

## Food, Beverage & Cannabis Committee

**Chair:** Rich Thompson (NVDLP)

**Committee Members:** Travis Milos (Big Bear), Jordi Mikeli-Jones (Triple J's), Eddie Rideout (Wayfarer Oyster House) James Maltby, Nail Sultanau (Big Bear), David Brierly (Big Bear), Jeffrey Erasmus (Dirty Northern/Miners Daughter)

The Committee needed a bit of a 'break' on the heels of dealing with COVID impacts after meeting monthly in 2021 and early 2022. The Committee has continued to address advocacy issues, but have not met as a Committee since February. The following is summary of major topics and discussion during the past year:

The Committee met with the Department of Economic Development in February and tabled a number of important issues for the FBC sector. Our issues crossed over three departments and we asked Ec Dev to respond to us in a "One Government" context – saving us setting up meetings with two other departments. These are the key issues we tabled with the Department:

1. **Trusted Employer Program.** Confirmation that the Trusted Employer Program for immigration being debated by the Federal Minister is on the Department's agenda. We confirmed our industry's support of the concept and proposed program.
2. **Wholesale Liquor Price Reduction.** The 25% price reduction was dropped to about 17%. The 25% was an appropriate discount to enable Yukon licensees to provide fair pricing and is competitive with wholesale pricing from other Canadian jurisdictions. We asked that consideration be given to reinstating the 25% discount and if so, when.
3. **Wholesale Liquor Pricing Policy and Privatization.** YLC undertook research exploring wholesale pricing models in other Canadian jurisdictions which highlighted the fact that the YLC Wholesale Pricing Model is flawed and unpredictable in many ways. Will they consider working with industry to develop a best practise Wholesale Liquor Pricing Policy for Yukon licensees? Some informative work was undertaken by YLC in regards to pricing that provided some great insight into best practice from other jurisdictions – we should continue to reference these findings. Further, can we start discussions for an even more robust discussion about changes that may ultimately lead to privatization which may have significant positive impacts for Yukon consumers and restaurant and bar operators.
4. **Cannabis Pricing Policy.** The Cannabis pricing policy restricts the ability of private-sector vendors to offer competitive pricing – 51% markup by YG and only allowing 22% margins will not support business operations. The other issue is that this pricing policy enables the black market to undersell the legal market by leaving margins of 75%+ to the black/illegal market. There needs to be consideration of the limited market share and volume that rural retailers have. This is especially true when considering they are

restricted to a scant 22% margin; this is not high enough to cover expenses with low volumes of sales. One of the stated objectives of YG was to displace the black market and ensure safe product. There has been little effort or enforcement to shut down this market and it continues to thrive.

5. **Cannabis E-Commerce.** YG has been considering authorizing retail cannabis vendors to use e-commerce for 18 months with no progress being reported to cannabis retailers. This has been on the table for 18+ months with no decision. The YG responded and passed regulations that enable Cannabis retailers to sell online as of May 19, 2022.
6. **Minimum Wage Exemption for Liquor Servers.** Exemptions are made in other jurisdictions for liquor servers and students. In Quebec they are categorized as 'Tipped' and there is a two-tier minimum wage. The Yukon's own report on the minimum wage confirms that the majority of minimum-wage earners in the Yukon are students and part-time workers – it is not a poverty-reduction solution. We asked the YG if they would consider a dual-tier minimum wage for restaurant/liquor servers and students.

We made it clear that the highest priority for businesses at this time is to see restrictions lifted and a return to full capacity. Businesses are united in their commitment to ensure that businesses are operating in a safety conscious manner that protects both their customers and their employees. In the words of one of the Committee members "Businesses don't want subsidies; they want to return to operating under normal circumstances and be in a position to turn a profit and contribute to the general wellbeing of the Yukon economy." We see many jurisdictions worldwide moving to this stance, and time is of the essence. Our Committee wants to see the Yukon move as quickly as other jurisdictions to drop all restrictions now that it is clear that public health is not under pressure, as they moved to put the restrictions in place when it was legitimate to worry about such impacts.

### **Yukon Liquor Corporation**

The Committee continued to lobby the Minister and the YLC to permanently institute the 25% licensee discount. The YG announced a post-COVID discount that is about 17%. We continue to work with the YLC to develop and implement a competitive wholesale pricing policy.

### **Food Supply**

The food supply and general supply network has not been dramatically affected although world is predicting US food shortages and supply issues post covid with container shortages and overall manufacturing back logs. The Yukon is experiencing these food supply issues and accompanying higher prices. Food safety is becoming an increasingly critical issue that will have significant impacts on the Yukon economy, businesses and make it even more difficult to attract and retain employees.

### **Packaging Regulations**

We have had several discussions concerning government-imposed packaging regulations for the businesses. The YCC has a seat at the table of the Extended Producer Responsibility Advisory Committee and we have been lobbying for exemptions for small businesses.