

Submission to the Standing Committee on Crowns and Central Agencies
Regarding Bill 1, *The Crown Corporations Public Ownership Amendment Act*

June 8, 2016

Good evening, my name is Tina Vuckovic and I stand before you on behalf of SGEU's 20,000 members – especially on behalf of the 900 members that are directly impacted by Bill 1, The Crown Corporations Public Ownership Amendment Act, 2016. 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.

SGEU has launched a campaign called Keep Liquor Public. Through that 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, that 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 local economies strong and their communities 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 business that can only devote limited shelf space to liquor.

They will also lose the uniform province-wide pricing that allows Saskatchewan people to pay the same for their liquor, regardless of where in Saskatchewan they live. A privatized system cannot provide this. If you compare the price of a jug of milk in a small town grocery store vs. a coop grocery store in an urban centre, there will be a price difference. We did a comparison between the Gravelbourg Coop Grocery Store and a Regina Coop Grocery Store, and found a 4 litre jug of skim milk was \$0.50 more in the Gravelbourg store. Liquor prices will see the same effect.

Under privatization, communities also risk the loss of jobs for high school students. The students currently working in convenience stores, grocery stores, and other retail outlets will now be forced to resign their positions if these businesses become private liquor retailers. 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 provincial 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 – as 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 or 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 by the design on the label. Private liquor retailers also do not provide the living wages or benefits that SLGA offers. The revenue private retailers, such as Sobeys generate 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 that only a publicly-owned retailer 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 customer.

Claim Two: The Sask Party has stated that it has 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 extra 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 to not shed any light on it but now they claim that a vote for the Sask Party was a vote to privatize SLGA. 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](#) – the most recent to ask Saskatchewan people directly about liquor privatization -- found just 33% in favour, with 29% opposed.

Claim Three: The privatization will only impact approx. 190 employees. This is 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 1100 Saskatchewan families who live, work, and invest in their local communities. These residents make a living wage, which allows them to enroll their children into activities, contribute to their local economy and participate in community events. Losing their jobs and gaining minimum wage employment instead – if there even is a replacement job to be found - can and will be devastating to not only 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 has been nothing stopping the Sask Party, over the last 8 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 provincial government has deliberately limited SLGA's performance, through restrictive policies and through a refusal to let a highly profitable Crown corporation re-invest any meaningful amount of money back into itself. Now, having intentionally created a lackluster 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 since their doors opened in 2014 and 2015.

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. In jurisdictions across the country, public liquor stores offer the best service, the best pricing, and the best financial return to the province.

Claim Five: Privatization will be revenue neutral for the government. This is 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 (including legal fees) incurred for the disposal of equipment and properties, along with the cost of early lease payout of leases, severance packages, and additional staff wages at the SLGA 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 store jobs are replaced with low-wage private sector work. Even if the level of public revenue from liquor sales is maintained – and the best evidence available 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 that “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 a 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 SLGA Distribution Centre vulnerable. With SLGA out of the Act, there is no protection for what remains after this round. The government will have free reign without needing to seek approval or consult public opinion in any way.

Claim Seven: I would like to address the claim that government MLA's 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 liquor privatization. Constituents are claiming that their MLAs are refusing to engage in any discussion regarding the privatization of their local liquor store. Government MLAs are telling their constituents that this is a done deal and there is no need to have any discussion. 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 was in the communities, talking with people, receiving feedback (and trust

me, there was 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.

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