



STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES

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STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES

Mr. Fred Bradshaw, Chair
Carrot River Valley

Ms. Carla Beck, Deputy Chair
Regina Lakeview

Mr. Greg Brkich
Arm River

Mr. Terry Dennis
Canora-Pelly

Mr. Warren Kaeding
Melville-Saltcoats

Mr. Kevin Phillips
Melfort

Ms. Colleen Young
Lloydminster

[The committee met at 19:00.]

The Chair: — Well thank you everybody for coming out tonight for our committee meeting. I'd like to welcome the members to the committee. I am Fred Bradshaw who is Chair. Carla Beck is the Deputy Chair. We also have with us Greg Brkich, Terry Dennis, Warren Kaeding, Kevin Phillips, and Colleen Young.

We have several documents to table this evening: CCA 2-28, Crown Investments Corporation of Saskatchewan: Report of public losses January 1st, 2016 to March 31st, 2016; CCA 3-28, Minister for Responsible for Crown Investments Corporation, Hon. Don McMorris: Feedback and results from public consultations; CCA 4-28, B. Grona submission; CCA 5-28, I. Mackay submission; CCA 6-28, P. Durant submission; CCA 7-28 W. Hittel submission; CCA 8-28 R. Frerichs submission; CCA 10-28, D. Christianson submission.

Oh, I missed one. CCA 9-28, L. Reiman submission; CCA 11-28, C. Day submission; CCA 12-28, S. Nixon submission; CCA 13-28, M. Neumann submission; CCA 14-28, Rockin' Horse Cookhouse and Bar submission; CCA 15-28, S. Horner submission; CCA 16-28, L. Palmer submission; CCA 17-28, D. Thul submission; CCA 18-28, Canadian Centre for Policy Alternatives Saskatchewan office submission; CCA 19-28, G. Klub submission; CCA 20-28, C. Anderson submission; CCA 21-28, Saskatchewan Government Employees Union submission.

The documents just tabled will be available on the website shortly at www.legassembly.sk.ca.

Tonight the committee will be considering Bill No. 1, *The Crown Corporations Public Ownership Amendment Act, 2016*. This bill was committed to the Standing Committee on Crown and Central Agencies on May 24th, 2016.

In accordance with section 5(1)(2a) of *The Crown Corporations Public Ownership Act*, the committee:

- (a) must provide the opportunity for representatives by members of the public;
- (b) shall not meet to review the bill until 14 days after the day on which the public was given notice of the date, time, and place of the Policy Field Committee's meeting.

The public was given notice of this hearing May 25th, 2016, which meets the statutory obligation outlined in the Act.

I would like to take a minute to outline the process for tonight. Witnesses will be invited to make a 10-minute presentation followed by a 10-minute question and answer period. At eight minutes, I will give the witness a two-minute warning. I'll just go like that. Given that we have a full agenda tonight, we will not be taking a recess between each presenter.

Do any members have any questions about the process? Let's begin our public hearing for Bill No. 1, *The Crown Corporations Public Ownership Amendment Act, 2016*. Our first witness is Dwayne Marling from Restaurants Canada.

Please introduce yourself and make your presentation.

Presenter: Restaurants Canada

Mr. Marling: — Thank you, Mr. Chairman, members, ladies and gentlemen. I am here today to speak to you on behalf of Restaurants Canada. My name is Dwayne Marling; I am the association's vice-president for Manitoba and Saskatchewan.

The association represents the interests of a \$2.3 billion contributor to the Saskatchewan economy. That makes up approximately 2,500 restaurants, bars, and caterers, both independents and chains from all parts of this province. While there will be at least one other restaurateur speaking for themselves tonight — and I welcome that — our association's interest is to represent the broad interests of those folks. A few other statistics that I think would be of interest to members before I get started: there are approximately 38,300 people directly employed in the restaurant sector in the province of Saskatchewan, representing 6.7 per cent of the province's workforce.

I'm here tonight to speak in favour of the proposed changes to the legislation to facilitate the privatization of government liquor stores in the province of 40 of the 75 currently existing. It's pretty straightforward from our members' perspective. The biggest portion of the cost of doing business are the input costs from food and liquor and on labour.

In our view, the move to privatize liquor retail sales in the province of Saskatchewan, while protecting the income of the government through the process by ensuring that the profit that is currently generated at the retail level will now be generated at the wholesale level, we are at the same time allowing competition in the retailing of liquor, which will benefit not just the general public but certainly the restaurants, bars, and caterers in this province because of the competition which will allow them to negotiate discounted pricing, presumably in the same way as what they do for other input costs to their operations. Until this time, the only component of their input costs to operating their business that was not subject to negotiation was the price of liquor. Everything else of any significant value that went into it was able to be negotiated, whether that's rent from landlords, whether that was food products that they're purchasing from their distributors. And liquor alone was separated from that.

We recognize that there is a public interest in ensuring that the money generated by the Saskatchewan Liquor and Gaming Authority continues to flow and provide revenues to the government so that they can provide services to the people of Saskatchewan. Under the proposal, as we understand it, with the shift in the methodology by which liquor will be marked up, that will continue to be the case because it will now be directly generated on the wholesale side and the competition will simply be on the retail side.

I should also note that while there has been private liquor retailing in this province for some considerable length of time, until these changes take place, that access to those alternative distributors or retailers of liquor was available to everybody in the province except for those that were purchasing it for their

restaurants, bars, and caterers. That also had an impact on the availability of product and the number of SKUs or stock-keeping units available to them on a regular basis at those outlets.

A number of the private liquor stores in this province are well known to carry at this point in time twice the number of stock-keeping units that SLGA [Saskatchewan Liquor and Gaming Authority] carries through a special order process that they have access to. If you or I as individuals walk into one of those private stores, we have the ability to buy any of those products at any time. If a restaurant, bar, or caterer chooses to carry, or would like to carry one of those products right now, they are unable to access that product except through special order from the Saskatchewan Liquor and Gaming Authority, which may take considerable time depending on whether it exists in the warehouse. But typically they don't, they won't carry in the warehouse anything other than the standard items that they carry in the store. And the lack of availability of those products has, frankly, been frustrating.

I know of one particular franchisee, when they opened their store not far from here on south Albert Street a few years ago, I happened to coincidentally be in town at that time and went in and visited with them on their opening day and the day after when things were a little bit quieter and I could visit with them. Very commonly amongst franchise operations, the franchisor provides a list of products on both the alcohol side . . . Just as they would with the menu choices that they ask their franchisees to carry.

Every franchisee of that chain in the province of Saskatchewan had to get an exemption from the franchisor because one of the products that was a required carry — and carried in every other one of that chain's stores in Canada — was unavailable as a standard product in the province of Saskatchewan. The only way to access that product was through special order, which had minimum order requirements. It wasn't a particularly high-selling item, but it was still a required carry. Because of the methodology, because they had to go as each individual franchisee, each individual store to order that product, meet minimum requirement because they couldn't sell it or trade it amongst themselves, they had to get the exemption to not carry that product.

In a competitive retail environment, even if there were minimum orders and if that item was not carried regularly by SLGA and listed, they could go to a private retailer or certainly one of the 35 remaining SLGA liquor stores and ask them, would you please carry this product, if for no other reason than I and my fellow franchisees in this organization would like to be able to carry this product. Now I know you have to buy a full case of it. Well I'm only going to be buying one bottle, but you know what, there's six or eight others of us in here who would also buy a bottle within the next little while. That might be enough to convince that retailer, I suspect that it would because if they didn't get it from that retailer, they'd go down the street or to the next town and negotiate it with that retailer so that it would expand the product offering available.

Really, it's the product offering not available to the restaurateur, but it's what they can offer to the public. If the public aren't buying the product, the restaurateur's not going

to be seeking out the product. But when the public is asking for certain products because they're used to that product being available in another one of that operator's places, or because they see it in the store themselves when they go into it, into a private retailer and they can buy it for their own home use, they sometimes don't understand why that operator would be unable to access that product. So that's, that's certainly one of the keys.

I know that there are other issues, but frankly they're not germane to the discussion tonight. The focus tonight is strictly on the change in legislation to allow for the privatization of the 40 stores. It's not about moving to common retail licensing. It's not around wholesale pricing. It's not around those other issues, which are certainly issues of concern to our member. So I'll confine my comments strictly to the ones as they relate specifically to the piece of legislation that you're considering this evening.

And with that, Mr. Chairman, I'm open for any questions that the members may have.

The Chair: — Well thank you, Mr. Marling. Do any members have questions? Ms. Beck.

Ms. Beck: — Thank you for your presentation. My question goes back fairly early into your presentation. You had noted that the changes in this legislation come with an increased markup for beer, wine, for some products, and that you recognize the need for the government to continue to have those revenues from those.

But you did mention this would allow folks in your industry to negotiate pricing, and I'm just wondering if you could expand upon that a little bit.

Mr. Marling: — Certainly, and I don't think I said that it would result in increased markups. What I . . .

Ms. Beck: — No, no, the legislation does this.

Mr. Marling: — What my indication was that, as I understand the legislation, that the government is going to protect its revenue by ensuring that they net out the same amount of money through . . . The current system, very simply, looks at a landed price for the product coming into the country. You add in the excise tax, then you add in a complicated formula that brings you up to a full retail price. For retailers that are not government owned they then get differing, and not all consistent, discounts from that so that they can then have a profit margin which they then sell to the public. Of course there are also other costs involved in operating stores which impact on the net profitability of the operation.

As we go forward now with having a clear demarcation between a wholesale and a retail price, the government, as I understand its intention, and the discussions that I've been having since this was first proposed, would be that the net revenue that was previously generated will continue to be generated and will be realized by the time the product leaves the wholesale level to go to the retail store, whether that is a publicly owned store — one of the 35 that would remain publicly owned — or one of the other 700-and-some-odd stores that would be privately owned retail stores, the vast majority of

which are already privately owned retail stores.

[19:15]

What I'm saying is that the individual retail outlets will now have a freedom to decide what they retail that product for. Currently my understanding is that the intention is for the 35 of remaining SLGA stores to maintain consistent shelf pricing with what they currently have, but that would not necessarily be held as the requirement for the private retailer. They would, as every other private retailer, be free to set their own price which could be higher or could be lower and would depend on their own particular retailing and marketing decisions.

What it does though, is it would give the opportunity for a restaurant, bar, or caterer to go individually or as a group to a retailer or a group of retailers, as they do with every other product that they source for their operation, and say, we expect that we will be ordering this amount from you on this kind of basis and on that understanding. Would you be willing to sell this to us for something lower than what your regular retail price is going to be? And what that exactly will look like will be up to each individual business owner on both sides to negotiate that deal.

The competition, I believe, with essentially a guarantee of committed purchasing on an ongoing and regular basis would far exceed anything that any one individual person would do, would result in that retailer being willing to provide them that product for something less than the regular shelf price that they would charge the regular consumer on the street, which is no different than when a restaurant or a bar or a caterer goes and buys lettuce or cucumbers or tomatoes or beef or pork or chicken. When they're buying it from a supplier, depending on the volume that they will buy and the regularity which they will purchase it, they will get a price less than the full regular retail shelf price. What that is will vary by season and will be varied by market demand and a whole pile of other variables that we, even as individuals when we go and buy those products, see in the store.

So from my perspective, it's simply modernizing and making a change to liquor retailing in this province that brings it into a common position with the retailing of virtually every other product in this province that is consumed by the people of this province, while at the same time protecting the revenues that government currently generates from the sale of alcohol.

We must keep in mind as well that the sale of alcohol, and that the money generated for the government from the sale of alcohol, is not entirely seen when you look at the revenues turned over by SLGA to the government. There are other monies that the government realizes from the sale of product.

One of those — the most common one frankly; one which my members are not entirely crazy about but nevertheless is not insignificant — is the liquor consumption tax. And it's pretty straight forward, you can sell a bottle — and I'm going to use overly simplified numbers that don't reflect reality, but it's to make the example more clear — a 10 per cent tax on a \$10 bottle of product sold at the retail level to an individual results in \$1 of tax for the government. If that bottle is sold in a restaurant as a wine, and if it's sold for \$20, government

generates \$2 in tax. They generate more tax when it is sold in an establishment that one of my members run because they don't sell it for the same price that they bought it off the shelf. And that is not to count in corporate taxes and income taxes by individuals that work in those establishments and the owners of those establishments and so on. So there are other sources of revenue, and if we grow the size of the pie, those increase proportionately as well. So that's our perspective.

Ms. Beck: — Thank you.

The Chair: — Any more questions?

Mr. Phillips: — [Inaudible] . . . I do have a question. You had mentioned that you had 2,500 members or restaurants in Saskatchewan. Is that right?

Mr. Marling: — The numbers that were provided to me by our senior economist not long ago were that restaurants, bars, and caterers in the province of Saskatchewan, now certainly that includes unlicensed as well as licensed members or operators . . . Let me rephrase that. They're not necessarily all members. A significant portion of them are, but certainly those that are members and those that are not members share common interests. They make their own business decisions for a variety of reasons. It would be the exact number that I was provided with was 2,475. Broken down: 1,225 full-service restaurants, 844 quick-service restaurants, 234 caterers, and 173 that Statistics Canada classifies as drinking places.

Mr. Phillips: — My question would be, of these 2,475, obviously you feel you would have the backing of the majority of them in order to make your presentation here tonight. What do you base that on?

Mr. Marling: — Well we certainly, we have a significant membership base in this province, including both independents and chains through three broad, different membership categories.

The first one is certainly through chains as direct members. Chains represent about 44 per cent of all restaurant operators in Saskatchewan, and virtually all of those — not all, but very nearly all of those — are members of ours through their franchise and/or directly.

We also have a significant number . . . Of the remaining 56 per cent, we have a number through a group that are direct members just of ours and then others that are members of ours and, at the same time, members of a group buying program that we have currently that provides them access to everything from cleaning supplies to food products to soft drinks and so on. That program is called Grouper, and that's certainly, in the province of Saskatchewan their penetration in this market is something over 20 per cent of all restaurants in this province belong to Grouper. Those numbers I saw just at our board meeting this past weekend, although the exact number I'd stand to be corrected on.

And we certainly . . . Going through this process and leading up to last fall, last October's release of our raising the bar report card, we conducted surveys of our members across the country, including the province of Saskatchewan, asking them what

issues were their biggest concerns. That was a specific survey examining the liquor wholesale and retailing and the regulatory framework in every province. But we also regularly survey them for our restaurant outlook survey, which comes out four times a year and asks them which issues are of biggest concern to them. So we are regularly in contact with our members as well as anecdotal feedback from them, as well to identify sore points and causes of concern, as well as things that are going well, frankly. And so that's the basis on which we . . .

Mr. Phillips: — So it's based on that that you're . . .

The Chair: — Mr. Phillips, we're out of time. I want to thank you, Mr. Marling, for your presentation.

I invite our second witness Tina Vuckovic from SGEU [Saskatchewan Government and General Employees' Union] to take the witness seat please.

We tabled Ms. Vuckovic's presentation just a few minutes ago. It is tabled document no. 21-28. Ms. Vuckovic, would you please make your presentation.

Presenter: Saskatchewan Government and General Employees' Union

Ms. Vuckovic: — Thank you. My name is Tina Vuckovic, and I'm here before you representing the 20,000 members of the Saskatchewan Government and General Employees, especially on behalf of the 900 members that will be directly impacted by Bill 1. These 900 members are employed by the Saskatchewan Liquor and Gaming Authority. If Bill 1 passes, all of them will be at risk of losing their jobs.

Through our Keep Liquor Public campaign, we stepped up and did what the provincial government refused to do. We visited the communities that will be impacted by privatization, talked to the residents on the street, engaged business owners in discussion, and held public events to share our research and hear what people had to say. I can honestly say after having talked to so many of them face to face, the people of Saskatchewan do not want to lose their public liquor stores.

Saskatchewan communities rely on their public liquor stores to attract customers to other local businesses, to keep their economy strong, and their community safe. Under privatization, communities risk losing product selection, especially in smaller towns where full-line SLGA stores will be replaced by private retailers operating out of existing businesses that can only devote limited shelf space to liquor. They'll also lose the uniform province-wide pricing that allows Saskatchewan people to pay the same price for their liquor, regardless of where in the province they are. A privatized system cannot provide this. If you compare the price of a jug of milk in a small town grocery store versus an urban grocery store, there will be a price difference. We did a comparison between the Gravelbourg Co-op grocery store and the Regina Co-op grocery store and found a four litre jug of skim milk was 50 cents more in Gravelbourg. Liquor prices will see the same affect.

Under privatization, communities also risk the loss of jobs for high school students. Students currently working in any retail operation will be forced to step down from their positions if

these retailers become the private liquor retailer in their community. There is more at stake for these communities than the government is letting on.

The reality is that since the government announced their plans to restructure the liquor retail system, they have failed to properly inform the public of the impacts those plans will have. The government has publicly made a number of claims that I will demonstrate are misleading, half-truths, or simply untrue.

Claim one. The government has stated that the changes they are undertaking will create a level playing field — misleading. The system they are creating will not be level for the employees in the communities affected. Private liquor companies do not typically provide the level of product knowledge training to their employees that SLGA does. This training currently allows our public liquor store employees the ability to assist customers, provide excellent product information, and track down a product simply based on the design of the label.

Private liquor retailers also do not provide the living wages or benefits that SLGA offers. The revenue private retailers, such as Sobeys, generates goes to their shareholders and corporate profits, whereas SLGA's revenue is returned to the province. The top priority of Sobeys and all other private liquor retailers is to turn a profit. SLGA's publicly run liquor stores prioritize social responsibility and community safety in a way only publicly owned retailers can. As you can see, there is no level playing field here. It's not level for the workers in the industry, the public purse, Saskatchewan communities, or the end consumer.

Claim two. The Sask Party has stated that it campaigned on the privatization of the liquor stores — half-truth. On November 18, 2015, while people were busy gearing up for Christmas, the Sask Party chose to lay out their plan to privatize 40 SLGA stores and offer an additional 12 private stores. During the provincial election of 2016, not once did the Sask Party do a media release on privatization. For a campaign promise of this magnitude, the Sask Party chose not to shed any light on it, but now they claim a vote for the Sask Party was a vote for a privatization. This is contrary to public opinion polls which show that the plan to privatize liquor sales has never enjoyed much support. A Mainstreet poll in March, which was the most recent to ask Saskatchewan people directly about liquor privatization, found just 33 per cent in favour and with 29 per cent opposed.

Claim three. The privatization will only impact approximately 190 employees. Untrue. Bill 1 puts all of SLGA up for potential privatization, therefore affecting its 900 unionized workers plus approximately 200 out-of-scope employees. This move towards privatization threatens the livelihoods of over 1,100 Saskatchewan families who live, work, and invest in their local communities. Losing their jobs and gaining minimum wage employment instead — if there even is a replacement job to be found — can and will be devastating not only to the employees but the communities they support.

Claim four. Privatization will provide more choice, more convenience and more competitive pricing to Saskatchewan consumers. Half truth. Privatization can offer these things but so can SLGA stores as they are capable of modernization.

There's been nothing stopping the Sask Party over the last eight years from adding coolers, installing growler stations, extending hours, expanding selection, renovating or building new stores, and otherwise upgrading our publicly owned retail system.

Instead the government has deliberately limited SLGA's performance through restrictive policies and through a refusal to let a highly profitable Crown reinvest any meaningful amount of money back into itself. Now having intentionally created a lacklustre liquor retailing system, this government claims that privatization is the only way to make improvements.

As far as competitive pricing, SLGA's prices have been compared and shown to be lower than the prices offered in the two Saskatchewan Sobeys Liquor stores. In fact, liquor sales in Alberta are fully privatized, and a January 2016 article in *The Calgary Sun* found that Alberta's liquor prices have now climbed to the highest in Canada.

[19:30]

Claim five. Privatization will be revenue-neutral for the government. Untrue. The government is spending hundreds of thousands of dollars to undertake this privatization process. Salaries have been and are being spent to design, carry out, and finalize every step required. Fees are being paid to a third party to manage the request for proposal process.

There will be salaries and expenses incurred for the disposal of equipment and properties including legal fees along with the cost of early lease payouts, severance packages, and additional staffing requirements at the distribution centre to keep up with the new level of demand. There will also be a loss of income tax revenue as living wage SLGA jobs are lost, all while still providing a 25 per cent wholesale discount.

Even if the level of public revenue from liquor sales is maintained — and the best evidence possible indicates that it won't be — the expenses involved in the privatization process will make this a net loss for Saskatchewan. How fiscally responsible is it of our government to spend hundreds of thousands of dollars to only continue receiving the same revenue they currently receive?

Claim six. The Sask Party claimed in its 2016 election platform, and I quote, "to provide clarity for the proposed changes to liquor retailing, the provincial government will remove the Saskatchewan Liquor and Gaming Authority from *The Crown Corporations Public Ownership Act*." However, removing SLGA from the Act has nothing to do with clarity.

As the government claims to have campaigned on this privatization, there is a process within the Act that allows them to proceed with the privatization as announced. This process actually would provide clarity as it requires an independent analysis of the value of a public asset and an examination of who it will be sold to before privatization can take place. The only reason to remove SLGA entirely is to allow for further or full privatization in the future. This leaves the remaining 35 stores, Regina head office, Saskatoon office, and the distribution centre vulnerable. With SLGA out of the Act, there is no protection for what remains after this round. The government will have free rein without needing to seek

approval or consult public opinion in any way.

Claim 7: that government MLAs [Member of the Legislative Assembly] have not heard opposition to the privatization plan from their constituents. SGEU has had representatives visit every one of the 40 communities with a public store slated to be privatized. In every community, constituents are declaring that yes, they voted for the Sask Party, but that does not mean they voted for privatization.

Constituents are claiming that their MLAs are refusing to engage in any discussion regarding the privatization of their local liquor store. The problem here is that constituents are concerned and are approaching their MLAs but they are being shut out and ignored. SGEU has collected nearly 6,000 signatures from folks across every community opposing this privatization. It's not that the government hasn't heard opposition; the government refuses to listen to opposition.

As you can see, the government has not been forthright with the public, the employees whose jobs are at stake, and the communities affected. Saskatchewan people have not been honestly and adequately informed about the impact that liquor privatization will have on them as consumers, community members, and taxpayers. Those who have concerns are not being heard or having their questions answered.

As someone who is in the communities talking with people, receiving feedback — and trust me, there were some in favour of privatization — I can say that there is more at stake and much more concern amongst Saskatchewan people than government has admitted or accounted for. For that reason, to pass Bill 1 at this time would not be in the best interests of Saskatchewan people. Until they are given complete information about the effects of liquor privatization and have an opportunity to have their opinions on privatization heard and considered, this legislation is premature. Thank you for your time.

The Chair: — Well thank you, Ms. Vuckovic. Are there any questions? Ms. Beck.

Ms. Beck: — Thank you for your presentation. I'm just wondering if you can expand a little bit on the point, the consultations or the informal consultations that you had in the communities that will be affected by this privatization. What was the nature of — you know, on the pro side and on the con side — the concerns and comments that you heard in those consultations?

Ms. Vuckovic: — Sure. Prior to the provincial election, we made it a target to personally visit every single one of the 40 communities, and at that time our main messaging was pretty much, you know, talk to your MLAs. When your candidates are out door knocking, express your concerns with this. Tell them whether you're against the privatization. Like, let it be heard; let it be known now. By no means were we telling people how to vote. We were just telling them, you know, talk to your candidates. It's, you know, the biggest issue around election time.

We were also visiting with a lot of town councils and city councils just having discussion with them, getting where some

of their stances were. A lot of the town councils do not want to lose their public liquor store. In a lot of our towns . . . Gravelbourg is a perfect example. Their store was built to the specifications of the town of Gravelbourg. That was some work that they did with the town, so that's a very unique and special store to the town. So for them to potentially lose it is really impacting the community and they do have a lot of concerns.

In other communities such as Battleford, the local businesses are devastated because they've already talked about how many empty storefronts they already have on their main street in the town and they don't want another one. And the businesses anywhere near the public liquor store said outright that people come here for the liquor store, right? If this liquor store is not here, my business is probably going to go belly up. And it was in Battleford too where they had lots of high school students working in the community. They're like, the grocery store is going to have to let them go if they become the private retailer or the pharmacy or the butcher shop, because with it being the community under 2,000, any existing business can open the liquor retail.

So from the majority of the people we've talked to, they don't want . . . especially in the small communities. The urban centres they don't seem to really be too concerned but the smaller communities really don't want these private stores in their communities. They have lots of concerns about it. They're quite vocal about it if people just take the time to hear what they have to say and that's what we did for them.

The Chair: — Ms. Beck.

Ms. Beck: — I just have one additional question and you just triggered it. I have to admit that I wasn't aware of this. So what you're saying is that in these kiosks, for example, in smaller communities that if they employ people who presumably are under 19 that that would no longer be allowed.

Ms. Vuckovic: — If they become the liquor retailer, you have to be 19 to work there so those people would lose their jobs.

Ms. Beck: — Thank you.

The Chair: — Any more questions? Mr. Brkich.

Mr. Brkich: — Thank you. And thank you for your presentation. You know, I have three that are being privatized and, you know, I read your presentation and say we must have talked to different people because I've heard very, I was . . . More people in the town, most of town council's in favour of moving forward with that. But that's, you know, a different opinion of who you talk to on the doorstep.

I've had very little opposition to it, if any. I've had more people actually approach me: What will be the process? How can I take it over? Because there is interest in the stores in my constituency of being taken over by quite a few different individuals. So just wanted to get that on the record at that end of it. But I understand there always is . . . When there is change there always is a little bit, there is opposition and difference of opinions of that end of it. So I really don't have an overly question, I guess, for you. It's more of just a statement of what I've observed over the last six months in my constituency,

working door to door and at the functions.

The Chair: — Ms. Vuckovic, do you want to reply?

Ms. Vuckovic: — Oh I just wanted to ask, I'm sorry, which constituency was that?

Mr. Brkich: — Arm River.

The Chair: — Are there any more questions? If there were none, I thank you very much for your submission, Ms. Vuckovic, and . . . Oh, just one moment.

Mr. Dennis: — Thank you, Mr. Chair, and thank you for your presentation. I just, in regards to claim two, you know, where you said the Sask Party didn't do much advertising after Christmas in the upcoming election, I was just wondering, you know, how much advertising SGEU did on advertising about not privatizing them to the upcoming election, and the opposition.

And as well, just to comment, I'm from Canora-Pelly and I met with the mayor of Preeceville and the mayor of Canora, which are two places that are slated for privatization, and I didn't have too much opposition. But my question to you is, you said there wasn't much advertising or spending. How much was spent in your direction?

Ms. Vuckovic: — If you're looking for a dollar figure for SGEU overall, I don't currently have that readily available. If you're wanting that, I can make sure we get that back to you.

Mr. Dennis: — No, that's fine. I just wanted to put it on record that there was quite a bit of advertising from January to April about the privatization, but it was from the other side.

The Chair: — Okay. If we are done with the questions then, I thank you very much for your presentation and for the comments.

And I would like to invite our third witness, Brent Newman from Sobeys, to please move up and take the witness seat.

Ms. Beck: — Mr. Chair, if I might, and I guess I'm just seeking some clarity about the intention of these hearings and my understanding that it would be to hear and ask questions of those folks who are in front of us to give presentation. I'm just wondering the extent to which committee members are invited to put statements on the record and just some clarity around that.

The Chair: — Yes it actually is more around questions so I would please advise the committee members to please keep it to questions.

Mr. Brkich: — I apologize.

The Chair: — Okay. Mr. Newman would you please give us your presentation?

Presenter: Sobeys's Inc.

Mr. Newman: — Certainly. Thank you very much. My name is

Brent Newman. I am the vice president of liquor operations for Sobeys and I'm very pleased and thankful to be given the opportunity to provide some input and feedback into tonight's public hearing before the Standing Committee on Crown and Central Agencies regarding Bill 1 — Bill 1, which would pave the way for a single liquor licence with one common set of rules and costs to encompass all liquor retailers including government stores, private stores, off-sale and franchise locations, something that Sobeys supports along with the increased role that private liquor stores can play in the future of beverage alcohol retailing in Saskatchewan.

Through our Sobeys, Safeway, and IGA [Independent Grocers Alliance] banners, we have proudly served the needs of Canadians since 1907 and numerous communities throughout Saskatchewan for the last 60 years. In fact proudly serving our communities is one of our company's core values and it drives everything we do when it comes to our business, our employees, and our customers.

Several years ago the Government of Saskatchewan began an exploration of expanding the role that private industry can play within the retailing of beverage alcohol. This came as people began to question the use of tax dollars going into liquor infrastructure versus other public priorities. The government started with an open and transparent RFP [request for proposal] process to establish up to four new private liquor retail stores in 2013 and through that process Sobeys was selected and approved to open two new private liquor stores — one in Saskatoon and one in Regina — out of the total of four new licences.

It was apparent from day one that the people of Saskatchewan were eager to try something new and customers clearly responded favourably to the private stores and what we had to offer. From a Sobeys perspective, we were overwhelmed by the response. We had lineups around the stores for the grand openings and customer response continues to grow and be incredibly strong to this day, as I understand it is for the other private liquor retailers as well.

These new private stores focused on providing a modern liquor shopping experience in a safe and socially responsible manner and environment while providing tremendous new innovations that included thousands of different products, including more than a thousand types of beer sold cold in our 2,000 square foot walk-in coolers; tasting bars where customers would be able to learn about products and sample them from knowledgeable and trained staff; more than a thousand new and unique SKUs of wine, spirits, and beer that were previously unavailable to customers in the province; and a focus on local brewers and distillers who provide jobs and business opportunities for Saskatchewan residents, and all while providing jobs for more than 100 employees, and currently serving a combined total of almost 15,000 customers a week.

We've even had to expand our store in Saskatoon to keep up with growing customer demand, as had the Co-op in Saskatoon expanded as well. We know that customers value our knowledgeable and well-trained staff and the great shopping experience that they provide, and we know that they can count on us for not only the favourite products that are available at our stores as well as the government-run stores and some of the

franchise and off-sale, but also to have a great selection of unique and specialty products, where they want to be able to come in and try something new.

With a history of multi-channel retail system that had evolved over many decades to include government, franchise, off-sale, and private, the public was asked to provide feedback on what they wanted the future of liquor retailing in the province to be. To facilitate this, an online survey was launched with citizens, industry, and stakeholders of all backgrounds invited to participate. More than 6,000 people completed the online survey, commenting on one of the five options that they saw as the best solution for the future of liquor retailing. And half of those people provided additional comments above and beyond the multiple-choice answer.

[19:45]

The majority of the respondents indicated a strong preference for more private liquor stores. The best part of the public consultation approach in presenting options is that you now have a clear idea of what people want, what the communities want, and of what your constituents want. You can put in place a system that meets the needs of consumers, fits within their community values and priorities, and while at the same time enabling competition, improving choice, and maintaining government revenue, and remaining socially responsible.

I think we can all agree that the current system is complex, with a mix of government-run stores, rural franchise stores, off-sale outlets, and now a handful of private stores, each governed by different rules for pricing, cost of goods, hours of operations, restricting in one location what products can be sold, and restricting in another location what products can be sold cold. It's not an easy system to explain, and it's definitely not an easy system to administer.

What the government found through the consultation process, and was made public, is that people are open to change when it comes to the future of liquor retailing in Saskatchewan. People are looking for more choice, more convenience, and more competitive pricing, and an expanded private retail system will provide exactly that to consumers, all in a way that remains socially responsible.

Based on our experience, combined with customer and employee feedback, we believe that expanding the private retail model is the right path to pursue. Not only will it simplify the complex model that currently exists, it will level the playing field. There will be a single permit for all retailers with one set of rules for everyone and ultimately more choice, more convenience for the customer.

Expanding the private system also allows the government to focus less on the retail side and more on the regulation, supply network, and taxation. And from a transparency perspective, it makes sense to separate the regulatory responsibilities from the retail operations to create fairness and increase competition, and to also provide a clear financial perspective for government and taxpayers on what revenue government gets from retail versus wholesale and taxation, and to ensure that government income is kept whole, and to provide a blueprint for future potential changes to the industry.

Some argue that privatization means fewer controls, but I think Sobeys has proven that this is not the case since we've opened our stores. We take pride in the work that we do and how we run our business, in being responsible members of the community and positive advocates for the industry. The Sobeys name is synonymous with quality and passion in both our grocery and liquor operations and in our dedication to serving our communities.

Our employees and store managers receive extensive training on selling alcohol and on the social responsibility aspects of that, as well as product knowledge and information, to ensure that minors aren't being served, to ensure that adults are not buying products to then give to minors, and to ensure that people who are intoxicated aren't being sold the product. Our employees, along with our customers, have a vested interest in a responsible and healthy liquor industry to service the community.

The public has spoken through the court of public opinion, online surveys, as well as the initial feedback and the incredible customer response for private liquor stores that have been opened so far. The results are an overwhelming vote for an expanded private model. It's a way to say yes to choice, convenience, innovation, and assortment while maintaining existent government revenues, community safety, and responsible retailing and controls. And this is where the people of Saskatchewan will see the future of liquor retailing in this province, with a move to more private liquor stores. And Sobeys supports the expanded private retail model and we look forward to exploring additional opportunities that make sense for our customers and for us as a business.

To facilitate this level of change to the existing system, to create the level playing field, the single licence, and to separate government as a regulator from government as a retailer, to increase competition and choice that people have asked for, and for a single licence proposal is the way to go.

This is an exciting time for the province and for the industry, and Sobeys looks forward to being part of the future of liquor retailing in Saskatchewan for years to come. I sincerely want to thank you for the opportunity of being able to come tonight and to speak. And I'll now ask if there's any questions from anybody here.

The Chair: — Well thank you for your presentation, Mr. Newman. Are there any questions? Ms. Beck.

Ms. Beck: — Thank you for your presentation. One thing I have to admit that I haven't been in one of the private retailers but I'm just wondering, are the prices fairly similar to those that are in the SLGA stores?

Mr. Newman: — Yes, on a lot of products. They're not identical on every single one. Under the current model we receive a discount from what the retail of the SLGA is. A lot of the items are the same price; some are lower. We do feature a weekly circular or ad where we're able to advertise items. And then there's obviously a lot of products that we do carry that the SLGA doesn't. I'm not here to say that every item on every product is less expensive at our store and I can't speak for the other private liquor retailers.

Ms. Beck: — And one other thing that you mentioned in your presentation was the popularity of offerings from local brewers and distillers. And I'm wondering if you could expand upon that and what that looks like in your store. And I think you mentioned that you also had cold beer and product on offer as well in your stores, and I'm just wondering, you know, about the popularity and what those offerings look like within your stores.

Mr. Newman: — Well we were able to right away . . . We wanted to reach out, and local producers, local products are important to us in our food offering, and we really wanted to make sure that we were capturing that in our liquor offering as well. Great West being one of the companies that really promoted their products in our store, the Original 16 and some of their other products.

Some of the distillers that the name escapes me right now, that make some of the vodka and spirit products that I think are from right outside Regina. The pickle vodka as well that we don't have anywhere else that is fantastic. If you've ever seen it, it's a jar of pickle-flavoured vodka with a pickle in it. And some of the other products that we carry.

One of the moves we haven't done anything with, but I know has been announced as it changes the ability to sell growlers. A lot of craft producers and craft beers, and we're seeing that grow across North America, and Saskatchewan is no different. Bottling facilities is one of the most expensive investments in capital required, so a lot of the craft producers will initially produce more draft and keg beers, which becomes difficult to sell to a consumer outside of a pub or a restaurant. But with growlers and where we've put some in in other jurisdictions, other provinces and are looking at here, to be able to again take the small craft brewers and be able to increase their presence and their assortment in our stores by not just focusing on the bottled product.

We do have an extensive selection of craft beers from both Saskatchewan as well as across Western Canada and feature that in our beer coolers. We have, our beer coolers are about 2,000 square feet, so I think one of the papers had commented it's about the size of an average house, is the assortment of our beer. So something we take a lot of pride in because a lot of those are, you know, smaller, more unique flavours and tastes, not just a different size configuration of an existing, you know, Molson Canadian or Labatt product. And we want to continue to be able to feature those, both at our tasting bar as well as in our assortment and focusing wherever we can on local products.

Ms. Beck: — Thank you.

The Chair: — Did you have another question, Mr. Phillips? Mr. Phillips.

Mr. Phillips: — Yes, thank you for the presentation. You are in stores in how many provinces?

Mr. Newman: — We operate liquor stores in BC [British Columbia], Alberta, and Saskatchewan.

Mr. Phillips: — Okay, so three provinces. What size of store was the Saskatoon store when it was built?

Mr. Newman: — The Saskatoon store was 10,000 square feet. It was by far our biggest store that we had ever built. It has since been expanded to 15,000 square feet.

Mr. Phillips: — And how long ago did you build it? Two years ago?

Mr. Newman: — Yes, we built it . . . We had expanded it on approximately its first year anniversary. We opened in September, and a year later in October-November we were just finishing up the renovations and expansions. And that was just in 2015.

Mr. Phillips: — So half again as large.

Mr. Newman: — Yes.

Mr. Phillips: — Is that . . . I would think that's unusual.

Mr. Newman: — Yes, absolutely. In fact quite honestly because, you know, it's a small world and we're keenly aware of, you know, our competitors as well. I think Co-op was expanding, you know, shortly after we were opening and we thought that was odd and they didn't build a big enough store to begin with. And well we felt the same thing, so something that . . . Quite honestly we were not as prepared for the response as positive as it had been. Happy with it but something that . . . We've expanded the store, like I said, by 50 per cent within the first year, which was very unusual. That remains the biggest store that we have in Western Canada, but something that we're looking to take, you know, some of the layout and the features like the tasting bar and potentially building some of that and exporting it into other provinces.

Mr. Phillips: — Thank you, Mr. Newman.

The Chair: — Mr. Kaeding.

Mr. Kaeding: — Thanks for your presentation, Mr. Newman. And hopefully the questions I'm asking aren't competitive questions, but if they are please let me know. Just with your store expansion now, what would you have for full-time, part-time staff numbers? And then the second question, with the staff, how many hours do you have invested, do you think, in product knowledge and then service requirements?

Mr. Newman: — That's a really good question. What I can say is the store in Saskatoon, we have about 65 employees and I'd suggest probably a little more than half of that, about half of that would be full time and the remainder part time. Actually quite a bit of our workforce we were able to get and really happy to get. We have a lot of people who are retired or, you know, retired early and wanted to still stay active and in the workforce. And we have former teachers and plumbers and different professionals that are now finding a new career, you know, working several days a week in the liquor store and turning what had been, you know, a bit of a passion and a hobby or an interest in their own life into something that they can do as a means of a job and employment.

We do partner with a lot of our vendors for product knowledge. We conduct tastings and seminars where we actually bring in a winemaker or bring in the master brewer to be able to talk about

their product because they understand it a lot. In fact when you bring in somebody who might be the equivalent of a sommelier — and there's a term for it — in whisky, they'll talk not only about their own products but they'll talk about, you know, how different whiskies are made and aged and blended and the different aspects to not only their own, but obviously the industry and that category.

We also have quite a few learning courses that we do through e-learning that are made available. There's computers in the store where store staff are required to go through and complete little courses, everything from, you know, simple wine pairing information to where they can take more advanced training. And we actually do pay for our management, managers, and assistant managers to take their WSET [Wine and Spirit Education Trust] wine courses, WSET 1 and WSET 2, which provides them an excellent background, as well as the Prud'homme course on beer that we allow them to take online and have that as a product knowledge seminar.

The Chair: — Thank you. Are there any more questions? Well, thank you very much for your presentation, Mr. Newman. And we will proceed on and invite our fourth witness, Simon Enoch from CCPA [Canadian Centre for Policy Alternatives] to take the witness seat, please. We tabled Mr. Enoch's presentation earlier this evening as tabled document No. 18-28. Would you please introduce yourself, Mr. Enoch, and make your presentation.

Presenter: Canadian Centre for Policy Alternatives

Mr. Enoch: — Thank you very much. My name is Simon Enoch. I am the director of the Saskatchewan office of the Canadian Centre for Policy Alternatives here in Regina. Thank you so much for the opportunity to speak tonight to the honoured members here. The Saskatchewan office has been particularly active on the issue of liquor privatization in the province, releasing four major studies in the past four years, including numerous commentary and opinion pieces. It is our informed opinion that Saskatchewan is best served by the continued public ownership and control of retail liquor sales in the province.

[20:00]

Tonight I just want to focus on two narrow but yet interrelated issues, specifically the ability of the government to remain revenue neutral under the current privatization proposal and the challenges a privatized liquor retailing environment might pose for the maintenance of government revenues in the future. So just to recap, the government's proposal for the privatization of 40 retail liquor stores asserts that no revenue from liquor sales will be lost and that no price increases will result. Essentially the government's position is that the cost savings resulting from no longer owning and operating 40 retail liquor stores will match the costs of the privatization plan, specifically the plan's proposal to reduce the current markup or taxes paid on alcohol by 25 per cent across most product categories.

To test these assumptions, we compared the purported savings from privatization versus the purported costs in our most recent report authored by David Campanella. As Mr. Campanella explains, the SLGA savings are fairly straightforward. By

closing 40 publicly owned retail stores, the SLGA will no longer have to pay the annual operating costs of these stores. The SLGA will also save money by no longer giving a discounted markup rate or commission to private retailers, who will instead be compensated with a 25 per cent markup reduction.

Finally, the Saskatchewan government will receive a very modest revenue bump of less than \$1 million per year from the corporate income tax paid by the new owners of the private liquor outlets. And I should note that in regards to the corporate income tax, we made the rather generous assumption that all profits would be taxed at the rate of 12 per cent rather than the small-business tax rate of 2 per cent. That may not be true, particularly for smaller rural stores that have profits less than \$500,000. So our number may be overly optimistic.

So those are the savings. What about the costs? The new costs the SLGA would incur under the proposed changes are similarly straightforward, and they come in two parts. One obvious cost is that the government's plan includes the province's liquor . . . lowering the province's liquor markups by 25 per cent — right? — so reducing its cut of alcohol sales.

However there is also a second cost that I don't think the government has actually considered, and that is that the government's proposal will almost inevitably lead to higher overall wholesale costs. Now why would this be the case? Well adding private retailers and removing public stores will create a more fragmented, complex and, in all likelihood, costly distribution system. For instance the SLGA will no longer be the sole agent responsible for deciding how most of the liquor shelves in this province should be stocked and then purchasing that liquor wholesale. Instead the private retailers such as major grocery chains will have control over what does and does not get stocked in their shelves. Therefore liquor producers and their agents will have to market their product to several different customers rather than simply the SLGA. Moreover the SLGA may find its purchasing power and ability to negotiate wholesale prices with the major liquor producers significantly reduced as its economy of scale is diminished now that it's operating with less than half of all full-line liquor stores in the province.

This is certainly what's occurred in other jurisdictions that have embraced liquor privatization. Shortly after liquor privatization in Alberta, the delivery costs per case rose 72 per cent due to the increased number of smaller shipments resulting from the fragmentation of the distribution system. Now obviously Alberta's a unique case; it's not analogous to Saskatchewan. They also privatized their warehousing and distribution system. However runaway costs have also afflicted BC's liquor retail system. This system is much more analogous to Saskatchewan's plan — right? — as the BC government approved a similar partial privatization whereby private retailers proliferated alongside government-owned stores and where distribution is still controlled by the government.

From 2002, the year before the BC government lifted its ban on new private liquor stores, to 2013, the last year for which we have Stats Canada data, the wholesale cost of liquor in BC increased on average 6 per cent per year. Therefore we would expect to see a fairly similar increase in wholesale prices here in

Saskatchewan. If this is the case, the question becomes, who will ultimately absorb these wholesale price increases? Minister McMorris has publicly stated that, despite privatization, 99 per cent of liquor will be sold at the same price, so it seems the government is committed to not passing any wholesale price increases along to the consumer.

If the government is to absorb these cost increases without raising prices, it will have the obvious effect of eroding the government's markup. If Saskatchewan follows the BC example of an on-average 6 per cent wholesale cost increase per year coupled with the 25 per cent markup reduction, Mr. Campanella estimates it will diminish government revenues by between 20 to \$25 million per year. By 2020 the government will have lost out on almost \$115 million in potential liquor revenues.

Further note that even if the estimates about the potential for rising wholesale costs of 6 per cent prove to be lower — and given the BC experience and the fact that Saskatchewan is a very small market, we think that unlikely — the government's plan would still lose money based on the markup reduction alone: 2.4 million the first year; 6.8 million the second year; 3.3 million the third year, etc. Perhaps not a lot of money in the grand scheme of things but nevertheless revenues this government desperately needs right now.

Now another option would be to have the private sellers absorb these higher wholesale costs by taking less profits and hope they don't pass it along to the consumer. However one of the profound consequences of liquor privatization that is rarely considered is that it will create a very powerful political constituency that will seek to advance its own economic interests. In the contest between government and private sellers on who will ultimately absorb price increases, the power of this lobby looms large.

Alberta's premier liquor lobby, the Alberta Liquor Store Association or ALSA, has been described by *Calgary Herald* columnist Don Martin as the most successful government lobby group in Alberta today. Indeed the lobby has demonstrated its clout and influence on numerous occasions, forcing the government to reverse or rescind policies deemed hostile to ALSA's interests. They forced the Klein government to reverse its decision to allow grocery stores to carry liquor in as little as 72 hours. They successfully lobbied for the ban on all supermarket signage on stand-alone liquor outlets for three years. Most significantly they managed to convince the Stelmach government to reverse a liquor tax increase that would have added \$180 million to public coffers at a time when the Alberta government was billions of dollars in debt.

Indeed markups in Alberta have been lowered multiple times due in part to lobbying by the private liquor industry, and remain lower today than when privatization was first implemented. All of this has led to the Alberta liquor authority capturing the least revenue per litre of alcohol of any of the Western provinces. As University of Regina economics professor, Jason Childs, concludes, and I'm quoting:

By privatizing alcohol retailing Alberta created a concentrated group with the incentive and resources to lobby for lower alcohol mark-ups. A diffuse group of

consumers, who see themselves as benefiting from government spending, was replaced by a small concentrated group motivated by profits. Such a change begets effective lobbying.

And it's important to note that the Alberta government at the time also promised the public that liquor revenues would be maintained at pre-privatization levels.

BC's liquor store lobby, the Alliance of Beverage Licensees or ABLE, for lack of a better term, has also demonstrated its profound influence over that province's government. Since its inception, the alliance has successfully lobbied to ease restrictions on liquor store relocations, on advertising and marketing, delayed new safety regulations for workers, and prevented wine sales in grocery stores despite legislation allowing it.

ABLE lobbying efforts have also been witnessed in the recent markup changes proposed by the BC government which have been significantly delayed due to . . . in order to satisfy the liquor lobby. They had significantly lowered markups on beer and other first-tier price categories of liquor as well. Similarly second-tier markups for wine were just reduced over the past month due to intense lobbying by ABLE. Not surprisingly, as Childs notes, British Columbia's liquor authority has also seen its revenue per litre of alcohol decline and then plateau since privatization.

Lest we think these are unique occurrences, the power of liquor lobbies to successfully oppose tax and markup increases should not be considered the exception but rather the rule. For instance, in the United States, the Distilled Spirits Council, the national trade association representing the leading producers of distilled spirits, boasts of having successfully defeated 335 out of 364 major alcohol tax threats at the state level since 2001. That works out to a 92 per cent success rate.

While the existence of a private liquor lobby does not foreclose the possibility of maintaining and even increasing liquor taxes in the future, the above demonstrates that they pose a powerful obstacle to legislative change that must be considered in any discussion of privatization. The track record of governments throughout North America in a privatized environment should force the Saskatchewan government to question why they believe they would be immune to the same lobbying pressures that have undermined other governments' efforts to maintain and increase tax levels on alcohol.

In sum and to conclude, we believe the government's proposal for the privatization of the liquor retailing system cannot remain revenue neutral as they assert. The cost savings from the privatization of 40 government-owned stores does not equal the loss in revenue from the 25 per cent markup reduction. Furthermore the privatization of these stores will have the effect of fragmenting the distribution system and undermining the purchasing power of the SLGA. As we have seen in both BC and Alberta, this has resulted in much higher wholesale cost increases than in provinces that are dominated by public retailing systems.

Given that the government has promised that liquor prices will remain the same, these cost increases cannot be passed along to

the consumer. Instead they will erode the government's markup and diminish revenues by between 20 and \$25 million per year. Attempts to recoup these losses through future liquor tax increases will invariably be met with fierce opposition from the organized private liquor lobby, as has been the experience of governments in both Canada and the United States.

If the government's proposal cannot meet its own stated requirement of revenue neutrality and will actually diminish government revenues at a time when the province is facing mounting deficits and slumping revenue, the proposal cannot be considered to be in the public interest and should be withdrawn. Thank you.

The Chair: — Well thank you, Mr. Enoch. And I would like to remind all the people that are in here this evening that please keep your timetable to what we have. That's at 10 minutes.

Mr. Enoch: — Did I go over? I apologize.

The Chair: — Yes, it was 13. But anyways, are there any questions? Go ahead, Ms. Beck.

Ms. Beck: — Thank you, Simon, for your presentation. You had mentioned that the BC situation was probably the one that's the most analogous to the situation that we're anticipating or contemplating here. You had also mentioned that there was about, I believe you said, an increase to wholesale prices of about 6 per cent per year. Am I misquoting you?

Mr. Enoch: — That's correct, yes.

Ms. Beck: — Okay. I'm just wondering if you could expand on some of what the pressures were that resulted in that 6 per cent increase to the wholesale prices.

Mr. Enoch: — Well any time you fracture a distribution system and you get rid of economies of scale, right, where you can buy and negotiate with liquor distributors and use the leverage of a huge market to be able to extract concessions, the smaller your leverage is, the less you're going to be able to extract. So if SLGA had all of its full-line stores, it can extract a certain amount of leverage. If it only has half, it can only extract another certain amount of leverage.

So it's volume discounts. It's the ability to sort of say we're the producer of record. We're the producer that buys all the liquor. And I think once you fracture that what you do is you get much less bargaining power.

The Chair: — Any more questions? If there are no more questions, I thank you, Mr. Enoch, for your presentation.

And we will invite then our next witness, Mr. Devin Heidt from the Saskatchewan Liquor Vendors Association, to please take the witness seat.

And for those of you that don't know, I give you . . . at eight minutes I give you a two-minute sign left.

Thank you, Mr. Heidt. Could you please introduce yourself and make your presentation.

Presenter: Saskatchewan Liquor Vendors Association

Mr. Heidt: — On behalf of the Saskatchewan Liquor Vendors Association, I'd like to thank the committee for allowing us the time to present. My name's Devin Heidt. I'm the president of the Saskatchewan Liquor Vendors Association and also a liquor vendor, private liquor vendor owner, a franchise in Dundurn, Saskatchewan.

What I'd like to do is just take you guys through a little bit of background and just explain who we are as an association, some of the challenges we're facing today, some of the benefits of the newly proposed system and what that means to us, and then also just a few points on sustainability within rural Saskatchewan.

[20:15]

So just a little background. The Saskatchewan Liquor Vendors are made up of approximately 200 privately run franchises in rural settings that represent 35 to 40 per cent of Saskatchewan population. These 200 franchises play a very important role in the communities where they are located. These businesses provide employment to approximately 1,000 employees and their family members, and are very much large supporters — and sometimes the only supporters — of local sports teams, activities, and fundraisers in those communities. Our franchises are a very diverse group of small businesses. They are typically the smaller community grocery store, insurance agency, pharmacy, hotel, or any other number of small businesses located in rural communities across the province.

Typically you will see a minimum of three types of business services being offered under one roof. Franchise business owners are entrepreneurs who are highly adaptable and very efficient business owners.

The communities where these franchises are located generally have two liquor retailers, one being the liquor vendor or franchise and the other being the local hotel pub offering table service, VLTs [video lottery terminal], and off-sale. In many cases it's a challenge for both these businesses to stay profitable, as their population and customer base is very limited and margins are tight under the current system.

Some of our challenges we're facing today: different layers of rules and regulations have created a complex system where liquor vendors and franchises are limited on the selection of liquor they can carry, how they can merchandise it, and the discount structure that provides very little profit margin. Most franchises today cannot sell the full lineup of beer. They cannot carry domestic mainstream beer and are limited to premium beer sales that is more expensive, less desirable to price-conscious customers, and a big customer dissatisfier.

Many sales are lost to customers choosing to purchase their liquor at an SLGA store in an urban centre because of selection. This happens in situations where customers commute to urban centres for employment, and also customers that are travelling to familiar destinations where the franchise in that area does not have the desired selection.

For franchises that can sell the full lineup of beer, they are not

able to chill their product like many of the competitors. The discount structures today are different between each of the private liquor retailers and are very unfair. Examples of the current discount model, I will explain to you right now.

So if you take a look at the hotel and off-sales, beer, their discount right now is 10.25 per cent to 13.5 per cent, and that varies depending on the volume of their sales. They have the ability to set their own off-sale prices.

Private liquor retail stores, or the new private stores before, beer is 16 per cent discount on all beer, and they do not have the ability to set their own prices.

Saskatchewan liquor vendors, beer, 8.2 per cent discount on beer supplied by the BDL [Brewers Distributor Ltd.] warehouse, which is 85 per cent of beer sales. 15.3 per cent discount on premium beer supplied directly through the SLGA, and they do not have the ability to set their own price.

So these small profit margins under the current system have limited growth and prevented expansion within our association. There are also many factors beyond our control that are continuing to erode our margins. The impact of fees and service charges in the financial industry, credit card and debit card fees and surcharges, increasing staffing costs, increasing inventory costs due to the increased US [United States] dollar, burdens of taxation and related administration, GST [goods and services tax], PST [provincial sales tax], LCT [liquor consumption tax], income tax, municipal taxes, layers of fees and levies, deposit tax.

Levelling the field, the newly proposed system. Under the newly proposed liquor system, a level playing field is being implemented to create a more competitive and fair system. There is an opportunity here for many of the rules and regulations that presented challenges to the Saskatchewan liquor vendors to be removed under the new system.

We had requested that all liquor vendors and franchises are able to carry the full lineup of beer and SLGA products and have the ability to chill their own products. This is part of the new platform. There will no longer be a discount structure in place, and liquor vendors will be able to purchase their inventory at wholesale prices, the same as other liquor retailers within the new system.

Liquor vendors would have the ability to set their own prices and run their own sales promotions. This would provide the opportunity to work towards increased profit margins and improved sales.

We have asked for consistent hours of operation between all liquor retailers under the new system.

Sustainability. The sustainability of business in liquor and the liquor industry in rural Saskatchewan deserves a great deal of respect and forethought. The slightest change in population, employment density, and our cost structure can dramatically change the profitability and value of our businesses. In a typical small town in Saskatchewan you may find one liquor vendor franchise, with the majority of their business taking place during the daytime and evening hours. And you may also find a

hotel that provides table service and off-sale, with most of their business taking place during the evening and nighttime hours.

Under the new system we'll see hotel off-sales deciding to change their business model slightly by targeting and investing in daytime liquor sales, and you'll see liquor vendors deciding to compete more for the late-night business. This will improve the customer experience and also provide a more competitive environment within the community without oversaturating the market.

We'd like to take the opportunity now to discuss the remaining government-run liquor stores that would continue to operate in Saskatchewan under the newly proposed system. The retail prices that government stores set will play a significant role within the industry as they continue to have a large, competitive presence within the marketplace. We'd like to request that the profitability of these stores is measured to the same standard that all privately owned and operated liquor retailers will be measuring within their own organizations. This is critical. This would include all costs associated with staffing, inventory costs, CAM [common area maintenance] costs associated with their building. It will be important that their retail prices are based on true profit margins and what the current market will bear.

In conclusion, the Saskatchewan Liquor Vendors Association likes the newly proposed liquor plan. The businesses and entrepreneurs within our association have built and deserve to be handled with respect and a great deal of forethought. Saskatchewan has taken the opportunity to do things a bit differently, and has the opportunity to lead the way on how we manage this industry in rural communities. Thank you.

The Chair: — Well thank you, Mr. Heidt, for your presentation. Are there questions? Ms. Beck.

Ms. Beck: — Thank you, Devin, for making your way down, I think from Dundurn you said. Right?

I did have a couple of questions. Something that you mentioned, that is something that I hadn't heard of or come across, so if you could just expand around what you were saying about the consistent hours of operation. Say, in a typical small town where you've got a hotel and you've got a liquor vendor, you anticipate with this legislation that there would be some changes to the hours of operation.

Mr. Heidt: — Yes, we anticipate longer hours of operation for us to be consistent between all the retailers. So right now you'll see the off-sales open, I believe it's till 3 a.m. I'm not sure on that. But you know, our liquor sales end at 10. So just having that consistent . . . You know, it's not only going to be consistent for the customer — when they expect it to be open it will be open — but the ability for us to generate more sales.

Ms. Beck: — And right now it's legislated that you would close at 10?

Mr. Heidt: — Correct.

Ms. Beck: — I was wondering if you could expand on your request that you made around the measures that you would like to see undertaken with regard to the remaining liquor stores,

around the parameters of your request there.

Mr. Heidt: — So under the newly proposed system, one of the retailers would be the remaining SLGA stores, and one would be, you know, us, and then the off-sales. And we're all working towards growing our businesses and essentially, in some cases, competing with each other. So if the remaining stores, SLGA stores, do not measure their costs the same as we do, and they set their retail prices at a margin that maybe is too low or not responsible, it affects everyone because they're going to have a large presence still.

So for example . . . And you know, I'd indicated that most private business would be looking at their staffing costs all the time on a weekly basis. They'd be looking at their inventory costs. They'd be looking at their building maintenance costs, and compiling all of that to look at what their profit margin is. And based on that profit margin, they would determine what they're going to be selling their product for. And so we're asking that they be held to that same standard that we as private businessmen would be holding ourselves to within our own organizations. Thank you.

The Chair: — Are there any more questions? No more questions? Well thank you very much for your presentation, Mr. Heidt.

Mr. Heidt: — Thank you very much.

Mr. Phillips: — Mr. Chairman, may I suggest we have two minutes so I could get a glass of water, so we're not moving during the presentation.

The Chair: — We will take a very, very brief recess.

[The committee recessed for a period of time.]

[20:30]

The Chair: — We welcome Laurie Leigh as our sixth witness from The Rockin' Horse Cookhouse & Bar. We tabled Ms. Leigh's presentation earlier this evening. This tabled document no. 14-20 . . . is no. 14-28. Please introduce yourself, Ms. Leigh, and make your presentation.

Presenter: The Rockin' Horse Cookhouse and Bar

Ms. Leigh: — Thank you. Good evening, committee chairperson, and committee members. My name is Laurie Leigh and I am the co-owner of The Rockin' Horse Cookhouse and Bar in Maple Creek.

I was born and raised here in Saskatchewan and have been an entrepreneur for the last 30 years. I began that journey in 1983 when I established a wholesale beauty supply company. I sold that business and moved to Maple Creek and opened up The Rockin' Horse Cookhouse and Bar. This brought me into the arena of liquor sales for the last eight years.

I employ eight people and am a very productive participant in the community with fundraising events. The Rockin' Horse won the community Business of the Year in 2014 for our business acumen and community involvement. I also sat on the

board of directors for the Canada-wide Allied Beauty Association for nine years representing Saskatchewan.

After moving to Maple Creek, I was elected to sit on the newly developed Enterprise Saskatchewan board of directors for the southwest region. Unfortunately that department was axed due to budget cuts, and it was very disheartening. We had been doing a lot of work and it was looking good. We were tasked with bringing new business to our corner of the province.

I then joined the board of directors for the Cypress Hills Destination Area, a destination marketing organization that is actively promoting the southwest corner as a tourism destination. We collect a destination marketing fee from our members and are having great success with raising the standards of the tourism experience in our area.

So I've spent basically 30 years in business for myself and 15 years as a board member with organizations all tasked with building and sustaining businesses in Saskatchewan.

It is with a heavy entrepreneurial heart that I sit here before you this evening. I have spent eight years working closely with the SLGA store in my little town of 2,500 people. The four employees that work there are an integral part of my business. I visit that store sometimes up to four times a week, picking up liquor supplies for my restaurant and bar. They have all raised their families in Maple Creek and call it home. It is very sad to see the turmoil they're going through as this process unfolds. All of these employees are over the age of 40 and the manager has been there for 25 years.

This rural liquor store provides an integral neutral hub in our small town. It services a number of different customers, both consumers and businesses. The most apparent one is the consumer walking in off the street to buy a case of beer or a bottle of wine. But most consumers do not realize the business activity that goes on behind the scenes. This liquor store also provides an outlet for five off-sale vendors, four restaurants, three outlying small towns that do not have a liquor store, as well as 330,000 tourists that pass through our town every summer.

It carries approximately \$300,000 in inventory and provides a selection of approximately 500 SKUs. All of the businesses who deal with retailing liquor draw their inventory from this stock. The five off-sale vendors can easily visit the store to restock their shelves daily if needed. The four restaurants can replenish their inventory after exceptionally busy nights. This neutral hub is responsible for the level playing field in our town.

The off-sale vendors currently get a discount of 15 per cent at the till. My restaurant and bar gets a discount of 10 per cent at the till. We turn around and charge a 10 per cent liquor consumption tax on every ounce and bottle of beer and submit it to the government monthly and, as Dwayne Marling said, from Restaurants Canada, this doubles the revenue for the government. The system works well. It also helps control the drink pricing in town as we are all working with a similar margin.

The government now proposes to take away this neutral hub.

They say that in doing so there will be more choices, more convenience, and more competitive pricing. They propose to give the off-sale vendors an additional discount of 10 per cent, totalling 25 per cent. They say that the restaurants and bars with commercial permits will now have to negotiate their discount with the new private store or off-sale vendors, like this is a good thing. They say the private store will provide more choices than the 500 SKUs currently available. They say that the private store will provide more convenience by being open the same hours as the already existing five off-sale vendors, for a town with a population of 2,500 people. There is lots of convenience.

They say that this will magically provide more competitive pricing. As a restaurant bar owner, I am now being asked to negotiate a discount with my competition. We are all competing for the same food and drink sales and the off-sale vendors also own restaurants and bars. They will now have a 25 per cent discount to work with while I have lost my 10 per cent. That means they will be earning 25 per cent on every drink they sell in their own venues.

It basically puts my restaurant and bar in a very precarious situation. I will not have that kind of margin to work with, and now I have to go to my competitors and ask them for a discount as well as give them, on average, over 65,000 a year in my liquor purchases, on which they will potentially make a 25 per cent discount. I ask, how does this in any way level the playing field?

Sure I could choose to drive an hour to Swift Current's existing SLGA store and purchase my liquor inventory. I'd even receive my 10 per cent discount without having to beg my competitor for it. But that's three hours out of my rare day off and I will have to tie up already scarce dollars out of my cash flow to stock more inventory.

Let's talk about convenience for a moment. The current liquor store has a loading dock to receive large shipments. We can easily return our many empty domestic beer bottles to this loading dock. It also has automatic opening doors. This allows me to easily get through them with a trolley loaded with liquor. I actually had the wind blow it over the other day and it smashed a lot of bottles, and the SLGA employees ran out, helped me clean it up, and replaced my broken bottles. I was sick to my stomach. I thought, oh my goodness. I can't afford this.

Our current off-sale vendors do not provide this type of set-up. None of them have a loading dock to receive their own shipments or bottle returns. None of them have automatic doors. In fact two of them exist in buildings that are over 100 years old. How many private store owners are going to build a new building with a loading dock and automatic doors in a town of 2,500 people? And after this is all over, there will sit an empty, well-designed building, probably for years, as is the case in Langenburg, Ituna, Kerrobert, and Ponteix. Their liquor stores were closed in 2014 and turned over to franchises. Two years later these four buildings are still sitting empty.

As well smaller businesses that relied on the foot traffic of the liquor stores have closed. In Ituna the local residents asked the owner of a local hotel to get an off-sale licence following the SLGA closure, as they were willing to pay him a higher price

rather than stand in line behind a loaded grocery cart and accept poor service at the grocery store who won the franchise. The other family-owned grocery store in Ituna that did not receive the franchise had to lay off staff and experienced an estimated 30 per cent drop in profits. The owner described the 2014-15 year as the worst of his 30 years in business in that town.

These are already documented effects of closing small-town liquor stores. I do not need to sit here and tell you about the profits that these 40 stores on the chopping block will bring in. It's already documented in the government handout, *The Future of Liquor Retailing in Saskatchewan*, and the Canadian Centre for Policy Alternatives document titled, *Down the Drain: The Saskatchewan Government's Costly Proposal for Liquor Retailing*.

I've read all the documentation I could find on this issue, but what I have not been able to find is any documentation by the government proving, from a financially responsible point of view, just how these store closures are going to be revenue neutral. From a business point of view, I cannot wrap my head around how it makes sense to close 40 stores that are all profitable with the lowest of operating costs. What business owner wouldn't want operating costs of 14 per cent? Nor can I wrap my head around a government plan to put almost 180 small-town employees out of work.

What is missing here is the human element. What is missing here is the compassion for 200 jobs lost. What is missing here is the compassion for small-town commercial permit holders who work long hours and struggle to stay afloat. What is missing here is the complete lack of vision for what will happen to the 38 rural towns when their neutral hub is closed.

The crazy thing is we already have a level playing field. You can go into any liquor store in Saskatchewan and know that the prices are the same, or you can choose to go to an off-sale vendor and pay a little more. We already have more choices. Our local store stocks over 300,000 in inventory with a choice of 500 SKUs. Our store's conveniently located with easy access and parking. More competitive pricing? Giving the off-sale vendors a discount of 25 per cent gives them a very unfair advantage over the commercial permit holders, of which I am one. How is this levelling the playing field? I can totally understand allowing more private stores in the bigger populated areas, but to close the small-town, profitable liquor stores makes no business sense to me at all.

I stand here tonight, or sit here tonight before you as a hard-working Saskatchewan entrepreneur to tell you that pitting my business in this manner against the other liquor retailers in my small town is unacceptable. I stand here tonight to tell you that I will not beg my competitors for a piece of their discount, nor will I give them 65,000 in liquor purchases a year to make money off of me.

I stand here tonight to tell you that after eight years collecting liquor taxes for the government on every drink I pour, I am voting with my feet. This decision is like a punch in my entrepreneurial gut. I have listed my business for sale and if it doesn't sell before our neutral hub is closed, I will most likely close my own doors, putting eight people out of work, and the community will lose their choice, convenience, and competitive

pricing of where to go for a drink, a great meal, and great service.

That is what's going to happen in 38 small towns in Saskatchewan. Restaurants and bars with commercial permits will close their doors because our operating costs, unlike the 14 per cent enjoyed by these 40 stores, are much higher. And I will not participate in a drink pricing war. I will not get on my knees and beg for a discount from my very competitors. You are essentially taking away our level playing field. Thank you for your time.

The Chair: — Thank you, Ms. Leigh. Are there any questions? Ms. Beck.

Ms. Beck: — Thank you, Laurie. You've had a long trip to come to be in front of us today, and thank you for being here and for your presentation. Again I'm learning a lot from these presentations and one thing that I wasn't aware of, and maybe it's a long list, but was the . . . You mentioned the 10 per cent discount that you currently have as a commercial permit holder. Tell me more about what you understand the process would be, were this legislation to go through and you would have to go to negotiate your own discount.

Ms. Leigh: — All of the commercial permit holders are left completely waving in the wind with this. The off-sale vendors are going to be awarded another 10 per cent, making their discount 25 per cent, and we have to go to them and ask for a discount from them. Right now I pay 10 per cent on a twenty-six of vodka. I take that vodka back to my bar and restaurant. I charge 10 per cent on every ounce that I sell and give it to the government. So I am very actively participating in the revenue generating of liquor sales in Saskatchewan. The 10 per cent that I get off a twenty-six bottle at the liquor store is kind of just a token of appreciation. But the margin isn't that bad because the off-sale vendors right now are only getting 15.3 or 16 per cent. So within a 5 per cent margin, I can position myself among the two, three, four bars, five bars that exist in off-sale locations.

But if you give them another 10 per cent and I have to go to my very competition of which I have to compete for every drink that is sold in our town, that just makes me sick to my stomach frankly, because we have a very friendly competition right now. But I will not go to them and ask them for a discount and then give them my purchases and have them making money off of me, being able to discount their drinks because they have a better margin, and I'm struggling trying to keep my doors open. I will just shut them myself. And that is going to be a very real factor in the loss of more jobs in Saskatchewan small towns. And I have to ask, out of the 38 rural towns that are on the chopping block, how many of them have a Sobeys? Anybody know? Not one of them.

This is very much centred on the large populated areas of Regina and Saskatoon, and yet 38 small towns are the first to be whacked out of this whole process, small towns that are just barely keeping their heads above water.

[20:45]

The Chair: — Mr. Phillips.

Mr. Phillips: — Yes, we heard from the Restaurants Canada today.

Ms. Leigh: — I don't even know what that association is.

Mr. Phillips: — Okay, I read their magazine once every month just to keep track of the business. And I know Maple Creek, and I know your restaurant somewhat. It's a great community, Maple Creek. I'm wondering what makes you different. Is it the bar part, like your cookhouse and saloon, which I think is a neat name? Is it the bar part and not having the off-sale that makes you unique in it?

Ms. Leigh: — We do not have off-sale. There are already five vendors in our area. I don't think if we applied for one we would even get one because in a town of 2,500 people, that's a lot of off-sale available. And yet a private store can open and then a sixth presence is available.

Right now our SLGA store closes at 6 o'clock. They do not participate in the sale of liquor after 6 o'clock. The off-sale vendors are responsible. And now the 20-year old bartender at the bar is running over to sell that case of beer and they are not ID'ing people. They are not necessarily being liquor responsible. So to me it just adds a whole other element to the safety of liquor that's very, very disturbing.

Mr. Phillips: — That has been there for all the time that there's been off-sale.

Ms. Leigh: — Yes, but you're going to have now six vendors open until 3 in the morning.

Mr. Phillips: — Right, right. It was something . . .

Ms. Leigh: — What makes us different too is that we don't sell off-sale and we don't have VLTs.

Mr. Phillips: — I guess I would like to make a statement. And I'm sorry for this, for the member across the way, but I would suggest that if you sell \$65,000 worth of liquor in a year . . .

Ms. Leigh: — I buy it.

Mr. Phillips: — You buy \$65,000 worth of liquor in a year, you won't have to go to your competition and ask for a discount. They will be knocking on your door because you would be a very valuable customer to me if I was . . .

Ms. Leigh: — I would love to give you a conversation that went down with my competition.

Mr. Phillips: — Okay.

Ms. Leigh: — One of the off-sale vendors came to our restaurant and asked for our liquor purchases. And in the conversation he also said he was thinking of putting in a private party room where they could bring in outside catering and they could, you know, karaoke and things like that. So my partner said, well who's doing your catering for that? And he said, oh well the Commercial Hotel is in. They have their own off-sale vendor, so they're a complete direct competitor against his business. The Star Cafe probably will do it, and we're asking

you guys. So my partner said, well if you want all of my liquor sales, why would you not give me all of your catering? And he said, oh I can't do that. I have to spread it around, even though he's spreading it around to his competitor. So that was a conversation that happened in this whole process.

Mr. Phillips: — Did he say he wanted all of your liquor sales?

Ms. Leigh: — He wanted our liquor sales, but he wouldn't give us the catering.

Mr. Phillips: — Okay, that's . . .

Ms. Leigh: — Because it has to be spread around town. That is a conversation that happened, so for us to . . . You're pitting us against our very competitors of which we are making our living off of. And our margin is not going to be 25 per cent. So honestly we don't make a whole lot of money off of liquor. We make more money off of food, but liquor is very much a part of the sale.

So this whole process is all about profit and money. The whole commercial permit holders are being completely left out of this process, and that is very disturbing to me. I will not go to my competitors and beg for a discount. I have too much pride for that. And you're going to find that in a lot of people.

The Chair: — Are there any more questions?

Ms. Leigh: — Thanks.

The Chair: — Okay thank you very much for your presentation, Ms. Leigh.

We'll now invite our seventh witness, Jim Bence from the Saskatoon hotel and hospitality association to take the witness seat.

I'm sorry, I mispronounced your name. It's Bence. I was looking at it right here.

Mr. Bence: — It's all good. I was looking around for somebody else.

The Chair: — Well thank you. Could you please make your presentation.

Presenter: Saskatchewan Hotel and Hospitality Association

Mr. Bence: — Thank you very much for inviting me to present tonight. My name is Jim Bence. I'm president and CEO [chief executive officer] of the Saskatchewan Hotel and Hospitality Association. We're an organization that's been around for a few years. This year we celebrated our 85th annual conference and trade show. We've been in this discussion with the governments of the day around liquor retailing in this province for 75 years. This has been the premier file which this organization holds. It's been very important that in the past that we've been at the table in discussions. Unfortunately, in 75 years there's been very little movement with this.

Now I had some great stuff here, and it's all been covered. There's been some very compelling speakers that you've

already heard, so I'm not going to go over a lot of what you've already heard. For us, levelling the playing field really represents . . . We represent 450 off-sales from across the province. So many of the folks that you've talked to or just heard from are in the same areas and the same communities in which we represent as well. For us the fundamental principle of levelling the playing field had to do with the monopoly that SLGA had over everybody else who retailed in this market. The idea being is that when SLGA brings in the product and they are the only seller of that product and they determine what prices go where, it puts everybody else at a distinct disadvantage.

Now I didn't get a chance to hear Dwayne's presentation earlier, but I'll cover a little bit of that in the next little while. Of the three jurisdictions in which I've had the opportunity to work in this field — I've been in the hotel business since 1983 — I found that Saskatchewan, when I moved back, was by far the most complicated and convoluted system that I had worked in. And then in coming back to Saskatchewan, looking deeper into the retailing markets across Canada, ours certainly . . . I guess we're all in good company.

Governments typically do a very bad job at managing this piece of business, and it's across the board. It seems to have originated out of prohibition, and then layer upon layer of rules, policies, and procedures would just go on top of it. And that's where it became very frustrating for those of us that retail in it but also for our consumers and our customers. You know, going into a vendor and only being able to buy certain products at certain times, but then going into an off-sale and being able to buy other products didn't seem to wash with our consumers very well. As the vendors may attest to as well in off-sales, many of our operators would have to fend off accusations of gouging when consumers didn't realize that when off-sales purchased alcohol liquor, they went into a government liquor store and they had to buy it at that retail price, take it back to their operations and then resell it and mark it up.

So here's what's happened recently. Not much changed in 75 years. The government engaged in extensive public consultations beginning in late 2014 and announced those results of the consultation in early 2015. We were very encouraged by the consultation process. We had a submission as well as did a number of organizations. It was one of the very first opportunities in which we felt, as an organization, that we were perhaps being listened to. That was a departure. Our association was one of a number of organizations that provided these submissions with our strategy as to how liquor retailing could be changed to better suit the needs of the government, us as off-salers, and the consumers. Our submission would satisfy most stakeholders while remaining revenue neutral and contributing to the same revenues of the GRF [General Revenue Fund] for the government as they had before. Now there has been some challenges to that which I'd be happy to answer later on in the presentation.

Over 6,000 Saskatchewan residents responded to the online survey. Three thousand added additional comments. Results of the consultation clearly showed that Saskatchewan residents wanted a modernized liquor retail system that allowed them to enjoy greater selection, availability, and pricing.

And again when you look at other jurisdictions across Canada, that was the one piece that . . . Again from my experiences in Alberta and BC and from a private perspective — so this was from working in hotels where I was the consumer — I lived through what happened in Alberta, and I was fearful that our government may take that approach, which they didn't. That was the wild west, and it had a huge impact on our ability to be able to buy and it is what we had heard just with the last speaker — where do you go to buy your product? So this measured step seems to work or could work extremely well for us. Selection, availability, and pricing were three main pillars in what we needed to talk to government about. We needed to increase those.

It also showed that a majority of respondents were more concerned with the experience they have when purchasing alcohol than they were whether the store was government or privately owned. In October 2015, Minister McMorris announced sweeping changes to liquor retailing should the Sask Party be re-elected in the spring of 2016. And what that amounted to . . . And we found it very congruous with our original submission, which was a submission that we had actually been putting forward for about 15 years. So it was nice to see that perhaps some of that had permeated in. It would be one permit for all, so we were all the same.

Now this was the levelling of the playing field that we desperately wanted because it was the level playing field with SLGA retail stores. They had a distinct advantage over everybody else that was reselling liquor in this province. We just wanted a fair shot. All we wanted was to be competitive through this entire process. We sell liquor. We sell service, and we do it extremely well. It's our business. We pay the same wholesale price. We have the same operating hours, use flexible pricing strategies, adjust our business models to meet the customers' needs, will sell any type of chilled product, and sell to the public and commercial permittees.

Congruous with our original submission, the government's policy on wholesale markup is designed to collect approximately the same amount of revenues as they had before the changes. This to me isn't a difficult concept because there still is a monopoly. All of the liquor that comes into this province will be wholesaled out of one distribution point. If you want \$253 million going back to your General Revenue Fund, then you'll mark it up right at the point of sale. That's how the sales will be guaranteed here. It'll be up to the store permit holders now, the RSPs [retail store permit], to determine what that looks like in a truly competitive environment.

The SHHA [Saskatchewan Hotel and Hospitality Association] has publicly applauded these changes and stated that these changes will catapult Saskatchewan out of prohibition and into the 21st century. We really believe that. We believe that we are probably furthest down on that totem pole, and now this gave us an opportunity to really take advantage now of an opportunity to be competitive, particularly with the government liquor stores.

Prior to the implementation of a level playing field — it hasn't been implemented yet — there are currently a convoluted and complicated system which includes 75 government-run liquor stores, 450 off-sales, 190 rural franchises, and four privately run

stores. Layers of archaic policies and rules restrict retailers and dictate radically different terms for each, regarding everything from hours of operation, prices, and chilled products. So it's really quite a mess.

The government was picking winners and losers, and ultimately it was the consumers that suffered the most. And where we would get those comments . . . We're a much more travelled society than we ever have been in the past. We travel to other provinces and we see what liquor costs there, and we ask why. We go to Phoenix, and we ask why in a big way. So once our customers start to ask these questions, they want educated, intelligent answers. It became . . . Two, really? Wow, okay. I'm going to move this along.

What's the good news? Under the new legislation, the ability for commercial permittees to purchase products from any retail, as opposed to just from SLGA stores and franchises, will provide them with an opportunity to work with their preferred retailer regarding products, prices, and selections. And I certainly, certainly understand the last speaker's concerns with this.

On the other side of that coin, I represent off-salers in some of those types of communities, and their conversations now as competitors and who it is that would buy from them are similar to your point, I think speak to your point. They're talking about how it is now because there essentially are no discounts. We're all buying it at the wholesale price from the distribution point, is how they get their liquor. And then how will they be competitive with each other in order to get that piece of business?

So in their minds it's going to be a very robust, competitive environment, and I didn't get a sense from any of them that the prices would be going up. It's, how is it that we're going to stay really competitive here? And how is it . . . and the availability piece and the selection piece are going to be huge. We really need to ramp up the amount of SKUs that we have in this province and this is one way to do it. And we're still missing a critical piece as well. I know I only have a minute to go. I'll skip to the end.

Governments typically don't do a very good job at this piece of business in all my experience across the board. And when you talk about expense management, eight months ago . . . I love freedom of information requests. I put in a number to SLGA and I requested 75 P&L [profit and loss] statements for the stores. And my experience primarily is in the human resources side, 18 years as a director of human resources for multiple properties. And what I was provided with was a very high-level spreadsheet — two pages. That was it.

But even from my rudimentary calculations, out of the 75 liquor stores, what I presented to my board, sort of . . . There was 35, possibly 37, depending on what it is that their costs were, which we couldn't tell. There was 12 that, in my estimation, were not only not making any money . . . because don't forget, all those published numbers that we're seeing out there, when they talk about profits, don't include costs of goods. It's pretty easy to show a remarkable profitability when you don't show what it is that the cost of goods was. So trying to factor in that big question mark was, is that there was 12 stores in my estimation

that weren't not only not making money, they were hemorrhaging. So now you've got these other stores that are now supporting, they're subsidizing other stores. And again that's just from my estimations in looking at . . . I went to the SGEU website and looked at . . . I'm wrapping it up.

[21:00]

So the expense management side of it is not working. We estimated that there was 35 stores that, up to the 35 mark, that would maybe be making money. And then there was the ones that were left over that were showing some profitability. So on the expense management side, if I had 75 hotels in the bottom 10, it would look a lot different.

We also have to talk about the underground economy. This is only 30 seconds.

The Chair: — I'm sorry, we've used our time.

Mr. Bence: — Okay.

The Chair: — Are there any questions? Ms. Beck.

Ms. Beck: — First of all, thank you for your presentation. Jim, you had mentioned your original submission to the minister at some point, and you referenced it here. I'm just wondering if that was publicly available or if there's any way to . . .

Mr. Bence: — It's all online. It's online on our website and it's also online with the SLGA when they had their call for submissions. I think they're all still up there.

Ms. Beck: — Okay, perfect. Thank you.

The Chair: — Warren.

Mr. Kaeding: — Thanks for your presentation, Jim. You've obviously had some experience in Alberta, and just wondering if you could maybe share with us some of the significant differences you see between our proposal and what the Alberta situation is. And then, is there any advantages on the Alberta side that you could see that we could maybe try and adopt or incorporate here if we're going to make a change?

Mr. Bence: — We woke up one morning and everything had changed. So for us in a major hotel, purchasing now became very problematic. And because there was a huge proliferation in the amount of licences, then it was the Wild West. They were opening up on every corner.

Here, the amount of licences is capped so we won't see that, and I believe that that's an advantage. So that was a good part of the learning process. Forty stores being converted, I think that there's huge opportunities there that I'm not sure how Alberta fared with that. I was not privy to those numbers. But there will be significant savings on the expense side there, which I think the government will . . . I'm not sure is factored into what it's going to look like on the revenue piece.

When it comes to Alberta, I think it's really important to note that because of the way that pricing and competition looks there, is that there are . . . Well I won't ask this room how many people have gone to Alberta to buy their beer or buy their

scotches.

Air Miles approached SLGA two years ago, and this . . . Jim Engel will be able to confirm that, and said out of 10 locations in Alberta — don't hold me to this number — \$32 million had been spent by Saskatchewan residents. Ten locations in Alberta . . . [inaudible interjection] . . . Somewhere along those lines. Don't quote me. Astounding numbers.

Now recently quoted in the newspaper was . . . Alex MacPherson called and said, you know, we just got the numbers. It looks like Saskatchewan people spent \$8 million more in this province over last year on booze. Are they depressed? I said no. I said, I don't think so. I think recently what's happened in Alberta with the price of alcohol, with their new government, it's steadily going up, and it's just not as attractive to travel across the border and buy your liquor there any more.

That \$8 million, I'm suggesting, is coming right because we're becoming more competitive and we're coming more . . . To me, this is simple. This is, what's our market share? Our biggest competitor is Alberta and it's too close. We can't ignore that fact. How many hundreds of millions of dollars have we left on the table year over year because it's being spent in Alberta? And we need to capture that. Again, this is just like being in a hotel. This is guest capture.

Let's keep all of our money within our borders and let's figure out how to use it there. So I think that even that alone is going to have a . . . The new system the way that it's going will have a big impact on that. Let's keep Saskatchewan dollars here.

The Chair: — Are there any more questions? Mr. Brkich.

Mr. Brkich: — I'm familiar with the Alberta system. I'm not very familiar with the Manitoba system. I've actually only been to Manitoba once or twice. How is their . . . Is their system very similar to what we're proposing now, or are they still all government owned, government run? I'm not sure how Manitoba is run.

Mr. Bence: — Yes, you know, they're right in the process right now, with a new government, of going through a review very, very similar to ours. Theirs is different than ours, but many of the same frustrations are there particularly with regards to monopoly.

You know, when it comes to that it's very different to stay competitive, those kinds of things. So in looking at all the jurisdictions the point was made that BC may be the most similar, but there's lessons learned I think out of BC as well, too, because they're all with . . . Ours is the first to really strip everything right back. We're really getting rid of it. You talk about red tape reviews. This is probably the biggest one yet. This puts it all right back down to its bare bones.

Mr. Brkich: — Thank you.

The Chair: — Are there any more questions? Well thank you, Mr. Bence, for your submission. And we will now invite our eighth witness from SEIU-West [Service Employees International Union-West] to take the witness seat please.

Presenter: Service Employees' International Union — SEIU West

Mr. Colmin: — Before I start I would like . . .

The Chair: — Just hang on for two seconds here, because I would like you to introduce yourselves please, and if you could when you speak, if you're answering a question or whatever, could you please state your name so we know for *Hansard*.

Mr. Colmin: — I would just like to ask a question first of all. We are going to be doing the presentation together. Do you want us just to use the one mike? No? Thank you.

My name is Neil Colmin. I'm a continuing care assistant with Moose Jaw home care. I've been doing that job for over 22 years. I'm also the vice-president of SEIU-West. To my right is Dannel Pickering. She's as well a continuing care assistant from Saskatoon home care. She's been working with home care for 16 years. She's as well an executive board member from SEIU-West. To my left is Vanessa Spencer. She is a CCA, a continuing care assistant in the CBO sector, the community-based organization sector. And she's also an environmental service worker at RUH [Royal University Hospital] in Saskatoon, and a shop steward with SEIU-West. And she's been with us for 11 years.

SEIU-West represents over 13,000 members in health care, education, and community-based organizations, among other sectors. Most of you have probably heard the expression, there's no such thing as a free lunch. Some people say that this expression originally referred to how saloons and bars, going back to the 1800s, would advertise a free lunch — usually of cheap salty food — to get people to come into bars, get thirsty, and wind up spending money that they weren't planning to spend in the first place, money they could or should have spent on things for their families like feeding or clothing.

Bill 1, the bill we are considering tonight, is the latest instalment in the Wall government's policy of deregulating and privatizing alcohol sales in Saskatchewan. The government has advertised this policy as being a common-sense, risk-free, no-hassle, win-win. It has been cheered on by the modern-day saloon keepers, the hospitality industry whose spokespeople we have heard from tonight.

The theme of our presentation is there's no such thing as cheap booze. Bill 1 will reduce the government's involvement in liquor sales in Saskatchewan. This will involve costs and risks for the people of Saskatchewan. The government is underestimating those costs and risks, hiding them from the public, and handcuffing the ability of future governments to deal with them. Regulating alcohol sales in Saskatchewan is a delicate balancing act involving the hospitality industry's desire to make a profit; the wishes of consumers to be able to access a wide range of products at reasonable prices; generating revenue that pays for regulation, enforcement, health and social services, and other essential public goods; the interest of local communities in the province in minimizing the health and the social costs of alcohol use.

The government is deliberately upsetting the balance to benefit of certain players in the hospitality industry. It has

underinvested in the public system, reducing public stores' ability to meet consumers' demands. It has then sold privatization as the only way to meet that demand. It has ignored and downplayed the potential impact of privatization on government revenues.

Others have discussed this point already tonight but let me just give you a couple of examples. Our research says that the government takes in about \$230 million each year in profits from liquor sales in publicly owned stores. That's enough to run both Heartland Health Region and Cypress Health Region for about a year, or it's about the same as what the Ministry of Education grants to the elementary and high schools each year in Saskatchewan . . . in Saskatoon, sorry.

We want to focus on the health and the social costs of alcohol as we feel the government has not given these issues any serious consideration in their careless scheme to upturn the liquor retailing system in Saskatchewan.

Ms. Pickering: — SEIU [Service Employees International Union] members include addictions workers as well as a range of others who help meet the health and personal care needs of patients, residents, clients, and families whose lives have been negatively affected by alcohol. We've known for hundreds of years that alcoholism and binge drinking are bad for your health. More recently, evidence is mounting that even when consumed in smaller amounts, alcohol can be hazardous. For example, we now know that alcohol increases your risk of cancer of the liver, breast, and colon. Those of you who think that your glass or two of red wine with dinner will lower your risk of a heart attack, sorry, but the latest evidence does not support that.

Evidence also suggests that the percentage of deaths in which alcohol was a factor has been rising in Canada since 2000. Alcohol consumption is linked to domestic violence, lost productivity, and increased law enforcement costs. There is strong evidence from multiple jurisdictions that privatizing retail alcohol sales leads to increases in excessive alcohol consumption.

The Wall government has been so committed to its deregulation and privatization agenda that it largely ignored this mountain of evidence of the risks of making it easier than ever to buy and consume alcohol. The government's 2014 green paper on future options for liquor retailing included just three short paragraphs on the potential health and social impacts of privatization.

I've taken care of patients with cancer related to alcohol consumption. It's not pretty and I don't wish it on anybody. If we can regulate alcohol to prevent some cancers, I think that's a win. I would rather help our seniors age healthily than watch them die from cancer.

Ms. Spencer: — In the words of Dr. Peter Butt, an addiction expert in the College of Medicine at the U of S [University of Saskatchewan], "Increased availability [of alcohol] generally leads to increased harm." "Floating policy trial balloons is not a good way to develop public policy when it comes to alcohol . . . It's not evidence-informed."

In its most recent budget, the government promised

transformative change in the health sector and other areas of the public sector, change that would include extensive consultation that would ensure the long-term sustainability of the public institutions we value.

Bill 1 is the latest instalment of the government's reckless, ideology-driven agenda of transformative change in liquor retailing. The government must put the brakes on this destruction of the current balanced approach to liquor sales in Saskatchewan. It needs to start taking seriously the health and social consequences of further deregulation and privatization. It must devote the time, resources, and the study needed to properly understand these risks and how best to prevent them. If it will not do this, it or future governments will be left to deal with greater alcohol-based, alcohol-related burdens in the health care, criminal justice, and social services systems. Thank you.

Mr. Colmin: — Thank you very much.

The Chair: — Well thank you for your presentation. Are there any questions? Ms. Beck.

Ms. Beck: — Thank you all for coming to join us today and for your presentation. I just wonder, your concerns seem to focus on the health-related concerns associated with alcohol. And I'm inferring that it's your belief that through this legislation, were it to be passed, that liquor consumption would potentially go up, or availability. So I just wanted to give you a chance to expand on that.

Mr. Colmin: — Neil Colmin. Yes, we do believe that with the increased availability of alcohol, the extended hours and whatnot . . . Again not having enough people to police and to regulate who is coming in and out of the stores, again we're looking at very possibly younger and younger children getting it at later and later and later hours. So we really do believe that this will have a serious negative impact on the health care system within our province.

The Chair: — Any more questions? Mr. Phillips.

Mr. Phillips: — I'm sorry. Thank you for the presentation. I'm having trouble getting my head around which way you're going here. You say we are underinvested in selling liquor. That's what came out early in your statement, I think, was underinvested, that meaning that we weren't up to . . . Pardon me?

Ms. Pickering: — It's also known as break it till it's broke.

Mr. Phillips: — That's a good line. I like that. So we're not driving the business hard enough is what you're suggesting. How has it changed in the last 10 years that you see that 10 years ago, how was it better?

[21:15]

Ms. Pickering: — If consumers are asking for cooled beverages, I don't understand why we couldn't put refrigerators in our publicly owned liquor stores. If consumers want something, as a public entity you can still offer that, and we're not doing that.

Mr. Phillips: — But then later in your presentation you talked about how we need more regulation and the harm from liquor which I understand, and in your line of work I can very much understand why you can understand it. But it seemed like we were . . . On one way you were saying that the government isn't investing enough, and we should be more aggressive in liquor sales; on the other hand you were saying we should regulate more and liquor sales is bad. What did I miss there?

Mr. Colmin: — Yes. I think what we're saying is that in the last few years, rather than increasing, rather than increasing public liquor stores there has been a shift towards private liquor stores which has, as we have said, has been underfunding the liquor stores, the public liquor stores within the province. And then when we're talking about less regulation or we would like to see more regulation, I think we're referring to, there is more regulation using the public system than there would be with the private system.

Mr. Phillips: — What would be the . . .

Mr. Colmin: — Regulation around, as we were talking, around the late night, around what is being sold on their . . . Some of the liquors that are being targeted for youth people and whatnot. There's more regulation, more control over that.

Mr. Phillips: — So like Red Bull and the mixtures and things like that.

Mr. Colmin: — Yes.

Mr. Phillips: — And you would like to see more regulation. Like government will always regulate this. There is no movement away from government regulation.

Ms. Pickering: — Are you going to limit how much private retailers could sell then? Sorry. Dannel Pickering.

Mr. Phillips: — I'm sorry?

Ms. Pickering: — Would you limit how much private retailers could sell then, if you are still regulating?

Mr. Phillips: — We don't now. We don't with any store.

Ms. Pickering: — So how would you regulate it?

Mr. Phillips: — We have liquor regulations, I guess, is what we're saying. It doesn't change liquor regulations, who's till they're at.

Mr. Colmin: — I believe some of our concerns stem from past practice. When people or when institutions go from a public system to a private system, there is more of an opportunity for self-regulation and more often than not that is where it winds up going to because it's a cost reduction service for the public system. Like we have seen that already in the meat inspections and whatnot. So there's more of an opportunity for the individual, the private consumer, or the private producer, or whatever to regulate themselves.

The Chair: — Are there any more questions? Mr. Dennis.

Mr. Dennis: — Thank you, Mr. Chair,. Thank you for your presentation. I'm a little confused here, and I just would like to ask you to clarify this. You talk about liquor being harmful and everything else and that we should leave it in the government's hands, and then you talk about health care being very important. I'm a little confused what direction you want the government to go towards, getting out of liquor business and getting more into health, or getting more into liquor business and less health. You kind of guys went both ways, and I'm just a little confused which direction you want us to go.

Mr. Colmin: — Actually I believe we were quite clear, sir. We said that when keeping liquor in private hands, the revenue that is generated from that will help to increase health care. It already . . .

A Member: — In the public hands.

Mr. Phillips: — Yes, I think you misspoke. It's in public hands, you're saying.

Mr. Colmin: — Sorry.

Ms. Pickering: — We're interested in keeping liquor public and that's clarified in writing.

Mr. Colmin: — Yes, sorry. Yes.

The Chair: — Okay, are there any more questions? Well thank you, Mr. Colmin and Ms. Spencer and Ms. Pickering, for your presentation.

And we will now invite our final witness, Ms. Nicole White, to please take the witness seat. I don't know if you were in here before, but the way this works is you have 10 minutes to make your presentation. Did you hear that? And then I give you a two-minute warning.

Ms. White: — I did.

The Chair: — Okay. Good.

Ms. White: — I can assure you I will not use up my full time.

The Chair: — Well thank you. Please, Ms. White, make your presentation.

Presenter: Nicole White

Ms. White: — Thank you. So my name is Nicole White. I've worked in the community in the non-profit sector for the last 10 years in Saskatoon. I come to you today as a private citizen who is concerned by the plan to privatize liquor stores. My concern prominently lies with the fact that we will be decreasing the revenues coming back into the provincial coffers, but most importantly we will be losing good-paying jobs.

I know a number of people who work at liquor stores who are worried about their livelihoods. Some have been told that they are welcome to reapply to their jobs after the store is sold. All I've talked to have been told to not plan on being paid the same amount with the same benefits. Instead of earning a living wage, liquor store workers will spend less in our communities,

pay less in income tax, and struggle to support their families. Saskatchewan workers and communities deserve better.

I talked to one SLGA employee who was quite concerned for her safety after the store is privatized. She said, quote, “Safety regulations for privatized locations are not as rigidly implemented. We have an amazing safety program at SLGA with some really great stats on the reduction of workplace injury since its launch.”

I don’t see how this can actually serve our province in the long term. It’s short-term gain with long-term pain. You don’t need to be a chief economist to know that private businesses are lining up to buy those stores. The private sector wouldn’t be interested in buying up unprofitable businesses. The CEO of one Alberta-based liquor store chain perhaps spoke for the industry when he said he was very excited about the possibility of privatization in Saskatchewan and that privatization would, “present tremendous acquisition opportunities for the corporation.”

This isn’t about the government losing money in the liquor retailing system. Every SLGA store is highly profitable, earns annual income for the province in the hundreds of thousands and in several cases millions of dollars. This is a handover of profitable publicly owned businesses to private buyers. Why not continue to maintain those profits and maintain those great jobs for those workers, help continue to have strong jobs in small communities? I could go on, but I don’t have to. There’s no reasonable case where this is a good idea.

I would like to ask the committee to consider what is good for the long-term health of our province. Long term, what’s better — strong jobs, millions of dollars in profit, safer workplaces, job security. Long term, there’s a lot of families that will be impacted by this type of decision. Long term, what’s better for us all? Thank you.

The Chair: — Thank you, Ms. White. Are there any questions? Ms. Beck.

Ms. Beck: — Thank you. Thank you, Nicole, for coming to join us this evening and for your presentation. I think that you made your points clearly. I just had one point of clarification and that was around the differences in safety programming between the SLGA stores and what this person told you was her expectation would be available in a privatized store. So I was just wondering if you could expand on that.

Ms. White: — I wish she was actually available to do this presentation. So all she was able to give me was exactly what I quoted to you. So she was quite concerned about a lesser standard of safety and care for privatized stores. And she has friends who work at the privatized locations in Saskatoon and she’s concerned of that type of ripple effect in a newly privatized store. I’m sorry I can’t give you more details.

Ms. Beck: — Thank you.

The Chair: — Are there any more questions? Mr. Kaeding.

Mr. Kaeding: — Well thanks, Nicole, for taking the initiative as a private citizen. I think that’s very brave of you. Just one

question. I know a lot of discussion on disparity between wages. What would you anticipate a lot of these stores that are privatized may be paying for wages?

Ms. White: — Well I, as a private citizen, would not be the expert to talk to. I just am relaying the stories that I’ve heard from people who are currently working in stores that are on the chopping block and quite worried about what’s going to happen down the road. I’m sorry I don’t have details to provide you tonight, unlike the other extraordinary presentations we heard.

The Chair: — Are there any more questions? Well thank you very much, Ms. White, for your presentation.

Now that is the completion of the presentations. But we did have, as we were here, a couple more submissions come in, so we will be putting them onto the website. They are 22-28, Sastaunik submission and 23-28, Schneider submission.

I want to thank all the witnesses who presented here tonight. The documents of the committee will be available on the Legislative Assembly website at www.legassembly.sk.ca.

Our committee will now need to move into camera to discuss our report. Can I have a member move a motion to move into camera?

Mr. Phillips: — So moved.

The Chair: — Mr. Phillips so moves. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. We will now move in camera.

[The committee continued in camera from 21:26 until 21:46.]

The Chair: — Well thank you, members, for being here tonight. If there is no other business, I would ask a member to move a motion for adjournment.

Ms. Young: — I’ll so move.

The Chair: — Ms. Young so moves. Is everybody in agreement?

Some Hon. Members: — Agreed.

The Chair: — Carried. The meeting is adjourned to Monday, June 13th, at 8:30 a.m.

[The committee adjourned at 21:47.]