



Wholesale Pricing:

As the single largest customer of the LCBO and The Beer Store, Ontario's bars and restaurants should be receiving a true wholesale price.

More than three quarters of all foodservice establishments in Ontario are licensed to sell and serve liquor, and are guided by the Liquor License Act. Other than a minor discount provided on LCBO purchases (5% on all products except Ontario wine which is 10%) and no discount from The Beer Store/Brewers Retail Inc. (TBS/BRI), liquor licensees must pay full retail price on beer, wine and spirits. Ontario home consumers can actually buy alcoholic products for LESS than licensees as the licensee community is not offered nor can they take advantage of any special discounts, rebates or in-case promotions given to home consumers from TBS/BRI. Licensees essentially subsidize the discounts offered to home consumers as a marketing tool for TBS/BRI. This is not equitable, nor conducive to sales stimulation or new job development for the operator.

Embedded in the full retail price of beverage alcohol is a complex regime of fees, levies, markups and taxes, both Federal (e.g. Excise or Customs Duties) and Provincial. Licensees, in addition to paying full retail price, must also pay another roughly 6% gallonage fee rendering the licensee purchase price more expensive than a consumer retail price. On top of all these taxes the government turned around during the HST implementation and applied an increase that hit the overall product alcohol cost. They rationalized it as social responsibility.

- **The government should implement a true wholesale pricing regime for liquor licensees, and the amount of the discount should be at least equivalent to the discounts available to the LCBO's agency store system, i.e. 11.5%.**

This will stimulate licensee purchasing power and alleviate fiscal pressures of other programs such as the deposit-return program for wine and spirits containers.

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