

# 2022 SPRING SESSION BRIEFING NOTES TABLE OF CONTENTS

## LIQUOR CORPORATION and LOTTERIES COMMISSION

Last Update: April 13, 2021

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**Session Briefing Note****Spring 2022****Cannabis e-commerce**Yukon Liquor Corp.

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**Recommended response:**

- The Government of Yukon is committed to supporting cannabis retailers so they can thrive and reduce the illicit market, with social responsibility as a priority.
- The Yukon Liquor Corporation is working on a new regulation authorizing e-commerce.
- We expect that the regulation could enter into force as soon as May.
- The Corporation recently discussed the legislation with licensees on their weekly call with industry.
- The Corporation is always open to addressing any questions that licensees may have.

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**Context—this may be an issue because:**

- The Yukon's cannabis retailers have long advocated for urgent changes to legislation that allow for e-commerce, including delivery.
- Developing and drafting legislation takes time. Licensed retailers, and Opposition, have expressed concern that implementation of e-commerce is taking too long.

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**Background:**

- Early indications across Canada were that consumers preferred brick-and-mortar store over online sales, however COVID-19 changed the needs of both consumers and legal cannabis retailers.
- An amendment to the *Cannabis Control and Regulation Act* passed in fall 2021 paving the way for the development of the remote sale regulations.
- The pandemic accelerated the establishment of cannabis e-commerce across Canadian jurisdictions.
- As a COVID-19 business support measure, the Yukon's cannabis retail licensees were temporarily authorized to sell cannabis online, for pickup in store, from May to

**Session Briefing Note****Spring 2022****Cannabis e-commerce**

Yukon Liquor Corp.

September 2020. This assisted licensees in an uncertain economic environment and in managing physical distancing.

- Health Canada reports in the Canadian Cannabis Survey 2021 that more consumers are switching to the legal market. In 2021 43% of cannabis users in the past 12 months indicated that they always obtain cannabis from a legal/licensed source, an increase compared to 37% in 2020.

**Approved by:**Dennis BerryMarch 3, 2022

President, Yukon Liquor Corporation

[Date approved]

**Session Briefing Note****Spring 2022****Cannabis packaging**Yukon Liquor Corp.

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**Recommended response:**

- Cannabis packaging and labelling requirements are a federal responsibility.
- I reached out to my federal counterpart to advocate for a review of cannabis packaging, to ensure that it is environmentally friendly while still maintaining safety standards.
- I have been assured that the Yukon's concerns will be taken into consideration as Health Canada prepares to launch the review
- The Yukon Liquor Corporation is participating in the federal Cannabis Act review and is also raising this issue.

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**Context—this may be an issue because:**

- Consumers in the Yukon and across Canada are concerned about the amount of packaging used for legal cannabis products, particularly the amount of plastics.
- The Corporation is in contact with licensees on this issue and recently passed on their packaging concerns to the federal government.

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**Background:**

- Federal regulation of cannabis packaging is focused on protecting public health and safety, youth, and reducing illicit activity.
- There is a perception that legal cannabis packaging and labelling contributes to plastic manufacturing, consumption, and waste.
- As an example, The Globe and Mail reports that a standard 3.5 gram package of dried cannabis is estimated to contain more than 70 grams of plastic packaging.
- The Corporation is seeking out opportunities with federal counterparts to include cannabis packaging concerns into the Cannabis Act review.

**Session Briefing Note****Spring 2022****Cannabis packaging**

Yukon Liquor Corp.

- The Yukon Liquor Corporation participates in various Federal/Provincial/Territorial working groups.
- The Yukon's cannabis licensees are invited to weekly meetings with the Yukon Liquor Corporation.
- A reduction in the amount of plastics going into Yukon recycling facilities and landfills could support the Yukon's climate goals for a clean future.

**Approved by:**Dennis BerryApril 27, 2022

President, Yukon Liquor Corporation

[Date approved]

**Session Briefing Note****Spring 2022****Cannabis pricing and supply**Yukon Liquor  
Corporation

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**Recommended response:**Supply

- I am aware that one retailer has reached out to the Corporation about ordering processes and product selection. YLC is responding to them directly to discuss.
- YLC has confirmed at the weekly cannabis meeting that the majority of retailers are currently satisfied with the selection on offer. However, the Corporation is always alive to retailers' individual needs and open to working closely with them on such day-to-day issues, at all times.
- Right now, YLC warehouses between 400-500 different products that are available for retailers to purchase.
- In 2019, the Yukon Liquor Corporation had supply agreements with 9 federally-licensed suppliers. Today we have around 50, and licensees can propose suppliers to sign-on.
- These joint efforts mean that we have a reliable supply chain with a wide variety of products available to licensees.

Pricing

- The Corporation reviewed the wholesale markup for all cannabis products purchased by licensed retailers at the end of October 2021. This review was done together with licensees.

**Session Briefing Note****Spring 2022****Cannabis pricing and supply**Yukon Liquor  
Corporation

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- The wholesale markup was adjusted from 22% to 20% in December 2021 to further support licensees.
- The Corporation collects a 20% wholesale markup and cost of service for handling the purchase and warehousing of products. Retailers can charge any price they choose to compete in the marketplace.
- We also reviewed and reduced cost-of-service charges on products.
- Under the previous cost of service rate, large formats such as 28-gram bags had a cost-of-service charge to licensees of \$14 per unit. Under the new rate, the cost-of-service for the 28-gram bag is \$2.15.
- We expect these changes to provide approximately \$200,000 in additional profit for licensees this fiscal year. This additional profit represents approximately the profit returned to government for cannabis sales in the 2021 fiscal year.
- The continued reduction of the illegal cannabis market is a priority.
- Sales have continued to see double digit increases this past fiscal year.
- The Corporation forecasts sales and expenses every year for this still-growing and evolving industry. Any surplus is returned to the Government of Yukon to contribute to services and programs for all Yukoners.

**Session Briefing Note****Spring 2022****Cannabis pricing and supply**Yukon Liquor  
Corporation

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- The Yukon Liquor Corporation meets with cannabis retailers weekly and discusses pricing with them.
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**Context—this may be an issue because:**

- YLC received a complaint from one retailer that YLC's purchase order with a licensed producer did not align with the retailer's product demand plan. This retailer has not raised this specific concern in the weekly call with licensees. This licensee does not want to be restricted by any SKUs and would like to purchase directly from licensed producers without involving YLC as the distributor.
  - During Committee of the Whole (fall session 2021), the Opposition requested an update on pricing and supply.
  - Two licensees complained on the radio that the 20% markup was problematic. One had recently closed their entire business which included a cannabis retail store.
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**Background:**Pricing

- Pricing of cannabis varies across jurisdictions based on fluctuating factors such as market conditions, freight costs and volumes sourced from suppliers located across the country.
- The Yukon Liquor Corporation reviewed cannabis pricing, together with licensees and a consulting firm. Cost of service was revised from a per-gram to a per-unit basis. Rates will be adjusted annually based on actual expenses and units sold in the prior year.



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	PREVIOUS RATE	NEW RATE
COST OF SERVICE	\$0.50 per gram	Over 2 grams = \$2.15/unit
		Under 2 grams = \$0.50/unit
		All others = \$0.15/unit

- Under the previous cost of service rate, large formats such as 28-gram bags had a cost-of-service charge to licensees of \$14 per unit. Under the new rate, the cost-of-service for the 28-gram bag is \$2.15.

Supply

- The Corporation provides licensees access to products from close to 50 different suppliers.
- The Corporation works closely with licensed retailers to ensure enough inventory is available to meet demand for 6 to 10 weeks depending on product and time of year.
- The Corporation warehouses over 500 different products across 12 different categories.
- To compare the ratio of licensees to product over a year: on March 31, 2021, Alberta Gaming, Liquor and Cannabis (AGLC) reported carrying 1,217 different cannabis products available to Alberta's 248 licensees. In the Yukon, the Corporation sold 844 different cannabis products during fiscal year 2022, and currently warehouses approximately 450 cannabis products based on just 6 licensees.
- Some licensees are limited by space and cash flow for purchasing product. The Corporation invests in approximately 1 million dollars of inventory to ensure

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**Session Briefing Note**

**Spring 2022**

**Cannabis pricing and supply**

Yukon Liquor  
Corporation

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licensees always have access to up to approximately 8 weeks' worth of products in the territory.

**Approved by:**

Dennis Berry

April 25, 2022

President, Yukon Liquor Corporation

Date Updated

**Session Briefing Note****Spring 2022****Cannabis – Retail**Yukon Liquor  
Corporation

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**Recommended response:**Retail and wholesale cannabis sales

- Overall, cannabis retail sales are doing well. In 2021, there was a retail sales increase of 30% from the previous calendar year.
- Looking at Statistics Canada cannabis sales data, this was more than Saskatchewan at 16% and Alberta at 25%.
- We have seen the opening of cannabis retailers, with new stores in Watson Lake and Whitehorse, and we will soon be allowing retailers to offer e-commerce with home delivery.
- Like any emergent industry, we can expect to see expansion and contraction that individual businesses will need to navigate.
- Early indications for this past fiscal year are that the Yukon Liquor Corporation's wholesale sales to licensees grew by about 17%.

Competition

- We have operated an online retail store since legalization, but sales are very low. It does not represent competition for licensees.
- Cannabis Yukon online sales resulted in \$12,500 in fiscal 2020/21, contributing to just 0.2% of total cannabis sales. Our final sales numbers for the 2021-22 fiscal year are expected to be even lower.
- We are committed to helping private retail thrive.
- It is important to remember that we are tackling the illicit market but need to balance this with social responsibility. As government, we do not want to encourage excessive consumption.

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**Session Briefing Note**

**Cannabis – Retail**

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**Context—this may be an issue because:**

- Two licensees recently mentioned poor sales on CBC Yukon radio.
  - The federal government is consulting the public on increasing the public possession limit for cannabis beverages.
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**Background:**

Wholesale sales

- In the 21/22 fiscal year, YLC's wholesale sales to licensees were \$7.1 million. This was a 17% increase from the previous fiscal year.

Retail sales

- Overall cannabis retail sales continue to increase. In 2021, retailers reported sales of \$9.7 million, this was an increase of 30% from the previous calendar year.
- Retailers report sales to Health Canada and their numbers represent sales to consumers, which includes their markup.
- According to Statistics Canada figures, in January 2022, the Yukon had the highest per capita retail sales at \$20. Alberta was second highest at \$14, Saskatchewan was at \$12, and the national average was \$9 per capita.

Public consultation

- Health Canada has held a public consultation on increasing the public possession limit for cannabis beverages from 2.1 liters to 17.1 liters. This change would address an unintended consequence of the current limit which restricts possession of beverages to a greater extent than other forms of cannabis. The consultation period closed on April 26, 2022.

**Approved by:**

Dennis Berry

President, Yukon Liquor Corporation

April 28, 2022

Date

**Session Briefing Note****Spring 2022****Cannabis  
Promotion & Loyalty Programs**

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Yukon Liquor Corp.

**Recommended response:**Loyalty programs

- The Yukon's regulations contain a prohibition on loyalty programs for cannabis retailers. Everything else in this area such as marketing, advertising, sponsorship, and merchandise is regulated under the federal Cannabis Act.
- Loyalty programs are prohibited under current legislation. This rule applies to all licensees in the Yukon.
- Each jurisdiction has its own rules about loyalty programs. A cannabis franchise may be able to run a loyalty program in another jurisdiction, but they are prohibited from having the program in the Yukon, which is the same for all Yukon licensees. When a complaint is received by the Yukon Liquor Corporation regarding this type of activity, enforcement officers take action.
- The Corporation continues to gather data for the Cannabis Control and Regulation Act's five-year review and can revisit this aspect of the legislation when the review is underway.

Promotion

- Licensees need to comply with the federal Cannabis Act, which has requirements relating to promotions and inducements that might encourage non-users to begin using cannabis or encourage heavy consumption.

**Session Briefing Note****Spring 2022****Cannabis  
Promotion & Loyalty Programs**

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Yukon Liquor Corp.

- The Corporation meets weekly with licensed retailers and has offered to help licensees in contacting Health Canada to clarify promotional restrictions.
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**Context—this may be an issue because:**

- In the 2021 Fall session, the Opposition raised questions about loyalty programs and advertising.
  - Licensees have expressed significant interest in sponsorship and branded merchandise, two areas that are limited by federal promotional restrictions.
  - YLC reached out to licensees to assist them in contacting Health Canada with any specific questions or concerns they might have about federal promotional restrictions. Licensees did not provide YLC with any questions or concerns.
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**Background:**Loyalty programs

- Loyalty programs are in use across other jurisdictions as one of the few available marketing options for cannabis. Yukon licensees are restricted in this area due to a specific prohibition on loyalty programs in the Yukon's legislation.

Promotion

- Cannabis promotion and marketing are generally regulated under federal law, with additional Yukon regulations for loyalty programs.
  - The main purpose of regulating promotion is to prevent retailers from convincing people to start using cannabis and encouraging current users into heavier consumption.
  - A key principle is that licensees cannot engage in any marketing that is based on purchasing cannabis.
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**Session Briefing Note****Spring 2022****Cannabis  
Promotion & Loyalty Programs**

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Yukon Liquor Corp.

- The federal rules can be challenging to interpret and are dealt with, on a case-by-case basis, by Health Canada. Health Canada will not review or pre-approve communications, materials, or activities prior to the licensee's publishing, distribution, or launch, nor will they provide legal advice.

Sponsorship

- Licensees have expressed an interest in sponsorship for their communities. The Opposition has raised questions regarding this topic. Sponsorship that uses any type of a brand element (brand name, logo, slogan etc.) is prohibited under the federal Act.

Merchandise

- Depending on the store classification (subclass 1 or 2) and local bylaws, licensees may be authorized to sell merchandise such as t-shirts and hats.
  - Subclass 1 (store-in-store) licensees can sell products other than cannabis or accessories, such as merchandise, in the main retail area (unless prohibited by municipal bylaw or ministerial order).
  - Subclass 2 (standalone) licensees can only sell cannabis and accessories in the licensed premises (unless authorized by municipal bylaw or ministerial order).
- All restrictions under the federal Act apply. For example, restrictions on the type of product, type and size of branding and number of brand elements.

Cannabis accessories

- Cannabis may only be sold by licensed retailers; however, cannabis accessories may be sold by anyone. All promotion prohibitions apply to people selling accessories.
- Cannabis accessories may not be legally displayed anywhere where they might be seen by a minor, similar to tobacco.
- Cannabis accessories generally cannot be advertised, promoted, discounted or be the subject of inducements of any type (contests, giveaways, etc.).

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**Session Briefing Note**

**Spring 2022**

**Cannabis  
Promotion & Loyalty Programs**

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Yukon Liquor Corp.

Approved by:

Dennis Berry

April 27, 2022

President, Yukon Liquor Corporation

[Date approved]



**Session Briefing Note****Spring 2022****Liquor Pricing and Privatization**

Yukon Liquor Corp.

**Recommended response:**

- As Minister responsible for the Yukon Liquor Corporation, my goal is to find an appropriate balance between:
  - the needs of licensees,
  - the need to return dollars to government to fund crucial services for all Yukoners,
  - and social responsibility.
- The Corporation is the only department that returns profit to the government's consolidated revenue fund. These profits ensure that the government can invest in important programs for Yukoners.

Pricing

- The Corporation reviewed its liquor pricing structure last year, and received input from licensees to better understand their need for increased revenue.
- A new pricing structure was implemented October 2021 representing an approximate investment in this industry of \$1.1 million per year.
- The total estimated pandemic support provided to licensees through temporary and permanent initiatives is approximately \$3 million.

Changes such as beer delivery or privatization

- New sales opportunities for licensees are continuously under review by the Yukon Liquor Corporation, with social responsibility in mind.

**Session Briefing Note****Spring 2022****Liquor Pricing and Privatization**

Yukon Liquor Corp.

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- Any permanent changes in this area would need to be enacted through the regular legislative process.
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**Context—this may be an issue because:**

- Licensees worked with the Yukon Liquor Corporation on the pricing structure. Product pricing is complex and no single solution can work well for all licensees, who each have different business models and practices.
  - Some licensees were not satisfied with the new pricing structure announced on September 24, 2021, preferring suggestions made during the pricing working groups, and proposing full privatization of the industry like Alberta.
  - A licensee recently wrote to the Minister requesting permission for beer delivery.
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**Background:**Pricing

- In 2015, YLC implemented a wholesale discount of 10% from YLC retail prices for licensees. The discount was increased to 12% in 2019 and 17% October 1, 2021.
- The Corporation announced June 4, 2020, temporary support for licensees impacted by COVID-19 restrictions in the form of a 25% discount off retail liquor prices. The support ended September 2021.
- The new pricing structure implemented in October 2021 represents a decrease to annual Liquor Profit and Liquor Tax remittances to the government of \$1,163,000.
- The new pricing structure includes new rates of 9% for small producer products and a 9% small producer rebate automatically applied to a licensee's order.
- All licensees now receive a discount of 17% for large producer products. The purpose is to help all businesses with a liquor licence recover over the long-term through a sustainable pricing structure. The pricing structure is available on Yukon.ca.

**Session Briefing Note****Spring 2022****Liquor Pricing and Privatization**

Yukon Liquor Corp.

- Most jurisdictions' pricing structures are not publicly available. In February 2021, the BC Liquor Distribution Branch announced that British Columbia hospitality businesses (including restaurants, pubs and tourism operators with liquor licences) could purchase beer, wine and spirits at the wholesale price set by the BC Liquor Distribution Branch. Before the pandemic, these establishments paid full retail price (wholesale price, plus a retail markup set by the branch) on most liquor purchases. YLC has been offering a similar wholesale model to the one announced since 2015.

Privatization

- The Yukon's liquor system has characteristics that make it different to Alberta, such as YLC's ability to support licensees in remote communities with a steady consistent supply of liquor products and the provision of territorial agent services by YLC Liquor Stores.

Beer delivery

- In the 2017 Liquor Act review public engagement online survey, approximately 46% of Yukoners opposed liquor home delivery, 29% supported it, 16% were neutral and 8% didn't know/no response. Some Yukoners also expressed their opposition to liquor delivery during public meetings, while others said further discussion should take place before considering moving forward.

**Approved by:**Dennis BerryFebruary 24, 2022

President, Yukon Liquor Corporation

[Date approved]

**Session Briefing Note****Spring 2022****Liquor Regulations**

Yukon Liquor Corp.

**Recommended response:**

- The Yukon Liquor Corporation is working on regulations that balance the needs of communities and businesses.
- As with every review of legislation falling under its responsibility, the Yukon Liquor Corporation considers matters relating to:
  - Social responsibility,
  - The needs of licensees including local producers, and
  - The need to return dollars to the Government of Yukon to fund programs and services for all Yukoners.
- We understand that the pandemic has affected consumers and businesses and are approaching the development of regulations through this lens.
- We are also taking into account the considerable feedback received during public engagement.
- The Corporation continues to enforce the current Act and ensure that Yukoners can access liquor in a manner that is socially responsible.

**Additional response:**

- The Yukon Liquor Corporation's mission is to offer customers legal access to a variety of liquor and cannabis products while considering the well-being and economic prosperity of the Yukon.
- The regulations will be completed as soon as practicable.

**Session Briefing Note****Spring 2022****Liquor Regulations**

Yukon Liquor Corp.

- Whether any additional public engagement is needed is to be determined.

**Context—this may be an issue because:**

- There may be concern about liquor consumption since the pandemic, the declaration of a substance use health emergency, and COVID-19's impacts on licensees. Some may be considering how these factors affect the development of liquor legislation.
- There may be concerns that this project has taken some time to complete.

**Background:**

- Given the *Liquor Act* is over 40 years old, the Yukon Liquor Corporation undertook a *Liquor Act* review, which started in 2017.
- Public engagement began in November 2017 and continued into 2019.
- The project received much input from First Nations and municipal governments, industry, stakeholders, and the public.
- The analysis was also based on reviewing the National Alcohol Strategy as well as the last major *Liquor Act* review in 2001.
- The new *Liquor Act* received assent in 2019, prior to the pandemic. The socioeconomic context has since changed significantly. The Corporation is reviewing the regulations taking into account the change.

**Approved by:**Dennis Berry

President, Yukon Liquor Corporation

January 26, 2022

[Date approved]

**Session Briefing Note****Spring 2022****Liquor Price Update**Yukon Liquor Corp.

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**Recommended response**

- The Yukon Liquor Corporation supports licensees with transparent and stable pricing. We update retail and wholesale prices for warehoused products on May 1<sup>st</sup> and October 1<sup>st</sup> each year.
- Liquor prices sometimes fluctuate because of price changes from vendors and shipping. These fluctuations are similar to other retail products that consumers purchase.
- The price changes are limited to actual cost changes including a change in vendor prices, a change in shipping costs and a change in warehousing costs.

**Additional response**

- There are a number of factors outside of the Corporation's control, such as fuel surcharge, which is paid to shipping companies at the market rate. The fuel surcharge is expected to increase retail prices May 1<sup>st</sup> around 20 cents for a standard 750 ml bottle of wine or vodka or 35 cents for a 15 pack of beer.
- If the fuel surcharge trends downward in the fall, a corresponding decrease will be applied to the products.
- The Corporation complies with procurement policies when tendering contracts such as freight.

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**Context—this may be an issue because:**

- Liquor store customers and licensees are sensitive to liquor price increases.
- Canada's inflation rate hit a 30-year high at an annual pace of 5.1 per cent in January 2022.

**CONFIDENTIAL****LQ-08****Session Briefing Note****Spring 2022****Liquor Price Update**

Yukon Liquor Corp.

**Background:**

- YLC updates its wholesale and retail price lists May 1<sup>st</sup> and October 1<sup>st</sup> each year to account for price changes from vendors, shipping costs and cost of service.
- May 1<sup>st</sup> and October 1<sup>st</sup> dates allows licensees to have consistent pricing during busy summer and winter holiday seasons. For example, restaurants can select their wines and print their menus during the spring knowing that their wholesale prices will not fluctuate throughout the summer months.
- Vendor prices may change periodically during the period because of a change in excise duty, supplier costs or having to source through a different warehouse. The price fluctuations are normally absorbed by the Corporation. The gross margin is monitored and significant fluctuations may be addressed before the next price change if there is a significant risk to net profitability.
- Cost of Service rates are calculated annually based on prior year actual expenses and sales. This rate is only updated October 1<sup>st</sup> to allow the use of the audited financial statements.
- Freight rates are updated bi-annually to account for new shipping contracts and a fluctuation to fuel surcharge. Inbound freight from BC and Alberta must go out for public tender because of the contract value.
- The change in product costs are subject to the wholesale and retail markup rates as well as Liquor Tax and GST.

**Approved by:**Dennis Berry

President, Yukon Liquor Corporation

February 24, 2022

[Date approved]

**CONFIDENTIAL****LQ-09****Session Briefing Note****Spring 2022****Cannabis Returns**Yukon Liquor Corp.

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**Recommended response:**

- The Yukon Liquor Corporation assists retailers who have to return unsold product by negotiating with producers and, where possible, offering the product to other retailers. Refunds apply under certain conditions.
- Some returned product is not suitable for resale, either because of age or damage to the packaging, and this product is destroyed without refund.
- Generally, the Yukon Liquor Corporation makes every effort to place returned product back in the retail stream but sometimes this is not possible.

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**Context—this may be an issue because:**

- Licensees have raised questions around cannabis returns and the definition of resalable cannabis.

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**Background:**

- A local retailer has ceased operations and is attempting to return cannabis products of varying ages and conditions. This is the first time this has happened in the Yukon and the process is being developed with as much consideration in favour of the retailer as possible.
- The *Cannabis Control and Regulation Act* directs the YLC to refund retailers for any returned product that is “suitable for resale” but this is not defined.
- Some cannabis products have a best before date (typically flower products) or an expiry date, but some processed products have no dates. Most jurisdictions surveyed use a 1-year limit on product age for returns and Yukon is following this policy as well.



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Yukon Liquor Corp.

- Refunds also apply to returns due to other circumstances such as recalls or products that were received damaged or defective.
- YLC examines returned product for damage and age and then either returns it to retail channels, negotiates a return to the producer (sometimes they accept old and unsaleable product), or destroys the product.
- In determining refunds consideration needs to be given to private sector as well as public interests as the public cannot reasonably be asked to foot the cost of a private business' unsaleable old product.

**Approved by:**Dennis BerryMarch 17, 2022

President, Yukon Liquor Corporation

[Date approved]

**Session Briefing Note****Spring 2022****Liquor licences**Yukon Liquor Corp.

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**Recommended response:**Yukon Liquor Board decisions

- The Yukon Liquor Board is independent from the Government of Yukon and the Yukon Liquor Corporation.
- I cannot speak to specific situations; however I can say that Yukon citizens serve on the Liquor Board and make it possible for the territory to maintain a viable liquor industry.
- I want to thank those Yukoners serving on the Yukon Liquor Board for their time and due diligence.
- The hallmark of our democratic system is good governance by our community members through our boards and committees.

Assessment of liquor licence applications

- When reviewing applications, the Yukon Liquor Board takes a wide range of issues into consideration, including population, economic activity, hours of service, schools and daycares, alcohol treatment facilities, public parks, existing off sales licensees or other issues considered by the board to pose a potential conflict.
- All Yukoners have the opportunity to raise an objection to a liquor licence application through the public notification period.
- Advertisements are placed in newspapers and information is placed on Yukon.ca about a potential new licence for three weeks prior to the board's review.

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**Context—this may be an issue because:**

- The Yukon Liquor Board recently made a decision in the re-hearing of the cancellation of a liquor licence.

**Session Briefing Note****Spring 2022****Liquor licences**

Yukon Liquor Corp.

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- A question was raised about how the Liquor Board assesses licences during Opposition budget briefing.
  - In spring 2021 session, the NDP put forward a motion to require the Yukon Liquor Corporation, when approving off sale licences, to collaborate with the Department of Health and Social Services by assessing locations and hours from a public health perspective.
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**Background:**Assessment of liquor licence applications

- Section 37 of the *Liquor Act* mandates the board to consider a number of factors when considering whether or not to grant a new licence of any type. These considerations include:
  - the number of licences in the area;
  - the number of different types of licences in the area;
  - the population of the area including seasonal variations and also including variations in the immediate area to be served by the licence and more distant areas capable of being served by the licence;
  - the economic activity carried on in the area or projected to be carried on, including seasonal variances;
  - in the case of an application under section 34 (premises under construction), the projected capital expenditure;
  - in the case of an application under section 25 (applications for new licence), the amount of capital expenditure already made;
  - the need for a new licence in the area;
  - how the applicant or their associates have operated any previous licence held by either of them;
  - the arrangements to be made by the applicant for operating and controlling the premises; and
  - the type of structure to be built, or added to.
- When considering an off-premises licence application, the board will consider density and proximity targets for an area:

**CONFIDENTIAL****LQ-10****Session Briefing Note****Spring 2022****Liquor licences**

Yukon Liquor Corp.

- Density target: a maximum of 1 Off-Premises Licence approved for every 1,000 persons within the defined area.
- Proximity target: minimum of 150 meters away from a public park, school, daycare, youth center, alcohol/treatment facility, existing offsales licensee, YLC Store, or other areas considered by the board to pose a potential conflict, including those frequented by children, youth or other vulnerable persons.
- When considering these factors, the board strives to ensure an appropriate balance between access to liquor and social responsibility.

**Approved by:**Dennis BerryMarch 25, 2022

President, Yukon Liquor Corporation

[Date approved]

**CONFIDENTIAL****LQ-11****Session Briefing Note****Spring 2022****Cannabis – Model**Yukon Liquor  
Corporation**Recommended response:**Cannabis model

- During public engagement, more than 85% of respondents supported Yukon's priorities of focusing on public health, harm reduction, preventing negative impacts on youth, and displacing illegal activity. Our model reflects this.
- I know that in the past, Opposition has discussed the merits of Saskatchewan's model.
- Saskatchewan is the only province that has fully privatized cannabis retail, as well as its wholesale and distribution model. Most jurisdictions across Canada have opted to have more government oversight and support, rather than less.
- In Saskatchewan, wholesale distributors have to apply for a licence, so they still need to go through government checks and processes, to be able to sell to retailers.
- It is a different environment, with many large cannabis franchises. There are about 80 cannabis retailers.
- It's important to note that smaller retailers have pooled together there, creating a cooperative, to prevent being left behind.
- Here in the Yukon, some licensees are limited by space and cash flow for purchasing product. To support industry, the Corporation invests in approximately 1 million dollars of inventory to ensure licensees always have access to up to 8 weeks' worth of products in the territory.
- In many ways, the Yukon is in a unique position in terms of geography, population and the small number of retailers we have in comparison to

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other jurisdictions. The Corporation supports six private retailers by arranging sourcing and supply, freight, and warehousing.

- As the cannabis distributor, the Yukon Liquor Corporation leads price negotiations with nearly 50 suppliers, signed-on in close consultation with the licensees.
- The Corporation will continue to work with private retailers to ensure any challenges are met in a way that meets retailers' needs.

**Sales**

- There are pros and cons to any cannabis retail model, but looking at continued overall sales growth, the Yukon is doing well with the current model.
- Looking at Statistics Canada cannabis sales data, between 2020 and 2021 the Yukon had a 30% increase in retail cannabis sales. This was more than Saskatchewan at 16% and Alberta at 25%.
- Compared to other provinces, Saskatchewan has had the lowest growth in cannabis retail sales between 2020 and 2021 despite the fact that they are a fully privatized model.
- We have operated an online retail store since legalization but sales are very low—contributing to just 0.2% of total cannabis sales, and expected to be even lower this fiscal. We are not competing with licensees—they have the market.
- We closed our government retail store once the private retail market was well-established, and we are working towards implementing private retail e-commerce and delivery end of May 2022.

**Cannabis licensing**

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- The Cannabis Licensing Board is responsible for cannabis licences.
- However, I have spoken to staff at the Yukon Liquor Corporation, who receive inquiries and track the process, and there aren't any applicants currently at the stage of public notice

**Context—this may be an issue because:**

- One licensee believes that a potential applicant has already received a licence for the <sup>67(3)(a)</sup> and that they skipped the public notice stage. This is incorrect and YLC has been in contact with them to provide correct information.
  - Two licensees recently mentioned poor sales on CBC Yukon radio.
  - Some licensees would like to purchase directly from suppliers.
  - During second reading of the tabled *Cannabis Control and Regulation Act* in fall 2021, Opposition indicated that Saskatchewan may have a better distribution model for cannabis.
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**Background:**

- Six cannabis licensees are currently open for business in the Yukon:
  - Ninetails, The Herbary, Fire & Flower, Triple Js (all in Whitehorse)
  - Dawson City Cannabis and Happy Trails (Watson Lake).
- The Pot Hole (Carmacks) closed on March 31.
- The licence for Ninetails was granted in 2019 and the store opened the week of February 14, 2022.
- Happy Trails opened on November 9, 2021.
- During the public engagement at legalization, 28% of respondents thought government-licensed private distributors should oversee and manage cannabis distribution within Yukon. 24% thought retail operators should be required to purchase wholesale from a government supplier. 17% were in favour of

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government distribution to government-run stores, and 24% thought cannabis producers should be allowed to sell directly to retail stores.

- Of Canada's 13 jurisdictions, only Saskatchewan and Manitoba have a privatized cannabis model. Wholesale distribution in Manitoba still takes place through the Manitoba Liquor and Lotteries Corporation.
- Saskatchewan is the only province that has fully privatized cannabis retail, as well as its wholesale and distribution model. Licensed wholesalers can sell to licensed retailers and other permitted wholesalers, but not to the general public. Wholesale operations must be physically located within Saskatchewan and product can only be sold and distributed within Saskatchewan.
- Large companies can secure supply contracts at much higher volumes and better product variety and pricing than small businesses. In 2019, smaller, independent retailers in Saskatchewan felt compelled to launch a [weed pool cooperative](#) to create a shared buying power and secure better pricing and product selection from producers.
- Similar to the Yukon, Saskatchewan's cannabis framework is based on the key principles of protecting public health and safety, including keeping cannabis away from children and youth, and eliminating the illegal market.

**Approved by:**Dennis Berry

President, Yukon Liquor Corporation

April 27, 2022

Date



**CONFIDENTIAL****LC-01****Session Briefing Note****Spring 2022****Responsible Gambling Program****Lotteries Yukon**

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**Recommended response:**

- The Yukon Lottery Commission is responsible for ensuring integrity in the sale of lottery tickets in Yukon.
- Using profits derived from lottery revenue, the Yukon Lottery Commission invests approximately 3 million annually in community-based initiatives in the Yukon related to arts, sport and recreation.
- It is committed to implementing a culture of responsible gambling, which includes providing information and tools on player safety, and working with partners to ensure supports are in place to assist Yukon individuals and families negatively affected by gambling.
- To advance this commitment, the Yukon Lottery Commission is implementing a responsible gambling program called GameSense.
- The responsible gambling program was launched on November 5, 2021. For more information on the program visit [www.gamesenseyukon.com](http://www.gamesenseyukon.com).

**Additional response:**

- GameSense is a well-known responsible gambling program that focuses on informed play and player health and is licensed by British Columbia Lottery Corporation.
- Lotteries Yukon is working with the Canadian Mental Health Association of Yukon to ensure support services are available to individuals and families negatively affected by gambling.

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**Context—this may be an issue because:**

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- A more proactive approach to responsible gambling could spark public debate about the role of gambling in Yukon society and the need for responsible gambling policies and programs for other forms of gambling in relation to casinos and bingo.

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**Background:**

- The Yukon Lottery Commission is responsible for interjurisdictional lotteries under the *Public Lotteries Act*. Interjurisdictional lotteries include the sale of lottery tickets (online and scratch) and pull-tab tickets.
- Working closely with Western Canada Lottery Corporation, Lotteries Yukon provides services and support to 36 retailers in the territory that sell lottery tickets.
- The Yukon Lottery Commission is committed to managing interjurisdictional lotteries in a manner that advances public confidence by promoting player safety and ensuring that support is available to Yukoners with gambling issues.
- In order to fulfill its social responsibility commitment, the Yukon Lottery Commission approved a Responsible Gambling Policy and Program in July 2019.
- Lotteries Yukon has finalized an agreement with the British Columbia Lottery Corporation (BCLC) to gain access to its GameSense Program that includes the GameSense brand, creative content and products developed by GameSense partners.
- Implementation of the Responsible Gambling Policy and GameSense Program is expected to increase public awareness and retailer understanding of responsible gambling.

**Approved by:**Dennis BerryJanuary 26, 2022

Secretary, Yukon Lottery Commission

[Date approved]