

Future Options for Liquor Retailing in Saskatchewan



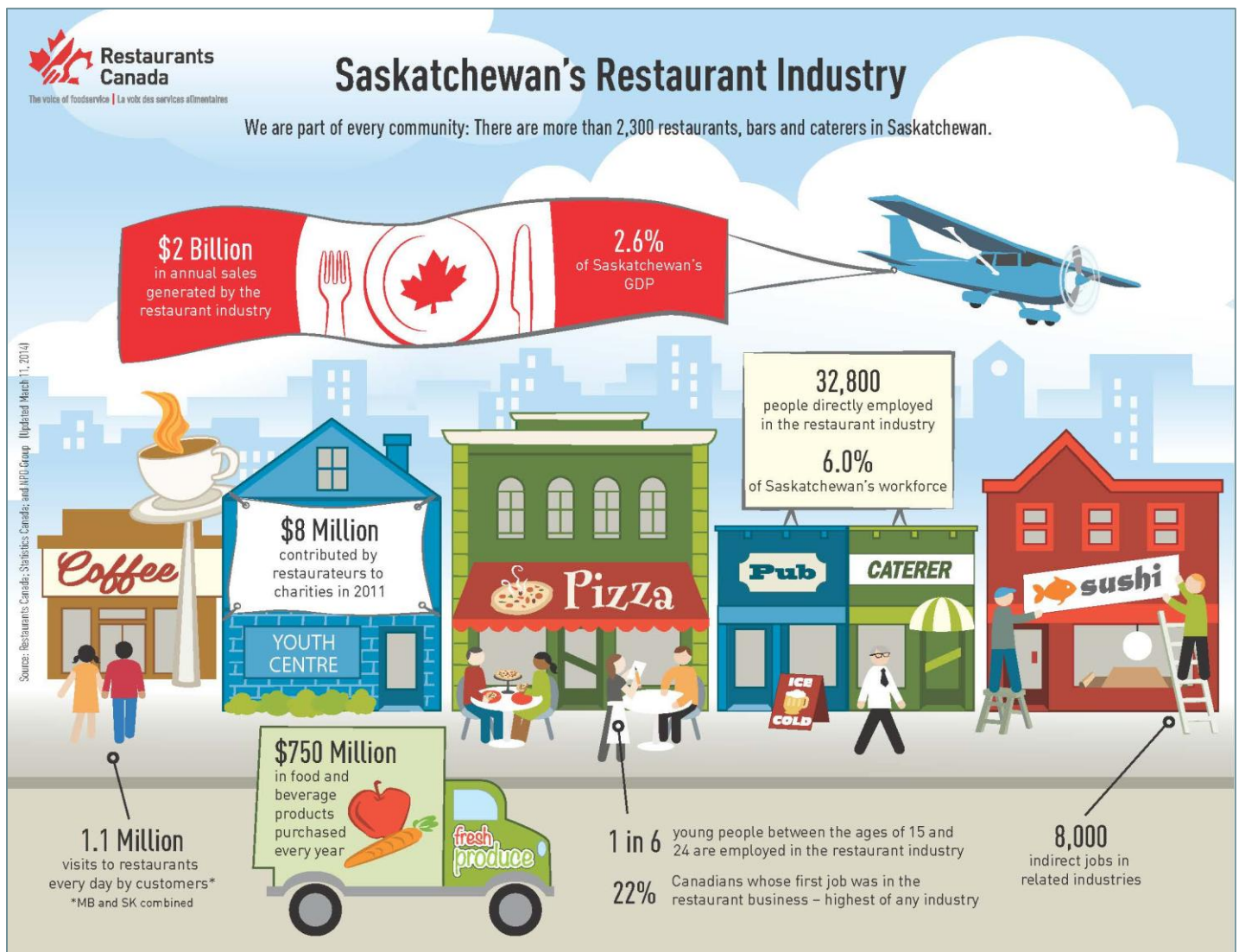
**Restaurants
Canada**

The voice of foodservice | La voix des services alimentaires

Future Options for Liquor Retailing in Saskatchewan

Introduction

Restaurants Canada (formerly the Canadian Restaurants and Foodservices Association) represents Saskatchewan's \$2 billion restaurant industry. It is one of the largest private sector employers in the province employing some 32,800 Saskatchewan residents, and is also one of the largest employers of young people.



Future Options for Liquor Retailing in Saskatchewan

The foodservice industry provides a wide range of full-time and part-time job opportunities for the people of Saskatchewan, and in particular, supports important entry-level jobs for women, students, young people and new Canadians. Today's diverse hospitality industry has become increasingly complex where restaurant and bar concepts have become more and more intertwined combining food service, liquor service and entertainment all in one establishment. It is becoming increasingly difficult to determine whether licensees are primarily engaged in the service of food or beverage alcohol.

Restaurants Canada is pleased to have been invited to provide its comments as part of the government's consultation on *Future Options for Liquor Retailing in Saskatchewan*. Our comments are intended to support government's vision of Saskatchewan as "the best place in Canada to live, to work, to start a business, to get an education, to raise a family and to build a life." Saskatchewan's operators of restaurants, bars, taverns, caterers and other foodservice establishments appreciate the on-going efforts of the government to ensure Saskatchewan has a favourable business climate – especially the several initiatives intended to modernize a legislative, regulatory and policy framework for liquor that hadn't previously seen significant changes in nearly 50 years. We look forward to continued efforts to ensure our sector and related sectors are not bogged down in outdated and unnecessary red tape and can continue to play an important role in creating a vibrant provincial economy. Restaurants Canada approaches all liquor regulatory reviews with the primary goal of ensuring a progressive, flexible, and equitable liquor system that better responds to consumers. Restaurants Canada and Saskatchewan's restaurant permittees believe that Saskatchewan's current liquor regulatory regime, while much improved over the past three years, still includes elements that require modernization, streamlining, improved fairness for foodservice permittees, and increased responsiveness to consumers.

We recognize, and will honour, the focus of this particular review as it relates specifically to the future of liquor retailing in Saskatchewan; however, we would be remiss if we didn't ask for a much more comprehensive review of the current system. To be transparent, we are urging government in the strongest possible terms to undertake a ground-up, blank-sheet, comprehensive review of the structure, organization and legislative, regulatory and policy framework of the entire system governing the manufacture, distribution, sale and consumption of beverage alcohol in Saskatchewan similar to that which was recently undertaken in Manitoba. Such a review should have a broad, well-defined mandate to consider industry best practices across North America, including: organizational structure, division of responsibilities, wholesale

Future Options for Liquor Retailing in Saskatchewan

pricing, product selection and availability, warehouse operations, service to permittees, and the current liquor tax regime, amongst other issues.

Retailing Options

Restaurants Canada has reviewed all five options presented to stakeholders in *Future Options for Liquor Retailing in Saskatchewan*. Based on the principles of a progressive, flexible and equitable liquor system that will better respond to consumer demands and trends, Restaurants Canada respectfully recommends that government move to what has been defined as an “Alberta-Style Fully Private Retail System” or in the alternative, and clearly a second choice, adopt a “Managed Transition to Fully Private Retail System”.

First Option – “Alberta-Style Fully Private Retail System”

Under this system, the regulatory responsibility of government for the responsible manufacture, distribution, retailing and consumption of alcohol remains. Government would also retain revenues from taxation (through both mark-up and LCT) while eliminating both the capital costs of building, renovating and maintaining retail operations and the related operational expenses. Warehousing could remain under direct government control or be contracted to a private operator. Government would also see a non-recurring revenue stream from the sale of some government assets.

From the perspective of a restaurateur the primary benefits of such a system are expected to be:

- Significant increase in product selection;
- Improved customer service through competition; and
- More flexible hours of service.

Future Options for Liquor Retailing in Saskatchewan

However, most importantly, it is critical that such a change also ensure restaurants, and all other service licencees:

- Be granted equal access to discounted pricing direct from SLGA (the same as all other liquor retailers); and
- Service licencees be allowed to purchase from the now private liquor retailers, should they so choose, with prices determined on a business to business basis – to ensure access to “exclusive” products, purchases of both “special order” products and other products at quantities smaller than SLGA minimums, etc.

Second Option – “Managed Transition to Fully Private Retail System”

Restaurants Canada’s view is this approach does not vary, in most fundamental ways, from our preferred approach of an “Alberta-Style Fully Private Retail System”.

Government would retain the same powers and responsibilities over the regulatory regime, it would see the same revenue and expenses benefits, and have the same warehousing options. Under this option government may see a higher non-recurring revenue stream from the sale of assets, but by restricting the number of new entrants into the market may also see a decline in other non-recurring income from the start-up and registration of new business ventures.

From the restaurateur’s perspective, the benefits and access requirements are under this model are expected to be identical to those under an “Alberta-Style” approach.

Restaurants Canada appreciates the opportunity to provide its views on the *Future Options for Liquor Retailing in Saskatchewan* consultation and looks forward to future opportunities to further discuss both its views on this matter and its broader recommendations for Saskatchewan’s liquor regime.