



CICC CONVENIENCE INDUSTRY
COUNCIL OF CANADA

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L'INDUSTRIE DES DÉPANNEURS

Steven Del Duca, Leader
Ontario Liberal Party
Suite 404, 344 Bloor St. W.
Toronto, ON, M5S 3A7
Via asquith.allen.jr@gmail.com

May 4th, 2022

Dear Mr. Del Duca:

On behalf of the Convenience Industry Council of Canada (CICC), I want to wish you a successful election campaign.

Local convenience stores and other small businesses are the backbone of Ontario's economy. This election will have an impact on these businesses, and it is important that politicians understand the issues facing one of Canada's largest industries: convenience retail. Like many other sectors, the impact of the COVID-19 pandemic has been substantial.

Ontario's convenience industry is facing a perfect storm. Lockdowns have translated in fewer commuters, resulting in a dramatic decrease in sales. At the same time, costs have skyrocketed while our product mix has dwindled, threatening the viability of convenience stores for both consumers and the owner/operators that run them.

Currently, convenience stores are closing in Ontario at a rate of 2-to-1 compared to Québec. That closure rate is even higher in rural and northern parts of the province where these stores, and their distributors, play a critical role for Ontarians looking to access essential goods. Our industry needs additional, tangible help to both survive and thrive.

There should be a shared interest by a Liberal government to support our industry. A province in which local convenience stores are in peril has a ripple effect. It impacts tourism, it hurts communities, and it reduces the amount of tax dollars collected for the government. Any support for the industry must be innovative and represent meaningful change. Anything else won't help us recover. The current government has dabbled around the edges with lottery commissions as a means of support during the pandemic, but if we are going to truly recover and adapt, we need to be discussing ways that our channel can innovate and modernize with new product offerings.

Beverage Alcohol Retailing

Ontario's convenience stores remain steadfast in our push for the ability to sell beverage alcohol. We are urging governments to expand beverage alcohol sales to convenience stores. Our retailers want to be able to sell beer, wine and coolers, especially Made-in-Ontario products, which would help their stores recover, help local craft producers grow following the pandemic, and provide thousands of Ontarians with convenient access to a suite of Ontario-made products. Allowing our stores to sell beverage alcohol is a win-win-win for local producers, for convenience stores, and for Ontario consumers.

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According to an economic report completed by Cascadia Research, expansion of beverage alcohol sales to our stores would generate upwards of 8,200 new jobs, \$180 million in annual wages, and \$200 million in annual tax revenues.

Q1. If elected, would your government work with the convenience industry to expand beverage alcohol sales to our stores in Ontario?

The current government has made incremental changes by removing regulations and red tape that prevented the sale and distribution of alcohol at farmers' markets and at restaurants for take-out or delivery. Modernizing alcohol laws has been good for businesses and consumers. Given our industry's remarkably strong track record in retailing age-restricted products, this is the next logical step.

Illegal and Contraband Tobacco

The pandemic has shone a light on the level of contraband use in Ontario. Due to COVID-19, major manufacturing and distribution centres of illegal tobacco in Ontario and Quebec shut down. Smokers who typically purchased illegal products had no choice but to buy legal, duty-paid cigarettes.

A report prepared by Ernst & Young on behalf of CICC determined that illicit tobacco trade represents more than 30 per cent of total tobacco products sold in the province. The presence of contraband tobacco is not good for law-abiding retailers, for public health, and particularly for the Ontario treasury. The EY report cost the provincial treasury upwards of \$1 billion annually.

Neighbourhoods across Canada count on their local convenience store as a safe and trusted place. By contrast, organized crime doesn't care about responsible retailing, the community, or the safety of the products they traffic, including cocaine and fentanyl which are also major public health problems

We encourage a Liberal government to empower municipal law enforcement with the resources and incentives to pursue illegal tobacco manufacturers, sellers and smugglers, while investing resources into the province's Contraband Tobacco Enforcement Unit.

Q2. Will a Liberal government make additional financial investments into pursuing illegal tobacco manufacturers and sales and give municipal law enforcement the tools and incentives needed to tackle contraband tobacco?

Thank you for the opportunity to share more information with you and for taking the time to review our questions. The responses we receive will be distributed to our members and their employees in advance of election day.

Sincerely,



Anne Kothawala
President, Convenience Industry Council of Canada

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