



**LIQUOR
DISTRIBUTION
BRANCH**

November 14, 2012

To: Domestic Beer Suppliers and Import Beer Agents

Re: **Amendment to Beer Mark-up Policy**

As you are aware, the LDB has different mark-up rates based upon a brewer's consolidated annual production.

The LDB has changed its mark-up policy for brewers whose annual production is between 15,000 hectolitres (hl) and 160,000 hl, and who eventually exceed 160,000 hl. Brewers in this category are now subject to transitional mark-up rates between 160,000 hl and 400,000 hl. These transitional rates are based on a proportional blending of the applicable rates for the 15,000 hl to 160,000 hl category and the applicable rates for the greater than 160,000 hl category.

To qualify for the transitional mark-up rates between 160,000 and 400,000 hl, a brewery must have been selling products in the British Columbia market and had an annual production level of less than 160,000 hl in the 2011 calendar year. The purpose of this policy is to ease the transition into the highest mark-up category.

An example of a transitional mark-up rate calculation for packaged beer from a brewery whose production grows to 180,000 hl, based on current mark-up rates is shown below:

$$\$1.16/\text{litre} + ((20,000\text{hl} \div 180,000\text{hl}) \times (\$1.75/\text{litre} - \$1.16/\text{litre})) = \$1.23/\text{litre}$$

If you have any questions, please contact Elaine Low at Elaine.low@bcldb.com or 604-252-3150.

Yours truly,

Elaine Low
Acting Chief Financial Officer

cc: Roger Bissoondatt, Liquor Distribution Branch
Kelly Wilson, Liquor Distribution Branch
Bill Michael, Liquor Distribution Branch
Gord Hall, Liquor Distribution Branch