

Liquor commission mark-ups on wine differ significantly by province, by type of wine, by alcoholic strength and by origin. In general, those provinces that have a native wine industry apply favourable mark-ups to their own product compared to that of other Canadian provinces or other countries. Those without a native wine industry tend to apply more favourable mark-ups to Canadian products, with the exception of P.E.I. that applies the same mark-up to all types. The Newfoundland method of taxation depends on selling price for different types of wines. In all provinces, mark-ups are applied in addition to provincial sales tax from 7% to 11%, except for Alberta and N.W.T. where there is no sales tax. Prince Edward Island, in addition to its sales tax of 10%, has a health tax of 25%.

EXEMPT. 15(1)

The number of liquor control board listings also differs by province for Canadian and imported types. Those provinces with their own industry tend to have a higher number of domestic listings and total listings have increased significantly since 1960 reflecting both the increase in demand and supply. The ratio of the number of Canadian listings as a percentage of the number of imported wine listings for 1982 is indicated in the table below and gives a quick overall impression of how Canadian products compare to imports.

EXEMPT. 15(1)

NUMBER OF CANADIAN WINE LISTINGS AS A PERCENTAGE OF
NUMBER OF IMPORTED LISTINGS BY PROVINCE - 1982

<u>Province</u>	<u>%</u>	<u>Province</u>	<u>%</u>
Alberta	56	Northwest Territories	22
British Columbia	94	Nova Scotia	90
Manitoba	38	Ontario	76
New Brunswick	79	Prince Edward Island	70
Newfoundland	44	Quebec	53
Yukon	30	Saskatchewan	72

At the federal level, a basic sales tax of 12% is levied on total sales made by the manufacturer and is paid at the end of the month following the month of sale. The sales tax base is the final product price and thus already includes a significant excise tax burden. In addition, excise tax is levied depending on alcohol level as follows: wines with less than 1.2% alcohol, \$.0142 per litre; wines with alcohol content of between 1.2% and 7%, \$.1703 per litre; and wines with alcohol level of greater than 7%, \$.3548 per litre.

Because of the variety of taxes applicable to alcoholic beverages and the way in which they are levied, it is difficult to determine the relative total tax burden. A study by the Brewers' Association of Canada showed that the total tax per litre of absolute alcohol on spirits (40%) was \$28.05; that on table wines (12%) was \$23.85; on fortified wines (18%), \$15.85 and on beer (5%), \$13.60.

4. Evolving Environment

On the basis of changing demographic patterns and consumer trends, the prospects for increased wine consumption in Canada appear excellent. The growth of the table wine market indicates an increased willingness among consumers to drink wine with meals on a fairly regular basis, thereby expanding the consumer base considerably.