

**SUBJECT:** Briefing Notes re Proposed Amendments to the Gaming and Liquor Regulations

**DATE:** November 25, 2009

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The Alberta Gaming and Liquor Commission has requested our assistance to determine whether the Alberta Liquor Store Association (ALSA) would support or not support amendments to Section 5(3) and 6 of Schedule 2 of the Gaming and Liquor Regulations.

#### **ALSA RESPONSE**

ALSA and its membership are **strongly opposed** to the proposed changes to the regulations and have grave concerns in regard to the consequences of these proposed changes.

#### **BACKGROUND**

- The principles established upon the privatization of the sale of a controlled product in 1993 were and still are:
  - ✓ One wholesale price for all
  - ✓ Liquor must be sold from a “separate business”
  - ✓ Postage stamp delivery to all of Alberta
  - ✓ A single warehouse
  - ✓ Government control
  - ✓ No ‘carve-outs’ or ‘add-ons’ to businesses over 10,000 sq.ft.
- In January, 1994 a large grocery chain applied for a license with the intention to “carve-out” space from their existing stores for the sale of liquor in a northern Alberta city. These ‘carve-outs’ would have had separate entrances and loading zones, but would have been under the same roof. In other words, they would be attached to the grocery store. It was at this time that ALSA was formed.
- In February of that same year, the government asked the grocer to withdraw their application, as it was not the intention of privatization to allow grocery stores to sell liquor from within their existing premises, nor under the same roof.
- On April 4, 1994, the ALCB issued guidelines under the Liquor Control Act which precluded an existing large format store (greater than 10,000 square feet) from “carving out” a section of their store for the sale of liquor.
- These guidelines were subsequently converted to Regulations (Schedule 2 GLR) and the principle of “Separate and Distinct” was embodied into the Legislation (Section 51.1 GLA).

This was and is the premise upon which many thousands of Albertans invest in this business, employ Albertans and put their profits back into the community.

Alberta is reputed to have the 'best working retail liquor system in all of Canada'. Why is government looking to change something that is working?

#### **OUR CONCERN with 'UNINTENDED CONSEQUENCES'**

- While the AGLC proposed regulation change still provides for a walled segregation of a liquor store added on to an existing store or a new store, we believe this to be a variation on 'carve outs'. As such, the effect will allow many large format stores to have liquor 'IN' their main store, much like the pharmacy, deli, bakery or florist departments that exist now.
- Virtually all rural communities have multi-national operators, such as Extra Foods, No Frills, Rexall Drugs and more recently Wal-marts that have excess space which could be used for a new, profitable product line such as liquor.
- By the AGLC and government adopting this regulation amendment, the effect to these independent owner/operators for whom liquor is their only business, would be profound. Many would be reduced to a marginal existence and many would close.

We share a pride in an industry that has flourished under the 'level playing field' and provided Albertans with great selection, convenience and competitive pricing.

#### **REQUEST**

ALSA respectfully requests that the proposed amendments not move forward and that the Gaming and Liquor Regulations remain intact as they exist today.