

December 15, 2004

Dear Member of Provincial Parliament:

RE: Public health imperatives support rejection of LCBO privatization proposals

We are writing to obtain your assurance that the Ontario government has rejected all proposals to privatize—directly or indirectly—the Liquor Control Board of Ontario (LCBO). Privatizing the LCBO would jeopardize public health, squander scarce public resources and, under NAFTA rules, be practically irreversible.

When first elected, your government floated a plan to break up Ontario's publicly owned alcohol retail operation in favour of selling liquor in private franchises like Tim Horton's or Pizza Hut. When consulted, citizens rejected the plan outright. But this public opposition may merely have driven the privatization agenda underground.

Last July, the financial press reported that Ontario was considering selling chunks of the public corporation to corporate investors, as a so-called income trust. While the Finance Minister denied the story, he admitted that he'd reviewed a number of proposals to raise new revenues and "all of them are of interest."¹

Privatizing the LCBO would exacerbate existing alcohol-related public health problems.

While many of us derive pleasure from drinking alcohol, it must be acknowledged that alcohol is a drug that imposes a heavy, under-reported burden on public health and safety. According to the World Health Organization (WHO), *global alcohol-related harm is nearly equal to that caused by tobacco, and far greater than for illicit drugs.*² For adolescents and young adults in developed countries such as Canada, *alcohol is the most significant avoidable health risk.*³ The annual cost of alcohol-related lost productivity and increased health care and enforcement services in Ontario is estimated at nearly \$2.9 billion.⁴

Provincial governments have the necessary authority to address this serious public health issue. WHO research shows that ***one of the most effective ways to minimize alcohol-related harm is to maintain public alcohol retail distribution systems with a strong duty of social responsibility.***⁵ While the LCBO's commercial focus now regrettably overshadows its public health function; balanced government retail monopolies can help reduce consumption. They 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. Public monopolies also moderate the political influence of private corporate alcohol sellers that have a vested interest in boosting alcohol sales.⁶ Finally, publicly owned retailers can be held more directly accountable to the public.⁷

Privatization would affect citizens across Ontario. A fully privatized alcohol system in Ontario would result in more outlets selling alcohol, longer hours of sale and, critically, more sales to underage individuals and higher consumption of alcohol overall.⁸ Decades of international research⁹ show that increased consumption generally leads to higher levels of public harm. In Ontario, increased access and

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consumption would, for example, lead to a greater number of citizens suffering from liver cirrhosis, alcohol-related cancers and other chronic diseases. More people would be injured or die in drunk-driving crashes; there would be more alcohol-related drownings, more falls resulting in injury or death. More families would suffer from domestic violence, and there would be more incidents of public disorder.

Privatization would also hit Ontarians in their pocketbooks. More alcohol-related problems would mean higher policing and health care costs. Selling the LCBO would increase, not decrease, the provincial deficit. While the sale would result in a one-time windfall to the treasury, the province would lose nearly a billion dollars in dividends the Crown Corporation pays each year.¹⁰ Income trusts and other privatization proposals would transfer valuable public assets to private alcohol investors and would entail huge losses to Ontario taxpayers.

Gone too would be Ontario's best tool for implementing future alcohol strategies. Regrettably, in recent years, provincial governments have encouraged LCBO management to pursue glitzy alcohol retailing and promotion rather than cultivating and enhancing the corporation's public health function. When the Province ultimately decides to implement alcohol harm reduction initiatives, following progressive examples from jurisdictions in a number of other countries, it would be tragic if Ontario had discarded one of its most valuable policy instruments for guarding public health and safety.

No government can justify alcohol privatization as responsible public policy. Unfortunately, in the coercive world of international trade treaties, it only takes one government to 'lock it in.' Far from being a benign experiment, under NAFTA, privatization would be practically irreversible. NAFTA grants foreign investors the controversial ability to bypass provincial legislatures, the federal parliament and Canada's courts to directly challenge provincial laws before international trade tribunals. The more involved foreign alcohol sellers and investors become in Ontario, the more difficult and costly it would be to improve public health by limiting or reversing commercialization.¹¹

According to a recent survey conducted by Ontario's renowned Centre for Addiction and Mental Health, three-quarters of Ontario adults oppose the privatization of retail alcohol sales¹²—a position confirmed in the post-election Town Hall consultations across the province. Previous Ontario governments have backed away from LCBO privatization proposals. We urge your government to do the same and to acknowledge that alcohol is no ordinary commodity.

We look forward to receiving your positive response.

Sincerely,



Dr. Garry Aslanyan
Vice-President,
Ontario Public Health Association

c.c. Honourable Dalton McGuinty
Honourable Greg Sorbara
Honourable George Smitherman
Honourable Joseph Cordiano
Chief Medical Officer of Health for Ontario
All Ontario Members of Provincial Parliament
All Ontario Boards of Health

Attachment: *Retail Alcohol Monopolies and Regulations: Preserving the Public Interest*, January 2004. Centre for Addiction and Mental Health.

Endnotes

¹Ontario dismisses LCBO speculation, Globandmail.com, July 27, 2004.

²The World Health Organization recently identified alcohol as one of the world's top ten health risks. World Health Organization (2002), *The World Health Report 2002, Reducing Risks, Promoting Healthy Life*, Geneva, Switzerland: World Health Organization. See p. 82, Figure 4.9: "Global distribution of burden of disease attributable to 20 leading selected risk factors."

Of the 26 risk factors examined in the WHO 2000 Global Burden of Disease study, alcohol ranks as fifth most detrimental, accounting for about the same amount of global burden of disease (4.0%) as fourth-ranked tobacco (4.1%).

World Health Organization (1999) *Global Status Report on Alcohol*. Geneva, Switzerland: World Health Organization.

See also:

Babor, T., Caetano, R., Casswell, S., Edwards, G., Giesbrecht, N., Graham, K., Grube, J., Gruenewald, P., Hill, L., Holder, H., Homel, R., Osterberg, E., Rehm, J., Room, R. and Rossow, R. (2003) *Alcohol, No Ordinary Commodity: Research and Public Policy*, Oxford: Oxford University Press.

³Babor, et al., 2003, *Alcohol, No Ordinary Commodity: Research and Public Policy*, *supra* note 2.

⁴Addiction Research Foundation, *The economic costs of alcohol, tobacco and illicit drug abuse in Ontario: 1992*. For media highlights, visit <http://sano.camh.net/announce/htscost.htm>.

See also:

Single, E., Robson, L., Xie, X. & Rehm, J. (1998). The economic costs of alcohol, tobacco and illicit drugs in Canada, 1992, *Addiction* 93 (7): 991-1006.

⁵Babor, et al., 2003, *supra* note 2.

⁶Room, R. (2002) *Why Have a Retail Alcohol Monopoly?*, Paper presented at an International Seminar on Alcohol Retail Monopolies, Harrisburg, Pennsylvania, August 19-21, 2001.

⁷A more extensive discussion of these issues can be found in: *Retail Alcohol Monopolies and Regulation: Preserving the Public Interest*, Centre for Addiction and Mental Health Position Paper, January 16, 2004, p. 3.

⁸Centre for Addiction and Mental Health, January 16, 2004, *supra* note 7, p. 6.

⁹See, for example:

Edwards, G., Anderson, P., Babor, T.F., Casswell, S., Ferrence, R., Giesbrecht, N., Godfrey, C., Holder, H.D., Lemmens, P., Makela, K., Midanik, L.T., Norstrom, T., Osterberg, E., Romelsjo, A., Room, R., Simpura, J., & Skog, O.J. (1994) *Alcohol Policy and the Public Good*, New York, Oxford University Press.

and

Babor, et al., 2003, *supra* note 2.

¹⁰These dividends are over and above alcohol and other taxes. Dividends amounted to \$975 million in fiscal year 2002-3, up from 905 million in 2001-2.

Benzie, Robert, "Gambling and booze profits flowing; LCBO dividends soar to \$975 million Lottery agency sends \$2 billion to coffers", *Toronto Star*, April 17, 2004. (Available online at http://www.thestar.com/NASApp/cs/ContentServer?pagename=thestar/Layout/Article_Type1&call_pageid=971358637177&c=Article&cid=1082153411043; accessed April 23, 2004.

¹¹A discussion of these issues in a broader context of health care reform can be found in a report prepared by a consortium of Canadian academics, researchers and organizations, coordinated by the Canadian Centre for Policy Alternatives, that was commissioned by the Romanow Commission on the Future of Health Care in Canada.

Canadian Centre for Policy Alternatives, (2002) *Globalization and Health: Implications and Options for Health Care Reform*. Summary Report by the research consortium, from Research Project on Globalization and Health, prepared for the Commission on the Future of Health Care in Canada. (Available at <http://www.hc-sc.gc.ca/english/care/romanow/hcc0183.html>, accessed April 23, 2004).

See also:

Sanger, M. and Sinclair, S., Eds. (2004). *Putting Health First: Canadian Health Care Reform in a Globalizing World*, Ottawa, Canadian Centre for Policy Alternatives.

and

Grieshaber-Otto, J. and Sinclair, S. (2004). *Bad Medicine: Trade Treaties, privatization and health care reform in Canada*, Ottawa, Canadian Centre for Policy Alternatives. (Both available from <http://www.policyalternatives.ca>)

¹²Anglin, L., Giesbrecht, N., Kobus-Matthews, M., McAllister, J. & Ogborne, A. (2001). Public Opinion of Ontario Adults on Alcohol Policy Issues: Findings from a 1999 General Population Survey, Ontario. Centre for Addiction and Mental Health Research Document Series No. 145.