

Who's selling alcohol in *your* town?



Facts about the LCBO, private “agency stores” and Ontario communities

In Ontario, most adults are able to buy beer, wine and spirits at a publicly-run LCBO store in their community. They know the LCBO delivers great service and selection. They trust the LCBO's trained staff to sell alcohol safely and responsibly.

And because the Liquor Control Board of Ontario is a public agency, we all benefit. Each year the LCBO generates more than \$1 billion in provincial revenue. That money helps pay for schools, hospitals and other public services across the province.

No wonder seven out of 10 of Ontarians say “No” to privatizing the LCBO.

The problem? Private agency stores

There's just one problem. Many Ontario communities are denied access to a real LCBO store. Instead, they are forced to settle for a privately-run “agency store.” Agency stores sell alcohol in grocery stores, gas stations or other private businesses. Premier McGuinty and LCBO management say private agency stores are the only way to serve small and mid-size communities.

But many of these communities can support a real LCBO. In fact, the LCBO could replace approximately 90 of the 200 existing agency stores with a public LCBO outlet and generate **significantly more revenue** for the province. Giving these communities access to a real LCBO store would mean:

- Better service and selection
- A lower risk of sales to kids
- A bigger boost to the local economy
- An additional \$340 million in LCBO dividends to the province of Ontario, over 10 years.

Doesn't your community deserve a *real* LCBO store?



It's *our* LCBO – and it works!

The LCBO is a unique success story. As a public agency, it delivers on three key goals for the people of Ontario:

Goal 1: Public Revenue

The LCBO is the world's largest alcohol buyer. It operates an efficient province-wide network of warehouses and LCBO stores. And as a provincial agency, every cent of the profit it earns goes directly into public revenues.

- In 2005-06 the LCBO transferred \$1.2 billion to the province, not including taxes.
- Over the past five years, the LCBO has generated \$5.2 billion in dividends for the people of Ontario.

Goal 2: Service and Selection

Customers benefit directly from the LCBO's size and efficiency. With more than 6,500 trained staff and almost 8,000 listed products, the LCBO delivers the best possible service and selection through each of its 598 regular outlets.

- Seventy-eight per cent of LCBO customers give it a service rating of eight or more out of 10.
- Less than one per cent say they are not satisfied with the LCBO.

Goal 3: Social Responsibility & Community Safety

The LCBO is a well-run business that belongs to the people of Ontario. Public ownership means the LCBO's trained staff put community safety ahead of the bottom line.

- Each year, LCBO staff challenge more than 1.7 million customers who appear intoxicated or under-age.
- In 2005-06, more than 112,000 people were refused service – most for being unable to show proof of legal age.

OUR LCBO
LET'S KEEP IT PUBLIC!

Privatization: The *Wrong* Way to Go

The LCBO has annual sales of \$4.3 billion. With so much money on the line, it's no wonder business groups keep trying to privatize the LCBO. But selling off the LCBO is a bad idea.

Alcohol is not just another consumer product, like breakfast cereal or fruit juice. Putting a profit motive into alcohol retailing can only increase the risk of sales to minors, people who are intoxicated and people who may drink and drive.

That's why a strong majority of Ontarians say the LCBO should be kept public.

- More than 70% of Ontarians oppose privatizing the LCBO.
- Eight out of 10 oppose selling beer and wine in corner stores.

Protecting the public interest

Research backs up that view. Studies in Alberta and elsewhere have found that privatization led to higher prices, lower public revenue and higher law enforcement costs. Privatization has also been linked to increased drinking, more sales to minors, increased drinking and driving, more crime, and more health and social problems.¹

In 2005, a group of eight leading Ontario public health organizations in concluded that:

Maintaining public alcohol retail distribution systems with a strong duty of social responsibility is one of the most effective ways of minimizing harm caused by alcohol...[Public systems] are typically more restrained than their private counterparts in promoting alcohol sales and more likely to aggressively challenge and refuse to sell alcohol to underage youth and the already-intoxicated.²

The good news is that the McGuinty government listened to the evidence. In July 2005, Finance Minister Greg Sorbara stated:

Let me be clear – we are not selling the LCBO... We will not permit the selling of beer and wine in corner stores... It is our very strong view that the public interest of Ontarians is best served by the continued public ownership of the LCBO.

1. Centre for Addiction and Mental Health (2004) *Retail Alcohol Monopolies and Regulation: Preserving the Public Interest*. CAMH Position Paper (January 2004); Flannagan, Greg (2003) *Sobering Result: The Alberta Liquor Retailing Industry Ten Years after Privatization*. Canadian Centre for Policy Alternatives and Parkland Institute.

2. Addictions Ontario, Association of Local Public Health Agencies, Centre for Addiction and Mental Health, Mothers Against Drunk Driving, Ontario Drug Awareness Partnership, Ontario Public Health Association, Parent Action on Drugs, Toronto Public Health (2005) *Alcohol and the Public Health: The Implications of Changes to Ontario's Beverage Alcohol System*. Submitted to the Beverage Alcohol System Review Panel (February 25, 2005).

Agency Stores: Short-changing Ontario communities

Despite its commitment to keep the LCBO public, the McGuinty government has continued to privatize alcohol sales through the back door — by rapidly expanding the number of private agency stores.

Today, there are almost 200 agency stores in Ontario. The provincial government has allowed these privately-owned grocery stores and other retail businesses to sell alcohol. They don't offer the same selection and service as a real LCBO. And they don't have the LCBO's trained staff. While many of these operators may sell alcohol responsibly, there is no independent system to make sure agency stores don't sell to people who are under-age or intoxicated.

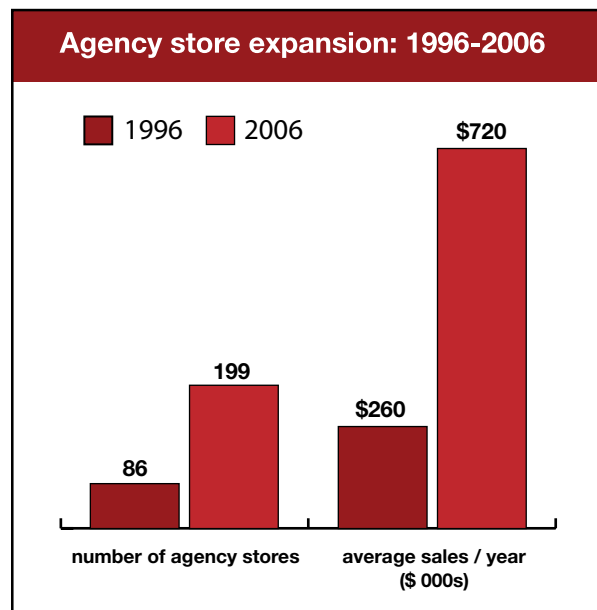
What's more, by opening the alcohol market to the private sector, each new agency store increases the risk of larger-scale privatization in the future.

A growing problem

The first agency stores were opened in 1962. They were designed to serve small, remote and northern communities that could not support a real LCBO store. All that changed in the mid-1990s. Since then, the government has expanded the program to larger communities in southern Ontario.

Between 1996 and 2006, the number of agency stores more than doubled from 86 to 199. Many of these were located in growing communities or near larger cities. Over those 10 years, the average agency store's sales almost tripled — from \$260,000 to \$720,000 per year.

In 2006, the government announced plans to open another 20 agency stores, all in Southern Ontario.



A better option? Grow the LCBO!

There is an alternative. Many of these communities could easily support a real LCBO outlet – and generate more revenue to fund public services. It’s a move that would benefit communities and the province as a whole.

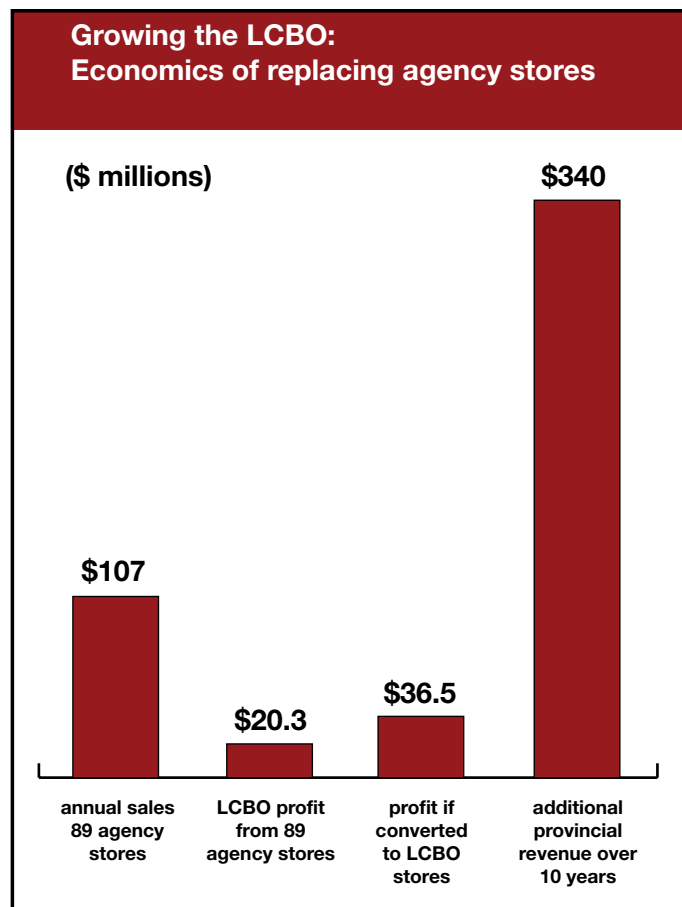
An independent study has shown that at least 89 agency stores could be replaced by a public liquor store while **increasing** the LCBO’s profit.³ A look at the numbers tells the story:

- In 2005-06, each of these 89 stores had annual alcohol sales of \$575,000 or more. The average per store was \$1.2 million.
- Thirty-eight had sales of more than \$1 million.
- Another 11 had annual sales of \$2 million or more.
- Using agency stores to serve these communities cost the LCBO more than \$16 million per year in lost profits.
- Replacing these stores with LCBO outlets would increase the dividend to the province by \$340 million over 10 years.

Opening real LCBO stores would mean real improvements for local communities, too. These include:

- better product selection and knowledgeable service;
- a reduced risk of illegal sales to minors;
- direct spending in local economies averaging \$142,000 per year, including rent, municipal taxes, local products and services, and higher wages – plus another \$280,000 to \$420,000 in spin-off economic activity; and
- a bigger boost to other local businesses through increased customer traffic.

3. Christianson, Russ (2007) *LCBO Agency Store Repatriation: A Financial Analysis*. Report prepared for the Ontario Public Service Employees Union. Rhythm Communications (March 2007).



Time for a real LCBO store

Each of the following 89 communities could support a real LCBO store – and generate more provincial revenue to fund public services.

Ailsa Craig • Alvinston • Ayr • Bath • Beeton • Bethany • Binbrook • Blackstock • Blyth • Camlachie • Campbellville • Cardiff • Carlisle • Carlsbad Springs • Carnarvon • Chatsworth • Chippawa • Claremont • Consecon • Constance Bay • Craighurst • Craigleith • Drayton • Dunrobin • Eagle Lake • Embro • Gilmour • Gore's Landing • Grafton • Greely • Hampton • Hawkestone • Hillsburgh • Hockley • Innerkip • Innisville • Inverary • Janetville • Jarvis • Keene • Kinburn • Lefroy • Little Britain • L'Orignal • Mallorytown • Mansfield • Metcalfe • Minesing • Mount Albert • Mount Brydges • Navan • Nestleton • New Dundee • Newburgh • North Gower • Osgoode • Pain Court • Pakenham • Piperville • Port Lambton • Port Sydney • Rideau Ferry • Rockwood • Roseneath • Scotland • Selkirk • South Mountain • Spencerville • St. Clements • St. George • Stevensville • Stoney Point • Sunderland • Tara • Thamesford • Thorndale • Thornton • Tiverton • Turkey Point • Verona • Vineland • Wainfleet • Warminster • Wellesley • West Guilford • West Lorne • Wolfe Island • Woodville • Young's Point

Don't they deserve the same service, selection and commitment to social responsibility as larger communities?

In fact, there is a growing recognition of the need for clear limits on the number of private agency stores. In 2006, an all-party committee of the Ontario Legislature made the following recommendations:

- *Where possible, existing agency stores should be replaced with regular LCBO stores where the agency store sales volumes meet the minimum level to sustain an LCBO-run outlet.*
- *No new agency store location (should) be considered unless it is demonstrated that:*
 - *there is no existing LCBO store within 10 kilometres of the proposed agency store location;*
 - *the proposed host community cannot be served through an existing LCBO store; and*
 - *current and future demand is not sufficient to sustain either a regular "stand-alone" LCBO store or an LCBO-operated kiosk.*⁴

4. Standing Committee on Government Agencies (2006) *Report on Agencies, Boards and Commissions: The Liquor Control Board of Ontario*. Legislative Assembly of Ontario. (December, 2006).

Putting the brakes on agency stores ***Five steps for a better LCBO***



It's time to put the brakes on agency stores and the gradual privatization of the LCBO. Wherever possible, small and mid-size communities should have access to a real LCBO store, too. That's why we are calling on the Premier McGuinty and LCBO management to take these five steps:

- Put a freeze on new agency stores until the provincial government completes a full public review of the program.
- Implement rules to stop agency stores from opening in communities that could be served by a real LCBO outlet.
- Require community input and a municipal council vote before any new agency store is approved.
- Put tighter controls on where agency stores are located, when they are open and how they are run.
- Replace agency stores with real LCBO outlets wherever it would result in increased public revenue.

**Better service and selection,
safer communities and more money
for public services... Doesn't your
community deserve a real LCBO?**

How you can help

Here are three ways you can help keep our LCBO public
— and improve service for smaller communities.

1. Get in touch with your MPP.

Give them the facts about agency stores — and ask for their help ensuring small communities have access to a real LCBO store. To send a message to your MPP, **visit: www.opseu.org/lbed/privatization.htm.**

2. Contact your mayor or town councilor.

Ask them to pass a motion supporting the five steps listed on the previous page.

3. Send a message to Premier McGuinty and LCBO Chair Phillip Olsson.

Tell them to put a lid on agency stores. Let them know it's time small communities had access to real LCBO stores, too. And remind them: It's our LCBO — keep it public!

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For more information and other ways you can help,
please visit **www.opseu.org/lbed/privatization.htm**

LIQUOR BOARD EMPLOYEES DIVISION  OPSEU

