



Third Session - Thirty-Fifth Legislature

of the

Legislative Assembly of Manitoba

STANDING COMMITTEE on PUBLIC UTILITIES and NATURAL RESOURCES

39-40 Elizabeth II

*Chairperson
Mr. Jack Penner
Constituency of Emerson*



VOL. XLI No. 10 - 10 a.m., THURSDAY, JUNE 11, 1992

MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Fifth Legislature

Members, Constituencies and Political Affiliation

NAME	CONSTITUENCY	PARTY
ALCOCK, Reg	Osborne	Liberal
ASHTON, Steve	Thompson	NDP
BARRETT, Becky	Wellington	NDP
CARSTAIRS, Sharon	River Heights	Liberal
CERILLI, Marianne	Radisson	NDP
CHEEMA, Gulzar	The Maples	Liberal
CHOMIAK, Dave	Kildonan	NDP
CONNERY, Edward	Portage la Prairie	PC
CUMMINGS, Glen, Hon.	Ste. Rose	PC
DACQUAY, Louise	Seine River	PC
DERKACH, Leonard, Hon.	Roblin-Russell	PC
DEWAR, Gregory	Selkirk	NDP
DOER, Gary	Concordia	NDP
DOWNEY, James, Hon.	Arthur-Virden	PC
DRIEDGER, Albert, Hon.	Steinbach	PC
DUCHARME, Gerry, Hon.	Riel	PC
EDWARDS, Paul	St. James	Liberal
ENNS, Harry, Hon.	Lakeside	PC
ERNST, Jim, Hon.	Charleswood	PC
EVANS, Clif	Interlake	NDP
EVANS, Leonard S.	Brandon East	NDP
FILMON, Gary, Hon.	Tuxedo	PC
FINDLAY, Glen, Hon.	Springfield	PC
FRIESEN, Jean	Wolseley	NDP
GAUDRY, Neil	St. Boniface	Liberal
GILLESHAMMER, Harold, Hon.	Minnedosa	PC
HARPER, Elijah	Rupertsland	NDP
HELWER, Edward R.	Gimli	PC
HICKES, George	Point Douglas	NDP
LAMOUREUX, Kevin	Inkster	Liberal
LATHLIN, Oscar	The Pas	NDP
LAURENDEAU, Marcel	St. Norbert	PC
MALOWAY, Jim	Elmwood	NDP
MANNESS, Clayton, Hon.	Morris	PC
MARTINDALE, Doug	Burrows	NDP
McALPINE, Gerry	Sturgeon Creek	PC
MCCRAE, James, Hon.	Brandon West	PC
MCINTOSH, Linda, Hon.	Assiniboia	PC
MITCHELSON, Bonnie, Hon.	River East	PC
NEUFELD, Harold	Rossmere	PC
ORCHARD, Donald, Hon.	Pembina	PC
PENNER, Jack	Emerson	PC
PLOHMAN, John	Dauphin	NDP
PRAZNIK, Darren, Hon.	Lac du Bonnet	PC
REID, Daryl	Transcona	NDP
REIMER, Jack	Niakwa	PC
RENDER, Shirley	St. Vital	PC
ROCAN, Denis, Hon.	Gladstone	PC
ROSE, Bob	Turtle Mountain	PC
SANTOS, Conrad	Broadway	NDP
STEFANSON, Eric, Hon.	Kirkfield Park	PC
STORIE, Jerry	Flin Flon	NDP
SVEINSON, Ben	La Verendrye	PC
VODREY, Rosemary, Hon.	Fort Garry	PC
WASYLYCIA-LEIS, Judy	St. Johns	NDP
WOWCHUK, Rosann	Swan River	NDP

LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON
PUBLIC UTILITIES AND NATURAL RESOURCES

Thursday, June 11, 1992

TIME – 10 a.m.

LOCATION – Winnipeg, Manitoba

CHAIRPERSON – Mr. Jack Penner (Emerson)

ATTENDANCE - 10 – QUORUM - 6

Members of the Committee present:

Hon. Mrs. McIntosh, Hon. Mrs. Vodrey

Messrs. Ashton, Edwards, Evans (Interlake),
Helwer, McAlpine, Penner, Reimer, Rose

APPEARING:

Derek Smith, President and Chief Executive Officer, Manitoba Liquor Control Commission

Al Ahoff, Vice-President, Finance and Administration, Manitoba Liquor Control Commission

MATTER UNDER DISCUSSION:

Annual Report of the Manitoba Liquor Control Commission for the year ended March 31, 1991.

* * *

The Acting Chairperson (Mr. Bob Rose): Good morning. As Acting Chairperson, I would like to call the meeting to order. Will the Standing Committee on Public Utilities and Natural Resources please come to order.

This morning the committee will be considering the March 31, 1991, Annual Report of the Manitoba Liquor Control Commission. Does the minister responsible have an opening statement, and does she wish to introduce her officials?

Hon. Linda McIntosh (Minister charged with the administration of The Liquor Control Act): Mr. Acting Chairperson, appearing before you this morning on behalf of the Liquor Control Commission are Derek Smith, the President and Chief Executive Officer; Al Ahoff, the Vice-President of Finance and Licensing; Don Lussier, the Vice-President of Purchasing and Sales; Roman Zubach, the Vice-President of Human Resources

Administration; and Maureen Spier, Manager of Inspection Services.

I have some comments here that I would just like to share with you. They will not take very long. I would like to indicate, as you know, the trend that is appearing in the sale of beverage alcohol in Manitoba has declined since 1987 by about 14 percent, which is not unique to Manitoba. This trend is occurring throughout the world.

We saw evidence of that last year when the commission's annual results for the fiscal year ending March 31, 1991, showed a decline in sales revenue by \$12 million, from \$360 million to \$348 million, and a decline in profit by \$10 million, from \$146 million to \$136 million.

A major portion of the decline in net profits was the result of the commission introducing two initiatives to assist the hospitality industry. You may be familiar with these initiatives. They cost approximately \$3.2 million and were the reduction of the supplementary licence fee to licensees from 12 percent down to 2 percent in two stages and a revised beer vendor discount structure to give the highest discount rate to the smallest hotels. It is this fiscal year the per capita sales declined by about 5 percent.

* (1010)

That trend, we think, will continue. It is due to several reasons, one of the main reasons being the trend in society to be more health and safety conscious. You know, people are watching what they eat in terms of calories and those types of things. The member for Niakwa (Mr. Reimer) has mentioned the light beer, reduction of calories, that type of thing. So you will see certain products starting to come to the fore and others starting to slip back a bit.

We also have people more aware of drinking and driving and that type of thing. An aging population, cross-border shopping, higher prices and tough drinking and driving legislation, as I mentioned

before, are all things that have caused a shift in drinking patterns.

The price of the product, in particular spirits and beer, has received a lot of attention in the last year. There is a considerable difference between the price of liquor in Canada and the United States. There has been an increasing amount of spirits and beer brought into Canada over the past few years, which again has contributed to the decline in sales and profits to the government.

The implementation of higher import taxes on quantities exceeding nine litres in December 1990 has resulted in a 30 percent reduction of imports as at the end of March 1992, just a few months ago.

To combat the price of beverage alcohol, the government has passed through supplier increases over the past three years. That has resulted in Manitoba prices dropping from the second highest in Canada, which they used to be, to being the sixth highest after Alberta, Ontario, B.C. and Quebec. This is something that is of benefit to the consumer. In fact, prices and selection of domestic spirits declined during the year in response to competition from low-priced imports. This has resulted in prices below levels seen three years ago.

The commission has endeavoured over the years to provide a variety of domestic and imported products. In addition to the wine boutique at its Grant Park store, the commission has also opened a large wine corner at the Henderson Highway store. The commission's retail outlets offer an excellent selection of quality products at a wide price range to satisfy not only the palettes but the pocketbooks of the consumer.

(Mr. Chairperson in the Chair)

The majority of the store employees have graduated from commission-sponsored wine courses, including a number from the higher certificate course of the Wine and Spirit Education Trust. They are available to help customers select appropriate wines.

The focus in the '90s for the commission is on excellence in customer service both in the stores and to licensees, restaurants and hotels. Examples of this emphasis on service to the consumer include the two product education programs, the Wine Servers Training Seminars and Wine Workshops provided by the commission for licensees. The commission has also placed an emphasis on being environmentally responsible and collected over 1.6

million pounds of nondeposit glass liquor containers through the facilities of MSDR, which I know you are familiar with as the Manitoba Soft Drink Recycling.

This is an increase of more than 250 percent over the previous year, so it is quite a change and quite a strong emphasis on commitment to being environmentally responsible in terms of recycling. Those are my opening comments. I would be pleased at this point to entertain questions from the committee.

Mr. Chairperson: Thank you, Madam Minister. Did the critic for the official opposition have a statement?

Mr. Steve Ashton (Thompson): Mr. Chairperson, first of all I would like to indicate that our critic is in his constituency and sends his regrets. However, we have a fair number of questions we will be raising, myself and the member for Interlake (Mr. Clif Evans), and we will be touching on a number of important areas.

I think the minister pointed to the trend that has been occurring in terms of liquor sales and, as I said across the table, it is probably a combination of light beer and heavy taxes, obviously some lifestyle changes along the way.

The bottom line is the Liquor Commission, as is the hospitality industry itself, is dealing with a new trend because, for many years, there was steady growth in terms of consumption, and with new attitudes. I think that its activities reflect that, and it is going to be a challenge for the Liquor Commission in the next number of years to be able to continue to deal with that new reality.

I suspect that while part of the trend has been recession related, there is going to be a long-term trend that is involved with this in terms of shift, not only in terms of overall consumption but within certain categories from hard liquor, for example, to wine. Beer has declined fairly significantly, perhaps with changes in the type of brands that are being developed, particularly in terms of lighter beers, nonalcoholic beers. That may change. Obviously, there will be significant challenges in this area.

Another area I would like to comment on is the importance of the concerns about consumption and public safety. I say that in the context of the cooking wines which, of course, were not carried by the Liquor Commission previously. I have commented on this in the House in terms of the creative solution

that has been reached by the minister in that particular area.

I think it shows once again the role of having the Liquor Commission itself in terms of the control it provides. I realize there is often a debate back and forth as to whether we should not privatize the functions of the Liquor Control Commission, but one of the advantages is, we have a publicly owned and publicly regulated institution that can, I think, significantly add to public safety.

We will be asking a number of questions in this regard in terms of whether there are any intentions to privatize any of the existing stores due to retirements of managers in some of the single-manager stores. We will be asking questions also in terms of the direction the Liquor Commission will be taking in terms of staffing levels, which have been reduced in many stores quite significantly, not through layoffs but through attrition. We will be asking questions in that area.

We will also be asking questions in terms of a number of internal matters that have received some attention in the last number of months: the former employee incentive program and whether it still exists in some way, shape or form. Because concerns were expressed about the fact that people were being encouraged essentially to sell certain types of liquor and liquor itself and the conflict with the mandate of the Liquor Commission in terms of not particularly promoting the sale of alcohol. We will be asking questions as to whether that is still a policy of the Liquor Commission.

We will be asking questions about some of the reorganization that took place recently. I know that has been raised in the Legislature, and we will be asking for some specific details in terms of what happened. We will also be asking questions on some overall matters involving the GATT negotiations, the position of the Liquor Control Commission, the impact of various GATT and tariff rulings on the Liquor Commission and how it plans on dealing with that.

So we look forward to asking a series of questions and look forward to the deliberations of this committee.

Mr. Chairperson: Thank you, Mr. Ashton. Would the critic for the second opposition have a question?

Mr. Paul Edwards (St. James): Thank you, Mr. Chairperson.

Mr. Chairperson, it is a pleasure to have the minister and these senior staff of the Liquor Control Commission in front of us this morning. I have had a chance to review the 68th Annual Report, and we also are going to have some questions based on the contents of that report.

I might say at the outset that I have had the pleasure of visiting the commission and meeting with the senior management and having a tour of the facility. I have been impressed by the facility and how it is being managed. I have every reason to believe that the commission is being operated in a competent, prudent fashion. I do, however, have some concern about some of the statistics I see in the annual report, most notably of course the decrease in profits, which is a concern to all of us as we try to meet our fiscal responsibilities.

That is a trend, but I note that we have had a worse year, according to these statistics, than since 1987. It is always a mixed feeling that I think legislators have. We want to minimize the evils associated with alcohol abuse, and they are substantial in our society. At the same time, however, I think we also want to recognize that people should certainly be allowed to drink responsibly. We want to offer the people of this province the opportunity to do that.

So you are always torn when you see the amounts decrease because, on the whole, societally, that is probably a positive thing. In terms of the revenues coming into this province, which we so desperately need, of course, it is a problem. It will be interesting to me to find out what the philosophy of the commission is to the annual decrease in both volume and net profits, that is, whether or not the answer is to increase accessibility, reduce prices through normal marketing schemes, or to increase prices, thereby increasing profits even though volumes are being reduced.

* (1020)

I also note with some concern that while the number of suspensions given went up by nine, the total days suspended went down by 257 days, from 307 to 50. I am not sure what the explanation is for that, and I will be asking questions in that regard. The inspections of course, I also note, went up. It is anomalous, therefore, that the days suspended, which is of course the great threat of the Liquor Control Commission, that they will suspend liquor licences, went so dramatically down.

In any event, Mr. Chairperson, I will have other questions as well. For the time being, those are my opening comments. I look forward to going through the report in greater detail.

Mr. Chairperson: Thank you. What is the wish of the committee? Do you want to consider the report in its entirety or page by page? As a whole? Okay, thank you.

Mr. Ashton: Mr. Chairperson, I would like to begin by asking the minister and president of the Liquor Control Commission some questions in terms of the impact of changes in liquor legislation. Last year the Legislature authorized Sunday openings in cocktail lounges and I am wondering if there is any indication yet what impact that has had in the industry and what impact it has had in the context of the Liquor Control Commission.

Mrs. McIntosh: Mr. Chairperson, it has been about nine months now, give or take a little bit, that cocktail lounges have had this opportunity. The response from the consumer has been overwhelmingly positive. They have made comments to me on each and every occasion that I happen to be where people gather in the hospitality industry, very positive comments, about the opportunity they now have to be able to have a drink on a Sunday in a cocktail lounge. A prime example is, you know, when you have a day like Mother's Day where they can sit in a lounge now and not have to worry about rules involving food and all of those things.

In terms of the hospitality industry itself, they too have indicated to me their pleasure at having the cocktail lounges open in the way that they are now on Sundays. The one comment they have made, those hotels that have both beverage rooms and cocktail lounges or those hotels that do not have cocktail lounges, is that they feel that we did not go far enough. So it has been positive, and I do not know if the president wishes to add any comments of his own.

Mr. Ashton: I am just wondering if the minister is currently looking at any further changes or the Liquor Control Commission is undertaking activities in terms of other expansions on Sunday. Obviously the opening was extended to cocktail lounges, but not bars. I know it has been a concern particularly in terms of many areas where there just are not the cocktail lounges, particularly in smaller rural communities, where the rural hotel traditionally has just a bar and a restaurant. Is the government

looking into that particular aspect of liquor legislation?

Mrs. McIntosh: Mr. Chairperson, I am always looking at the act. You know, there are comments given to me on a fairly frequent basis by members of the public with suggestions as to things they would like to see happening in The Liquor Control Act. The staff itself is constantly reviewing the act and have comments and suggestions that are made on their personal experience about improvements that could be made, and certainly I am in an ongoing review mode, is probably the best way to put it. I keep looking at that act and always with a view to seeing what else could be or should be done for the consumer and for the industry.

Mr. Ashton: Of course, there are many other questions that arise when one looks in terms of liquor legislation. I know one other concern has been in terms of the fact that in Manitoba we have really no enabling legislation for neighbourhood bars per se. Our cocktail lounges are specifically tied to restaurant seating and sales and I am wondering if the minister is also looking at, for example, the kind of legislation they have in British Columbia which does allow for neighbour bars subject to the zoning restrictions, et cetera, in a particular neighbourhood.

Mrs. McIntosh: You are talking about freestanding pubs, that type of thing? That is not something that we are contemplating at the moment although, as I say, I am always looking at the act and I reject no idea for examination. Everything that is put before me I am quite willing to look at but, at the moment, we have no plans to proceed in that vein. We have, I think, a semblance of that now in terms of the way people use the cocktail lounges and beverage rooms. In many instances they use them as kind of a neighbourhood pub. I know it does not correspond with the definition that B.C. has permitted but, in terms of the usage and the atmosphere and the attitude, I think that some of our existing facilities take on that ambiance a bit in just the way they function.

Mr. Ashton: Of course, the concern of people in the industry is the fact that, are the food, liquor requirements, the seating requirements, et cetera—so it is somewhat different than British Columbia.

I am wondering in terms of this review of liquor legislation, we have had various different changes

over the last decade or so, usually pretty similar to last year, where they were treated in a piecemeal basis. I am wondering, is the minister looking at any overall review, and are there any time lines in terms of her current review of liquor legislation?

Mrs. McIntosh: I do not have any time lines set down at this time for specific recommendations to come forward. Suffice it to say that, as you know from last year, in reviewing the act we came up with suggestions for change that we put in place. I think we made 14 amendments last year, a sizable number given the long period of absence of amendments to the act.

I will continue again to look at possible amendments to the act to be brought forward when those amendments are ready to be brought forward. Any changes that might be made to the act would always be ones that would take place after a full review of talking to not only consumers, but industry people, with the full view in mind to look at some of the things that were mentioned in the opening remarks of both the critics and the minister in terms of revenues to the province and social responsibility and all of those factors.

So amendments coming forward will not just be brought forward in a willy-nilly fashion because one or two individuals say, why do you not do this? It has to be part of a larger picture, and those things take time. I am always looking and hoping to be bringing forward progressive moves for The Liquor Control Act as we move through the sessions coming up.

Mr. Ashton: I am wondering, and I throw this out in terms of a suggestion, because I know the minister in the context of the Chinese cooking wine issue showed a willingness to look at a nonpartisan approach. I think in the Legislature we miss that opportunity sometimes in areas of policy that are not particularly political in a partisan sense but have some very important policy decisions to be made, and I include liquor legislation in that category. It is not a partisan issue. I think within every caucus there are differing views on liquor legislation.

I am wondering if the minister has considered perhaps using the vehicle of a legislative committee, perhaps using the vehicle of holding public consultation throughout the province to get that broad range of consultation in terms of liquor legislation. I agree with the minister. You cannot just consult with consumers; you cannot just consult

with the hospitality industry; you have to include everyone, the broader public, social agencies, et cetera. I am wondering if the minister might consider that, given the fact that, really, while we have had some significant changes in liquor legislation in the last number of years, it does in the overall picture tend to be on more of a piecemeal basis, tends to result—and this is no offence to those who are lobbying; they often have legitimate points—but it tends to be in response to lobbying rather than the truest form of consultation.

I am not saying there is not other consultation that takes place or the fact that the lobbying is not followed by consultation. I am sure the minister was involved in fairly broad consultation. For example, last year on the Sunday openings, I am sure there was extensive discussion amongst caucus members. There certainly was in our caucus. That of course reflected the fact that we have 57 MLAs in the Legislature who represent their constituents.

* (1030)

I am wondering if the minister had considered that approach, which might offer the advantage of totally depoliticizing the whole issue of liquor legislation, opening up the process so it is not strictly a reactive process, and also having some advantages in terms of consultation and recognizing that the last major overhaul that we ever had on liquor legislation essentially arose out of that. When we first—and I use the word advisedly and with a small "I"—liberalized liquor laws in Manitoba, it was based on a nonpartisan approach by the Legislature. Is the minister considering that as an alternative?

Mrs. McIntosh: Mr. Chairperson, no, I had not considered that approach, and I thank the member for putting it forward as what I see as a bit of an offer. I would like to respond as well to a couple of things you said, because I think there is truth in them, and I can cite one example that I am sure you are familiar with.

That is the differing views that have been given to the Liquor Commission by those involved in the whole problem of people drinking things like cooking wine and so on. The Hargrave and Ellice store that I know you are familiar with, we have had one group of people suggesting that the way to deal with that problem would be to reduce the hours at the store and eliminate the less expensive products from the store in order to discourage the people from attending. The opposite point of view that is being

presented by people who are concerned about the vagrants who consume substances in parts of our city is that, in order to address the problem of their handicap, really, would be to open the stores earlier, stock the stores with less expensive brands and is the exact opposite solution for the same problem.

This happens all the time in terms of issues that come up. The points of view and the solutions offered are sometimes quite diverse. I must commend the staff for the work they did on the cooking wine solution, because it was a great deal of work. The consulting that they did was extensive and time consuming, and the solution, as you know, I think has met with the approval of all and, again, my thanks to the member for Point Douglas (Mr. Hickes), who involved himself not only with me, but with the Liquor Commission staff and the committee.

So those kinds of approaches where all opinions are sought and all opinions considered, which sometimes means that some opinions have to be rejected, in the example that I used of the Hargrave and Ellice store, we have rejected the idea of taking out the cheaper sherries and that, because we know that that will turn those people, if they cannot get the cheaper sherries, to the Lysol-type, cooking wine-type things, and the problem will not go away. Neither will the vagrants go away. They will still be there, if not on that block then on the next block, so other solutions need to be put in place.

Every time you come up with a solution to a problem, it is almost inevitable there will be one or two people or one or two interest groups who say I do not like that solution, but you have to look at what the majority wants. I have not thought of putting together a committee and I do not know that I would or would not, but I will take the statement that you made and put it in my brain with the other things that I have there, and thank you for putting the offer forward.

Mr. Ashton I appreciate the many dilemmas. I think, in the context of the cooking wine, that is also a broader question, because I know I have asked myself that question as well in terms of the North. I suppose when I stay in the city, I actually stay by Central Park, just a few blocks away from that particular liquor store.

I know in the context of the North, it really goes back to the old prohibition versus availability question, and I will go out on a limb here. I personally feel that prohibition does not work. I

think it just turns people to other substances. I think you have to change public attitudes, you have to also deal with problems. The fact is that by saying people can no longer have access to cheap liquor does not mean they are not going to find other sorts of substances. In fact, the real problem I think is, over the years, relatively speaking, people who have an alcohol problem or are living in poverty or close to it, the cost has gone out of sight. Even the cheap sherries are not accessible anymore so they turn to Lysol and other nonpotable intoxicants which are cheaper. I think that is a concern.

I recognize that often people feel the easiest thing is just to say, well, if it is not available, people will not abuse it. I do not think that is the case. I also have seen the context of jurisdictions which have very little in the way of liquor laws. My wife is from Greece. In Greece they have no drinking age and kids do not drink. It is just socially unacceptable.

It is the social attitudes more than the legislation that, to my mind, seems to be the key impact. Anyway, that is more of a long-term debate. I would just reiterate again that I think there would be a willingness, and I would say probably in terms of, I think, most members of the Legislature, to be participants in that general process because, even within the Legislature we have differing views, differing communities.

Mr. Chairperson, I look to yourself. I know in your area of the province there are differing attitudes toward liquor availability than, for example, in mine, quite historical differences. Even in mine, by the way, there are dry communities, dry reserves where liquor is not available, period. That is very important to a lot of those communities.

So I really think that if we are able to get out of the building and get out of the traditional lobbying process we might be able to come up with some creative solutions, because my concern is that we tend to have fairly restrictive legislation. I think, if you look at the trends, despite the decline in consumption, there are continuing problems in terms of long-term alcoholism. There are continuing problems, to my mind.

What really bothers me is, amongst young people, underage drinkers and the continuing—in fact, probably accelerating. I do not if there is any information the minister has, but the fact that while abuse of drugs has probably declined somewhat, it is being replaced by the old standby of alcohol

which, in itself, is a substance open to abuse. I see that in my own constituency.

I see some very tragic cases of real problems with kids who are under the age of 18 or 19 and are essentially, we would never use the word, but are alcoholics by the time they are that age. It is partly to do with the whole mentality of the 16-year-old wanting to get in the bar and that sort of mentality. I know it is a real concern.

In fact, on that, I wanted to ask, it was one of the specific concerns I know in my community, it has been in terms of socials, because there has been increased scrutiny at bars with underage drinkers. Bars are acutely aware of their responsibilities and liabilities. With the move to photo licences, that should greatly enhance the ability of bars to make sure that underage drinkers are not getting in.

The problem has been socials. It has been a real problem, I know in my community, 15-year-olds routinely getting into socials, having access to liquor. Of course, it is quite common at a social. Someone will go and buy 20 beers, they go sit down at a table, they may have one overage drinker, 19 are underage. I am wondering if the Liquor Commission has been undertaking any additional scrutiny of that, any additional inspections of socials and, if so, if there is any assessment of how the problem is being eliminated or if there is a continual problem.

Mr. Derek Smith (President and Chief Executive Officer, Manitoba Liquor Control Commission): I would be glad to answer that question. We also have some great concerns about the fact that minors are drinking at socials. We have stepped up our education program through permit seminars, specifically in the rural areas, to try to educate the groups, the sports groups and the other groups who take out the permits and also the community hall owners that we feel have the responsibility to ensure that there is an appropriately trained bartender on the premise and also the appropriate security.

It is a slow process, but I think we are seeing some benefits; I think we are seeing some improvements in these areas. We have also, just in conjunction with the Manitoba Public Insurance Corporation and the Alcoholism Foundation, introduced a designated driver program to the permit functions, the socials in an attempt to make our roads safer. We are continuing in the public education area

specifically to do with permits, but also in the licensees. We have licensee seminars.

* (1040)

Of course we have some difficulties with some of these social groups, because we really cannot suspend them or in any way impose any penalties, but we are stepping up the penalty of refusing permit functions to them if in fact our inspectors find that they are not adhering to The Liquor Control Act. We will continue to work very heavily in that area, particularly to do with minors and overservice.

Mrs. McIntosh: I would just like to add to what the president has said. In responding to the comments from the member for Thompson (Mr. Ashton), I think he made a couple of comments that were worth noting, and I agree with them. I thank the president for his comments on the social inspection.

The member for Thompson has indicated his belief—he said he was going out on a limb, and I do not think he is—that prohibition does not work. I agree with that statement. Driving something underground merely means that you lose control of how it is occurring, not that you prevent it from occurring.

Education, I think, is a very important component, and the president has just indicated the steps that the Liquor Commission is taking in terms of education of licensees so that they are aware of the social responsibility they hold and they have as a result of obtaining that licence. The War on Drugs that was conducted throughout the province last year has given us a better understanding of the need for education in certain areas.

I would like to indicate that the president and the staff at the Liquor Commission now have hanging in the liquor stores posters cautioning pregnant women—of course it would be pregnant women, because I understand the story about the pregnant man was a hoax—

An Honourable Member: What, in the Philippines?

Mrs. McIntosh: Well, that is what I heard on the radio the other day. At any rate, the posters indicating to pregnant women that there is danger involved in fetal alcohol syndrome, for example, are now hanging in the stores.

They are, again, part of the impetus for that, and I ask the member for St. James (Mr. Edwards) to pass on to his Leader that she has been one of the

people who for many months who has been indicating that that type of thing would be a step, an important step, in the education of consumers.

So those types of things are happening. Influences come from many sources. All sources are listened to and sometimes acted upon. We thank people for their input.

Mr. Ashton: I really want to focus on the inspections because in fact—I am looking at the current report—it appears that inspections have increased in terms of beer vendors, in terms of beverage rooms, in terms of dining rooms, in terms of cabarets fairly significantly—even in terms of spectator activities.

The inspections of occasional permit functions are actually virtually identical. I am comparing 1990 and 1991 figures on page 14. I am not suggesting that there should not be that level of inspection at licensed premises, but I really want to indicate, I think there is a real problem in terms of underaged kids not accompanied by parents.

I am not talking about families at a wedding social, et cetera. I, by the way, think that is healthy. When you have families at social events, it develops healthy attitudes. I know there was an incident—was it Arnes?—a couple of years ago, a number of people killed in the end, underage, a serious accident. I know there was a serious accident in my own community recently involving a number of underaged people from Nelson House who were killed. In fact, there was another accident a couple of years ago.

There is a real problem because of the different type of dynamic at a social. At a social, liquor is sold by tickets. Anybody can buy the tickets. It is quite routine at a social to go and buy 20 drinks and go back to their table. So unless there is some inspection of the tables to a certain extent, you run into real problems. There obviously is the door situation, but I can say, and I have had calls from parents in my own constituency, and I know there has been some increase in terms of inspections in Thompson as a result of some of the public complaints, but there is still a continuing serious problem.

What happens is, it is not the majority of community groups, it may be one or two groups that do this. In fact some groups, without mentioning names, in my own community have a reputation amongst underage kids that it is easy to get in and

you will not get hassled, et cetera. What happens is, all it takes is one or two groups and you have a serious problem, and it compounds itself because I think there is a continuing problem when you start getting 16-, 17-year-old drinkers and drivers, the combination of a novice driver and access to alcohol.

That group mentality, and you know I grew up in Thompson, I remember that group mentality. I remember going out to socials. I remember how it deals with—that is the concern, and I am wondering why there has not been an increase in the number of inspections of occasional permits while there has for virtually every other major licensed group.

Mr. Smith: Mr. Chairperson, I would be glad to answer those concerns.

First of all, the number of permits issued, in the Annual Report from 1990 to 1991, is almost down 10 percent, and this is good—a continuing trend. We are seeing far fewer permit functions being licensed now than in the past, so that is a good thing.

The other thing is that we have stepped up our education of our auxiliary inspectors, who are the ones who inspect the social functions, and we have last year undertaken an education program to provide to them an updating of the information and putting them in touch with the halls and the groups running these functions to make sure that they understand what their obligations are. We have also involved our store managers in the major centres, who are the ones who issue the permit functions and had liaison with the auxiliary inspectors, to try to I guess in essence impress upon these people taking out permits that they have a responsibility. So we are doing some things in that area.

I agree, we hear from our people about the underage people going into socials. Again, there is the group of people who say that minors should be allowed in these social functions so it can be a family unit. There is another group that say, keep them out because they are problems. We are not sure what to do. What we are saying is that if there is a particular owner of a hall who is a responsible hall owner that has a trained bartender that can provide the appropriate security, and that is a condition of renting that hall and we have the appropriate social group with the officers of that group taking the responsibility to ensure that the provisions of The Liquor Control Act are in fact upheld, we will see

fewer incidents. We also like to get the community involved as much as possible to make sure that these functions are respectable in every sense.

The other thing that I think is very important that is worth mentioning is that the RCMP have been tremendously co-operative in the rural areas by stepping up their walk-through program. We are very pleased with the work the RCMP are doing in the rural areas, working very closely with our inspection people by stepping up that walk-through program and avoiding these particular problems. So I understand the concerns of the member, and we are trying to do whatever we can to educate people and to make sure these incidents do not happen.

Mr. Ashton: I appreciate the explanation in terms of permits being down, but I really think there needs to be additional emphasis in this area. Incidentally, I think the balance is, in terms of underage people being at social events, I think it is healthy with the family. I think it is unhealthy when you have a group of 15-, 16-year-old kids who get into a social because they cannot get in the bars, get somebody to buy the 20 tickets, buy 20 beers and then go to the table and the drinking starts. I have always had problems with socials to a certain extent, because I find bars tend to self-regulate a bit more; table service tends to keep the flow a little bit more regular. The problem you get into in socials is relatively cheap tickets, large numbers of tickets being bought, groups of people, et cetera.

* (1050)

I think it is beginning to balance itself out in terms of adults now, in terms of drinking and driving for example, but I think amongst younger people it is still a significant problem. As I say, that is a concern that has been expressed to me by parents on quite a regular basis in Thompson, and I know it is the case in many other small communities. Part of it may be not just in terms of the inspections. Once again, the problem with an inspection, you have a hall seating 400 people; are you going to check the ID of everybody in the hall? It does not happen.

There is not the ability to do that, so there needs to be some greater checking at the door by the social staff and perhaps even some changes in the way we serve the liquor, because I have always had problems with somebody being able to go to the front of a social and be able to buy as many beers, et cetera, as they want. That is what contributes.

That is the real bottleneck. You do not have the contact of the bartender with the consumer of the liquor or the table server which, in the case of most hotels, in terms of bars, cocktail lounges, restaurants, the server has contact with the person consuming and that provides a check. So I would strongly urge there be some consideration of additional inspections or perhaps tighten security, and I appreciate that is an ongoing effort on behalf of the commission.

There are a couple of other questions I have in some other areas. I wanted to ask the minister and the Liquor Control Commission, what is the position of the Liquor Control Commission on GATT, if any, and the rulings that have occurred because of GATT. Also, I might as well throw in the context of any rulings with the Americans as a result of free trade or other related matters.

Mrs. McIntosh: I will just give a brief response, and I will ask the president if he wishes to add a more detailed response, because they are living with this issue at the MLCC. The GATT rulings, of course, as the GATT agreement comes into play, we will be abiding by.

There will be one change that will be coming up as a result of the GATT ruling that will involve our removing the word "domestic" from our act in a certain section of the act. The decisions that we make of course in policy and in regulation and everything all have to be GATT legal, and the president is up to date on the effects of the negotiations and how they will impact us to date, and I would ask the president and perhaps Mr. Ahoff to make comment on that issue.

Mr. Smith: Mr. Chairperson, I think it would be appropriate to ask Mr. Ahoff, who has been a member representing Manitoba along with Industry, Trade and Tourism on all discussions involving interprovincial trade and GATT, to respond to that question, because he has been at the front line, so to speak, in all the discussions and negotiations.

Mr. Al Ahoff (Vice-President, Finance and Administration, Manitoba Liquor Control Commission): Basically, under the GATT findings against the provinces, Manitoba was only found in violation of not having the ability to sell imported beers through beer stores, i.e., the beer vendors at the hotels. We have complied in the past with any GATT changes, clarification, to make sure that we were GATT compatible. Our intentions are to

eliminate the word "domestic" out of the beer vendor section of the act, therefore allowing beer vendors to sell all beer. That is scheduled for potentially some time in the fall. Now we will get it out of the act and then by policy determine that all Canadian provinces have lived within the realm of the GATT.

We will not be dealing with the Minister of Industry, Trade and Tourism (Mr. Stefanson). We are not going to be the first off the block, but we will ensure that we will be in concert with all other provinces in being GATT compatible.

Mr. Edwards: Mr. Chairperson, in reference to my opening comments, I wonder if the minister or Mr. Smith or others can comment on the dramatic decrease in the total days suspended at page 13 of the report, in particular in view of the fact that the number of suspensions increased, the disciplinary hearings increased, the warning letters increased and the warnings for permittees also increased. Why did the days go down by such a dramatic number?

Mr. Smith: The reason for the significant reduction in days suspended is because of the suspension to one licensee for a series and a continuing violation of provisions of the act which amounted to 270 days. I think if we check previous years that the number of days suspended would approximate 50, plus or minus 10. It does look as if we have significantly reduced the days suspended, but it is because of that one licensee.

The other areas show some increase primarily because of the stepping up of our activities in the inspection department, again primarily with overservice and minors.

Mr. Edwards: Is there a sense that the commission can give us as to whether or not there is an increasing problem with breaches of regulations or whether it is decreasing? What is happening with respect to the licensees in terms of educating them or encouraging them to comply on an ongoing basis?

Mr. Smith: I think it would be a fair statement to say that we are seeing an improvement in the activities and responsibilities of licensees. We have stepped up, as I mentioned before, our education to licensees and to other areas. We provide courses to servers.

We have licensee seminars, primarily in the rural areas. We are working very closely with the Manitoba Hotel Association, the Manitoba

Restaurant Association, the cabaret association and the private club member association in an attempt to collectively impress upon all licensees to be more responsible. I have a sense, and I think my colleagues will agree with me, that even though things are tough and business is down that we are seeing an improvement in those areas.

Mr. Edwards: With respect to the profit and expense ratios at page 16 of the report, I note that going from 1988, net profits are down some \$16 million. That is a larger amount than the entire budget of the Department of Environment. It is a few times, I think, the budget of the Department of Consumer and Corporate Affairs. It is a significant amount of money.

As I mentioned in my opening comments, it is always a quandary for politicians who live with the evils of drink and see that on a regular basis but as well want to allow and certainly not hinder, stand in the way, of responsible drinking on behalf of Manitobans.

What is the philosophy of the Liquor Control Commission in responding to the decreased revenues? Is it to increase the availability of brands and reduce prices or is it to increase prices as necessary to try to maintain profits?

* (1100)

Mrs. McIntosh: I will make a comment and then ask Mr. Smith if he wishes to add anything to it. I see the mandate of the Liquor Control Commission as controlling the sale of alcoholic beverages in a socially responsible manner and returning the revenue thus generated to the government. The Liquor Commission has developed a mission statement and has a set philosophy that they have worked out.

If the primary goal is to control the sale of the substance in a socially responsible way and return the money to government, then the primary goal is not the profit goal, although certainly the revenues generated and returned to the government are deeply appreciated by government. The question you raise is the age-old question that comes in every marketplace that faces a declining consumption. You know, do you address it by raising prices, or do you address it by other means? I know that is something that the commission struggles with, government struggles with. We receive advice from both perspectives, from all corners of the marketplace.

In answer to your question, what is the philosophy?—I give you my own personal philosophy, which I think dovetails in part with what the Liquor Commission has developed for their own mission statement, their own social responsibility mandate. I would maybe ask the president if he would like to comment further on their own philosophy of the day-to-day working that they live with.

Mr. Smith: Certainly we have two major functions in the commission. One is to sell in a socially responsible manner the beverage alcohol across the province through our own liquor marts, the liquor vendors and the beer vendors. We also have the control side, which is the issuing of licences and permits and the inspection of those licences and permits to make sure that The Liquor Control Act is being upheld.

I think we have changed the direction, if you like, of the commission in the last couple of years toward customer service. As the minister just said, the major objective is not to produce revenue to the government. The major objective of the commission is to provide customer service to our customers, whether they be the public through our stores or our licensees through our inspection services. I might add that the Inspection Services department has done a great deal of work in their inspections working with the licensees to provide education and assistance to them wherever needed.

It is quite true that the sales and the profit have gone down considerably. Part of that is the initiatives the minister addressed in her opening remarks. There were some other initiatives in 1988 which reduced the level of profit from 1988, as you mentioned, to '91. We are attempting again, as the minister mentioned in her opening remarks, to keep the prices at a level which we feel is appropriate for the province. We were No. 2 four years ago; we are now down to six or seven, which means that our prices are a little higher than what I call the have provinces, which are B.C., Ontario and Quebec and the tax-free province of Alberta, although in some cases we are lower than some of those provinces.

We are trying to make the product available to Manitobans to suit their needs, both in prices and in product selection and their taste, but certainly to fit their pocketbook, which is a very important aspect.

Mrs. McIntosh: May I do just a follow-up in response, just a tag-on in response to the member for St. James?

There are many different ways in which revenue comes to government, and the member is familiar with this, of course, through his own experience, but if in changing from 12 percent to 2 percent, as I mentioned in my opening remarks, in order to help the hospitality industry, if by doing that we have enabled the hospitality industry to become more strong economically, and if in turn because of that they are able to generate more revenue for themselves and hence contribute more taxes to government, perhaps the taxes are still coming to us indirectly, not noted as profits from the Liquor Commission, but in more money earned by those in the hospitality industry, for example. I just used that one example as a way in which the money moves through and returns to government. So we certainly do not like to see a decline in profits in the black and white lines that show in the Liquor Commission, but some of the initiatives that have been taken may in fact be stimulating the economy in the world outside the commission, which in turn helps government generate extra revenue.

Mr. Edwards: I appreciate the response. Just a follow-up on the comments—I notice that in the last little while there have been wine sales as such or highlighted wine products in the stores, I gather being offered at reduced rates or introductory rates and highlighted at the front of the store. Is that a pattern which has recently come into existence, and is it intended to continue it? I might say, I have also noticed there are the Wines of Italy promotion and then there was the Wines of France promotion. I personally have no problem with that. I just wonder, is that a marketing decision which is going to continue?

Mr. Smith: Mr. Chairperson, yes, the discounted wines that you see are probably broken into three categories. First of all, when a new product is introduced, usually a wine, but it is sometimes other products, into our stores, there is what we call an introductory offer which usually allows the supplier to reduce the price of the product by 10 percent and runs for a maximum of I think it is one month.

The second initiative is the festivals that we have twice a year, which have been ongoing for several years. Two years ago we had the Wines of France. Last year we had the Wines of California, and this year we had the Wines of Italy, which was just

completed at the end of May. Those festivals run in the spring of the year, usually in May, and they are done in conjunction with trade organizations from the countries of origin and with Canadian suppliers. It is a joint effort to introduce those products to Manitoba consumers.

In the fall of the year we have our Canadian wine festival where Canadian wines are featured in our stores. Last year was a significant event, because we were the first province in Canada to introduce new vintners quality assurance designated wines, VQA wines, from B.C. and Ontario. Those products are now available in our stores. These events are very popular with Manitobans.

The third section if you like are our discontinued products, where we do have a 10 or 20 percent reduction in the price of the products when they are discontinued, meaning that they do not meet our criteria and therefore are sold at a lesser price.

So those are basically the three categories. We think they are very successful. The public has accepted them very favourably, and we think they are programs that we not only want to continue in the future but perhaps even enhance to allow some other products or other suppliers to participate in some opportunities to allow Manitobans to increase their knowledge of different products.

* (1110)

Mr. Edwards: As I said earlier, I think I have no problem with those promotions. I think that, personally and from what I have heard, they are well received and I am sure that is reflected in the sales.

With respect to wines generally, I note that since 1989, going from the graphs provided on page 18 of the report, beer is down from \$172 million in sales to \$164 million, spirits are down from \$149 million down to \$140 million. Wine has essentially held its own. It is down marginally from '89, but it is not down from 1990. It seems over the course of this graph at least to have held rather than fluctuate as the others have. Is there perceived by the commission to be growth in the area of wine sales as opposed to the others given just the trend in the last two years?

Mr. Smith: Mr. Chairperson, certainly the graph shows and will continue to show a decrease in the sale and consumption of beer and spirits. As the middle-age group, I guess, changed their habits, there appears to be more drinking of wine. We certainly see that for instance at lunchtime where

people will have a glass of wine with their lunch as opposed to another product.

We also think with the selection of products that we offer in our stores and the liquor vendors throughout Manitoba that wine is a food, that people can safely consume a glass of wine with their meals as a food to enhance the food they are eating. We think there will be a continued decrease, but I think that wine will decrease not as significantly as the other two products.

Mr. Edwards: I have two questions. I would like to know what portion of the wine sales is represented by the cider and cooler sales and what is happening to that particular market, which I think came on with a bang, but I kind of detect has trailed off. I may be wrong about that. I would be interested to hear the commission's response. Well, maybe I will just leave that question for now.

Mr. Smith: Mr. Chairperson, you are quite right that cider and cooler sales are included in our wine statistics. In fact, I guess coolers in particular, which is a major item, peaked in about 1988 and then fell off rapidly.

There appears in the last year to be a renewed interest in coolers. Perhaps people are changing from beer products to cooler products, again with the younger population. There has been an increase.

We are seeing a couple of things happening. Certainly there are fewer suppliers. I think the products are improving to satisfy or meet the consumer tastes, and we are seeing the reflection of that in our sales.

You are quite right that our wine statistics probably showed a significant decline because of a reduction in coolers. Cider has never really been a major product in Manitoba, although again there appears to be a renewed interest in other provinces, and that could be a product of the future.

Mr. Edwards: With respect to the promotions, getting back to the promotions on wine. Is it anticipated that there would be any promotions in respect of beer or hard liquor? Is that an area that any similar type of promotions in the three areas outlined is contemplated?

Mr. Smith: Mr. Chairperson, we do not contemplate any changes at the present time. Wine appears to be the product that appeals to the public, and we do not feel that there is a need to run festivals or large marketing programs for, certainly, spirits;

coolers, there has been some reduction in prices for introductory but not as major marketing programs.

Mr. Edwards: Does the commission offer or is it absolutely barred to give beer vendors, beer manufacturers any similar type of ability to introduce through vendors, through liquor marts reduced prices, introductory promotions which would affect price? Is that allowed or is that barred?

Mr. Smith: I guess there are two examples recently, or within the last six or nine months, that we can refer to.

Our policies, first of all, allow brewers to come in with introductory offers and, with other marketing programs, to make their product more attractive. At Grey Cup, one manufacturer introduced a larger can for the same price. Just recently, the other manufacturer did the same thing. So they are getting a larger-size product for the price of the regular-size product.

I think the other important item that perhaps you may remember is that another manufacturer from out of province introduced a lower price by \$2 on a 24-pack of beer, which became very popular in Manitoba I think for a short period of time. Our policies allow the manufacturers to do that, the producers of beer to do that, when it is appropriate.

Mr. Edwards: In those cases it is manufacturer driven, I take it, and the commission has no problem if the profit margin remains the same. Is that the essential philosophy?

Mr. Smith: That is correct.

Mrs. McIntosh: Yes, just a general statement—we have no minimum pricing in Manitoba.

Mr. Edwards: Just one further question—I know my friend may have some questions as well. Recycling—there has been a problem in the past. I am not aware of the current status of it with respect to imported beers that do not have the same bottle and therefore do not fall into the recycling program which is so successful with respect to beer bottles, domestic bottles, and I think even some of the imports.

What has happened with that? Is there a move to standardize for all beer, be it foreign or domestic, to regularize the bottles so that recycling can be entirely effective?

Mr. Smith: The domestic beer manufacturers do have an excellent program for the return of their bottles—I think it is running above 95 percent—and

about a year ago introduced an increase in the deposit on cans which increased the return rate on cans significantly.

For all other products sold through our stores or liquor vendors, we do have the arrangement with MSDR, the Manitoba Soft Drink Recycling corporation, for the pickup of these products. That was started in 1989. We were running about a 14 percent return. We have now increased the return rate to five cents a pound on glass, and we are seeing a significant increase there. So we do have an opportunity for consumers in Manitoba to return glass and plastic and cans through MSDR for returns.

I will say though that once the GATT panel report is implemented, all imported beer that sells products through the beer vendors will have to have the same return opportunity as does the domestic brewing industry. So, therefore, if it comes from offshore or the United States, their products, when sold through beer vendors, will have the opportunity of returning the empties through those beer vendors, which happen to be the depots, across the province.

* (1120)

Mr. Edwards: I do not think it is widely known that there is this program with MSDR whereby, I gather, any liquor bottle, be it spirits or offshore beer, which is in a different bottle or whatever, can be brought back for return. Has that been publicized widely? Where are the MSDR outlets that people are to take these things to? I guess my third question is: If the rate is that low, perhaps the price should be bumped up.

Mr. Smith: Well, I am disappointed to hear your comments, Mr. Edwards, because we are just in the midst of a major advertising program throughout Winnipeg in particular with billboards that say "Recycle" in green and showing an increased rate. We have also had newspaper advertising. Our stores certainly have a lot of advertising and provide the opportunities for our customers to return containers to the depots, which are situated primarily in the major shopping centres.

For instance, if you drive to the west side of Grant Park you will see a big 45-foot trailer with MSDR on the side. That is open probably most days of the week, but we do have schedules in our stores, and we have found in the past where the one-cent incentive to return these containers was not beneficial, we are seeing a significant increase with

it being increased to five cents, and that is only on glass. On plastic and aluminum there is no return, but we are seeing a significant improvement there, and we are hoping with the advertising program and the emphasis we are placing on it through our stores that we will see a further increase. Incidentally, this program is also available in rural Manitoba, it is not limited to Winnipeg.

Mr. Edwards: Just one final comment on that—I appreciate the advertising campaign and learning about it. The bottom line in recycling, in my view, and this is reflected in our party's bill before the House with respect to soft drink containers, is that as crass as it sounds, money, return for people, gets them to do it. That is just the reality of the situation, and I only indicate, and I will try and keep my eye out for the billboards, that that is what people need to know, that they are going to be paid to bring these things back.

If they can bring them back—I do not know about the truck in parking lots. It seems to me that the place to be able to bring them back, and I gather they can, is to the outlet itself, back to the Liquor Mart. If you can drop them off there, it would seem to me that is a logical place where you are going to get the highest rate of return. Just like beer, when you go to get more, you take them back. It tends to be something that is done at the same time, buying more and bringing back what you have, so I just leave those comments with the minister and with the commission.

Mr. Bob Rose (Turtle Mountain): Mr. Chairperson, in a general sense, and I am sorry, I apologize if I may have missed it, it may already have been discussed, but on page 18 and 19 we are talking about volume of sales and per capita consumption. Is there any consideration given to, for lack of a better term, cross-border shopping in these statistics? I understand it is not just cross-border shopping, but we may have some enterprising unlicensed importers out there bringing in alcohol from other sources. Do these statistics reflect what we understand to be quite an increase in that enterprise?

Mr. Smith: Mr. Chairperson, well, certainly the figures from 1990 to 1991 do reflect a significant reduction because of cross-border shopping, what I call legal importation. We really do not have any idea what the illegal is but, as you recall, in December of 1990 the government implemented a nine-litre limit and increased taxes for anybody

bringing in more than nine litres, which basically brought the price up to approximately what they would pay in Manitoba.

The reason for that was that we felt there was an abuse of people bringing back truckloads of product, in particular beer, and in fact the provision of the law was it was for personal consumption. We did not think a three-ton truck full of beer and spirits was necessarily for personal consumption. That stemmed the flow and certainly reduced the amount coming back in large quantities but, as you know, with the increase in cross-border, short-term traffic, certainly in the calendar year 1991, although this dropped off recently, we felt that the large quantities were replaced by smaller quantities, and it certainly affected our sales for the calendar year ended March 30.

Yesterday there was an announcement by the Minister of Finance (Mr. Manness) which I think will be able to resolve that difficulty.

Mr. Rose: Would it be unreasonable then to conclude from these statistics that the per capita consumption of Manitobans is dropping, because we have no way of knowing what the effect of the imports is?

Mrs. McIntosh: That is correct.

Mr. Rose: More specific then, and this is a discussion we have had before, perhaps it is time to revisit it. In the liquor vendors, we have a specific case, but I am sure it applies to other centres across Manitoba. In Elgin, we have the West Elgin Mall licensed as a liquor vendor and they are not permitted to sell domestic beer. Has there been any change in the approach to that regulation?

Mrs. McIntosh: This concern has been brought to my attention, specifically the Elgin concern. There have been one or two others of similar circumstances surrounding the request for change.

I know the reason for the 20-kilometre limit that is put in there, and the president may wish to speak specifically to that, certainly all of these things that are set by regulation are established by the Liquor Commission in compliance with the act. I would invite the member, as I know he already has, to lay the specifics of his case before the Liquor Commission in terms of the regulation and how it applies.

We are not averse to looking at regulations and seeing if they need to be changed. I think in this instance the Liquor Commission has indicated they

feel this policy is working for the benefit of the majority. I perhaps ask the president to indicate the rationale for that.

Mr. Smith: I guess I am reluctant to discuss the particulars of this case, but perhaps if necessary I will. I think the policy that we have, which has been revisited on a number of occasions, is there to protect the existing vendors, to make sure that their operations are in fact viable. In declining consumption and declining sales, more vendors are finding that they have difficulties making the same amounts of money they did in the past because of reduced sales. We have adjusted the discount rates in that respect.

In terms of the division between liquor vendors not selling domestic beer—liquor vendors have the monopoly if you like on spirits and wine, imported beer, coolers, et cetera, whereas hotels have the monopoly on domestic beer. I think if we change the policy, we would have some chaos in the market, with hotels wanting spirits and wine and vendors wanting domestic beer. I do not think anybody would win.

The particular case in Elgin, I think there are some particularly difficult areas there that put us between a rock and a hard spot, that we are trying to protect the economy of that region and the free enterprises that operate within that region.

* (1130)

Mr. Chairperson: I am going to at this time call the attention of all committee members that we are discussing the 68th Annual Report. I would ask the committee members to deal with the report and matters pertaining to the report. I am not sure whether we want to get into specifics of given cases within given communities at this time.

Mr. Rose: Thank you, Mr. Chairperson, I appreciate that direction. I have used only that specific case as an example of a policy. It is the policy that I was attempting to discuss rather than a specific case. I do not want to pursue it or waste the committee's time, but I did want to comment on it.

I very much appreciate the reasons given for the policy, but the perception of the public in this instance, and I am inclined to agree, is that of questioning a policy for two reasons.

Number one, and I know there is more than one hotel involved in this particular situation, but the primary hotel in the area that would be affected has a government store right across the street selling

domestic beer. It is difficult to say, well, it is okay for the government to sell in competition with that particular private hotel outlet, but it is not okay for somebody 10 or 15 miles away to sell domestic beer in competition with that particular outlet.

The second anomaly that the public sees in that particular area is that they are permitted to sell imported beer. Again, the question is raised, they understand the reason for our trying to maintain specific areas of business, but to say on one hand that it is not proper to sell domestic beer and then permit that outlet to sell imported beer, somehow it seems unpatriotic if nothing else.

I think the effect is, and I fully appreciate the concern with small-town Manitoba and small-community Manitoba, that people in small communities will likely end up buying imported beer rather than travelling another 15 or 20 miles to get the domestic beer if for no other reason than to support their own little community and trying to keep it viable.

So I just make those comments, Mr. Chairperson. I know the situation has been given careful consideration, and I hope that it will continue to be considered that we may somehow remove those two concerns. Thank you.

Mr. Ashton: I think the member raised an interesting point because, obviously, there has been a trade-off, but there are other potential alternatives. Obviously, vendors could be allowed to carry certain items, perhaps after the liquor stores are closed, which they do not currently, other than beer.

The stores could carry the domestic beer. It may be something that the minister may wish to discuss with various people in the business, including both the stores and also the vendors and hotels. I know the hotels have often said that they would like to be able to carry stuff other than beer, and it may work out that it may provide the sort of balance that the member is talking about.

Part of the problem again too is, in rural Manitoba not every community has a vendor and a liquor store and, as the member points out, they may be in a surrounding community. I think the sense in a lot of cases is to be able to have the coaccess in the community. So we think it is quite a legitimate question.

What I would like to ask, more specific in terms of liquor stores, is whether the commission, whether the government has any plans to privatize the

current liquor stores operated by single managers. I am looking in the case of stores such as Morris, for example. Will they be replacing managers when they retire, continue it under direct operation of the Liquor Commission, or are there plans to privatize?

Mrs. McIntosh: Mr. Chairperson, I would like to thank the member for Turtle Mountain (Mr. Rose) and the member for Thompson (Mr. Ashton) as well for the comments they have made on the issue that was discussed, and I appreciate their views on that.

The Liquor Commission from time to time will find that it has certain stores that for a variety of reasons it is no longer seemly to have them under the Liquor Commission control. You know we have many, many private liquor vendors throughout the province who sell liquor products in their grocery store, pharmacy, whatever their particular main line of merchandise happens to be.

As stores become unprofitable or, as the overhead increases to a certain extent and it becomes unreasonable in terms of the economics of it for the commission to continue to run those stores, it seems to me to be a very sensible thing then to allow those stores to pass over into the hands of someone who perhaps owns the local pharmacy and would like to become a private liquor vendor in that sense.

So stores may from time to time phase out in that sense and be turned over to an individual in a community, and I think that makes perfectly good sense from a wide variety of perspectives. The president may wish to add some comments about specifics on that or not. I leave that to him. Generally speaking, that thrust I think is one that makes sense.

Mr. Ashton: I would express concerns about privatizing some of the single-manager stores. They tend to be in larger communities. I mentioned the case of Morris because I know that is one that might be affected. I believe there was a recent store that was privatized in that circumstance, and my concern is that I believe those stores should continue under the operation of the Liquor Control Commission.

I feel in the end the decision to privatize may be due more to attitude, shall we say, of governments, of boards, et cetera, rather than the strict economics of it. I do have a concern about that and just want to place that on the record very clearly.

As a follow-up, if the minister has any further comments on this, it is on a related matter. I wanted to ask the minister or the president of the commission what the current situation is in terms of staffing. As I have mentioned in my opening remarks, I understand there have been no layoffs; there has been a reduction in terms of staff through attrition.

I know I have talked to quite a few staff who worked for the Liquor Control Commission. In many cases they report situations such as a store previously having seven employees now currently having four. Concern has been expressed that this often results in reduced service to the customer and obviously an increased workload for the staff.

I am wondering what the staffing is. We are dealing with the report here basically from the '90-'91 fiscal year. If we could perhaps compare staffing with the year before, the 1991 fiscal year and if there is any update available since we are now passed actually the '92 fiscal year, which we will not be dealing with immediately, as to where staffing levels are.

Mrs. McIntosh: May I, before proceeding to the answer to that question, just as a follow-up to the previous question, we have in Manitoba 474 private vendors, either beer vendors or liquor vendors in the province and have had for many, many years. We have, I think, 172 liquor vendors, and they have been run privately. Maybe it is the use of the word, maybe it is a red-flag word, I do not know, but always of course the sale and the control of the products still ultimately is under the control of the commission.

* (1140)

The ability to have a vendor's licence, as was just indicated by the question put earlier by the member for Turtle Mountain, is subject to conditions and controls that still make it the responsibility of government, still make the sale of those beverages the responsibility of government.

With specific regard to the staffing question, I would like to indicate, before I ask the president to give a detailed response as to specifics, that the Liquor Commission has not been in a hiring mode. It has been in a decreasing, downsizing staff mode for some time, and I think that the control of the downsizing or the rightsizing, whatever terminology is the popular term these days, has been handled extremely well.

I would ask the president to give specific details as to how the staffing components are working.

Mr. Smith: Mr. Chairperson, certainly in the annual report you will notice that there is a reduction of 18 full-time employees from 1990 to 1991. That was done strictly through attrition and it reflects reduced sales. I would also like to add that we have introduced the opportunities, where vacancies do exist, for commission employees to have the first chance to obtain those positions or to get those positions, which may include education and training, but an opportunity to do so. We in the past have had a no-layoff clause, and certainly that was respected, but in fact with a reduction in sales and a reduction in the workload we safely reduced our staff by 18 people, primarily through retirements.

Your comment that there are fewer people in the stores offering poorer service and increased workload, I would think that is perhaps an exaggeration. As I mentioned before, our first corporate objective is customer service. We have been working very hard with all our employees but, particularly in the stores, to improve the customer service, perhaps change the way that things have been done and making sure that the customer is our No. 1 priority. So I think it has gone very well.

I have had some extremely positive comments from the employees in the stores about the fact that they can now talk to customers and feel comfortable to speak to customers about the products we have, and they seem to be enjoying it. I have not heard anybody complain that they are working too hard, but this is in the era, if you like, of increased productivity in an appropriate way.

Mr. Ashton: I hope the president will appreciate that not everyone will go up to the president of any corporation and express that type of concern. The concerns I am expressing are concerns that have been expressed to me by staff, and it relates both to not just loss of jobs. People have been very clear that people have not been laid off. There is not any suggestion that has taken place, but it is the general workload.

Recognizing that the volume has dropped, if you take a store that has gone from seven employees overall to four and the workload has dropped and the sales have dropped 10 percent, even the workload would not necessarily drop relative to the sales because there are certain functions you still have to perform.

So the degree in the case of some stores to which staff has been cut is certainly not strictly a question of sales. There may be other factors, assessment of workload, reorganization, et cetera—I am not saying that. There is the concern out there.

I want to ask if there is an update. The president gave figures for the current report. What is the comparison from the end of this fiscal year we are dealing with to currently, recognizing we are actually now in two fiscal years removed from this year?

Mr. Smith: That trend of reduction is continuing as we reassess the workload, as we reassess the programs, as we change things in the commission. We have had a further reduction in our full-time people which will be reflected in the annual statement that will be issued in the next few months.

Mr. Ashton: Can the president give me an approximation of the numbers involved this past year?

Mr. Smith: I think as of June 1, which is the statistics I have before me, the total number of full-time persons is reduced to 368 people.

Mr. Ashton: What was the base at the end of the '91 fiscal year?

Mr. Smith: Mr. Chairperson, the annual report showed 375. So there has been a further reduction of seven people from the end of March 1991 to let us say May 31, 1992.

Mr. Ashton: I am just wondering, in terms of looking ahead, I assume from the response that the commission is still looking at downsizing in terms of staff. Is it continuing the policy of doing it strictly by attrition? Is it ruling out the prospect of doing it by layoffs, or is there consideration to layoffs at the current time?

Mr. Smith: I think we can do it safely through attrition. I think that we have perhaps seen a slowing down of the reduction primarily because we are down to the approximate levels that we wish to be down to. My personal philosophy is to not lay off. We are not in an organization that will have significant drops like a manufacturing concern, and I do not see layoffs entering into the picture in the distant future—I will not even say the near future—the distant future, unless of course some drastic things happen.

Mr. Ashton: I appreciate the comments from the president. I hope he understands, I am expressing the concern because within government for

example, while there has been some reduction through attrition, the no-layoff provision that exists in the previous contract with the MGEA as part of the main Civil Service has expired and the government itself has been looking at layoffs.

I certainly do not think that is appropriate. I am not even sure it was appropriate in the case of the Civil Service but, certainly, I do not think it would be appropriate in the case of the Liquor Commission. So I appreciate the assurances, recognizing of course that one cannot predict what will happen in the future. If there were a sudden dramatic drop in sales, then the situation might change.

I want to talk about the employee incentive program that received a fair amount of attention a few months ago. My understanding is that senior management has said basically that is no longer in place to employees. Concern has been expressed to me that the front-line supervisors are now, are still—I am referring to the specific emphasis on sales—promoting volume and dollar sales.

I recognize the Liquor Commission is in a dilemma. If you are a standard corporation anywhere, your sales are going down, you say, well, how do we increase sales? You do whatever is necessary to increase sales. The problem of course here is, the Liquor Commission has various mandates which are outlined in the report itself, which go beyond strictly sales and also involve some level of social responsibility.

I know that was the concern that was expressed by many people at the time that this came forward. I would like to ask, what is the current status of that particular initiative?

Mrs. McIntosh: I believe that the terminology we are using is somewhat different. It is my understanding, there was no incentive in terms of a monetary reward or that type of thing for employees who provided better service to customers. Certainly, the intent was never to push products onto consumers. There was the one page in the manual which was a manual obtained to assist staff in providing better service, and that page has been removed from the manual.

In terms of an incentive program—normally I would interpret an incentive program to be, if you increase your productivity, you will obtain X number of dollars or maybe a bonus or some sort of profit sharing or whatever. It was not implicit in this particular program, which was simply to provide better service

on the floor of the commission for customers. Again, I will ask the president to provide details of that to you.

* (1150)

Mr. Smith: Let me initially say that there is no incentive program anywhere in the commission. Any type of incentive, whether it is financial or otherwise, is not part of the commission structure.

I have mentioned before that the emphasis has been on customer service. We in the last year and a half have provided training to all our store employees, as well as our head office people, on what customer service is about. Part of the training manual which was publicized was a three-quarters of a page of a 125-page document which included the philosophy of shelf management and how to operate it, what merchandising was all about.

It was a booklet, if you like, that went out to all our store employees sharing with them the information that has been traditionally run from a head-office level. It was bringing them up to speed on what the store system was all about and involved a number of things. It did include, as I mentioned, three-quarters of a page which gave an example on selling which perhaps was inappropriate and has been removed.

I think the other important thing is that all our store employees, our full-time store employees, have now completed a three-day basic wine course or basic product course which allows them to understand the products and the difference between products. We have also given a one-day program to many of our part-timers. We have emphasized customer service and product knowledge in all our store employees to make them more aware of what they are doing and to better serve the public.

It is unfortunate that the information that was publicized was a very small portion. I think it took away from a very large initiative to get our store employees involved in the overall philosophy and mandate of the commission.

Mr. Ashton: Yes, I was wondering if it would be possible to obtain a copy of that, and I raise this again, because I talked to Liquor Commission employees who feel that while the page is no longer in the manual, certainly the front line in terms of supervision, essentially that is still being followed. I recognize we are talking about marketing here.

I am not criticizing anyone for having developed it per se. I think it was a bit of poor judgment, given

the fact that we have to deal with sales, but also some of the social responsibilities, et cetera. I know the president will recognize—I mean, in any retail situation these kinds of things do have a significant impact.

People pay in grocery stores to get certain shelf space. The way things are handled makes a significant difference in terms of who buys what. That is absolutely standard, anybody who is involved in marketing can tell you that.

I would like to ask then, as I said, would it be possible to have a copy of that tabled and the specific full document if necessary? I would like to see not just what has been deleted, but the rest, and I think that would be important to get a balance for members of the committee. Also, by removing the page, is that no longer the policy of the Liquor Commission?

Mrs. McIntosh: Yes, Mr. Chairperson, a copy of that manual has already been given to the critic for the official opposition. Mr. Storie has a copy of the manual which was given to him some time ago when this issue first was in the public milieu.

The page being removed from the manual means that that page is no longer being used as a source of reference for customer service. That particular page that was removed made references to high-pressure sales techniques which were deemed very inappropriate for a monopoly situation, and it has been removed.

If the member is aware of any specific instance where any customer has been subjected to high-pressure sales techniques to purchase liquor that they did not wish to purchase, I would very much appreciate, and I am sure the president would too, knowing of those specific instances, because it is definitely not part of the way in which the commission hopes to service customers.

Rather, the thrust is on providing information such as, I will give you two examples, you might have someone come in and say, a customer may ask a clerk what kind of wine would go best with salmon, for example, and ask for two or three examples. The customer would like the clerk to be able to give that information. Someone might say to a clerk, I am going to have this kind of food and 10 people, how much wine do you think I should get? There are sort of standard servings.

Butchers will do the same thing. You can go to a butcher and say, how much meat should I get for 10

people? With a particular kind of meat the butcher will say, well, we suggest a quarter of a pound or whatever. So those kinds of learning experiences for the clerks enable them to better answer those questions that customers frequently do ask on the floor of the Liquor Commission.

In fact, we have had feedback from consumers since this program started saying that they notice that they are getting better service in the stores now. Instead of wandering aimlessly around the store trying to figure out what the little labels mean in terms of 2, 1, 3, whatever, the sweetness levels, that there are people now being able to answer those questions for them. So I think that is very good.

No intent was ever made to high-pressure people into buying products they did not want or could not afford to buy. As I say, if you are aware of specific instances, we would very much appreciate you letting the president know so we could deal with them.

Mr. Ashton: Well, I would ask that a copy be tabled if at all possible. I realize the critic may have a copy but, for the interest of all members of this committee, I think it is important to look at it. I think the minister should understand where the criticism came from. I mean, the Liquor Commission requires that licensees not promote, push alcohol. It is not a question of willing or unwilling.

If someone walks into a liquor store, I would say by definition they are a willing customer. It is just a question of how much you can make him willing to buy. The same when you walk into a bar, you are a willing customer. You walked into a place that is a licensed establishment. You are obviously going to be consuming some alcohol unless you are a designated driver, and I think the minister surely will understand the contradiction between the Liquor Commission telling its licensees not to do something which the manual of operation of the Liquor Control Commission itself for its own staff was on the other end of the scale.

That was the concern, and I said in my comments, I understood that has been removed, and I appreciate the clear statement that it is no longer the policy of the Liquor Commission, and I do feel that is important. There is a big difference between providing advice on what zero, one, two mean on a wine and getting into any kind of internal store marketing of particular product that is aimed at increasing volume or dollar sales, because that was

the specific concern that was expressed. Providing advice on zero, one, two is one thing but getting into trying to direct people, as I said, willing customers towards something that is more expensive or is larger or has a higher alcohol content, and generally the expense is related to the alcohol content too, apart from the quality of brands within your particular brand, that was the specific concern.

I appreciate that clear statement from the minister, and I look forward to having a copy of that tabled and, as I said, I prefer to have the whole document to be fair to the Liquor Commission. This, as the president pointed out, was a 123-page manual; this is one page out of the entire manual. I think it is important to have on the public record, because this committee is a public body, rather than strictly having it tabled with a critic that that be formally tabled in the committee.

Mrs. McIntosh: Yes, I am puzzled, I truly am. I guess I am not the one that is supposed to be asking questions, but I would like to ask one. I am puzzled as to why the member would feel it necessary to table the manual here, 126 pages into the record, when it is already in the hands and available to everybody who is sitting at this table. To me that is sort of a duplication of service, it is a duplication of paper, it is a duplication of effort, it is a duplication of a number of things. You have the full manual, the government critics and the Liberal critic are also welcome to peruse it at any time they wish. This is not an objection to tabling it, I am just puzzled as to why the necessity.

Mr. Ashton: Mr. Chairperson, it is standard procedure. We table documents. It does not mean that 57 copies are made. It is a way of putting more formally on the record, and I do not have a copy of it currently. When I attend at this committee I am a member of the committee, and I think it is no different than when a member tables a document in the House, or a letter. It makes it available not through reproduction of every last page of it, but it makes it formally available, and I think it is important in terms of the function of this committee because, as I said, I do not think any member of this committee sitting here, apart from maybe the Liberal critic, has a specific copy of the 123-page manual—[interjection] He does not have a copy of it either.

* (1200)

So there is nobody in this committee currently who has a copy at this hearing, and I think by having

it tabled it is available in terms of through the Legislature itself, rather than having to get a second- or third-hand copy. It was not intended for anything other than to make sure we have full access to it. I am aware of the contents, for example, of the manual. I have had it described to me. I have not seen a copy of it, and I believe in being fair. I want to see exactly what that page that has been removed said, and I want to see what the other 122 pages have said, and I know if our official critic was here, he has read the whole manual I am sure, but he is in Flin Flon.

I am here, I am the acting critic—[interjection] Well, maybe he has not read all 123 pages. I am sure he has read that one page, Mr. Chairperson. Anyway, if that could be done, it would be certainly appreciated.

Mrs. McIntosh: Mr. Chairperson—

Mr. Chairperson: Madam Minister, before we continue further consideration, the hour being twelve o'clock, what is the will of the committee? Do you want to continue the consideration and the passage of this report?

Mr. Ashton: I suggest we complete this, if we can sit for a few minutes longer.

Mr. Chairperson: Okay.

Mrs. McIntosh: Yes, just in response to that, I have no trouble tabling it, Mr. Chairperson, none whatsoever, and I will do that.

I believe, however, and I must just say this for the record, having indicated my willingness and my ability that I will go along with tabling the report that, at the same time, I must indicate that when the opposition has been provided with the full manual some many weeks ago and, when I have made it clear to all and sundry that at any time, on any issue, government members and opposition members are welcome to approach me to gain access to information of this sort, I feel it is kind of duplicating things to table the manual but, because the member wishes it, I will be pleased to oblige.

Mr. Ashton: I appreciate that, Mr. Chairperson, and I want to move on to another area.

In terms of licensing, I note from the figures in the report that the number of licences of most categories stayed relatively static, a few small increases in some areas despite the decrease in volume.

I noticed earlier that the minister and the president indicated, in the case of the issue of vendors versus

liquor stores in rural areas, there was a concern about not interfering with the viability of the particular licensed distributors of alcohol.

I am wondering if there is a similar policy in place in the case of licences. When the Licensing Board looks at licences, is any consideration given to the impact on other licences? I am referring specifically more to rural areas than the city, where you have a much larger market and one licence is only an incremental part of a much larger market.

I look at the situation in many rural communities where, I would say, if you talked to most people for example in the hospitality industry, hotel industry they would say, there are probably too many licences relative to the viability of those licensees to begin with and, yet, new licences are issued. Is there a policy similar to the policy in the case of vendors and stores?

Mrs. McIntosh: Mr. Chairperson, whenever licences are granted, the whole picture is always taken into consideration. This sometimes will lead to people indicating that perhaps the policies and regulations that are set down are too restrictive in terms of permitting everybody who asks and has the ability to provide service a licence. So the whole picture is always taken into consideration. That, as I indicate, does not make the road always smooth for those decision makers at the Liquor Commission.

As to the specific policies, policies are as you know being set by the Crown in compliance with the act or at least not in contravention with the act. For this specific policy, if the president wishes to add comments, I would turn the mike to him.

Mr. Ashton: I would ask the president actually for some further clarification on that because, in talking to people in rural areas, they are generally told, as I understand it, certainly from comments that have been relayed to me, that is not really a consideration in terms of the impact on existing licensees, and certainly the issuance of additional licences would reflect that.

So I would like to ask, is that part of the consideration of the Licensing Board?

Mr. Smith: Mr. Chairperson, I think the minister perhaps misunderstood the question. First of all, I would like to—

Mrs. McIntosh: Could I just interject? Mr. Chairperson, with great apologies, I did not catch the whole question the member had asked earlier

and I thought he was talking in terms of granting the ability to have liquor vendors and beer vendors, and I realize that was not what he was asking.

Mr. Ashton: I was saying I understand that is the policy as it was stated. Is it the same policy for hotels, restaurants?

Mrs. McIntosh: Mr. Chairperson, we are talking about different situations here and different ways of handling requests to function in the marketplace. I think the president was about to elaborate on that. I would ask him to continue.

Mr. Smith: I think that there are probably three divisions that we should address. First of all, liquor vendors are agents of the Manitoba Liquor Control Commission to sell products on their behalf. There are agreements entered into it and, therefore, I do not think it would be appropriate for liquor vendors to appear in every rural town and community to sell liquor. I think the policy is there in a particular trading area so that the population of that trading area can obtain the products that they sell.

The beer vendor situation is awarded to hotels. They must be a registered hotel, and we do not eliminate hotels from having beer vendors if they meet the criteria of the commission in having a beer vendor. In terms of licensees, that is free enterprise. All we want to make sure of is that if an individual applies for a licence, whether it is a restaurant or a cabaret or a bar or whatever it is, that that individual is an appropriate and a responsible person to sell beverage alcohol.

We will make sure that the provisions of The Liquor Control Act, are in fact upheld. We do not intend in any way, shape or form to limit the number of licensees or to get involved in the control. It is a control of the serving and the consumption of beverage alcohol, not the control on the individuals who serve it, other than The Liquor Control Act.

Mr. Ashton: I see something of a contradiction here. I beg to disagree with the president. He says it is free enterprise. Well, what it is is a regulated industry. What you do is, when you give somebody a licence, you essentially give them, if they are the only person in that area, a monopoly.

Someone cannot just set up across the street, they have to go through the commission. Given some of the licence restrictions, et cetera, between hotels, restaurants, et cetera, it is very heavily regulated. I am wondering if the president can explain the difference, apart from what I understand

as obviously the connection of the Liquor Commission to the one end and the connection to the other.

It seems that the Liquor Commission will regulate itself and its agents so that there is no overlapping in territories and there is some viability built in, but it will not do it in terms of other licences. Is that really the only jurisdiction here? The Liquor Commission will make an exception for itself, but will not take that into consideration in terms of other licensing?

* (1210)

Mr. Smith: Well, I guess we have to consider gas companies and pharmacists and food companies and everybody else to be regulated companies too. I do not think they allow gas stations and pharmacies to open up across the street from each other to sell products that they wish to distribute. I do not think we are any different than private enterprise.

If we want to get into regulated control in terms of licences, perhaps we should get into regulating the price that hotels and other licensees sell. Nor do we want to get involved in those things. We feel it is appropriate for private enterprise to operate and to compete against each other in a community or a particular region and to ensure that they meet the requirements of The Liquor Control Act and the regulations and policies of the commission and do so in a responsible manner.

We do not wish to control the number of licensees, the number of outlets, nor the prices that they sell the product for. That is really up to them. We will regulate the prices; we will regulate the quality of the product that we purchase and offer through our stores and other outlets. We will do other control functions to make sure that the product is appropriately served and consumed by the Manitoba public and tourists to Manitoba.

Mrs. McIntosh: Mr. Chairperson, I am just curious to know what the member is trying to get at here, if he has a specific concern about the way the licences and permits and things of that nature are issued. It would be helpful if he does, if that could be shared with us. I am not quite sure what he is trying to get at with his questioning.

Mr. Ashton: I asked for the policy of the commission, and what I see is two different policies. One is in the case of its vendors and retail outlets, and one in the case of licensees, because the logic

of the president could be applied to the vendors and the licensees. There is no difference.

The people who are the private vendors of the Liquor Control Commission are private businesses. You are selecting one over another. You are regulating what one can carry and what the other cannot. Vendors carry beer and the private stores carry the other items.

So it is just a question of where the regulation ends off and where the "free enterprise" starts up. If the minister is wondering where I am getting at, I am getting at the policy, because I know it is a concern amongst people in rural areas, not that they are seeking a monopoly, but they are regulated all over the map on what they can do, but there is no regulation in terms of licences in terms of viability.

The average hotelier or the average restaurant owner is given a book that thick about what they can and cannot do. Restaurant owners have to have a certain percentage of sales, they have to have a ratio of seats, restaurant to liquor seating. Hotels have restrictions in terms of how many rooms they have to have. Hotels and restaurants have restrictions both in terms of hours they can be open, so it is a regulated industry.

If the president is saying that they regulate everything except the number of licences, that is a fair comment. I am asking what the policy is. If the minister is wondering where the concern is coming, it is coming particularly from rural areas, from people who are saying, if they could operate like free enterprise in terms of the other regulations, it would not necessarily be a problem, but they cannot. They are put in a bit of a straitjacket in the sense they are told, you cannot do this, you cannot do that, you cannot do the other.

In other words, they are regulated, and I am not arguing that they should be deregulated in that sense. I am not saying that. I am not trying to get into any word games or anything of that nature, but they are regulated all the way down the line but, in this one case, there is no regulation.

I wanted that clear on the record because I know in the case of people I have spoken to in the rural hotel side, the rural restaurant side, et cetera, a lot of times they have asked that question: Is there any impact in terms of licensing? The answer clearly is no. I am sure they will be pursuing that further with the minister and the commission.

A further question I have then in terms of the Licensing Board is, I am wondering if the minister could give some idea of the qualifications of people on the Licensing Board in terms of the licensing issue. If she has a document to table, I am not suggesting we take the time of the committee, but I am trying to get some sense of who currently sits on the Licensing Board, also the Board of Commissioners, their backgrounds. I know certainly one of them, a former member of the Legislature, Charlie Birt. I would appreciate if that information could be made available to members of the committee.

Mrs. McIntosh: I am very glad that I am not asking to have this information tabled as well, because we are very conscious in the tabling of reports, and we have been cutting back, as you know, in the Legislature the number of reports that are distributed just in the interest of trying to be more environmentally friendly, saving paper and saving ink and that type of thing.

So I am glad that you are not asking to have this tabled, although it would not be very big. It certainly would not be 123 pages. However, the members of the Licensing Board are listed on page 2 of the annual report. It does not have biography attached to them. I do not have their specific backgrounds in terms of their life experience or their work experience available.

I can tell you that all members of both the Board of Commissioners and the Licensing Board have been through a training session in education, orientation, and that they have that training with Mr. Birt, as you know, the chairman, who is a lawyer and is versed in the interpretation of legal documents by virtue of his legal training.

The members, as I indicated, Mr. Chairperson, are listed on page 2.

Mr. Ashton: I have the list. I am asking for some sense of the background of people who are on the Licensing Board and on the Board of Commissioners. I think that is important for members of the committee to get some sense of the balance of people who have experience in the industry, of people who are members of the general public. What is the breakdown between the two?

That is essentially the information I am asking and, if there is some sort of a biography that could be provided, it would be appreciated.

Mrs. McIntosh: Mr. Chairperson, I do not happen to have the biographies of the individual members. They were appointed before my tenure as minister and so, as I indicated earlier, I do not know their life experience or work experience backgrounds. However, I can tell you that I have met—I have sat in on a recent Board of Commissioners meeting, have watched the commissioners in action and believe them to be very well versed, indeed, with the various aspects of the act.

Obviously, the training and education they have received through their years on the board has given them a familiarity with the act, because they certainly were able to deal with the issues that came up at the board meeting with a great deal of familiarity in terms of what the issues and experience of the industry was.

Similarly, the Licensing Board, I think by its record of achievement has indicated its proficiency in the work that it does. Those members, as well, have been through the education and training program.

Mr. Ashton: Well, I would still appreciate some sense, whether the minister appointed them or not, of who has been appointed to the board. By the way, if the minister is worried about where I am going, I am not asking for political affiliations. I think I know the answer to that anyway and, unlike some, I do not necessarily feel that is a particular problem. I mean, governments appoint people who reflect their philosophical outlook. That is not what I am asking. I am not trying to go through this list and ask who is a former Tory candidate or who is a former Tory constituency association president.

As I said, I think I know the answer on that and that is not the point. The point is in terms of the sense of who is on the board, what kind of experience do they bring to board, et cetera. I have sat on a board, as members of the Legislature do. I was appointed to a board a number of years ago. I know that that information was generally fairly well available in terms of that board whenever it came forward to a legislative committee, and that question was often asked by then Conservative members who, by the way, often did ask about political affiliations.

An Honourable Member: No.

Mr. Ashton: No, Mr. Chairperson. They did, but that is not what I am asking. I am not asking why these people were appointed or if there is any politics. I am just trying to get some sense of their

experience, and the balance between the public and others. If that information is not readily available, if there could be some sort of general biographical background provided to myself at some later point in time, I would be prepared to accept that, because I know that information is available. Most boards tend to have that.

* (1220)

Point of Order

Mr. Edwards: Mr. Chairperson, the hour is late. I happen to know that every time people are appointed to this commission, a press release issues from the government. On that press release is always a nice, little paragraph—

Mr. Chairperson: It would appear to me that the member has no point of order. He is providing additional information.

Mrs. McIntosh: Mr. Chairperson, as I indicated, I do not have the biographies with me, but I will search for the press releases indicated by the member for St. James (Mr. Edwards), which is an excellent way of obtaining the information. I am advised by the president, in his opinion, these individuals who have been appointed to the Board of Commissioners and the Licensing Board are doing a splendid job, and he is most impressed with their abilities.

As I say, I was not the minister privileged to appoint these people. I believe they have all been appointed since we came to government. I would expect that they, therefore, do share our philosophy on the way we make decisions as government. I am advised that they are doing an excellent job from staff, whom we do not appoint. Having seen them in action, I concur that they are very knowledgeable about the act. I will try to get some information about their work and life experience.

Mr. Ashton: Mr. Chairperson, I appreciate that, and I will look forward to receiving that information. I also would like, and if the minister is not able to provide this now, some additional information on some of the reorganization that has taken place on the part of the Liquor Control Commission. Concern was expressed about the fact that there were a number of changes, about the senior management level where the number of senior managers was reduced and the remuneration paid to each was raised. I would appreciate some information. I know there has been some discussion in the House

but, if specific information could be given as to the previous administrative structure and salaries and the replacement structure and salaries—I know there were other positions re-evaluated over the last number of years, some of which were management, some of which were line positions, Mr. Chairperson. I would like to ask if the minister could provide that information to members of this committee.

Mrs. McIntosh: Both the line positions and the management positions, information on all of those? Beginning with the management ones then, one of the vice-presidents of the commission, Irene Hamilton, left the Liquor Commission to become the Public Trustee. At that time a decision was made by the president, by the senior management at the Liquor Commission, that rather than replace that vice-president at a cost of some seventy-odd thousand dollars a year—I do not have the figures right in front of me—that it would be more expedient, more cost-effective to reassign her duties to the remaining vice-presidents, who numbered some three in number, and that was done.

The three vice-presidents who assumed the duties of the retiring vice-president were given a slight increase in recognition of the extra duties that they had picked up. I believe the total savings as a result of that exercise were in the neighbourhood of \$50,000-\$55,000, not including benefits, and the increases in wages to the remaining vice-presidents averaged, I believe it was, the dollar amount was a total of \$20,000. The percentages were somewhere in the neighbourhood of 8 percent, something like that, for the vice-presidents. These were not raises in the sense that one normally refers to a wage increase, these extra monies were granted as a direct result of a reassignment of duties, new job descriptions so to speak by the addition of duties to existing roles that were to be filled.

With the 14 line positions, the average raise—again the word I think is slightly misleading but, with the 14 line positions, they too assumed extra duties because staff positions had been reorganized and reassigned. As they assumed the extra duties, they were also given extra remuneration, and I think those raises averaged at about 12 percent.

Mr. Ashton: I appreciate that information, and I will not continue the debate on that. I think the minister is aware of some of the concerns, particularly in the time period in which we had Bill 70 and some of the

concerns particularly amongst people not in the Liquor Commission but other areas where there have been reduced jobs, but no one ever suggested that civil servants should pick up the money that was saved by eliminating job positions, and I think everybody in the Civil Service, they pick up—[interjection] Well, they pick up the duties.

You know, many people in the commission, for example, have picked up the duties, many people in the mainline Civil Service, but the ability to reclassify often does not really reflect if you are picking up a workload, for example. In this case you have a process in place within the Civil Service, and it is fairly restrictive. There can be some adjustments. I think the minister should be aware of some of the feelings that took place, particularly when people at the commission and particularly outside agencies were wrapped into Bill 70, where they have really nothing to do with the overall fiscal picture of the government whatsoever, but were brought in for political reasons, because it was felt that if civil servants were going to have a zero increase, then anybody that the government controlled should have a zero increase.

Their feelings were similar to people in Hydro, MTS, and other Crown corporations. Of course, there has been ongoing bargaining in terms of future contracts. Perhaps that will be rectified in terms of upcoming contracts but, as I said, we could continue this. I am asking for the information, more now, Mr. Chairperson, since we have had a fairly full debate on it.

Mrs. McIntosh: I will not get into a full-fledged debate in recognition of the hour, tempting though it may be, to redebate Bill 70. Without accepting any of the member's preamble, I would indicate that, indeed, the decisions that were made at the Liquor

Commission did not in any way violate the spirit or intent of Bill 70, nor did Bill 70 prevent members who work for the government from receiving extra money if their jobs were redefined and extra duties were assigned. I think if the member checks the record, he will discover that civil servants who had their job descriptions changed also found that they were able to receive extra money. So, in that sense, his statements were not completely reflective of reality.

Mr. Gerry McAlpine (Sturgeon Creek): Mr. Chairperson, in view of the hour, I did have a few questions that I wished to direct to the commission but, in view of the time that we have left, I will reserve—it is not necessary that my remarks be put on the record, or the questions that I have. So I will forgo that on the chance that I can talk to the minister and to the commission.

I would like, though, to put it on the record and congratulate the commission for the manner in which they are carrying out the business in an enterprising way. I think they have to be congratulated along with the Board of Commissioners in the way they are handling the commission. I would like to just have that on the record and reserve the right to ask any few questions that I may have of the commission.

Mr. Chairperson: Shall the March 31, 1991, Annual Report of the Manitoba Liquor Control Commission be passed—pass.

The hour now being 12:28 p.m., what is the will of the committee?

An Honourable Member: Committee rise.

Mr. Chairperson: Committee rise.

COMMITTEE ROSE AT: 12:28 p.m.