

Retail Alcohol Sales Policy in Saskatchewan

Commentary and Recommendations
from MADD Canada

December 10, 2014



ALCOHOL POLICY IN SASKATCHEWAN

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MADD Canada is pleased for the opportunity to participate in the stakeholder consultation regarding alcohol policy reform in Saskatchewan.

Discussions around changes in alcohol policies and potential privatization of alcohol sales generally centre on issues of customer convenience and revenue generation for government, but MADD Canada believes that the negative impacts on health and public safety, including impaired driving, need to be examined and addressed before any changes in alcohol policy are considered.

In the following paper, MADD Canada provides an overview of Saskatchewan's record on impaired driving and outlines some of the key research around best practices in alcohol sales and retailing.

IMPAIRED DRIVING IN SASKATCHEWAN

Based on 2010 statistics (the latest year for which national data is available from Transport Canada), Saskatchewan had the worst provincial rate of impaired driving in the country.

MADD Canada estimates that 9.76 people in every 100,000 people in Saskatchewan die as a result of impaired driving crashes. That is significantly higher than the national average of 3.17 impaired driving crash deaths per every 100,000 people.

In 2014, Saskatchewan implemented legislative changes which MADD Canada believes will have a significant impact on reducing impaired driving in the province. These changes included increases in licence suspensions for the warn range (.04% to .08% BAC); the addition of vehicle impoundments for repeat warn range infractions; and increased sanctions for young drivers who violate the zero alcohol and/or drug requirement.

Provincial Impaired Driving Deaths per 100,000

1. Prince Edward Island	0.70
2. Ontario	2.15
3. Québec*	2.19
4. Newfoundland	2.73
5. Nova Scotia	2.86
6. British Columbia	3.69
7. Manitoba	4.29
8. Alberta	5.16
9. New Brunswick	7.17
10. Saskatchewan	9.76
Canada	3.17

ALCOHOL POLICY

Alcohol is no ordinary commodity and should not be sold as one. It is a drug that, if not used within reasonable limits, can have a significant negative impact on individual health and well-being, and on overall public safety.

Alcohol is linked with more than 65 medical conditions and is a contributing factor in injuries, impairments and deaths caused by illness, impaired driving, homicides, suicides, falls, drowning, assaults, fires and other adverse events that threaten public safety and community well-being.

Governments have a responsibility to control and regulate alcohol sales in the interest of public safety. The World Health Organization, Canadian Centre on Substance Abuse and the Centre for Addiction and Mental Health have stated that liquor control board systems provide an effective means of controlling alcohol consumption and alcohol-related harm in society.

A 2006 European Commission paper, *Alcohol in Europe – A Public Health Perspective*, concluded that “Governments have a responsibility to intervene in the market and benefit from doing so.”¹ They also concluded that jurisdictions that manage outlets through number and density, location and hours and days of sale should continue to do so while jurisdictions without such regulations or with limited regulations should consider the benefits of introducing or strengthening such controls.

The four key principles of controlling alcohol sales are:

1. Public Safety
2. Price/Return on Investment
3. Compliance
4. Availability/Density

Alcohol regulation must strike a balance which effectively addresses these principles in order to safeguard public health and safety while also meeting consumer interests and demands.

PUBLIC SAFETY

When alcohol is over-consumed, it imposes tremendous costs, not only on the drinkers but also on the people and communities around them. As such, governments need to consider the public safety implications of making alcohol more accessible.

The links between increased availability of alcohol, increased consumption and increased alcohol-related harms are well-established.

- A study of the impact of alcohol sales in Alberta found significant increases in suicide mortality.²
- In Ontario, which has a government-controlled model of alcohol sales, the per capita rate of impairment-related crash deaths was 2.03 per 100,000 in 2009. The rate in Alberta, where alcohol sales are fully privatized, was 175% higher, at 5.70 deaths per 100,000 population.³
- A recent study⁴ examining the impact of privatized liquor sales in Washington found troubling results among young people, including significantly more hospital visits, increased theft, increased acceptance of drinking among youth, and an increase in the number of “drinking days” among youth who were already drinking.

PRICE/RETURN ON INVESTMENT

Alcohol pricing has a direct impact on public health and safety, as well as associated costs. Examining the public health and safety benefits of minimum pricing on alcohol provides a strong illustration of the relationship between alcohol health costs and illness.

- Finland has gradually liberalized its alcohol regulations and reduced taxes since the early 1960s. The average alcohol consumption for people over 15 years of age has increased four times over, from 3 litres per capita in 1969 to 12 litres in 2004. When the country decreased its excise duties for some alcohol products by 17% in 1998, and again in 2004 by a further 33%, each tax cut was followed by a 10% rise in consumption. Alcohol-related death rates rose by 14% in 1995, and by 20% in 2004. Deaths by liver disease increased by 30% in 2004. Since 2004, Finland has raised alcohol taxes twice in an effort to reduce alcohol-related harms.⁵
- A study published in the American Journal of Public Health⁶ examined British Columbia hospital data and found that for every 10% increase in minimum prices of alcohol, there was a 9% reduction in hospital admissions, and a similar reduction in serious alcohol-related illnesses (such as liver, cirrhosis, cancers) 2 to 3 years later.
- Impacts on crime in British Columbia⁷:
 - 9 years of crime data for 89 local health areas in BC;
 - Controls for season, cost of living, density of liquor outlets, household income, demographic profiles;
 - 10% increase in minimum price associated with 19.5% decrease in alcohol-related traffic offences and 10.4% in violent crimes;
 - No significant effect on non-alcohol related traffic violations.

As the following chart outlines, the establishment of minimum pricing plays an important role in decreasing hospital admissions associated with alcohol.

Estimated Impacts on Alcohol Attributable Hospital Admissions in BC⁸

% Change in alcohol-attributed admissions with a 10% increase in average minimum price:		
Type of hospital admission	Immediate impact	Delayed impact after 2 years
Acute	-8.95%**	-1.67%
Chronic	-5.31%	-9.22%*

Beyond the increased health costs of alcohol over-consumption, it must be acknowledged that the perception that a privatized system of alcohol sales will generate higher revenue for governments is incorrect.

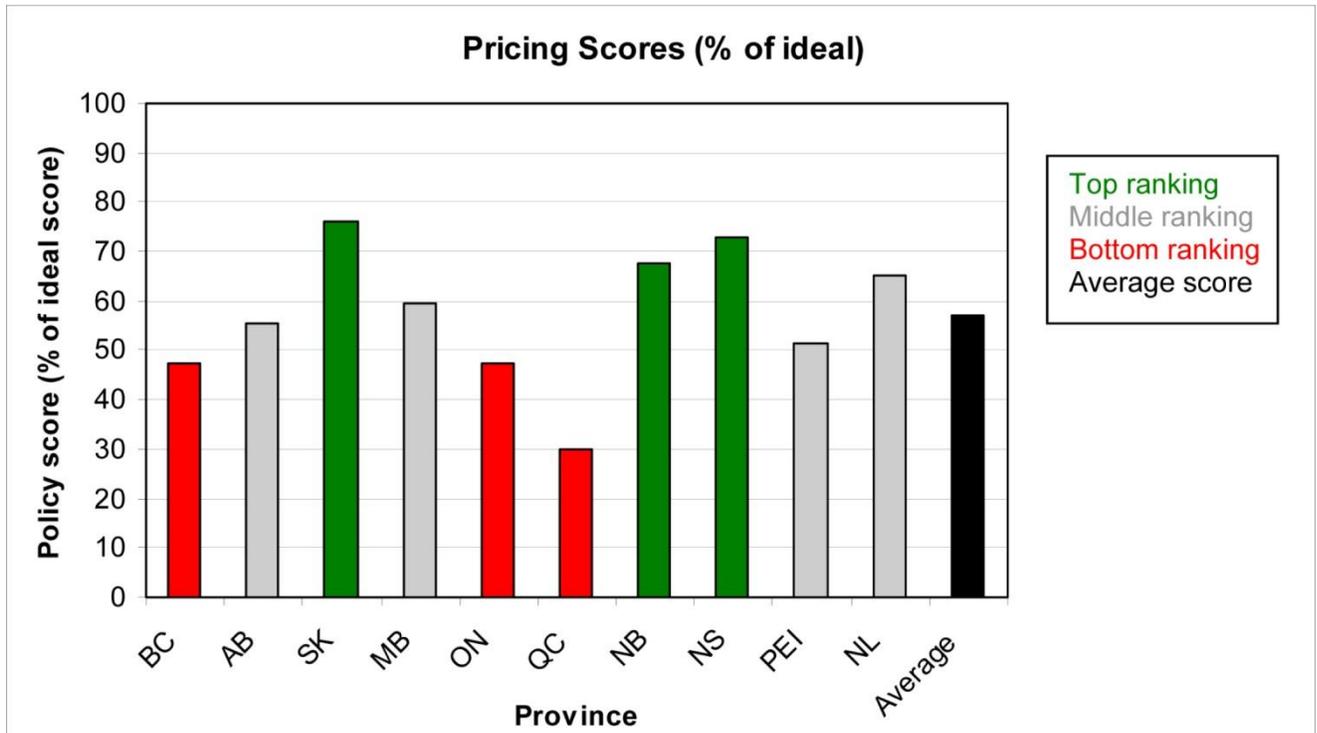
- In Alberta, the increase in annual revenue going to the provincial government, between the introduction of privatization in 1993 and January 2012, was 69%.⁹ Yet, the provincially-run Ontario Liquor Control Board increased revenue for the Ontario government over the same general time period by 165%.¹⁰
- A York University study showed that privatization in Alberta has resulted in higher product prices, smaller product selection, higher warehousing and distribution costs, and higher social costs.¹¹
- As stated in the Government of Saskatchewan's own paper, *Future Options for Liquor Retailing in Saskatchewan*, "Alberta experienced an 18% increase in net income per capita from direct alcohol taxation/mark-up between 1993 and 2013. In contrast, Saskatchewan experienced an 82% increase."

Province	1993	2013	% Change
Saskatchewan	\$114.62	\$208.71	82%
Alberta	\$152.01	\$179.39	18%

Statistics Canada

The following chart from the Centre for Addiction and Mental Health outlines provincial alcohol pricing policy scores¹², based on indicators of:

- Minimum prices
- Pricing on alcohol content
- Indexation



COMPLIANCE

An effective alcohol sales and regulation system employs various measures to ensure alcohol is not misused, sold to underage individuals or sold to customers who are already intoxicated.

- In British Columbia in 2009, a secret shopper program found that 56% of government stores checked for identification, compared to 22% of rural agency stores and 27% of licensee retail stores.¹³
- In 2008, the percentage of British Columbia government liquor stores requesting the mandatory two pieces of identification was 77.5% while the British Columbia private liquor stores rate of age identification was 35.9%.¹⁴

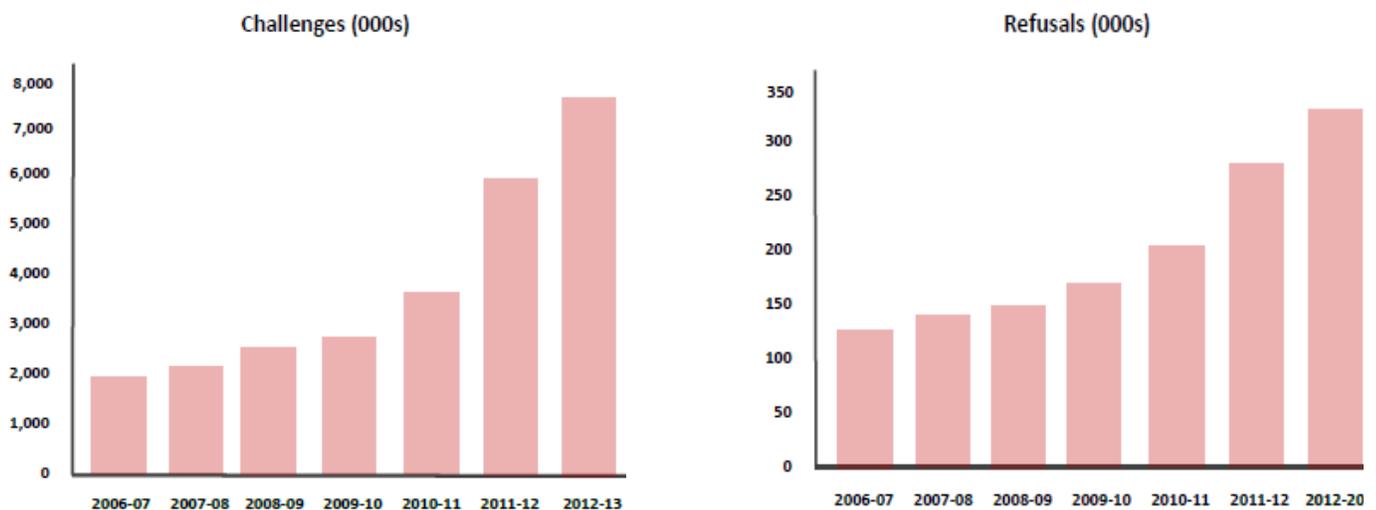
- A news investigation based on data compiled by the Washington State Liquor Control Board showed food and drug retailers in the Puget Sound area led liquor sale violations for selling alcohol to minors following the privatization of alcohol sales in the state.¹⁵

Data from Nova Scotia Liquor Corporation (NSLC) *We ID* program, which requires clerks to check the ID of anyone who looks younger than 30, shows an increase in the number of IDs being checked at its retail, wine and agency stores. Currently, approximately 1 million IDs are checked in a year, with sales refused to about 10,000 people.¹⁶

	NLSC	Private Wine	Agency
2013	85%	75%	73%
2012	74%	43%	64%
2011	72%	22%	54%

In Ontario in 2012-2013, employees of the Liquor Control Board of Ontario (LCBO) challenged more than 7.8 million people who appeared underage or intoxicated. Of those, 322,000 people were refused, with 84% being age-related.¹⁷

Liquor Control Board of Ontario Challenges and Refusals



Compliance with the LCBO's Check 25 policy, which directs staff to ask all customers who appear 25 years of age or younger, was 91% in 2012-2013.¹⁸

AVAILABILITY/DENSITY

Availability of alcohol is determined largely by the number of retail sales outlets and licenced establishments in a given area, along with hours and days of operation. The link between increased outlets and increased consumption is well-established. Increases in the availability of alcohol leads to increases in consumption and related harms.¹⁹

Evidence also shows the outlet density may play a significant role in underage drinking.²⁰ Higher densities of alcohol sales outlets are associated with alcohol-related harms such as assaults, car crashes and suicide²¹ as well as public disturbances²², with such harms being more prevalent in those communities with higher numbers of outlets.²³

- Studies in Western Australia and Iceland found an overall increase in alcohol-related problems such as violence²⁴ and impaired driving²⁵ with longer hours of sales.
- In the United Kingdom, the deregulation of alcohol and the liberalization of alcohol control policies over many years has led to increased consumption and large increases in alcohol-related disease and hospitalization.²⁶ The United Kingdom began allowing alcohol sales 24 hours a day on the premise that bar violence would decrease because there was no "last call". The deregulation is now largely seen as failure because patrons drink for longer periods of time, and the demand for police and emergency medical resources is higher.²⁷
- The number of liquor stores in Calgary increased more than tenfold from 1995 to 2003, from 23 stores to nearly 300. Police reports in Calgary document a rise in impaired driving charges and family violence cases in areas of the city with the highest density of liquor stores. The finding is consistent with peer-reviewed research linking greater volumes of alcohol consumption to higher levels of mortality for violent deaths and suicides.²⁸
- Following partial privatization of retail alcohol sales in British Columbia in 2002, the number of liquor stores in the province increased from 786 in 2002 to 1,294 in 2008. Overall alcohol consumption in the province increased by 8% during that time.²⁹
- A 2011 British Columbia study examining the relationship between rates of alcohol-related death, density of liquor outlets and proportion of private versus government liquor stores found that those areas with more private stores than government-run stores had significantly higher rates of alcohol-related deaths involving local residents. There was a 27.5% increase in alcohol-related deaths for every extra private liquor store per 1,000 British Columbians.³⁰

MODELS UNDER CONSIDERATION & RECOMMENDATIONS

MADD Canada respects that the Government of Saskatchewan wants to enhance retail alcohol sales to meet consumer demands but does not want to invest in capital spending.

According to the Government of Saskatchewan's paper "*Future Options for Liquor Retailing in Saskatchewan*", five models of alcohol sales are being considered:

1. Maintain the Current System
2. An Expanded Private Retail System
3. Fully Private Retail System
4. Managed Transition to Fully Private System
5. An Expanded Government Retail System

MADD Canada has considered the options within the context of the key principles of effectively controlled alcohol sales. To that end, MADD Canada recommends a hybrid of models 1 and 2, which would incorporate the following criteria:

1. Consider the concept of a store-within-a-store, which would see liquor stores housed within grocery stores. This model is used in Ontario and Manitoba to enhance the one-stop-shopping experience for consumers. Such a model would not require any capital investment by the Saskatchewan government but would ensure the demand for alcohol retail sales locations is met.
2. Saskatchewan Liquor and Gaming Authority (SLGA) should expand its online services so that consumers can order products that are currently available through the retail network. This model should also expand ways to deliver the online product in a timely and convenient way to the consumer.
3. The Government of Saskatchewan should continue its current practice of privatizing SLGA stores that have low sales volume and high operating costs.
4. The Government of Saskatchewan should maintain its social referencing pricing.
5. The SLGA should increase its compliance checks with respect to prevention of sales to minors and intoxicated individuals, and publish an annual report on the results and the performance rates of SLGA and private retail locations.
6. The Government of Saskatchewan should develop a model for further growth of alcohol retail sales that contains best practices on the number of retail locations and hours of operation.
7. The SLGA should develop an Agents-As-Minors program to control access to alcohol by minors. The fines for serving minors should be significant to ensure compliance. This program in British Columbia has significantly improved compliance in preventing service to minors in private liquor

retail locations.

8. The Government of Saskatchewan should expand its resources to SLGA to enhance its compliance program.
9. The Government of Saskatchewan should ensure that any increase in privatized retail sales outlets is dependent on existing outlets maintaining acceptable compliance rates on regulations and standards set out by SLGA.
10. The Government of Saskatchewan should undertake a third-party study of the impacts of privatization before any significant expansion of a private alcohol retail system.

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