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# FACTS

CANADIAN CENTRE FOR POLICY ALTERNATIVES – MANITOBA

there is an alternative.

**December 14, 2015**

## More at Stake than Cold Beer – Let's Keep Liquor Sales in the Public Sphere

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**T**he Winnipeg Free Press has devoted a lot of attention recently to the question of whether Manitoba should see more private sector involvement in selling liquor. A recent column by the Canadian Taxpayers Federation draws the conclusion that some issues – like room temperature beer at Manitoba Liquor Marts and the lack of a specialty whiskey store - cannot be fixed by a publically run system. If these are truly of great concern to customers, then MLCC should examine how to tweak the current model to provide these options. MLCC has proven it can change with the times, with outlets in grocery chains, growler bars in many stores and more MLCC locations that are open longer hours. The existing model can easily provide the same services as a private model at the same time as it maintains the many benefits of a publically-run system.

Mothers Against Drunk Driving (MADD), the Centre for Addiction and Mental Health and the US Center for Disease Control all favour public monopoly as a means to minimize the adverse health effects of liquor consumption. Government control has proven the most effective way of moderating intake (by controlling operating hours and where stores are located) and capturing revenue to treat the damage caused by over consumption and access by youth.

In 2014 MLCC contributed \$284 million to government revenues, of which 2% was

funnelled back into programs to mediate the societal damage caused by excessive alcohol consumption (including advertising to discourage over consumption). Remediation includes, among other things, supporting addictions initiatives and controlling underage drinking. Privately run stores would not contribute to such important initiatives.

Privatization can also increase government expenses: the societal costs related to alcohol consumption in Alberta have increased since privatization. As well, the desired increase in competition that follows privatization and the proliferation of stores eventually diminishes as the market evolves into an oligarchy, with a few large corporations dominating and exercising monopoly power. Alberta, with its privatized liquor environment now has large chain stores that own a third of all stores in the province. This sets the stage for formation of a powerful political constituency which lobbies hard to weaken liquor regulation enforcement it considers detrimental to its profit maximizing efforts, such as restricting its customers to those old enough to legally consume liquor.

One study found that 77.5% of BC's government liquor stores asked to see the mandatory 2 pieces of age ID,

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compared with 35.9% for the province's private stores. Compliance rates in Alberta have been even lower at 18%. In the same study, a private store owner in Calgary remarked: "We turn somebody away, but then they find a store that needs money so much they'll sell to anybody – a drunk or a teenager, it doesn't matter... Do you think they can afford to turn away somebody with money to spend?"

What about service and pricing? Customer survey analyses for Liquor Marts report a 93% satisfaction rating in Winnipeg and Brandon and 91% in rural areas. Pricing comparisons are tricky, but Manitoba tends to have lower prices for economy and deluxe end products and slightly higher prices for mid-range products. But the need for low prices is exaggerated: on an individual basis, low prices may be important, but from a public policy perspective we have to consider much more.

Alcohol is not a normal commodity and it shouldn't be sold like one. MLCC provides a balanced approach that, on one hand, gives Manitobans an increasing selection of products in a growing variety of venues, with knowledgeable, efficient and courteous staff. Both the Manitoba Hotel Association and the Manitoba Food and Restaurant Association praise the government for the way it is modernizing regulations while mediating the complexities of selling a controlled substance. This expertise will become important with the federal government promising to legalize marijuana: the province is going to have to figure out how to manage its sale and best capture the revenue it generates. MLLC is the only institution with the resources and knowhow to deal with the challenges this major policy shift will present.

Given the amount of profit at play, it is not difficult to figure out where the push is coming from for liquor privatization. But a fulsome look reveals that much more is at stake than a bit more cold beer and

specialty whiskey. It's time we considered all the factors involved.

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