

Dear Mark,

Further to our discussion and presentation regarding current high markups and our ask to provide distillers with a sensible, supportive tiered markups, I felt you and the panel would be interested in the recent and positive direction that the Nova Scotia government has taken in support of this concept for All distillers. [Lauchie MacLean](#) who is the President of the Nova Scotia Distillers Association just sent me the governments new markup schedule. Clearly their government sees the benefit to providing support to their fledgling industry by way of low markups on a tiered scale. Here is what she wrote:

Hi Charles - Now the 0 –75,000 litre level is called class A with 60% and 80% markup for sales in nova scotia stores and the new level B is Class B 75,001 – 150,000 litres with 110 and 120% markup for sales in Nova Scotia stores anything over 150,001 litres per year will be considered commercial distillery (last month that was any distillery over 75,001 litres)

As you know we have been asking for ALL distilleries with a tasting and retail store to be given a 100% markup free status for all spirits sold through their tasting rooms. Lauchie MacLean also went on to state the markups for sales done in distillery tasting rooms in Nova Scotia. Here is what she said the Nova Scotia Government offered for these types of sales:

markup is still only 5% for any sales made directly through ones own craft distillers retail store to customers or licensees.(ie if a bottle of my single malt whisky is sold at my gift shop for \$100 I remit \$5 to NSLC calculated and remitted monthly)

All sales of spirits made in a Distillery tasting room are the complete responsibility of the Distillery - the BCLDB does absolutely nothing to support these sales yet they take 154% markup on tasting room sales. Distillery owners and their staff spend upwards of 30-45 minutes with customers selling a bottle (and many times don't get the sale) and then get 7% back as a commission for selling out of their tasting room. Clearly the Nova Scotia government sees that their distillers invest a tremendous amount of time and passion in selling through their tasting rooms by only taking a novel 5%, leaving the lions share in the hands of the distillery to help cover their overhead.

We believe that all these developments further reinforce the value we place on adopting a **tiered markup system** and **100% markup free status for sales conducted in tasting rooms**. This would be invaluable support for all members of our distilling industry who don't have 'craft' status but have made the investment to follow their passion and grow a lasting industry in BC. The current markups in BC are not sustainable when compared to the support other provinces offer their distilling industry.

I trust this information will serve the panel in understanding that change is needed here in BC. Any loss the government may see in the short haul will inevitably result in positive long term gains on so many fronts as we shall see Nova Scotia will realize by nurturing their industry to success. Thank you.

Regards,

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Charles Tremewen - President BCCDA 2017-2018

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