



**The government's plan to close
B.C. Liquor Stores is
bad for consumers, bad for workers,
and bad for communities.**

Important information from the
women and men who work for the
B.C. Liquor Distribution Branch

A government service owned and operated by
the people of British Columbia

August, 2002

Privatizing liquor sales is risky for families, workers and our communities.

Introduction

For decades, the B.C. LDB has provided excellent service to customers all over the province – the same excellent service and the same wide selection of products at the same price, no matter where you live in B.C., no matter whether you live in a large city or a small town.

The LDB is one of the largest liquor distribution systems in the world, and we run it efficiently, profitably and professionally on behalf of the people of B.C. The LDB isn't perfect. But it's worth keeping, and it's better than the alternative. Responsible control of alcohol is best done through government liquor stores.

Advantages of our current system

It minimizes social costs

- Liquor is a drug, not a product to be sold like any other. Abuse of alcohol can cause serious problems for families and communities. Government liquor stores give us real control, and help keep alcohol out of the hands of under-age teenagers.
- B.C. Liquor Stores are well-designed and located, not loud and garish private establishments that bring unwanted noise and traffic to residential areas.
- A province-wide government system has the resources to provide public education on responsible use of alcohol, to prevent sales to minors, to promote alternatives like dry grads, to encourage recycling, and to support services to reduce, treat and prevent alcohol abuse.

It maximizes benefits to consumers and communities

- Publicly-owned liquor stores are operated in the best interests of our community. Serving the needs and welfare of our customers, and our cities and towns, is our prime commitment.
- Through volume purchases and distribution, the Liquor Distribution Branch ensures that everyone, in every town, has access to the same wide selection of alcoholic beverages at the same price.
- The experienced employees of the LDB have extensive product knowledge to assist consumers.
- LDB employees' years of experience also enable them to readily spot individuals who may be under age or intoxicated.

It treats workers with respect

- Workers in the B.C. Liquor Distribution Branch are members of the BCGEU who are paid a living wage that allows them to support their families. Workers in private liquor stores are often short-term, part-time, minimum wage employees.

The flawed decision-making process

Behind closed doors, with no public input

- There has been no public input into the government's decision to allow private corporations to take over alcohol sales in B.C. The decision was made by cabinet, entirely behind closed doors, as part of their so-called core review process.
- Communities have not, and will not be consulted.
- Public health and safety experts have not been asked for their opinion. This may be because the government knows scientific studies of the social costs do not support expanding private sales of alcohol.

Potential problems with expanding for-profit private sales

Worse for families and communities

- Since profit is their main goal, private liquor stores are more likely to sell to people who shouldn't have alcohol, like teenagers and people who are intoxicated.
- If you look at the number of teenagers who are able to buy cigarettes with no questions asked, it's pretty clear that minors would also find it easier to get alcohol from private liquor stores.
- After privatization in Alberta, an Edmonton TV station sent a group of teenagers into private liquor stores to try to buy alcohol. In three of four stores, they were served with no questions asked.
- Health and safety studies agree the more liquor stores there are, the more tragedies there will be from underage drinking and driving.

Worse for consumers – higher prices, less selection

- The government has said the new private stores must charge as much or more than government liquor stores do.
- Compared to private liquor stores in Alberta, B.C. LDB stores carry a much wider selection of products.

- On many products, prices in B.C. LDB stores are lower than in private Alberta stores, even though Alberta taxes are lower.
- The B.C. LDB's efficiencies of scale help keep prices down and provide a wide selection of products in stores throughout the province.
- Central warehousing in the government system provides large efficiencies of scale. A private system is more expensive for suppliers who will have to deal with hundreds of customers instead of one. Shipping costs will also increase for the same reason. These new extra costs will be passed on to customers. The further you are from Vancouver, the more you will pay.
- Overall, the Campbell government seems to be more concerned about profits for a few private owners than it is about consumers and local communities.

Worse for workers

- Gordon Campbell has already cut the minimum wage for young workers and torn up several legal union contracts. Shifting liquor sales to private stores is one more way the government is driving down wages – and that's bad for all workers.
- Their plan will cut wages and hurt ordinary workers in order to give profits to private bosses.
- It just seems the government is more concerned about increasing profits for a few than it is about protecting the wages and jobs of ordinary people.

Some lessons from Alberta

- Since Alberta privatized liquor sales almost ten years ago, every other province that has looked at the idea has rejected it. This is one more area where Gordon Campbell is moving too fast. He hasn't really thought through – or doesn't care about – the social costs of encouraging more private profit from alcohol.
- Since Alberta's liquor sales were turned over to for-profit companies, the number of charges for alcohol-related offences has doubled in Calgary, and increased by 164% in Edmonton. That will likely happen here too.

A better way to move ahead and modernize

- If the government is going to change the way we sell a drug like alcohol, which can cause so many problems if it's abused, the decision should not be made behind closed doors.
- The government should stop any changes to the way alcohol is sold and make sure there's an opportunity for real public input and debate.
- Rather than throwing the system wide open to for-profit, privately run corporations, the government should consider modernizing the existing government stores: extend hours, install coolers, open Sundays.

The story in numbers

The liquor distribution system in B.C.

Government stores	224
Licensed Retail Stores (beer and wine stores, now selling spirits)	290
Manufacturer outlets.....	98
Agency stores	151
Total	763
Government warehouses	2
Private bonded warehouses	8

Financial contribution

(2001-2002 BCLDB annual report)

The LDB contributes almost \$1 billion a year to public services provided by federal, provincial and municipal governments.

Federal government

Customs duties, excise tax, GST

\$227 million

Provincial government

Social services tax	\$105 million
Net income	\$636 million
Sub-total	\$741 million

Municipalities

Property tax	\$4.7 million
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Total	\$972.7 million
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The \$636 million net income – not taxes – that the LDB contributes to the province is the equivalent of a \$316.31 tax break for every working woman and man in B.C.

Liquor distribution in Alberta

Before privatization (1993)

Government operated stores	202
Wine boutiques	23
Beer stores	30
Agency stores	49
Total outlets	304

After privatization (2001)

Retail outlets	907
General merchandise	81
Total outlets	988

Product selection in stores

Before privatization 1,000 to 1,200 each store
 Before privatization over 2,000 in specialty stores
 After privatization average 400 items per store

Prices, July 2002

Many popular products are more expensive in Alberta, despite lower taxes in that province. Very high-end products are cheaper.

	Alberta	BCLDB
Canadian Club Rye	\$22.99 to \$23.99	\$20.95
Smirnoff Vodka	\$22.45 to \$24.99	\$20.45
Bacardi White Rum	\$22.45 to \$24.99	\$20.45
Kahlua	\$27.39 to \$28.99	\$26.45
Kokanee (12 pack)	\$18.30 to \$18.69	\$17.55
Budweiser (12 pack)	\$19.19	\$17.55
John Labatt Classic	\$19.60	\$17.95
Chivas Regal scotch	\$38.49	\$43.95
Glenlivet 18 year scotch	\$83.95	\$89.95

Alberta prices are from Alberta Spirits, Canmore; Liquor Store #1, NW Calgary; Montgomery #1, NW Calgary; and the Liquor Barn, NW Calgary. BC beer prices include container deposit.

Increase in liquor related offences in Alberta

Province-wide

Before privatization, robberies of liquor stores averaged one per year.

There were 11 robberies in the first six months after privatization.

Edmonton

Charges for liquor related offences have more than doubled since the liquor distribution system was privatized.

Year	Charges
1993	1,116
1994	1,568
1995	1,993
1996	2,017
1997	2,498
1998	2,662
1999	2,951

Total increase: 164.4%

By comparison, the number of charges in drug-related offences increased only 7.2% in the same period.

Source: Edmonton Police Department, June 13, 2000

Calgary

In the first year after privatization of liquor, offences increased from 62 to 100.

Source: Calgary Police

Brooks

When the number of liquor retail outlets increased from one to 12, robberies increased by 250%, and liquor act offences increased from 547 to 974.

"A significant change in the availability of liquor can be directly related to the increase in Liquor Act offences," says the Brooks RCMP.

Source: Brooks RCMP

Impaired driving rates

Criminal Code impaired driving offences per 100,000 population, 2001

Canada 291.0

British Columbia 299.2

Alberta 475.0

Source: Statistics Canada, CANSIM II, table 252-0013, July 12, 2002

What others are saying

Public safety

- In 2000, 1,689 deaths were directly or indirectly related to alcohol.

— *Annual Report of the B. C. Vital Statistics Agency, released July 20, 2001*

- “(Alberta’s) impaired driving rates are almost double those of B.C.”

— *James Chase, Executive Director, B.C. and Yukon Hotel Association, Kamloops Daily News, April 19, 2002*

- “There is, from the evidence, a risk that the increased consumption will occur predominantly in less mature drinkers and will exacerbate the trends of increased risky drinking that have been evidenced in youth and younger drinking cohorts. If that were to occur, there could be a significant increase in net social harms....”

— *P.R.W. Kendall, B.C. Provincial Health Officer, May 2002*

- “I don’t think the drug alcohol should be handled like any other commodity, any other products. It’s a unique commodity that needs to have unique controls. Government systems have extensive challenge and refusal programs, and other mechanisms, to try to control the problems related to alcohol. I think that can best be done through a government run system rather than through a private system.”

— *Norman Giesbrecht, Senior Scientist, Canadian Centre for Addiction and Mental Health, Aug. 6, 2002, CBC Radio, Victoria*

The minister, before the election

- “I’m with the official opposition. Privatization of liquor distribution branch is not on our agenda. I am the critic. I have spent 30 years in the beverage alcohol business, on the brewery side and in the British Columbia wine industry. I know (LDB General Manager) Jay (Chambers) and many other people down there. It’s not on the agenda.”

— *Rick Thorpe, now minister responsible for the B.C. LDB, as reported in the Minutes of the Select Standing Committee on Finance and Government Services, Nov. 14, 2000, Prince George Civic Centre.*

A former minister responsible for the LDB

- “There are deep social concerns here. We ‘liberals’ want greater public access to what is the most dangerous and abused drug in the world, always blithely assuming that someone else is the problem.

“Yet every study ever done on the subject tell us the wider the distribution and the easier the access, the greater the problem with alcoholism.

“Alcohol, a legitimate pleasure for many, is also a health and law enforcement problem of huge proportions. Mr. Thorpe and the Liberal government evidently don’t care.”

— *Rafe Mair, “B.C.ers should be wary of liquor privatization,” Aldergrove Star, Aug. 1, 2002.*

Small businesses squeezed

- “When it goes private, we could get squeezed out by the big breweries taking up 99 per cent of the space. Private enterprise may not be obligated at all to carry our products.”

— *Brad Williams, General Manager of Sailor Hagar’s brew-pub, North Vancouver, Vancouver Sun, July 29, 2002*

- “(The big breweries and wineries) are going to be giving away barbecues and mountain bikes and T-shirts and Indy week stuff. So it’s going to be tough for the little guys, for sure.”

— *Robert Simpson, General Manager for Liberty Wine Merchants, Vancouver Sun, July 29, 2002.*

Where will the profits go?

- “Booze firms eye B.C. – Alberta’s liquor chains plan to open stores in B.C. with province’s privatization push.”

— *Aug. 6, 2002, Business in Vancouver*

Small towns would lose selection

- “In 1978 – and I doubt the numbers are much different today – only 46 products of over 1,200 carried yielded 65% of revenues. A further 112 yielded another 23%. Only 12% of revenues came from almost 1,100 listings! That reality would likely result in much less choice in rural B.C. in a privatized system.”

— *Tex Enemark, former B.C. Deputy Minister of Consumer and Corporate Affairs, June 25, 1997*

Alcohol is already too available

- “B.C. is grossly over-licensed right now.”

— *Brenda Locke, now a Liberal MLA, told the Vancouver Sun, Nov. 23, 1998 that if B.C. had the same liquor regulations as California, there would be two-thirds fewer liquor licenses in the province.*