

**Written Submission for the Pre-Budget  
Consultations in Advance of the 2019 Budget**

**By: Barley Council of Canada**

- **Recommendation 1:** Repeal the 2017 legislation that created the automatic annual excise tax escalator on beer
- **Recommendation 2:** Recognize, through an Act of Parliament, each Wednesday before Thanksgiving as “Canada’s National Beer Day.”

On behalf of Canada's 23,000 barley farmers, the **Barley Council of Canada (BCC)** is calling **on the Canadian Parliament to repeal the 2017 legislation that created the automatic annual excise tax escalator on beer** and ensure that our domestic beer industry – including our farmers, maltsters, and brewers – remain competitive.

As Canada's voice for barley, our membership includes representatives from throughout the barley value chain, including the provincial barley and producer commissions, malting and brewing sector, feed and livestock industry, select grain handling companies and the barley research and seed community.

Our domestic brewing industry represents a critical element of that membership that is being set up to fail by the Federal government's damaging tax policy that affects the entire barley value chain.

As the fourth-largest producer of barley in the world, Canadian farmers grow over six-million tonnes of malting barley each year for use in beer, whiskey, and vodka production as well as an additive for flavouring in food. Canadian maltsters purchase approximately 50 per cent of this malting barley (the other half is exported to international customers) to create Canadian malt for domestic and international brewers.

In Canada alone, 250,000 tonnes of this malt are used in the production of beer—the sales of which generates 5.4 billion dollars in provincial and federal taxes annually. In fact, for every \$1 of malting barley that the Canadian malt industry buys to make beer for Canadians, it generates approximately \$72 in tax revenue for the Government of Canada at the cash register. This means that the contribution of tax dollars from the brewing industry far exceeds those returned by other major (heavily-subsidized) industries – including bitumen, softwood lumber, or dairy.

Our farmers grow our crops, our maltsters create the malt, and our brewers use this malt to brew our beer. There is no more of a “Made in Canada” industry than this, but we are moving towards jeopardizing this system with an unfair tax system that punishes our producers.

As the voice of Canadian barley, we know that a growing, vibrant, and innovative domestic beer sector is good for farmers and all Canadians. According to Beer Canada, 85 per cent of beer sold in Canada is made in Canada. We like our beer – but we are pricing ourselves out of our own market. By insisting on escalating the taxes on beer at a higher rate than most other competitive beer-producing nations, we risk harming a genuinely “Made in Canada” resource. As Beer Canada has indicated, between 2012 and 2016, the per capita beer consumption in our country decreased 7.55 per cent from 83.4 litres to 77.1 litres. Canadians are making the decision with their wallets to turn away from our domestic beer market – and that impact will be felt all the way down the value chain to our farmers. With 47 per cent of our beer price going towards taxation, this trend will not reverse itself under the current structure.

There are few industries that contribute more to the Canadian economy than the beer sector – and we are all invested in seeing our domestic market remain ever strong. By pushing these indexed beer taxes ever higher at the rate of inflation, we are now working against each other when we should be partners in making our country's homegrown industry more competitive.

We are at a tipping point when it comes to our brewing industry. The facts show that Canadians love homegrown products, but we are forcing them to go elsewhere when it comes to beer consumption. This is why a repeal of the beer escalator tax is a must. Canadians want to drink Canadian beer, but not when it comes at a punitive cost. By repealing this legislation, we can remove the limits on our brewing value chain and empower our farmers, maltsters and brewers to provide even more of our world-class beer to the domestic market.

The fact is Canada's beer industry is a major success story. In addition to the significant taxation, our beer economy also supports 149,000 Canadian jobs and provides 13.6 billion dollars to our national GDP. This should be celebrated. That is why the **BCC is formally recommending that we recognize, through an Act of Parliament, each Wednesday before Thanksgiving as "Canada's National Beer Day"** to recognize the unique and unparalleled impact that the beer sector has had.

Canadian beer is woven into our national fabric. From its illustrious contribution to the economy to its role in the life of every day Canadians, the impact of beer is felt throughout our country. From hockey games and holidays to curling rinks and cold winter nights, beer is synonymous with authentically Canadian activities that bring us all together.

This extends to the industry itself – which has had arguably a long, more beneficial impact on our national identity than almost any other sector, save for the fur trade. Two of our oldest companies, Molson Breweries (est. 1786) and Labatt Brewing (est. 1847), date back to before Confederation and are widely considered a major unifying force in our truly unique national identity. This influence extends even further back when you consider the Canadian farmer – who has toiled the soil for hundreds of years and provided the barley which makes our beer as renowned as it is.

The BCC humbly submits that it is time to raise a glass to those who have come before us – and who continue to make Canada what it is today. Let's celebrate our beer industry's contributions and give thanks to those who create jobs and make us proud to be Canadian.