

November 14th, 2019

Honourable Jason Kenney
Premier, President of Executive Council
Office of the Premier
Executive Branch

Dear Premier Kenney,

The Alberta Liquor Store Association (ALSA) would like to thank you for efforts to open up borders for Alberta made products into other provinces, specifically Ontario and BC. At the moment these provinces block the entry of Alberta made liquor products.

We understand that direct shipping to consumers is also an issue that is on the table as provinces discuss opening up the borders. ALSA and our members have discussed this issue at length and would like to share with you with our perspective on this issue. Our members strongly feel this would be detrimental to their liquor business, at a time when many are struggling do to the slow economy.


Current Situation in Alberta

Alberta Model

- Alberta is the only Province in Canada with a fully privatized retail liquor industry.
- There are over 1500 retail liquor stores in Alberta, with the majority being independent owners and family owned stores. Independents account for 70% of all liquor retailers in the province.
- Liquor retailing in Alberta is a 3 Billion dollar industry, which provides over 24,000 direct and indirect thousands of private sector jobs and investment in communities across the Province.
- The Alberta's Provincial Revenue from sales of alcohols last year was over 866 million dollars

Alberta has an Open Market

- Alberta's privatized liquor model provides the greatest selections of liquor products in the Canada.
- Currently there are over 29,000 liquor products available to Albertans in liquor stores, including wines and liquor products from across the country
- Alberta **does not have limits** to the quantity or frequency of wine products that Albertans can bring with them across provincial borders for their own personal consumption.
- As a matter of fact, Albertan's are able to order wine directly from wineries, as long as they go through a local store. The wine can even be delivered to their doorstep as long as proper ID is produced.
- There are **1,200 types** of wine from BC available in Alberta. Over 250 wines from Ontario. All wineries have to do is register their products in Alberta. No panels deciding what the public should buy. No blocking of liquor products.

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- Alberta currently carries 750 liquor products from Ontario (including wines). By comparison, Ontario only carries 20 liquor products from Alberta.

Concerns with direct shipping to consumers

Profit and Taxes

- Allowing wineries to bypass the Alberta Gaming and Liquor Commission and subsequently the liquor retail stores that sell the products, the Alberta Liquor Retail Industry would see a decline in sales and the Provincial Government would lose the revenue from this domestic liquor products. Should the Alberta Government increase taxes on the rest of liquor products to make up for this loss of revenue, it would present a compounded negative effect to store owners and their margins of profit. By ordering wine outside of the province direct from the wineries in BC for example, where wineries are not subject to provincial taxes, would prove to be a loss of revenue for every level of government.

Alberta Model is Trade Compliant

- Alberta is fully trade compliant, in that it treats domestic liquor products the same as international products. BC is currently being sued by California for the preferential treatment of local wines.

The former Alberta Government made changes to the brewery mark up, providing local beer with a tax and subsidy break which led to Alberta being sued twice and challenged constitutionality. The Province lost in all of these cases in court.

As Alberta is the only province with an entire private liquor retailer industry, we have the most to lose. ALSA strongly agrees Alberta made liquor products need access to the rest of the country, however direct shipment would only benefit wineries at the detriment of our liquor industry.

Alberta does not have a winery industry, but does have a thriving liquor retail industry. If direct shipment is indeed contemplated, ALSA hopes the Alberta Government would support our liquor retailers by requesting reciprocity and allowing Alberta's liquor retail industry to ship directly to other provinces. With over 29,000 products, dutifully taxed and paid for by Alberta liquor retailers, ALSA would submit that consumers across Canada would benefit from Alberta's unmatched selection of liquor products.

Sincerely,



Ivonne Martinez
President



Cc: Minister of Finance

Howard Anglin, Principal Secretary to Premier

Mitch Gray, Chief of Staff, Minister of Finance

Alain Maisonneuve, President and CEO, AGLC