthy state and explain the federal government cannot take a "business-as-usual" approach to beer.
5. Key messages:
 - Be prepared to "elevator pitch" the key messages. Identify what your top priority for the discussion is, why it's important to you and why it should be important to them.
 - Be clear about what it is you would like and what they can do.
6. Listen! Lobby with your ears.
7. Be careful not to be pulled into partisan discussions.
8. Do not hesitate to share personal anecdotes with the candidate. They can be very receptive to pieces of information that have a personal touch and in which you may have been directly involved.
9. You can mention that you will be providing an update on your meetings to Beer Canada.
10. Pay attention to the time you have been allotted. Your candidate will appreciate your understanding that they have many commitments that must be kept.
11. At the end of the meeting, briefly summarize the key points discussed. Make sure to add that if they have any questions, to not hesitate to either personally contact you, or Beer Canada.

MEETING GUIDE

AFTER THE MEETING



Complete the Debriefing Questionnaire after the meeting and return it by email to cheers@beercanada.com.



At any time, feel free to contact us if you have any questions or concerns, or to report good news.



If the candidate asked for additional information, please follow up with us. We will provide it so that you can forward it to the candidate.



You can send a thank you e-mail to the candidate.

APPENDIX

TEMPLATE LETTER TO CANDIDATE

[LOGO]

[DATE]

Dear [CANDIDATE NAME],

As a voter in your riding, I am proud to work in Canada's beer sector. There are lots of positive things taking place in Canada's brewing sector. There are now nearly 1000 breweries in Canada, up from 400 in 2013. This expansion continues to ensure the beer sector is a source of income for many Canadians and a vital economic contributor to Canada as a whole. But there are challenges that you can help us overcome.

I am writing you today to express my concern about an issue that is going to pull investment away from our sector and limit our potential to compete and grow in today's marketplace.

Communities and businesses across Canada, including right here in our backyard, are dealing with the implications of the federal government's decision to legislate automatic annual increases to the excise duty on beer, wine and spirits every April 1. This decision will escalate excise costs automatically and reduce brewers' ability to accommodate input cost increases for things required to brew and sell beer such as malt, hops, hydro, natural gas, packaging and wages, to name a few. To be clear, I'm not opposed to excise duties on beer and understand that at times the tax should be increased to keep up with the economic landscape. But with specific taxes on beer already making up 47% of the average price of beer in Canada and the fact that Canadian wine is exempt from this excise tax and beer is not, this legislation is unfair to Canadian beer drinkers and those who make beer for them.

Although there is an emerging trend in many markets of consumer interest in no and low-alcohol beer, the current schedule of excise duty rates makes it difficult to invest and capitalize on this trend. Brewers' and Canadian beer drinkers are aware of the benefits of no and low-alcohol beer – further investment in these beverages will result in greater product selection. Non-alcohol wine and spirits already benefit from a \$0 excise rate; Canadian brewers' are simply asking to be treated in the same way for non-alcohol beers.

I support the recommendations of Beer Canada, for amendments to the Excise Tax Act to promote tax fairness as well as to spark investment in no and low-alcohol beers. To learn more about the national voice of domestic brewers', I encourage you to visit www.beercanada.com.

The upcoming election is an opportunity for you and your party to take concrete steps to support the beer industry in order to ensure continued growth for the Canadian economy.

Thank you for hearing my concerns and I hope I can count on your support this October. I look forward to your response.

Sincerely,

[YOUR NAME]

FEEDBACK

DEBRIEFING QUESTIONNAIRE

YOUR INFORMATION

Your Name: _____

Brewery You Represent: _____

Business Address: _____

City: _____ Province: _____ Postal Code: _____

Email: _____

Telephone Number: _____

MEETING INFORMATION

Name of candidate that you met with: _____

Constituency: _____ Date of Meeting: _____

Political Party: _____ Duration of Meeting: _____

I found this individual to be...

... Knowledgeable of the issues facing Canada's beer industry: Yes No

... Supportive of our key messages: Yes No

... Interested in more information: Yes No

Additional Comments:

Please complete this form and return by email to cheers@beercanada.com

BEER AND POLITICS. NOT AN OBVIOUS PAIRING.

But we're building the first-ever community for
Canadian beer lovers
to have a voice on beer issues.

It's called **Here For Beer.**

And it's growing fast.

Cheers to all parties running in the upcoming
federal election.

Stay tuned for more.

www.hereforbeer.ca



H4B

HERE FOR BEER

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