

## Backgrounder

### What changes were made to the markup rates for breweries?

A markup is applied to beer products distributed by SLGA. A flat rate per litre of beer is applied to the price for which SLGA acquires the product. Saskatchewan's markup structure applies to any brewery that qualifies based on global production, not just those based in Saskatchewan.

The current markup for beer includes just two levels: producers with less than 5,000 hectolitre (HL) global production are subject to a markup of \$0.466/L and those with production between 5,001-200,000 HL are subject to a rate of \$1.415/L. This markup structure has served as a disincentive for growth because small brewers that increase production beyond 5,000 HL lose access to a preferential markup rate, and instead pay the same rate as regional breweries.

The changes, effective Nov. 1, include implementation of a new graduated markup scale with incremental increases in markup as producer volumes grow. It is applied to all beer products sold through SLGA's Distribution Centre or a third party beer distributor.

Beer Markup Rates (effective Nov. 1)	
Annual Global Production (HL)	Wholesale Markup
<2,500	.400/L
2,501-5,000	.500/L
5,001-7,500	.600/L
7,501-10,000	.650/L
10,001-20,000	.700/L
20,001-200,000	.750/L
>200,000	1.565/L

### Production Levy - Craft Beer

A production levy is remitted to SLGA for all products sold by Saskatchewan craft breweries who sell directly to consumers, retailers or commercial permittees and is lower than the markup that would apply if the products were distributed by SLGA.

The current production levy for beer is \$0.1715/L up to 5,000 HL of production. The new production level structure adds three additional levels of production with incremental increases in the production levy.

Beer Production Levy (effective Nov. 1)	
On the first 5,000 HL	\$0.1715/L
From 5,001 to 10,000 HL	\$0.21/L
From 10,001 to 15,000 HL	\$0.25/L
From 15,001 to 20,000 HL	\$0.34/L
>20,000 HL	N/A

### **What other changes have been made that affect beer producers?**

Earlier this spring, government expanded the types of businesses that can provide growler fills of craft beer products to include all liquor retailers, instead of just at brew pubs or microbreweries. Government also announced it would undertake pilot growler filling stations at two of SLGA's largest liquor stores in the province. These growler filling stations are now operating at SLGA's Quance Store in Regina and the Eighth Street Store in Saskatoon.

Effective Oct. 9, various policies and regulations were updated to remove unnecessary barriers for all craft alcohol producers (beer, wine and spirits), including:

- Craft producers can charge for samples at their manufacturing sites and full size servings in their hospitality suites.
- Craft producers can establish one retail outlet at a location other than their production site.
- Craft alcohol producers can retail any craft alcohol product produced by a Saskatchewan craft alcohol producer.
- Cider can be sold in growlers by all retailers. Previously only beer could be sold in growlers.
- Craft alcohol producers can determine their own retail prices, whether or not the product is sold through SLGA (subject to social reference pricing).
- Craft alcohol producers can establish warehousing and aging premises separate from their manufacturing site.

### **Licensed Saskatchewan Microbreweries/Brew Pubs**

9 Mile Legacy - Saskatoon	Malty National Brewing - Regina
All Seasons - Regina	Manchester's Brew Pub - Saskatoon
Barley Mill Brew Pub - Regina	Mano's Grill and Brewhouse - Saskatoon
Black Bridge Brewery - Swift Current	Nokomis Craft Ales - Nokomis
Black Grasshopper Pub & Eatery – Estevan	O'Hanlons - Regina
Bluez On 2 <sup>nd</sup> - Unity	Open Tap Brewing - Regina
Bonzzini's Brew Pub - Regina	Original Joe's - Saskatoon
Brewsters - Regina	Paddock Wood - Saskatoon
Bridges Ale House and Eatery - Saskatoon	Prairie Sun Brewery - Saskatoon
Buffalo Brew Pub - Swift Current	Prince Albert Brewing Company - Prince Albert
Bushwakker Brew Pub - Regina	Rebellion Brewing Company - Regina
Chillers Brew Pub - Moose Jaw	Saskatoon Brewery - Saskatoon
Clark's Crossing Pub & Brewery - Saskatoon	Slow Pub - Regina
Creekside Pub & Brewery - Regina	Specklebelly's Brew Pub - Saskatoon
District Brewing Company - Regina	Stan's Place & Lounge - Saskatoon
Fox & Hounds Pub & Brewery - Saskatoon	Tapps Brewing - Yorkton
Gaebels Brewhouse – Regina	Thirsty Scholar - Saskatoon
Kabo's Pub & Grill - Swift Current	Whiskey Jack's Neighbourhood Pub - Saskatoon
Last Straw Brew Pub - Regina	Winston's Pub - Saskatoon