

**A case study and report prepared by the  
Gravelbourg Chamber of Commerce  
and  
Town of Gravelbourg**

A presentation for:

The Standing Committee on Crown and Central Agencies is holding public hearings on Bill No. 1 — The Crown Corporations Public Ownership Amendment Act, 2016.

**Will privatization of the  
sale of liquor benefit Gravelbourg  
and rural Saskatchewan?**

## **Challenges facing Gravelbourg and rural communities**

Rural Saskatchewan has faced unique challenges for over 30 years. Globalization and centralization have been tugging at the fabric of our rural communities. In the face of these challenges governments are abandoning the agriculture sector and the towns and villages that feed this important industry. We are told that centralization and amalgamation will save money and create efficiencies.

Elimination of the Crow benefit would create a network of processing plants across the prairies. Empty promises. The elimination of the Canadian Wheat Board would pave the way for projects like the proposed pasta plant for the prairies. More empty promises.

Our pioneering families took up the challenges of early globalization by creating cooperatives and credit unions. Provincial governments came to the defense by creating Sask Energy, Sask Power and SaskTel part of what is referred to as the family of crowns. Those moves paid off and today rural Saskatchewan is a world leader in technology for dry land farming.

But those earlier challenges have not disappeared.

*...the rural population in Saskatchewan has been trending downward since 1931.... The number of farms in Saskatchewan declined from 138,713 in 1941 to 50,598 in 2001.*

*A 2015 paper prepared for the Strengthening Rural Canada initiative by:  
Dr. Bakhtiar Moazzami on behalf of Essential Skills Ontario and the Saskatchewan Literacy  
Network*

## **Privatization & centralization**

The arguments for and against privatization are many. The question is: **Will Bill 1 be beneficial for rural Saskatchewan?**

The privatization of Sask Wheat Pool resulted in a hand full of players dominating the landscape. In the last 20 years Gravelbourg went from four fully functional grain elevators to none. The resulting changes in the tax base created huge fiscal problems.

*"In some villages, an elevator can comprise one-third to one-half of the tax base," said SUMA president Mike Badham in a news release. "There is just no way that local residents can be expected to backfill that amount."  
Oct. 22nd, 1998 by Karen Briere Western Producer*

This year Gravelbourg and area witnessed the removal of the Hodgeville Subdivision branch line that runs through Gravelbourg. CP (privatized monopoly) didn't have any public interest in maintaining the branch and did what they wanted for their own corporate interests. Grain producers haul further with larger loads and roads are crumbling under the effect.

Clearly these privatization plans have had enormous negative repercussions. The job losses were staggering. Jobs that have never been replaced.

These incidents have demonstrated that privatization has not been beneficial for rural communities. Will we witness this same thing with the privatization of liquor sales?

*"Those who fail to learn from history are doomed to repeat it".  
George Santayana quote made famous by Winston Churchill.*

## **Economic Development**

To offset job losses and the reduction in the tax base the Town of Gravelbourg budgeted for and hired an economic development officer. A major goal was the creation of a Main Street Revitalization program to complement the 'Touch of Europe' theme for the community. The new Gravelbourg Liquor Board store was one of the pillars of that program. It employs one full time staff and two part time and is considered one of the most successful outlets in the provincial network. Chamber members agree that it has been a win win policy for retailers and consumers. We currently have a petition against Bill 1 with signatures from across the south central region of the province. The general population did not see the provincial election as a referendum on liquor sales.

Will product selection and job opportunities be available if the outlet is privatized? Historical precedent, mentioned earlier, tells us this will not happen. We will lose the jobs and selection Gravelbourg and area has had for over 12 years. Will Sobeys move to Gravelbourg or Ponteix and build a 2000 sq. ft. freezer as part of their corporate plans for private liquor outlets?

## **Gravelbourg Liquor Store**

Will Gravelbourg, or any rural community, gain from the privatization of the local Liquor Board Store? What will the social consequences be? We have the highest rate of drinking and driving deaths in all of Canada and one of the highest in all of North America. Have program been implemented to deal with the added social issues on our tax base?

*Experiences from those Canadian provinces with privatized or partially-privatized systems support the link between increased availability of alcohol, increased consumption and increased alcohol-related harms in society.*

*MADD Policy Backgrounder (2014)*

Laurie Leigh, co-owner of The Rockin' Horse Cookhouse and Bar described how the current system offers a 'level playing field' for all who retail alcohol products. Bill 1 will upset that level playing field and depending on who wins the contracts would see competing businesses (commercial permit holders) actually working to improve the bottom line of a potential competitor who could eventually secure the private outlet.

*I have listed my business for sale. And if it doesn't sell before our NEUTRAL HUB is closed, I will close my own doors, putting 8 local 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 is 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% enjoyed by these 40 stores, are MUCH higher. And I will NOT participate in a DRINK PRICING WAR! You are essentially taking AWAY our LEVEL PLAYING FIELD.*

*Laurie Leigh Co-Owner of The Rockin' Horse Cookhouse & Bar in Maple Creek*

*Presentation made to the Standing Committee on Crown and Central Agencies, June 8, 2016*

## **Conclusion**

a) After consideration and using available data the Gravelbourg Chamber of Commerce has concluded that the privatization of the sale of liquor will have a negative effect for Gravelbourg and region. We recognize that one or two retailers will gain but it will be at the expense of the remaining business community and general public at large but the closure of our public facility will have a negative impact and create a loss of revenue for all the business community. Bill 1 has unfairly targeted rural communities and what we will witness will in all communities on the list;

b) The loss of revenue that the provincial government will experience under Bill 1 will only add to the current debt that future governments will have to deal with;

c) For Gravelbourg the effect will be devastating. With a population under 2000 the current Bill states that an existing business can handle the outlet without the need of a separate enclosure and a separate entrance and exit into the facility. The current building which served several smaller private outlets in the region will close. That closure could spell the end of the Main Street Revitalization program;

d) The status quo has worked for decades and has created a level playing field that must be maintained