

Expanded Private Retail System

*What it means to **Franchises***

*Government recently announced its plan for the future of liquor retailing in Saskatchewan. This **Expanded Private Retail System** will mean more choice, more convenience and more competitive pricing. No changes will be made until after the next provincial election in April 2016.*

What does an Expanded Private Retail System mean?

The Expanded Retail System will mean fewer government liquor stores, more private liquor retailers and a level playing field for all liquor retailers.

The level playing field will mean liquor retailers will all pay the same wholesale price for alcohol they purchase for resale and be subject to the same rules when it comes to factors like product selection, ability to sell chilled products, ability to choose their own hours, set their own prices, etc.

How will this affect businesses operating as RURAL FRANCHISES in Saskatchewan?

It's important to note that no changes will occur until after the next provincial election in April 2016. Once the changes take effect, however, businesses currently operating as franchises, off-sale outlets, private stores and SLGA stores will all transition to the same type of liquor retail permit, operating on a level playing field.

For example, all retailers will pay the same wholesale price for products, will operate within the same hours of operation, will be able chill any products they choose, will be able to sell all products (including mainstream beer) and all retailers will be able to establish their own retail prices (subject to social reference pricing).

What do you mean by wholesale pricing? Is this the same as the commission franchises receive now?

A common wholesale price will replace any existing discounts/commissions that you currently receive and will allow retailers an equal opportunity to compete in the market by having the ability to source product at the same price.

What other changes will affect RURAL FRANCHISES?

As mentioned previously, once these changes are implemented, all retailers will be treated the same. There will be no separate categories of retailers such as private stores, off sale outlets and rural franchises — all retailers will be treated the same and operate under the same type of permit. As such, franchises will no longer be considered 'agents' for SLGA and will be responsible for their own bin tags, liquor bags, signs, promotional merchandise, business advice, etc. Again, no changes will take effect until after the next provincial election in April 2016.

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What happens with my contract with SLGA?

When the new system is implemented, all retailers (including those now operating as franchises) will operate under a retail permit.

Does Government have plans to restrict the number of liquor retailers in a community?

Yes. The number of liquor retailers will continue to be based on the population of a community. As part of this announcement, government is converting 40 government liquor stores to private stores in 39 communities. As well, government is adding another 12 retail opportunities in communities currently underserved. There will no longer be any market protection based on distance from another retailer. A RFP process will be used to select these operators. Details of the RFP process will be developed in the coming months.

Will there still be restrictions regarding the amount of non-liquor products or services my business must carry?

No. Once the changes take effect, all liquor retailers will be treated the same. Businesses currently operating as rural franchises can continue to retail liquor as part of another business or can make the retailing of liquor the sole focus of the business.

Can one retailer operate more than one location? Are there any restrictions?

Retailers can operate more than one location. Details of the RFP process will be developed in the coming months.

Why aren't these changes being made right away?

Government will not make any of these changes until after the next provincial election which takes place in April 2016. SLGA will keep rural franchises and SLVA advised of the timing of these changes.

Where can I get more information about this announcement?

This information is meant to outline some of the key points of government's announcement and how once implemented, it will affect your type of business. Government officials have also met with the Saskatchewan Liquor Vendors Association to discuss these changes. Further details will be available to FRANCHISE operators closer to implementation of the new retail liquor system in Spring 2016.

A news release and backgrounder was issued in conjunction with Government's announcement regarding the future of liquor retailing. It can be found at www.saskatchewan.ca under News Releases. If you have any comments regarding this announcement, they can be shared by emailing: liquorretail@gov.sk.ca