



Retail Council of Canada
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January 23, 2015

Hon. Don McMorris
Minister Responsible for Saskatchewan Liquor and Gaming Authority
302 Legislative Building
Regina, SK S4S 0B3
Sent via e-mail

Re: Future Options for Liquor Retailing in Saskatchewan

Dear Minister:

On behalf of Retail Council of Canada (RCC) and our members across Saskatchewan, I would like to thank you for the opportunity to provide the retail sector's response to the Government of Saskatchewan's Discussion Paper on Future Options for Liquor Retailing in Saskatchewan.

Retail Council of Canada is the voice of retail in Canada, representing over 45,000 member storefronts – from the most widely recognized chains to small independent stores in neighbourhoods and communities across Canada. In 2013, Saskatchewan's retail sector generated over \$18.3 billion in sales and is Saskatchewan's second largest employer, directly employing over 63,000 people and accounting for over 11 per cent of total employment in the province.

Saskatchewan retailers welcome the discussion regarding the future of liquor retailing in the province. While we fully expect that many of our members in Saskatchewan will be providing their own individual responses to the government's discussion paper, RCC is pleased to provide the retail sector's collective response to the *Future Options for Liquor Retailing* discussion paper.

The following response and recommendations reflect a consensus among Saskatchewan's major grocery and general merchandise retailers after careful discussion. These recommendations are consistent with and fully support the three principles outlined by the Saskatchewan government in the discussion paper.

If implemented by the Government of Saskatchewan, these recommendations should ensure a competitive and level playing field for Saskatchewan retailers, protect and benefit Saskatchewan taxpayers, and provide greater product choice and convenience to Saskatchewan consumers.



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Government of Saskatchewan's Role in Liquor Retailing

In the discussion paper, the Saskatchewan government has provided five potential liquor retailing options. Our members support a move to a fully open and private liquor retail system. The ideal liquor retailing system in Saskatchewan would see essentially a full and province-wide expansion of the franchise store model currently used in rural Saskatchewan. Many jurisdictions across North America allow for the fully integrated retail model already used in franchise store across rural Saskatchewan. In fact, embracing this model province-wide would allow for all consumers in the province to experience the same consumer convenience – being able to buy liquor off the store shelf of private retailers – currently enjoyed only by consumers in rural Saskatchewan.

Both consumers and retailers would benefit from an integrated sales model that would allow retailers to utilize existing stores in Saskatchewan. This provides greater convenience for consumers as they would have the ability to “one stop shop” while also reducing the significant costs that building a new store would cause a retailer.

As identified in the discussion paper, allowing private retailers to solely take on the responsibility for liquor retailing in Saskatchewan would provide consumers with far greater convenience and product selection while benefiting Saskatchewan taxpayers by allowing the government to dedicate capital resources to key public capital priorities rather than spending tax dollars building retail liquor stores.

Whichever option the Government of Saskatchewan decides to proceed with, it must, above all else, ensure a level playing field for all retailers.

RCC would not support the development of a permanent public/private hybrid system in Saskatchewan. This would place private retailers at a significant disadvantage. The Saskatchewan government cannot be the regulator, the wholesaler and the competitor of private liquor stores at the same time. Our recommendation is for the Saskatchewan government to focus solely on “outcomes” - regulating and controlling the liquor system - and to leave “operations” – retailing, transportation, distribution, etc. - entirely to the private sector.

If, however, a managed transition to a fully private retail system is chosen rather than an immediate move to a fully private model, RCC recommends that the timeframe for the transition be as brief as possible. This would avoid a prolonged situation where government is conflicted as regulator, wholesaler and competitor to private retailers.



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We would also strongly oppose any attempt by the Saskatchewan government to expand the public retail system during this transition, either through new capital investments or introducing new non-liquor products for sale in existing stores. Again, this would be at odds with the intent to move to a private retail system.

Social Responsibility

Saskatchewan retailers are firmly committed to upholding the social responsibility requirements that come with the selling of liquor products. Franchise stores across rural Saskatchewan have consistently demonstrated that retailers take this aspect of their business very seriously. National retailers with stores in Saskatchewan have a vast experience of selling liquor products in other provinces across Canada. Extensive staff training and implementing point-of-sale prompts triggered when the UPC code of a liquor product is scanned alerting the cashier to check the age of the purchaser are standards best practices implemented in other jurisdictions by major Saskatchewan retailers who sell liquor products and would be introduced here as well.

Moving to a private retail system should in no way impact the current legal requirements regarding liquor sales to consumers in Saskatchewan, nor would it lessen the current social responsibility requirements of retailers, whether public or private, as they currently exist. All liquor retailers in Saskatchewan, however, should be required to meet the same standards, notwithstanding size, format, or location.

Ensuring Revenue Neutrality

Saskatchewan retailers believe that the move to a fully private retail system can and should be done without reducing government revenue. The greater convenience, wider selection, and better consumer choice a private integrated model would provide should, in fact, increase government revenues. This will allow the Saskatchewan government with the opportunity to make even greater capital investments in priority areas such as health care and education. With the significant reduction in capital and operating costs to the Saskatchewan government that will result from a move to a fully private retail model, the provincial liquor consumption tax and the government mark-up on liquor products can also be lowered at the same time, providing lower liquor prices for Saskatchewan consumers.

Establishment of a consistent discount/wholesale price structure

RCC supports the establishment of a consistent discount structure or wholesale price for all alcohol retailers. Establishing a consistent discount structure would treat all retailers fairly and would help ensure a level playing field among Saskatchewan retailers. As well, restaurants in Saskatchewan have indicated they support the option of making business to business liquor purchases from retailers.



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Businesses in other provinces have the ability to establish these business to business relationships and these types of arrangements would be welcomed by both Saskatchewan retailers and restaurateurs.

Cap on number of private stores

RCC would not support the establishment of a cap on the number of private stores operating province wide in Saskatchewan. When other jurisdictions have established caps and limits on the number of stores able to operate within certain geographic areas, these have proven to be extremely problematic.

RCC would instead recommend a process by which the market determines where new retail stores will be located that provide the greatest convenience for Saskatchewan consumers.

As urban communities across the province continue to grow, implementing a geographic “buffer” or capping the number of retail outlets would significantly limit consumer convenience and could potentially drive up the price of products due to a lack of true competition within the market. Allowing retailers to meet the demands of their customers, especially in a growing market like Saskatchewan, would benefit consumers, retailers, and ultimately, the Saskatchewan government.

On behalf of our Saskatchewan members, RCC welcomes this discussion and looks forward to working with the Government of Saskatchewan to help shape the future of liquor retailing in the province.

Respectfully submitted,

Lanny McInnes
Director, Prairies
Retail Council of Canada