



Presidents Briefing Note

ALSA Board Meeting – June 26th, 2016

Alberta Government Update

Premier Kenney's Government hit the ground running since being elected. His Government is making good of the promises of opening Alberta for business. The first Bills give business a break from the heavy regulations implemented by the NDP.

- Bill 1 -*An Act to Repeal the Carbon Tax*. Bill 1 repeals chapter C-16.9 of the Statutes of Alberta, 2016, the *Climate Leadership Act*, and took effect on May 30, 2019. The bill is expected to remove a \$1.4 billion burden from Alberta's economy, create 6,000 jobs, save small businesses \$4,000 annually.
- Bill 2, *An Act to Make Alberta Open for Business* on May 27, 2019. Bill 2 makes changes to holiday pay, and overtime pay, as well as changes to youth minimum wage which will be passed by an order in council.
- Bill 3, *Job Creation Tax Cut Act* on May 28, 2019. Bill 3 amends the *Alberta Corporate Tax Act* by reducing the general income tax rate on businesses from 12 per cent to 8 per cent over four years.

Bill 4, the Red Tape Reduction Act

Bill 4 does not repeal or amend any existing legislation, but instead provides the Government of Alberta with the power to remove regulations that unnecessarily hamper economic growth, innovation, and competition.

Bill 4 introduced legislation that requires the government to present a report on red tape reduction, and that will empower the government to amend existing regulations.

Beginning in 2020, the Associate Minister of Red Tape Reduction will prepare a report on the government's strategies and initiatives to eliminate and prevent unnecessary regulatory and administrative requirements; This report will be made available to the public and will be presented before the Legislative Assembly.

- I met with the office of Associate Minister for Red Tape Reduction to provide a briefing on the Alberta Model of liquor retailing and to clarify some misinformation that had been on the news.
- The Minister is requesting that our Association provide feedback on any existing regulations that affect our industry. **Action Required.**



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Alberta Government Update (Con't)

ALSA has been meeting with Government officials:

Minister of Finance
Minister of Labour and Immigration
Minister of Environment
Minister of Culture, Multiculturalism and status of women
Minister of Environment and Parks
Minister of Indigenous Relations

Speaker of the Alberta Legislature

ALSA is assisting the Speaker of the Legislature with a whiskey tasting on June 26th, at the Legislature. The Speaker will ask all MLAs to pick the one they like the most and the winner will become The Speaker's Whiskey. ALSA is working with the Province's manufacturers to pick the products to be sampled.

AGLC Update

- The new Warehouse RFP is on the last stage of reviewing and costing. A decision is scheduled to come out this Fall. ALSA is not sure of who is still in the running. BDL didn't make it to the last stage of the RFP. National Brewers have sent a letter to AGLC stating that their proposal has strong support from industry. ALSA is not aware of any discussions between National Brewers and any of the industry associations regarding their proposal.
- Restaurants Canada has been lobbying the Alberta Government regarding minimum orders. They are requesting that AGLC eliminates minimum orders all together. About 4 years ago Restaurants Canada tried to bring minimum orders down from the current 25 cases. At that time the cost analysis showed that reducing minimum orders would add about 4 million dollars to the system and would add about \$75 per order. ALSA has briefed the Finance Minister on this issue and the Liquor Industry's position. Stores take all the liability of paying upfront for products, transportation and storage and majority only charge cost plus 5% to restaurants. ALSA has also suggested that restaurants form small cooperatives to order the full 25 cases. AGLC supported this proposal 4 years ago.



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Restaurant Canada wants restaurants to have access to the connect logistics website to see when LTOs are available, so they can better negotiate with liquor stores on prices.

- AGLC is very appreciative of ALSA's Campaign pushing back on the Ontario Beer Store. Premier's office was briefed.
The Beer Store campaign received media attention, including the National Post, City News and Edmonton Journal.
The Canadian Council of Retailers put together a quick overview of the National Brewers beer prices in Ontario, Quebec and Alberta. For the big / popular sku's, Labatt and Molson have *wholesale* prices in Alberta that are just barely below their *retail* prices in Ontario.
They are taking advantage of their cartel-like position to gouge AB consumers, and blame retailers for it. See below comparisons of Que, Ont and AB price components.

Category	Quebec	Ontario	AB
Base Price of Beer	\$17.41	\$22.67	\$ 29.40
Beer Basic Tax	\$ 5.37	\$ 7.53	\$ 10.23
Federal Exercise Duty	\$ 2.81	\$ 2.81	\$ 2.65
Volume Tax		\$ 1.50	0
Environmental Tax		\$ 2.14	0
CRF			N/A
Wholesale Price of Beer	\$25.59	\$36.65	\$ 42.28
Retail Markup	\$5.12	\$1.89	\$ 7.29
GM%	17%	5%	15%
Retail Price of Beer	\$30.71	\$38.54	\$ 49.57
Sales Tax (Federal & Provincial)	\$ 4.60	\$ 5.01	\$ 2.48
Final Price of Beer (Refundable deposit not included)	\$35.31	\$43.55	\$ 52.05



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Crime in Liquor Stores

ALSA has heard from members on the rise of liquor store thefts and robberies throughout the Province. We have been working with AGLC to see if there are any regulatory changes that can be made to address this issue.

On June 17th, ALSA was invited to attend a meeting at the Southwest EPS Division for a briefing on "The Upward Trend on Liquor Theft". In attendance were representatives from the Edmonton Police Services, Calgary Police Services, RCMP, AGLC and Alcanna. Alcanna has been working with the Police Services to share information, data and statistics regarding the rise of thefts in their stores.

Police services were able to confirm gang involvement, specifically **REDD ALERT** who is pioneering a hierarchy of thieves and converting the stolen property to a street level currency. This currency in turn is used to purchase drugs and other items as needed by this group. EPS also confirmed that independently owned liquor stores are actively purchasing stolen liquor to bolster their own inventory.

There is a second gang targeting liquor stores - **A\$AP**. Both these gangs are comprised of aboriginal youths and are highly organized. Some take aways from the meeting:

- Jail is not a deterrent for these groups
- Difficult to lay charges for thefts of bottles of liquor. Prosecutors will not prosecute or plea down.
- Police services are strapped for cash and resources to handle calls from liquor stores
- Police have tried to infiltrate these gangs but so far they haven't been able to.
- RCMP reports that crime in rural areas has remained steady without any spikes in numbers
- Police working on 'online reporting'
- Security methods like cameras don't provide clear enough pictures that can be used by the police to make cases.
- AGLC would like industry to come up with possible solutions. However AGLC does not believe regulations are the answer. They would like to make less rules, not more.
- AGLC does not have jurisdiction around thefts and security – Police should be providing solutions. Currently the Police have special units to target commercial robberies and gang activity in bars. **Action Required**



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Just Add Alberta Campaign

Just Add Alberta is a province-wide summer branding marketing campaign that will promote Alberta-made liquor products through education, advertising, and direct interaction with Alberta consumers at events and festivals throughout the province this summer.



A *Just Add Alberta* branded RPod camper will be present not only at major cultural events such as the Calgary Stampede and Edmonton's K-Days, but at local grassroots events such as the Lacombe Days and Strathmore Stampede. The camper and accompanying booth will offer rich face-to-face interaction opportunities with consumers by offering information on Alberta-made products, providing swag and giveaways, offering a contest entry for a stocked bar fridge, and - where possible - providing product samples to consumers along with opportunities to meet the local producers operating in their communities.



Please see attached presentation for full campaign



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