



# REAL LOCAL CRAFT BEER

CREATING REAL **LOCAL** JOBS,  
DRIVING REAL **LOCAL** INVESTMENT,  
AND BUILDING COMMUNITIES.



**ELECTION 2022**  
ONTARIO CRAFT BREWERS

# REAL LOCAL CRAFT BEER BUILDS...

REAL **LOCAL** JOBS  
REAL **LOCAL** INVESTMENT  
REAL **LOCAL** TOURISM  
REAL **LOCAL** MANUFACTURING  
REAL **LOCAL** AGRICULTURE  
REAL **LOCAL** CULTURE  
REAL **LOCAL** BRANDS  
REAL **LOCAL** SKILLED TRADES  
REAL **LOCAL** TAX REVENUE  
REAL **LOCAL** COMMUNITY  
REAL **LOCAL** JOBS  
REAL **LOCAL** INVESTMENT  
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REAL **LOCAL** CULTURE  
REAL **LOCAL** BRANDS

# WHO WE ARE.



**The Ontario Craft Brewers (OCB)**, the voice of craft beer in Ontario, is a trade association representing small, independent brewers dedicated to making great-tasting, high-quality beer across the province. The members of the OCB develop and produce thousands of different brands and styles of beer using fresh, all natural ingredients in over 110 communities across the province.

Founded in 2003, the OCB's vision is to be the unified voice for the Ontario craft beer industry, where craft beer is sustainably produced, readily available, clearly understood, and consistently chosen.



# WHAT IS REAL LOCAL CRAFT BEER?

What is Real **Local** Craft Beer? It's craft beer brewed in a hometown, by local people, at a real bricks-and-mortar brewery, not some factory somewhere. Real **Local** Craft Beer creates real local jobs, drives real local investment and tourism, and builds the community in which it's brewed.



It's time to put “local” back into local craft beer. Craft brewers are homegrown. They're reflections of their community, with local people working to produce local beer.

During the pandemic Ontarians showed their support for struggling small businesses in their communities by pledging to “buy local”. Craft brewers will always be thankful for this support.

Sadly, some contract brewers – beer brand owners without a local bricks-and-mortar brewery – have tried to capitalize on the buy-local movement over the last number of years, by posing as Real **Local** Craft Brewers. These brands pretend to be local but lack all the ingredients that make them part of our communities.





# LET'S TAP INTO ECONOMIC OPPORTUNITY

Historically, Ontario's bricks-and-mortar craft breweries have been a significant economic driver across the province, creating good paying jobs, investing in manufacturing facilities and equipment and contributing \$2 billion annually into local economies.

Real **Local** Craft Brewers currently produce just 12% of all the beer consumed in Ontario but are responsible for 80% of direct brewing jobs. Imagine the jobs we could create if we unleashed Real Local Craft Beer.

Unfortunately, Craft Brewers were among the first impacted and the hardest hit businesses by the COVID-19 pandemic.



# WHY ONTARIO'S REAL LOCAL CRAFT BREWERS NEED SUPPORT

Sales to restaurants, bars and community events – which usually account for 60% of a brewer's revenue – decreased drastically and have not returned. Meanwhile, supply chain disruptions and rising costs on aluminium, fuel, grain, electricity and other necessary inputs have driven costs through the roof.

COMMODITY	5 YEAR INCREASE	10 YEAR INCREASE
Aluminum Cans	49%	42%
Barley	154%	21%
Malt	2%	6%
Cardboard	16%	18%
Hops	2%	74%

As Ontario looks to rebuild its economy, it must take steps to support Real **Local** Craft Brewers. A growing industry of Real **Local** Craft Brewers would mean more jobs, more regional investment, more tourism, and more tax revenue for the government.



Number of Real Local Craft Brewers in Ontario	300+
Ontario Communities with a Craft Brewery	110
Jobs Created (Pre-Pandemic)	4,600
Indirect Jobs Supported	9,000
Annual Economic Impact	\$2 Billion

# BRICKS-AND-MORTAR vs. CONTRACT BREWER

## BRICKS AND MORTAR

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A Real Local Craft Brewer invests in their small business and in their community. They operate a real bricks-and-mortar brewery where they brew real craft beer.

Real Local Brewers are passionate about beer. They use real ingredients, tinker with recipes, use innovative flavours and techniques and serve their local customers.

- ✓ They build and maintain bricks-and-mortar breweries.
- ✓ They create jobs, hire local workers, and make payroll.
- ✓ They pay heating, hydro, water, and utility bills.
- ✓ They invest in brewing equipment, operations, and upkeep.
- ✓ They support local charities, festivals, and little league teams.
- ✓ They drive tourism and contribute to local culture.

## CONTRACT BREWER

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A Contract Brewer is a marketing company. They don't own a brewery or make their own beer. They may look like a brewery but they're often little more than a PO Box and a website.

Contract Brewers don't contribute to local economies and take valuable shelf space away from the brewers who do.

- ✗ They do not shoulder the costs of owning a brewery.
- ✗ They do not create jobs for local workers.
- ✗ They have few real costs and do not invest in local economies.
- ✗ They are not part of local communities or drive local tourism.

# BRICK-BY-BRICK:

## SUPPORTING BRICKS-AND-MORTAR BREWERIES

Past governments recognized the high costs of operating a bricks-and-mortar brewery and introduced the Microbrewers Tax Rate to help offset these costs allowing Real **Local** Craft Breweries to grow. This growth created the jobs, investment and spin-off tourism and hospitality opportunities that define Ontario's craft beer sector.



Contract brewers do not face the same high costs but have benefited from this tax structure. With rising supply chain costs, higher equipment prices, increased taxes, and higher labour expenses, it has become harder and harder to operate a bricks-and-mortar brewery. Meanwhile, contract brewers who have not had to deal with the increased costs of running a manufacturing facility continue to take up more and more shelf space.

The next government must help bricks-and-mortar breweries offset these rising costs so they can continue their historic growth and continue benefiting local communities.



# PRIORITIZE TAX BENEFITS FOR BRICKS-AND-MORTAR BREWERIES



The next government should support Real Local Craft Breweries by lowering the existing Microbrewery Tax Rate and increasing the Small Beer Manufacturers' Tax Credit for bricks-and-mortar brewers.

This change would help offset rising costs of operating a bricks-and-mortar brewery, so Real **Local** Craft Brewers can re-invest in hiring more local people, buying new equipment, and growing their business.

This change would also incentivise contract brewers to invest in establishing a brewery in a local community, fostering further economic growth and ultimately leading to an increase in tax revenue to the province.



# ELIMINATE THE PUNITIVE BEER CAN TAX



The next government should also eliminate the outdated and ineffective 8.9 cent Beer Can Tax on non-returnable containers imposed on Ontario craft brewers.

Alcoholic beverages are the only sector that pays the Can Tax, as it does not apply to other canned beverages like soda or energy drinks. It is also essentially a tax on small brewers as it is not collected on the Industry Standard Bottles used by the large international brewers.

This tax has been made worse during the pandemic as brewers have had to shift from draught to selling almost all of their product in cans. This means the tax burden of craft brewers has gone up during the pandemic.

473 ML CRAFT BEER CAN	\$3.35 RETAIL PRICE
Basic Beer Tax (39.75 cents/litre)	\$0.180
Beer Volume Tax (17.6 cents/litre)	\$0.083
Empty Container Disposal Fee	\$0.020
Deposit Return Program Fee	\$0.100
Harmonized Sales Tax (13%)	\$0.374
<b>Beer Can Tax (8.9 cents/can)</b>	<b>\$0.089</b>
TOTAL TAXES	\$0.846
Total % of Price	25.3%



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# REAL LOCAL CRAFT BEER PLATFORM

Real **Local** Craft Breweries have a significant role to play in Ontario's economic recovery. They create good paying local jobs, invest in manufacturing facilities and equipment, and contribute \$2 billion annually to local economies. Unleashing these local small businesses will create more local jobs, increase capital investment in all regions of the province, and help support community main streets.

To build Ontario's Craft Beer Sector, our government will create a special *Bricks-and-Mortar Microbrewery Tax Rate* below the current rate and an increased *Bricks-and-Mortar Small Beer Manufacturers' Tax Credit* in recognition of the high capital costs of operating a brewery and the outsized impact on local economies. This investment will incentivize entrepreneurial brewers to invest in their own manufacturing facilities and allow established brewers to grow and compete in regions across the province.

To further support craft breweries recovering from the pandemic and facing increasing supply chain costs, our government will eliminate the punitive and redundant tax on beer cans for craft products, putting more money in the pockets of small manufacturers.

If elected, I pledge to join the *Craft Beer Caucus* and support the Real **Local** Craft Beer Platform.

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Signature of Candidate

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Date



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**THANK YOU.**



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## CONTACT

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