www.consumerchoicecenter.org

Modernize **Ontario**

CONSUMER
CHOICE
CENTER

EXECUTIVE SUMMARY

The LCBO strike put the LCBO's retail operation in the public eye. And while the strike is behind us now, there is a much-needed conversation to be had over the future of the LCBO's retail operations, and the need to continue to modernize the alcohol retail sector in Ontario. Liberalization of alcohol sales would increase revenue for the province of Ontario in 3 scenarios.

1. Modernizing Spirits

   a) Modernizing the sale of spirits, IE allowing for existing private retailers to also carry spirits, would generate savings for the province of between $100M - $120M per year.

2. Mixed Public/Private Retail Model

   a) Simply deciding to stop building new LCBOs and allowing for private retailers to fill the void, along with modernizing the sale of spirits, would save Ontario $106M after one year, $590M after 5 years, and $1.3B after 10 years.

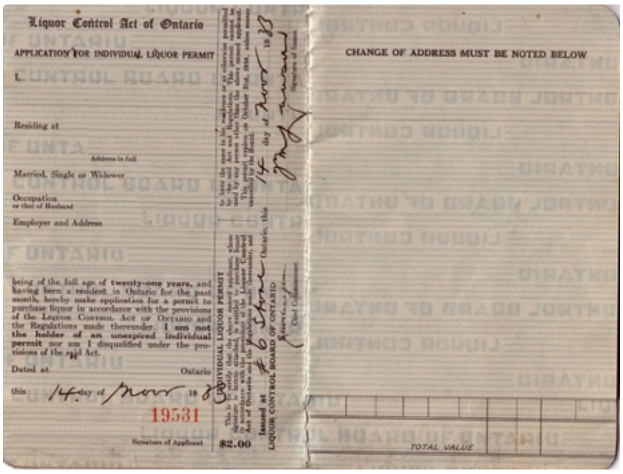
3. Fully Private Retail Model

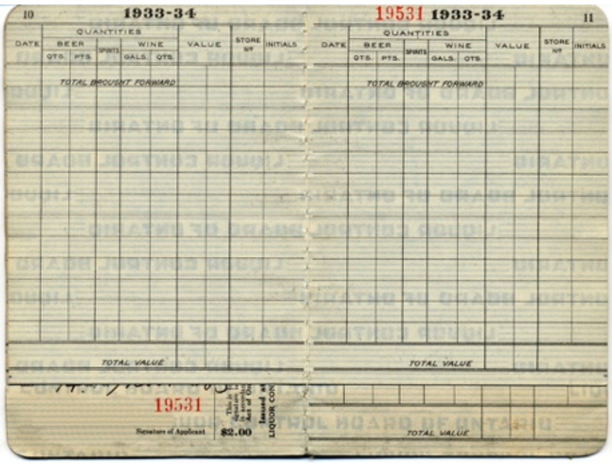
   a) Having the LCBO operate solely as the wholesaler of alcohol and having retail done privately, would offload the entirety of the LCBO's retail operations, saving Ontario $563M per year. At the 5 year mark savings would be $2.815B, and at the 10 year mark the savings would total $5.63B. However, this figure is likely underestimating the savings given the property value of LCBO retail stores that are owned by the LCBO, which could easily add another $100M to these savings.

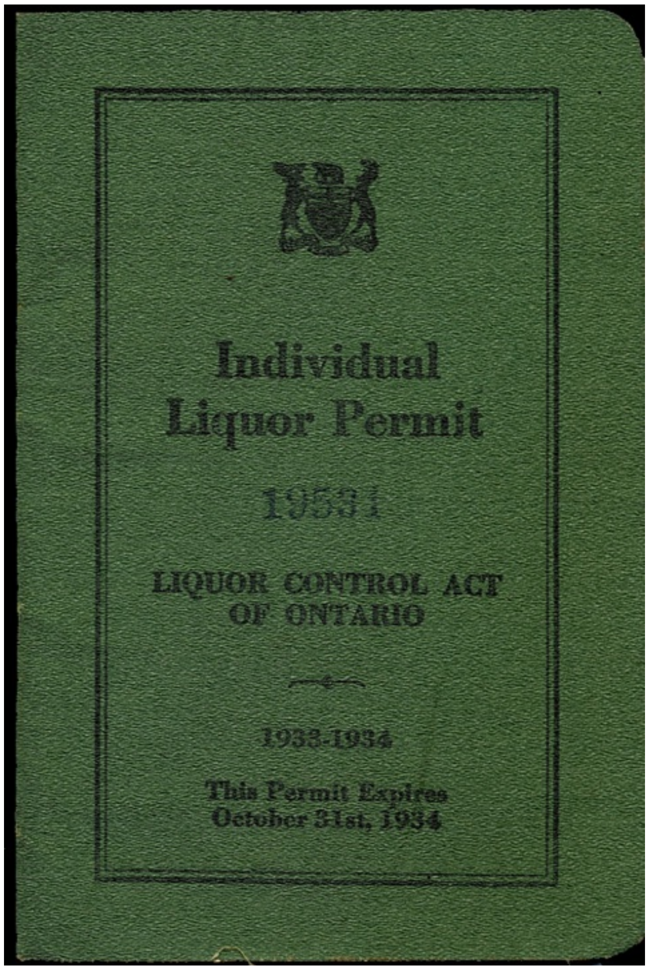
HISTORY OF THE LCBO AND ALCOHOL RETAIL IN ONTARIO

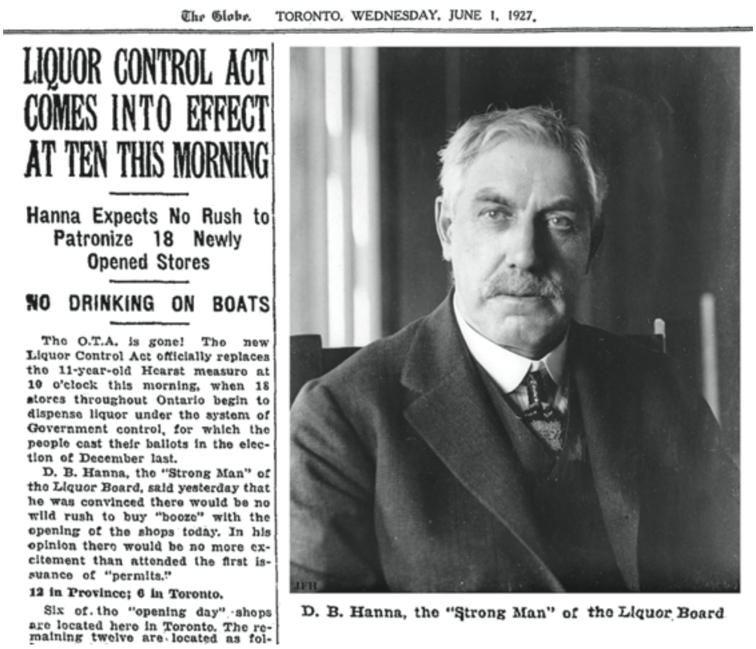
The history of the Liquor Control Board of Ontario (LCBO) begins with the issue of morality: how would the government of Ontario handle selling the immoral product of alcohol to the people of Ontario after eleven years of prohibition? The history of the LCBO is rife with the contradiction of making money off of a social vice they take pride in suppressing, a contradiction that continues to be the main driver of the LCBO today.

The LCBO is a Crown corporation that opened its door on June 1, 1927, and customers lined up out the door to be able to purchase alcohol. Journalists of the time described the scene as disgraceful, and the government agreed, since it placed the employees behind steel bars and would not allow customers to purchase alcohol without their individual purchasing permit. These permits were given out only if the individual was deemed moral enough to earn one, and if the employees looked into a person's purchase history and felt a customer had bought too much or exceeded government limits, they could arbitrarily refuse to sell them alcohol at any time. If the customer was lucky enough to be able to purchase alcohol, it would be handed to them in a brown paper bag, much like the ones Ontarians still carry their alcoholic purchases in.









The Globe. TORONTO, WEDNESDAY, JUNE 1, 1927.

LIQUOR CONTROL ACT COMES INTO EFFECT AT TEN THIS MORNING

Hanna Expects No Rush to Patronize 18 Newly Opened Stores

NO DRINKING ON BOATS

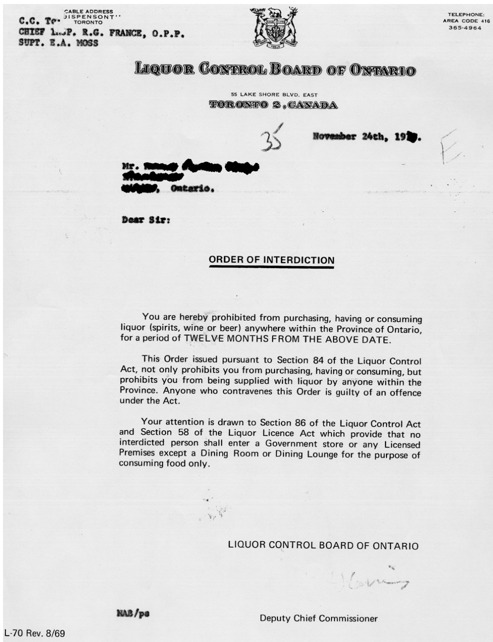
The O.T.A. is gone! The new Liquor Control Act officially replaces the 11-year-old Hearst measure at 10 o'clock this morning, when 18 stores throughout Ontario begin to dispense liquor under the system of Government control, for which the people cast their ballots in the election of December last.

D. B. Hanna, the "Strong Man" of the Liquor Board, said yesterday that he was convinced there would be no wild rush to buy "booze" with the opening of the shops today. In his opinion there would be no more excitement than attended the first issuance of "permits."

12 in Province; 6 in Toronto.

Six of the "opening day" shops are located here in Toronto. The remaining twelve are located as fol-

D. B. Hanna, the "Strong Man" of the Liquor Board



C.C. To: CHIEF I..P. R.G. FRANCE, O.P.P.
SUPT. E.A. MOSS

CABLE ADDRESS "DISPENSONT" TORONTO

TELEPHONE: AREA CODE 416 365-4964

LIQUOR CONTROL BOARD OF ONTARIO

55 LAKE SHORE BLVD. EAST
TORONTO 2, CANADA

35 November 24th, 19[redacted].

E.

Mr. [redacted]
[redacted], Ontario.

Dear Sir:

ORDER OF INTERDICTION

You are hereby prohibited from purchasing, having or consuming liquor (spirits, wine or beer) anywhere within the Province of Ontario, for a period of TWELVE MONTHS FROM THE ABOVE DATE.

This Order issued pursuant to Section 84 of the Liquor Control Act, not only prohibits you from purchasing, having or consuming, but prohibits you from being supplied with liquor by anyone within the Province. Anyone who contravenes this Order is guilty of an offence under the Act.

Your attention is drawn to Section 86 of the Liquor Control Act and Section 58 of the Liquor Licence Act which provide that no interdicted person shall enter a Government store or any Licensed Premises except a Dining Room or Dining Lounge for the purpose of consuming food only.

LIQUOR CONTROL BOARD OF ONTARIO

NAB/ps

Deputy Chief Commissioner

L-70 Rev. 8/69

One report shows that the aim of the government was to keep up the "prevalence of good social conditions in the surrounding community and absence of drunkenness and of complaints from neglected dependents." This might even sound like the complaints of those in government and within communities who might oppose the privatization of alcohol sales in Ontario today, a view that is often repackaged in modern times as concerns about the social burdens on hospitals or the moral argument that they are simply saving lives, regardless of the actual consequences.

Of course, the government monopoly on the sale of alcohol allowed them to pick and choose who could work at the LCBO and who could purchase alcohol at the time.

Women and people of colour were not allowed to work at the LCBO, and it was not until 1959 that Indigenous persons could even hold a permit to buy alcohol. It wasn't until a year before that that the LCBO would even display alcohol rather than have their employees scurry to the back to bring customers what felt like contraband in a brown paper bag.

Against the will of temperance advocates and many of its employees, in 1969 the LCBO eventually transitioned to a self-serve model where customers could browse choices in alcohol and choose what they would like, rather than fill out a slip and hand it to an employee. However, it would be another twenty years before the last turnstile-based LCBO was turned into a self-serve store. Beginning in the 1980s, the LCBO finally began to invest in modernizing its store and making it customer-service oriented, even bringing in the president of marketing of McDonalds to offer some suggestions.

The Ontario Liberal Party included the sale of beer and wine in corner stores as a policy issue during the 1985 provincial election. Although they won a minority government, the legislation never went through as it did not receive enough support from the NDP and the Conservatives. Tory premier Mike Harris also promised to study the issue during the run up to the 1995 election.

In 2007, Premier Dalton McGuinty completely shut down any possibility of selling alcohol in corner stores, citing his concerns over lack of security and the possibility of it being sold to minors.

It wasn't until 2015, in what was heralded as the "biggest shakeup to alcohol sales since the end of prohibition", that Ontario Premier Kathleen Wynne announced the first ever sale of beer at grocery stores, starting with 58 locations. This came with certain rules, however, like only certain major beer brands and Ontario craft beer were allowed to be sold in six-packs, and must be less than 7.1% alcohol by volume.

The pandemic proved to be a time of change for alcohol sales, as Ontario granted permission to restaurants and bars to offer alcohol as part of their take out menus as long as it was bought alongside a food order. Eventually, the LCBO struck a deal with UberEats to allow for alcohol delivery to consumers' homes in 2021.

In 2023, Premier Doug Ford announced that beer, wine, cider, and ready-to-drink cocktails would be sold in all convenience stores and groceries stores by 2026, and those stores would be able to set their own prices, rather than continue to have to use the same prices set by the LCBO.

September 2024 marked the beginning of convenience stores' ability to sell beer, cider, wine and ready-to-drink alcoholic beverages, meaning 4,187 convenience stores can now sell alcoholic beverages. The government also plans to allow grocery and big-box stores to sell beer, cider, wine, and ready-to-drink beverages, including in large pack sizes, in October 2024.

With all this, the government of Ontario continues to emphasize the role the LCBO will continue to play in alcohol sales in the province, reminding Ontarians that the LCBO will remain a" public asset and will continue to operate as a wholesaler and a retailer. A full complement of beverages like vodka, gin and whisky will continue to be sold exclusively through the LCBO network."

Today, the LCBO boasts 669 retail stores in Ontario and continues to be the wholesale supplier for all private retailers and hospitality venues.

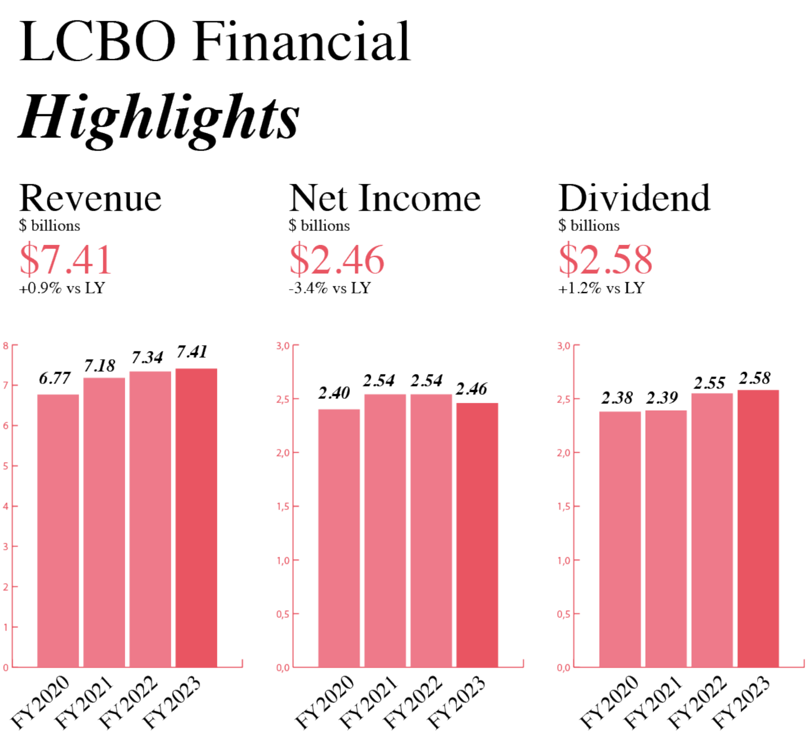
The employees of the LCBO seem to be recognizing the changes aren't suitable to their survival, and they showed that with the demands they presented at their first ever strike that took place in July 2024 that found around 10,000 workers on strike represented by the Ontario Public Service Employees Union (OSEU).

Their demands were increased pay, an extension of opening hours, more investment in the LCBO's warehousing, and a shift from casual to permanent part-time and full time positions for workers. However, their other demands show that they see the writing on the wall: they also wanted more investment in its operations like logistics and e-commerce capacity, a clear move to help compete with grocery, convenience, and big-box stores. They did sign a deal that ended the strike a few weeks later that included an 8% pay raise over three years, a cap on the number of agency stores, an increase in staffing in its warehousing, and a conversion of around 1000 jobs from casual to permanent part-time and full-time jobs. Unfortunately, they also agreed to limiting its convenience outlets, or independent retailers that are allowed to sell alcohol in rural areas where residents don't have easy access to an LCBO.

Today, the LCBO continues to proudly display its view that it is responsible for policing Ontarians' morality. Even with its unseemly origins as a promoter of paternalistic temperance and sexist and racist practices, and with the strike showing that they see the future of the LCBO to be bleak, the LCBO is still proud of its ability to "embrace (their) obligation and opportunity to...govern the responsible sale of alcohol". Just like in 1927, the LCBO believes they have a moral obligation to save Ontarians from themselves, despite the drum of modernization continuously beating on and giving Ontarians what they want: a modernized alcohol policy for Ontario.

MYTHS AND FACTS FROM THE LCBO STRIKE

1. Claim: The LCBO generates $2.5 billion for the province of Ontario
   a) This is true, the LCBO generated a dividend for the province of Ontario of $2.58B according to their 2022-2023 annual report.



2. Claim: The dividend would disappear if the LCBO exited the retail market.
    a) This claim is categorically false. The LCBO generates it's revenue for the province of Ontario as the wholesaler of all alcohol in the province. What is called the "wholesale markup" is how the LCBO generates funds for the government. As one of the largest buyers of alcohol in the world, the LCBO purchases all alcohol sold in Ontario, and sells that alcohol to retail outlets, meaning that the wholesale markup exists regardless of who retails it. Below, for example, is how money is made on the sale of a bottle of whiskey, but the same applies for any alcoholic beverage.

3. Claim: Private retailing hasn't worked in other provinces.
    a) This is categorically false. Alberta has a completely private retail model, where Alberta's version of the LCBO simply acts as the wholesaler. B.C. has a mixed model, with stores run by the province and privately run stores. Quebec, the province with the most alcohol retail density in Canada, has long allowed beer and wine to be sold at convenience stores.

4. Claim: Ontario is the wholesaler for other goods but doesn't act as the retailer.
    a) This is true. The province of Ontario does not run a single retail storefront for cannabis sale, but still generates hundreds of millions of dollars by acting as the wholesaler. In fact, the reason why Ontario decided against running retail stores in the cannabis market is because it would generate less revenue for Ontario, because taxpayers would then be on the hook for

those storefronts. Ontario made a purposeful decision to avoid replicating the LCBO model for cannabis, and for good reason.

5. Claim: The LCBO's retail operations are efficiently run.
   a) The LCBO is not an efficient retailer of alcohol. If you compare the LCBO's operations to comparable private retailers in Alberta, it costs the LCBO approximately $1,000,000 more per store in operation costs. These costs lower the dividend paid to the province of Ontario.

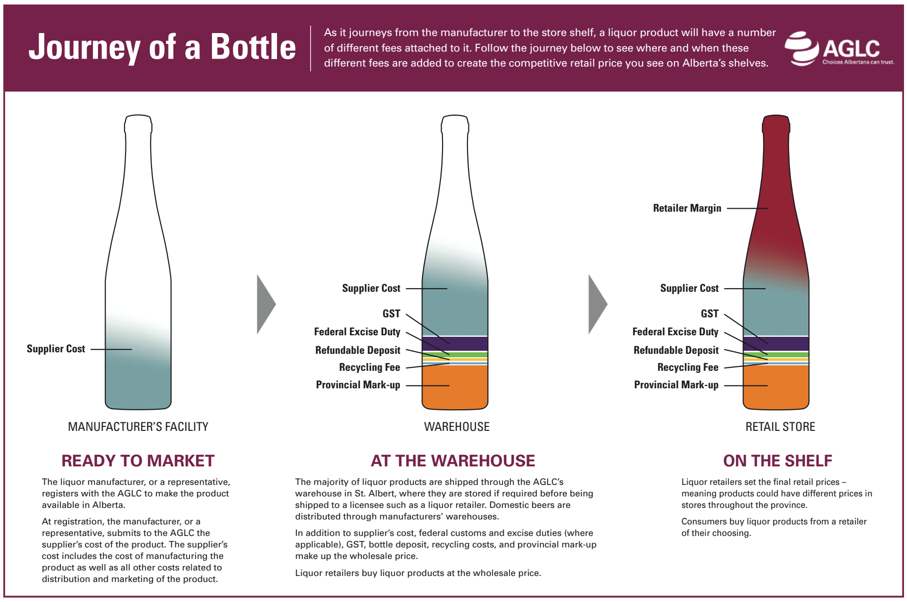
6. Claim: The LCBO is a bloated operation.
   a) The LCBO is a bloated operation, and that bloat ultimately lowers the dividend the LCBO hands over to the province of Ontario. In 2023, the LCBO had 766 employees on the "Sunshine List", which are public employees with a salary over $100,000 per year. In fact, the number of LCBO employees on the Sunshine List has increased dramatically over the last 10 years. From 2013 to 2023, the number of Sunshine List employees has more than tripled from 255 in 2013 to 766 in 2023.

7. Claim: Allowing for private retail would sacrifice jobs
   a) It depends. This is true depending on the direction the province chooses to go. If the province were to eliminate the LCBO's retail operations entirely, and allow for private retailers to move into the market, the existing LCBO jobs would disappear, but that doesn't mean that the net jobs retailing alcohol would necessarily decline. As new private retailers open, so do job openings. That said, Ontario could simply choose to stop building new LCBO retail stores, and allow for private retailers to operate and compete. This would save taxpayers the cost of LCBO expansion, improve consumer choice, and could protect the jobs of those currently employed by the LCBO.

8. Claim: Product variety would suffer with private retail.
   a) This is false, largely because if the LCBO, as a retailer, makes a mistake in what products it orders, it has to take the losses associated with unsold products. If the LCBO is just acting as the wholesaler, they do not assume any retail losses for unsold products, and it would be on private retailers to better manage their retail space. Private retailers can better respond to consumer demand as private retail is expanded.employed by the LCBO.

CASE STUDY 1: A FULLY PRIVATE MODEL IN ALBERTA

Alberta became the first province in Canada to privatize alcohol sales in 1993. Alberta Gaming, Liquor and Cannabis (AGLC) oversees the liquor industry in Alberta, and is the legal importer of liquor in Alberta. Manufacturers and suppliers sell their liquor products to retailers through the AGLC, and licensed retailers then sell that liquor to consumers.The AGLC is also in charge of establishing and enforcing liquor policies, and licensing businesses. These licensed businesses buy their products from the AGLC, and then the AGLC pays liquor suppliers for those products. The AGLC also collects the provincial liquor markup and any other taxes and levies which in turn are added to the General Revenue Fund. Liquor is marked up prior to being sold by the AGLC to retailers, and that markup is used for various government programs. The retailer is allowed to set whatever price they choose after having paid for the product plus the markup. In terms of the wholesale price the AGLC sets, the formula is wholesale pricing= manufacturer price + AGLC markup +container deposit +recycling fees + federal duties/taxes = wholesale price paid by licenced establishments.



Outcomes:

Economic

- More supply options: Before privatization, there were a total of 208 Alberta Liquor Control Board stores. Today, there are more than 1,500 private retail liquor stores. Alberta is even the only province in Canada to have standalone Costco liquor stores.
- More consumer choice in products: Before privatization, there were only 2,200 products

available to Alberta consumers in their government liquor stores. Today, consumers in Alberta have access to more than 31,000 liquor products.

- A higher supply of jobs: At the time of privatization, there were 1,394 people employed in government liquor stores in Alberta. Records show that around 12,000 people currently work in Alberta's private liquor stores.
- More revenue: The net revenue of liquor sales, or the amount of money that the ALCB transferred to the Government of Alberta, was $825,104,000 in 2022/2023, up from $566,690,000 in 2004/2005 and $492,554,000 in 2001/2002, $474,000,000 in 1998/1999, $405 million in 1993 ($662 million when adjusted for inflation). These numbers show that revenue has consistently increased since privatization.
    - At the time of privatization in Alberta, the government did not want people to feel that alcohol markups were a cash grab, and tried to maintain revenue neutrality, according to Douglas West.
    - Distorted prices in the public sector: In studying this issue, Mark Milke believes that mark-ups, set by provincial governments, is what affects revenues, not privatization. His analysis reminds readers that these markups act as a tax and help gouge customers.

Social

- The claim that privatization would increase incidents of impaired driving is not backed up by statistics. Taking a look at the numbers of impaired driving in Alberta, the number has dropped significantly since the 90s. The statistics available only go back to 1998, five years after the privatization of liquor sales in Alberta, but the implications are clear:
    - The rate of actual incidents of impaired driving in Alberta was 12,597 in 1998. The rate of actual incidents of impaired driving in Alberta is 8,197 in 2023. That is a decline of 4,400 incidents since only a few years after privatization.
    - The rate per 100,000 people in 1998 was 434. In 2023, it was 174.

These statistics show that a change in private attitudes towards drunk driving and enforcing drunk driving laws better explain the decline in impaired driving, rather than an emphasis on privatization.

CASE STUDY 2: A MIXED MODEL APPROACH IN BRITISH COLUMBIA

Abbottsford govt liquor store in 1920, interesting difference in what it looked like in Ontario!

British Columbia began to allow liquor sales after prohibition in 1921. Like Ontario, customers needed a permit to purchase alcohol at that time. And, like Ontario, Indigenous people were barred from purchasing alcohol until the Habitual Drunkards Act was repealed in 1968. 51 government-run liquor stores appeared in B.C. by the end of 1921. In 1988, B.C. allowed for the opening of private liquor stores alongside provincially-run liquor stores. The B.C. government allowed wine in grocery stores in 2015. Today, there are two branches of government involved in liquor sales. The BC Liquor Distribution Branch is responsible for the wholesale distribution and retail sale of liquor, and the BC Liquor and Cannabis Regulation Branch oversees the regulation and licensing of private retail sales of liquor. No liquor is sold in convenience stores or grocery stores. In terms of the wholesale price the LDB sets, the formula is *wholesale pricing formula = manufacturer's price (includes cost and profit margin) + container deposit + recycling fees = federal duties/taxes + delivery costs. The difference between Alberta and BC is that BC inserts a delivery cost.*

Outcomes:

Economic

- The net revenue of liquor sales, or the amount of money that the British Columbia Liquor Control Board transferred to the Government of British Columbia was $1,198,300,000 in 2022/2023, up from $778,594,000 in 2004/2005, $614,000,000 in 1998/1999,

- All bars and restaurants must order liquor through BC liquor stores, so if they need a specialized item, they have to wait several weeks to receive it and they must order an entire case. Bar owners complain that this restricts them in being creative and allowing for experimentation, and showcasing what they can do. Those businesses can't just walk into a private retailer and buy a bottle off their shelves, they must buy it through the government. The argument made by private retailers is that if bars and restaurants were able to do that, the revenue from markups would still be received by the government. Instead, bars and restaurants might be tying up capital on a case that didn't work out, and be sitting on unused bottles for a long period of time.
    - In contrast, Alberta's AGLC controls warehouse distribution but has Connect Logistics handle operations, which means its completely private retail system gets its deliveries in a few days rather than in a few weeks like in British Columbia.
- There are currently 680 stores listed as licensee retail stores in British Columbia

Social

- The rate per 100,000 population of impaired driving ten years after partial privatization in 1998 was 252, and in 2023 it was 256. It does not follow that the amount of private stores that have opened necessarily means a higher rate of impaired driving. There have been some bumps in the road over the years, but it would be difficult to conclude given the more recent statistics that these bumps were a result of privatization rather than many other factors. In other words, the statistics discussed above reiterate the general statistical lesson that fluctuations do not necessarily represent a constant.

Overall social impact of privatizing alcohol in Canada

There is a general idea that perhaps privatizing alcohol will allow for more incidences of crime and impaired driving. This might be the result of alcohol being more accessible to people, or because private retailers may not enforce rules that make it less likely for people to drink recklessly. However, the statistics do not show that. The Government of Canada's own Department of Public Safety has stated that *"While still representing 85% of all reported impaired driving incidents, alcohol impaired driving cases have significantly declined since 2009, except in 2019 when they were at their highest level since 2011"*. Numbers released in this Public Safety report shows an almost 30% decline in driving while impaired by alcohol in all of Canada between 2009 and 2020.

A very thorough data analysis done for a research paper written by University of Waterloo Professor Anindya Sen further shows that per capita crime and traffic death/injury rates are not higher in provinces with some amount of liquor deregulation versus provinces with more regulation. In terms of the fear that people might consume more alcohol due to the fact that alcohol may become more accessible to them, this analysis shows that per capita alcohol sales are not higher in places with deregulated access in Canada. This specific data analysis is particularly important because Professor Sen focused on "on average" effects seen over a long period of time, rather than focused trends that are studied only over a short period of time.

Cost Savings

The administrative expenses the LCBO takes on are quite costly. The LCBO receives bids from manufacturers and then decides which products to stock based on its narrow understanding of market demand. The LCBO and its store managers have a say in what is being stocked, and so a significant portion of staff time is spent evaluating what they think are the market needs. The process itself makes it clear that the LCBO spends a lot of human resource power on selecting the alcohol they will allow to be sold and selecting poorly (given the poor options and general loss in potential revenue).

First, the LCBO issues a product call, they then decide which products to purchase based on the response they have received from their product call. The criterion used by the LCBO to make that determination includes their analysis of price, value, packaging, marketing plans, and quality. This, of course, includes compliance assessments on regulations and packaging, among other things, and then if deemed acceptable, they will purchase the product, which may never be used and take up shelf space unnecessarily. To add even more to the inefficiency, manufacturers and sellers are allowed to approach store managers directly to try and get them interested in their product so they can push for it to be ordered, furthering the burden on the time of the store manager.

While being the exclusive purchaser may allow the LCBO to demand lower prices based on its buying power, they also do this by using a large amount of resources figuring out what to stock, what local needs and trends might be, and negotiating with manufacturers. Having alcohol be more accessible through corner stores and grocery stores often presents a red flag in terms of societal issues like drunk driving or other harms, but a previous study by the same author shows that systems that had more deregulated retail alcohol distribution were not significantly correlated with higher crime rates or increases in injuries or fatalities from traffic accidents. More recent research also confirms this, as another study from 2024 that uses data from 2015-2019 shows that there isn't a statistically significant association between partial alcohol deregulation in Ontario and alcohol use by individuals.

Cost savings if spirits had been included in an Ontario private model

According to an upcoming study by University of Waterloo Professor Anindya Sen, the cost savings of Ontario switching to an "Alberta-style model" of private retail sales of spirits while maintaining the wholesale aspect of the process would be exceptional even without a significant rise in liquor sales. An estimate calculated by Professor Sen implies that had the Government of Ontario moved to an Alberta-style system between the years of 2012 to 2022 (with respect to selling spirits in a private model), it would have saved the Ontario government between $4.8-$5.8 billion dollars.. His estimates further indicate that increases in net income would have been roughly $300 to $360 million dollars from 2019-2022. That's almost $360 million that could have gone to government programs in a short three year period and that's only when it comes to spirits. This is vital taxpayer money that is being left by the wayside in an effort to continue the LCBO's inefficient and out-of-touch retail system

According to this study, including the sale of spirits, which are currently not included in the present privatization plan for Ontario, would allow for much higher net revenues for the province through the Alberta-style wholesale markup model, while saving on overhead and variable costs associated with managing and running LCBO stores.

Cost savings through an Alberta-style fully private approach

Meanwhile, in Alberta, the province is the wholesaler and does not negotiate with manufacturers and sellers. The manufacturers and sellers simply list their products with the province and are only paid if their products are bought by retailers. This means that not only are they getting a much better model of what is in demand and what the markets want, but also the products that are not popular are not bought, and the province does not lose money on them like they would in

Ontario. This also incentivizes competition between manufacturers and sellers so that they can be most attractive to retailers, which naturally leads to lower prices for consumers.

Cost savings through B.C.-style mixed approach

Like Alberta, the LDB does not select the products to be sold to retailers. If a manufacturer or seller is approved, then they can register products for listing and are bought by retailers through the LDB. Other comparisons to Alberta include the ability for there to be competition among all kinds of liquor, and the fact that retailers can access a variety of liquor products more easily than in Ontario.

Cost savings conclusion

Overall, although there is an argument that the LCBO saves money by being able to demand lower prices as they are the only purchaser in the province, it is clear that allowing for private retail of all alcohol and moving towards the province being the wholesaler rather than the retailer not only ensures higher net income for the province but also results in high cost savings.

CONCLUSION - FORECASTS AND POLICY RECOMMENDATIONS

Modernizing Spirits

Based on the research mentioned above, simply modernizing the sale of spirits to allow for them to be sold in the same retail spaces as wine, beer, cider & ready-to-drink cocktails, would generate between $100M-$120M per year.

Mixed Retail Model

Based on a SG&A comparison of an average LCBO vs a privately run store in Alberta, the operating costs for an LCBO are approximately $1,000,000 more per year, despite carrying virtually all of the same products. Historically, the LCBO has built 6 new stores per year on average. If the LCBO were to simply stop building new stores, and allow for private retailers to fill the void, the province of Ontario would, on an average year, save $6,000,000. While those savings are modest year one, over a 5 year period the province would save $90,000,000. At the 10 year mark that number balloons to $330,000,000. These savings would, if done alongside the liberalization of the sale of spirits (like has been done with beer, wine, cider & ready-to-drink cocktails) would be approximately $106M after one year, $590M after 5 years, and $1.3B after 10 years.

Fully Private Model

According to the LCBO's annual report, it costs $563M to operate their retail locations. If the province were to transition to a fully private retail model, one where the LCBO remains as the wholesaler of alcohol without operating any retail stores, the Province would save the entirety of those retail costs. At the 5 year mark savings would be $2.815B, and at the 10 year mark the savings would total $5.63B.

However, that forecast is incomplete, because it does not factor in that the LCBO owns many of the properties it operates. Unfortunately, due to the opaque nature of the LCBO's financial statements, it is hard to gauge the dollar value of the LCBO's property holdings. When the issue last came up, in 2016, the LCBO reported that it owned 228 stores while leasing the remaining 426. Assuming that the majority of those stores are still in fact owned by the LCBO, that is a considerable property portfolio. The province could generate a significant sum from the sale of those properties, which in today's current real estate market, would quickly be purchased by commercial entities or developers depending on location and zoning alterations. It's fairly safe to assume that the value of those properties would, conservatively, be valued at well over $100,000,000.

That said, the province could also choose to simply lease those properties, either to private alcohol retailers, or other commercial ventures. All of those properties would generate rental revenue for the province in perpetuity so long as the retail space has a tenant.

RECOMMENDATIONS

To fully modernize Ontario's alcohol retail sector, our recommendations are as follows:

1. Modernize the sale of spirits, allowing for existing private retailers to sell spirits alongside the beverages they are already allowed to sell.
2. At the end of the newly signed agreement with the LCBO, the Province should mandate that no new LCBO retail outlets are constructed, and permit for any licensed private retailer to fill the void.
3. From there the province should evaluate the profitability of existing LCBO retail outlets, closing/selling underperforming stores, and begin the process of having the LCBO operate solely as the wholesaler of alcohol in Ontario.

ABOUT THE AUTHORS

David Clement

David Clement is the North American Affairs Manager for the Consumer Choice Center and is based out of Oakville, Ontario.

David holds a BA in Political Science and an MA in International Relations from Wilfrid Laurier University. Previously, David was the Research Assistant to the Canada Research Chair in International Human Rights.

David has been regularly featured on the CBC, Global News, The Toronto Star and various other major Canadian news outlets.

Sabine El-Chidiac

Sabine is the Canadian Policy Associate at the Consumer Choice Center.

She holds a B.A. in Political Science from the University of Toronto and an M.A. in Political Science from the University of Western Ontario. Previously, she was the Educational Programs Manager at the Institute for Liberal Studies, an educational non-profit dedicated to encouraging the discussion of classical liberal ideas in Canada. After graduating, she went on to advise Canadian federal Ministers on policy issues relating to citizenship and immigration for over four years.

Her work, both individual and co-authored, has been published by the Mercatus Center at George Mason University, the Institute for Research on Public Policy, Adam Smith Works, the Online Library of Liberty, the Globe and Mail, and the Washington Post.

ABOUT THE CONSUMER CHOICE CENTER

The Consumer Choice Center is a non-profit organization dedicated to defending the rights of consumers around the world. Our mission is to promote freedom of choice, healthy competition, and evidence-based policies that benefit consumers. We work to ensure that consumers have access to a variety of quality products and services and can make informed decisions about their lifestyle and consumption.

As an independent nonprofit organization, the Consumer Choice Center relies on support and funding from private donors. As described in our Code of Ethics, we strictly maintain editorial independence and do not give our funders any influence on editorial decisions. Our support comes from corporations, individuals, and foundations. We have a tiered membership model available to members who support us on a yearly basis, equalling silver, gold, and platinum status.

In the past and currently, we have received funding from multiple industries, such as energy, fast-moving consumer goods, nicotine, alcohol, airlines, agriculture, manufacturing, digital, healthcare, chemicals, banking, cryptocurrencies, and fin-tech.

Find out more at **www.consumerchoicecenter.org**

CONSUMER
CHOICE
CENTER

info@consumerchoicecenter.org
www.consumerchoicecenter.org

712 H St NE PMB 94982
Washington, DC 20002