



Facts, Myths, and Questions about Minhas Brewery – April 2013

Facts:

- Over 85% of the beer consumption in Alberta is supplied by Labatt (Imbev of Belgium) and Molson (South African Brewery-SAB).
- Without the small brewers mark-up incentive, beer prices will increase in all categories and selection will decrease. The two multinational breweries will be able to capture even more of the marketplace as small breweries will be forced to close.
- Minhas Brewery has recently invested considerable capital, at the urging of the Alberta Government, to locate our fully operational and complete brewery in Calgary. We encourage all to come to the brewery in Calgary and see it for yourself!
- We are an Alberta success story and have always complied and worked within the regulations and guidelines set out by the AGLC. If these were to drastically change, we would need several years to comply.
- Raising beer prices and reducing competition will become a political issue in Alberta.
- Marketing, sales, accounting and advertising purchases for both our breweries all are performed at our Calgary Head Office by Albertans. We presently have over 70 full time employees working out of our head office.

Common Myths and Questions about us:

- The Small Brewers mark-up subsidizes Wisconsin – **untrue**. The mark-up goes to : 84% to ensure competitive pricing of Alberta beer right into Albertan's pockets, 9% to our local Alberta sales force, 4% local Alberta marketing and sponsorship, 3% Calgary/Edmonton Office, accounting and legal – all in Alberta.
- We are a Wisconsin brewer- **untrue**. We were required in 2005 by the Alberta Government to either purchase or build a brewery within 6 months to qualify. With nothing available in Canada we purchased a brewery in Wisconsin enabling us to qualify for the SBMU. At the time, AGLC was happy with our Wisconsin purchase as it fell under NAFTA and complied with their regulations. Both of our breweries purchase our Malted Barley and Wheat from Alberta or Saskatchewan farmers, and all other operations and support are in Alberta. We live and raise our families in Alberta.
- We are the 14th largest brewer in America –**true**. But, this like saying the Alberta Party is the 5th largest in Alberta. The top 6 brewers in America own over 92% of the market-share, so saying we are 14th largest sounds great but we are still very small – compare 850 million HL to our 250 thousand!
- We are no longer a small brewer – **untrue**. We produced 250,000 HL of beer last year, Big Rock produced 240,000 HL of beer. The multinational brewers are trying to compare us to brewers producing 40,000 HL of beer and saying we are large. Yet the multinationals produce 850 MILLION HL of beer. Due to their multinational size, scope and purchasing power, without the SBMU we simply could not compete with them. To change the SBMU threshold to 150,000 HL would put our company and other small breweries in jeopardy of being competitive and most likely close a number of small breweries including ours.
- Why should the government give a subsidy to a brewer? To call this a subsidy is incorrect. This is a tax -- a small business tax mark-up. The difference is this is NOT a cheque that is being written by the government rather a lower mark-up (tax) on product sold in the province. Calling this a subsidy is like saying if you don't pay the same tax rate as a millionaire, the government is subsidizes you! The purpose of the SBMU is to allow small brewers a chance to survive in a market wholly dominated by the two multinational brewers and ensure competition in the marketplace.
- I've heard questions about Minhas' corporate structure – is it just a shell game? Minhas Brewery is owned and operated by an Alberta company, Minhas Micro Brewery, that is 100% owned by Ravinder Minhas. There is nothing complicated about that. In 2005-06, AGLC confirmed this in a full/comprehensive forensic audit over ENTIRE corporate structure (which took over 9 months) and concluded that we were in full compliance with all rules and regulations - it gave us a clean bill of health, and our corporate structure remains unchanged today, except that we merged our two Alberta companies into one Alberta company. We are happy to provide this letter from the Chairman of the Board of AGLC if MLAs would like it. We are happy to share a full outline of all of our corporate structure. We find these allegations unfair and offensive.
- Why not restrict the Small Brewers Mark Up policy to only beer brewed in Alberta? We only brew in Wisconsin because we were forced to comply with AGLC policy in 2006. AGLC advised in 2006 that an Alberta residency criterion for SBMU would be contrary to NAFTA: "Alberta's small brewer mark-up policy must be consistent with domestic and international trade agreements to which Alberta is a signatory. These agreements oblige Alberta to treat producers of like products equally regardless of geographic location. Therefore, Alberta's small brewer mark-up policy cannot be based on any Alberta residency criteria."