

Why would anyone want to privatize liquor sales in Saskatchewan?

Profit from public liquor sales goes to Saskatchewan people.

In the past five years, public liquor stores contributed over \$1 billion to the province. This is net profit and does not include taxes levied on alcohol sales.¹

Saskatchewan's public liquor stores run very efficiently. Store operating costs are only 10 per cent of store sales. This means maximum profits for Saskatchewan people.²

Expert advice: Public stores pay off

Public liquor stores are such a good investment for taxpayers that Don Drummond, former vice president and chief economist for the TD Bank, in a 2012 report on public services in Ontario, warned against selling off provincial liquor stores. In fact, he recommended an "aggressive expansion" of public liquor stores to increase revenues for the province.³

It makes sense that Saskatchewan people should receive the profits from liquor sales. Taxpayers bear the cost of alcohol-related social harm. Public liquor profits can be used to help offset increased health, policing and criminal justice costs incurred because of alcohol consumption. Government should recover as much of the profit from liquor sales as possible to help address these added expenses.

Lost revenue in Alberta

Alberta has lost almost \$1.5 billion in revenue from liquor sales since it privatized stores in 1993.⁴

A recent report by the C.D. Howe Institute shows that per capita net income from liquor sales declined dramatically in Alberta in the twenty years following privatization.⁵

Better prices at public liquor stores.

Many people think they'll get better prices at private liquor stores. But that's just not the case.

In B.C. - where there are both public and private liquor stores - prices in the private outlets are on average 10 - 15 per cent higher than in public stores, according to a 2010 report.⁶

Many of your favorite beer, wine and spirits are cheaper in Saskatchewan than in Alberta or B.C.'s private stores, according to 2012 research.⁷

Prices in Saskatchewan's public stores are lower than the Alberta average for 70 per cent of beer products, 76 per cent of spirits, and 86 per cent of wines, according to a comprehensive study by University of Saskatchewan business

professor Colin Boyd. He notes that prices are higher with private, stand-alone liquor stores because higher total overhead costs must be passed on to the consumer.⁸

Privatization pushes up prices

Prices shot up by 17 per cent, on average, after Washington state privatized liquor sales in the summer of 2012, according to the state's Department of Finance.⁹

Excellent selection

There are more than 2,260 products listed by the Saskatchewan Liquor and Gaming Authority (SLGA). Any Saskatchewan liquor store can special order an item from virtually anywhere in the world.

Many private liquor stores have limited selection due to the cost of carrying inventory that does not have a fast turnover.

Keeping our kids safe.

Edmonton police found that incidents involving minors and alcohol doubled after privatization in Alberta. A police spokesperson blamed the newly-introduced profit-motive as a factor.¹⁰

Not in our neighborhoods

Few of us want to see liquor stores in residential communities, near schools or parks. When liquor sales are privatized, liquor stores can spring up almost anywhere. In Alberta, municipalities and communities have been forced to continually fend off attempts to open liquor stores in inappropriate places.¹¹

The private track record: Cava Wines shut down for tax avoidance

In 2009, the government opened the door to privatization by licensing two new private specialty wine stores. In 2012, one of those high-end outlets, Cava Wines in Saskatoon, was ordered to shut its doors for secretly importing millions of dollars of wine from Alberta and France in order to avoid paying Saskatchewan taxes.¹²

¹ Saskatchewan Liquor and Gaming Authority Annual Report, 2011 -12, p. 70. SLGA Annual Reports 2011 - 12 to 2008- 07.

² Saskatchewan Liquor and Gaming Authority Annual Report, 2013-14, p. 7.

³ Drummond, Don. *Commission on the Reform of Ontario's Public Service* 2012, p. 403.

⁴ Flanagan, Greg; Campanella, David. *Impaired Judgement: The Economics and social consequences of Liquor Privatization in Western Canada*, 2012, p. 14.

⁵ Masson, Paul, and Anindya Sen. Commentary No. 44. *Uncorking a Strange Brew: The Need for More Competition in Ontario's Alcoholic Beverage Retailing*. August 2014. p. 16.

⁶ Stockwell, Tim, *et al.* *The Price of Getting High, Stoned and Drunk in B.C.*, Centre for Addictions Research of B.C., University of Victoria. 2010.

⁷ Flanagan, 2012.

⁸ Boyd, Colin. *Alberta Liquor is Not Cheaper*. Star Phoenix, Jan. 2011.

⁹ Millman, Joel, and Mike Esterl. *Liquor buyers Cross State Line: Prices Went Up – Not Down – After Washington State Ended Control of booze Sales*. The Wall St. Journal. Sept. 3, 2012.

¹⁰ Flanagan, 2012, p. 22.

¹¹ Flanagan, 2012. p. 22.

¹² Star Phoenix. Cava Wines shuts down. Dec. 26, 2012.