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Main points

The Liquor and Gaming Authority (Liquor & Gaming) is responsible to develop, promote, or support activities or programs designed to encourage responsible alcohol consumption. As the principal distributor and retailer of alcohol, Liquor & Gaming plays a significant role in encouraging the responsible use of alcohol. In this chapter, we describe our assessment of the adequacy of the processes Liquor & Gaming uses to encourage responsible use of beverage alcohol. We assessed Liquor & Gaming's processes at December 31, 2005.

We found Liquor & Gaming had adequate processes to encourage responsible use of beverage alcohol except that Liquor & Gaming needs to:

- ◆ formally assign responsibility for encouraging responsible use of beverage alcohol
- ◆ prepare a complete plan to encourage the responsible use of beverage alcohol
- ◆ continue to research and develop performance measures and targets to evaluate its performance in encouraging responsible use of beverage alcohol

Introduction

The Liquor and Gaming Authority (Liquor & Gaming) is a Crown corporation that operates under *The Alcohol and Gaming Regulation Act, 1997*. The mandate of Liquor & Gaming is to develop, support, operate, and regulate the beverage alcohol and gaming industries in the Province. Liquor & Gaming operates retail liquor stores and video lottery terminals. It also owns and operates slot machines at Saskatchewan Indian Gaming Authority's casinos.

In our 2005 Report – Volume 3, we reported the results of our audit of Liquor & Gaming for the year ended March 31, 2005. In 2005, we decided to examine Liquor & Gaming's processes to encourage responsible use of beverage alcohol. In the section below, we report the results of our audit and recommendations.

Encouraging responsible use of beverage alcohol

Background

Under *The Alcohol and Gaming Regulation Act, 1997* (Act), Liquor & Gaming is responsible for the regulation and control of beverage alcohol in Saskatchewan. The Act also authorizes Liquor & Gaming to develop, promote, or support activities or programs designed to encourage responsible alcohol consumption. Balancing the responsible use of beverage alcohol with generating revenue for the Government presents a challenge.

The Government, through Liquor & Gaming, earns revenue from the sale of beverage alcohol. In 2004-05, Liquor & Gaming had liquor sales of \$384 million and made a net profit of \$143 million.¹ The Government uses this revenue to help it deliver its programs and services.

Alcohol use can be harmful. The Canadian Addiction Survey describes "consistently higher lifetime rates of alcohol-related harms for five provinces: Prince Edward Island, Manitoba, Saskatchewan, Alberta, and British Columbia."² The Survey also reports that the four western

¹ *Annual Report 2004-05*, Saskatchewan Liquor and Gaming Authority, p. 48.

² *Canadian Addiction Survey 2004, Prevalence of Use and Related Harms, Highlights*, p. 9.

provinces have higher rates of harm experienced by people because of others' drinking. The social and economic costs of irresponsible use of alcohol can be substantial. For example, the Public Health Agency of Canada estimates that the direct costs associated with Fetal Alcohol Spectrum Disorder (FASD) are about \$1.5 million per person over the lifetime of those affected.³

Liquor & Gaming's Performance Plan for 2005-2006 states that Liquor & Gaming's mission is to distribute, control, operate, and regulate liquor in ways that promote social responsibility.⁴ Liquor & Gaming is one of several government and non-government agencies that play a role in reducing alcohol misuse. As the regulator and principal distributor and retailer of alcohol, Liquor & Gaming needs to play a significant role in encouraging the responsible use of alcohol.

Our audit objective

The objective of our audit was to assess whether Liquor & Gaming had adequate processes at December 31, 2005 to encourage responsible use of beverage alcohol.

Our criteria

To assess the adequacy of Liquor & Gaming's processes, we used the criteria summarized in the Exhibit below. To do this work, we followed *The Standards for Assurance Engagements* established by The Canadian Institute of Chartered Accountants.

We developed the criteria based on our review of relevant literature, international practices, and the work of other legislative audit offices. Liquor & Gaming agreed that the criteria were reasonable and attainable. The criteria outline our expectations. We describe our expectations in more detail when we describe our key findings.

³ *Fetal Alcohol Spectrum Disorder (FASD): A Framework for Action*. <http://www.phac-aspc.gc.ca/dca-dea/publications/fasd-etcaf/>. March 2, 2005

⁴ *2005-2006 Saskatchewan Provincial Budget, Performance Plan, Saskatchewan Liquor and Gaming Authority*, p.1.

Exhibit—Audit criteria

To adequately encourage the responsible use of beverage alcohol, Liquor & Gaming needs processes to:

1. identify best practices for encouraging the responsible use of alcohol
2. implement focused activities to encourage responsible use
3. evaluate performance

Our conclusion

At December 31, 2005, Liquor & Gaming had adequate processes to encourage responsible use of beverage alcohol except it needs to:

- ◆ **formally assign responsibility**
- ◆ **prepare a complete plan**
- ◆ **develop performance measures and targets**

Key findings and recommendations (by criterion)

Identify best practices for encouraging responsible use

To identify best practices for encouraging responsible use, we expected Liquor & Gaming to:

- ◆ *regularly evaluate research on effective programs*
- ◆ *investigate how other jurisdictions encourage responsible use*
- ◆ *work with stakeholders to confirm best practices*

Liquor & Gaming identifies emerging issues involving the use of alcohol to help it develop policies regarding responsible use. Liquor & Gaming also works with other Saskatchewan government agencies in assessing and making decisions about social responsibility programs.

For example, Liquor & Gaming provides funding to projects aimed at prevention and awareness of Fetal Alcohol Spectrum Disorder (FASD). Liquor & Gaming consults with and receives advice from Saskatchewan Health before providing funds to FASD projects. Liquor & Gaming employees also participate on certain committees of the projects that

receive funding from Liquor & Gaming, such as the FASD Coordinating Committee⁵. Employees use their participation on these committees to gather information on issues affecting social responsibility programs.

Liquor & Gaming examines how other jurisdictions encourage responsible use of alcohol. It developed a social responsibility discussion paper in August 2005 that includes information about social responsibility programs undertaken in various provinces and territories across Canada. Liquor & Gaming surveyed other provinces and territories to gather this information.

Liquor & Gaming also meets regularly with regulators from other provinces and territories to discuss social responsibility best practices used in the various jurisdictions. Representatives work together through the Canadian Association of Liquor Jurisdictions (CALJ). CALJ holds discussions on topics ranging from operations to alcohol policy and social responsibility. Liquor & Gaming participates in developing, promoting, and funding national social responsibility campaigns coordinated by CALJ. In considering changes to its own regulation of alcohol-related advertising, Liquor & Gaming studied how other jurisdictions regulate alcohol advertising.

Other Saskatchewan government and non-government agencies are active in the field of social responsibility. Liquor & Gaming meets with these agencies to discuss progress of initiatives and help support and implement social responsibility initiatives.

Implement focused activities to encourage responsible use

To implement focused activities to encourage responsible use, we expected Liquor & Gaming to:

- ◆ *assign responsibility to manage implementation*
- ◆ *create an implementation plan*
- ◆ *execute its plan*

⁵ The purpose of the Saskatchewan FASD Coordinating Committee is to promote Fetal Alcohol Spectrum Disorder (FASD) prevention and intervention efforts through collaboration of governments, professionals, family and community organizations by information sharing and networking.

Liquor & Gaming has created an informal committee that meets to consider social responsibility. Liquor & Gaming told us that the purpose of the committee is to improve coordination of the social responsibility activities that its various divisions undertake. The committee began meeting in the fall of 2005 and meets about once a month.

Liquor & Gaming has not formally assigned social responsibility through job descriptions or position expectations. It should formally assign responsibility for managing activities that encourage responsible use.

Liquor and Gaming needs to create an implementation plan for encouraging responsible use. It has gathered information about initiatives in other jurisdictions. However, it has not analyzed different methods of encouraging responsible use and documented how it will proceed based on its analysis. Liquor & Gaming describes planned activities in several documents, but it does not consistently identify who is responsible for what activity, set key milestone dates, or develop measures and targets for encouraging responsible use. It should do so.

As stated earlier, Liquor & Gaming created a discussion paper on social responsibility. Liquor & Gaming is planning to develop a formal social responsibility policy based on the discussion paper.

While Liquor & Gaming needs to improve its planning, it does carry out activities that both directly and indirectly encourage the responsible use of beverage alcohol. Liquor & Gaming regulates the liquor industry by issuing permits to allow premises to sell beverage alcohol. Liquor & Gaming then inspects licensed liquor establishments to ensure compliance with the rules and regulations. It also provides the public and permit holders with education and training about the responsible sale of beverage alcohol. It does this through its Community Liaison Branch. For example, the Branch provides information to communities about beverage alcohol sales at special events (e.g., cabarets).

Liquor & Gaming also gives money to other agencies to carry out activities for the purpose of encouraging responsible use. For example, Liquor & Gaming supports the *Serve It Right: It's Good Business* server intervention program. Saskatchewan Tourism Education Council coordinates this program and trains servers in the use of effective intervention techniques if a patron demonstrates a problem. Liquor &

Gaming consults regularly with these agencies. For example, Liquor & Gaming's employees serve on committees that monitor agencies that receive money from Liquor & Gaming.

- 1. We recommend the Liquor and Gaming Authority formally assign responsibility for encouraging responsible use of beverage alcohol.**
- 2. We recommend the Liquor and Gaming Authority prepare a complete plan for encouraging responsible use of beverage alcohol.**

Evaluate performance

To adequately evaluate performance in encouraging responsible use of alcohol, we expected Liquor & Gaming to:

- ◆ *assign responsibility for measuring performance*
- ◆ *collect and analyze performance information*
- ◆ *report on performance*

Liquor & Gaming's employee job descriptions do not clearly assign responsibility for measuring performance in encouraging responsible use of beverage alcohol. Liquor & Gaming's informal social responsibility committee meets to discuss performance of programs. If another agency is responsible for carrying out a particular initiative, Liquor & Gaming requires that agency to report at the completion of the initiative. Liquor & Gaming also monitors the progress of that agency's initiatives by having staff attend their meetings throughout the year and report performance.

Liquor & Gaming collects and analyzes performance information. For example, it reviews project reports that other agencies provide before it approves further funding to those agencies. It also tracks other activities, such as the number of liquor inspections done on an annual basis, results of those inspections, and community liaison contacts with stakeholders during the year.

Liquor & Gaming's Performance Plan and Annual Report provide information about programs and actions to promote social responsibility. The Annual Report, mid-year performance reports, and scorecards

compare the activities Liquor & Gaming had planned and those completed. They also show funds it provided to other agencies to promote social responsibility.

Liquor & Gaming reports performance related to social responsibility by describing inputs and activities, rather than reporting results or outcomes. It has identified the challenge of developing performance measures and targets for promoting social responsibility when these initiatives are aimed at modifying human behaviour. However, Liquor & Gaming needs to develop performance measures and targets to help it better assess if it is achieving its goals. Liquor & Gaming told us that management continues to work on developing performance measures and targets.

- 3. We recommend the Liquor and Gaming Authority continue to research and develop performance measures and targets to evaluate its performance in encouraging responsible use of beverage alcohol.**

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