



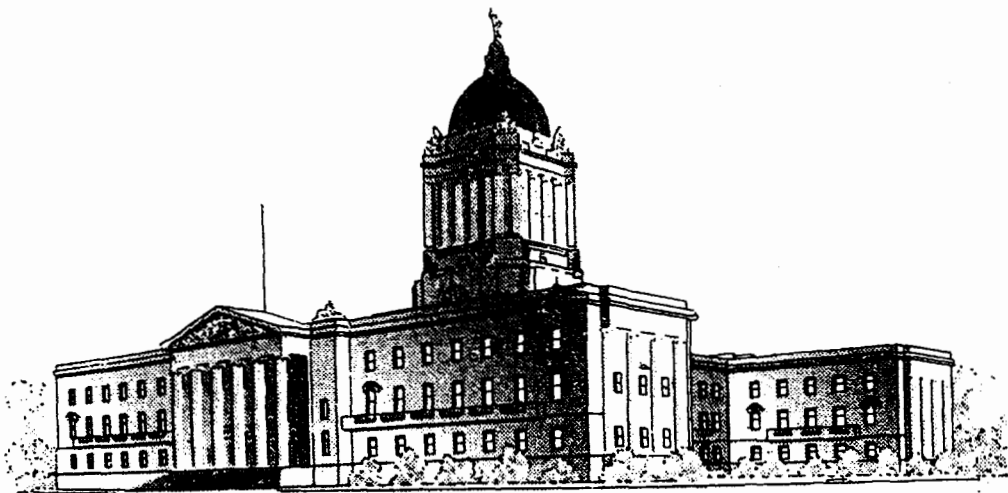
Fifth Session - Thirty-Fifth Legislature

of the

Legislative Assembly of Manitoba

**Standing Committee
on
Public Utilities
and Natural Resources**

*Chairperson
Mr. Marcel Laurendeau
Constituency of St. Norbert*



Vol. XLIII No. 4 - 10 a.m., Tuesday, May 31, 1994

MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Fifth Legislature

Members, Constituencies and Political Affiliation

NAME	CONSTITUENCY	PARTY
ASHTON, Steve	Thompson	NDP
BARRETT, Becky	Wellington	NDP
CARSTAIRS, Sharon	River Heights	Liberal
CERILLI, Marianne	Radisson	NDP
CHOMIAK, Dave	Kildonan	NDP
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
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ENNS, Harry, Hon.	Lakeside	PC
ERNST, Jim, Hon.	Charleswood	PC
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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
GRAY, Avis	Crescentwood	Liberal
HELWER, Edward R.	Gimli	PC
HICKES, George	Point Douglas	NDP
KOWALSKI, Gary	The Maples	Liberal
LAMOUREUX, Kevin	Inkster	Liberal
LATHLIN, Oscar	The Pas	NDP
LAURENDEAU, Marcel	St. Norbert	PC
MACKINTOSH, Gord	St. Johns	NDP
MALOWAY, Jim	Elmwood	NDP
MANNES, Clayton, Hon.	Morris	PC
MARTINDALE, Doug	Burrows	NDP
McALPINE, Gerry	Sturgeon Creek	PC
McCORMICK, Norma	Osborne	Liberal
McCRAE, James, Hon.	Brandon West	PC
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MITCHELSON, Bonnie, Hon.	River East	PC
ORCHARD, Donald, Hon.	Pembina	PC
PALLISTER, Brian	Portage la Prairie	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
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ROCAN, Denis, Hon.	Gladstone	PC
ROSE, Bob	Turtle Mountain	PC
SANTOS, Conrad	Broadway	NDP
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SVEINSON, Ben	La Verendrye	PC
VODREY, Rosemary, Hon.	Fort Garry	PC
WOWCHUK, Rosann	Swan River	NDP

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

Tuesday, May 31, 1994

TIME — 10 a.m.

LOCATION — Winnipeg, Manitoba

**CHAIRPERSON — Mr. Marcel Laurendeau
(St. Norbert)**

ATTENDANCE - 11 — QUORUM - 6

Members of the Committee present:

Hon. Mr. Gilleshammer

Messrs. Clif Evans, Kowalski, Lamoureux,
Laurendeau, McAlpine, Pallister, Reimer,
Rose, Storie, Sveinson

APPEARING:

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

MATTERS UNDER DISCUSSION:

March 31, 1993, Annual Report of the
Manitoba Liquor Control Commission

* * *

Mr. Chairperson: Good morning. Will the Standing Committee on Public Utilities and Natural Resources please come to order. This morning the committee will be considering the March 31, 1993, Annual Report of the Manitoba Liquor Control Commission.

Did the minister responsible have an opening statement and would he please introduce the representatives present from MLCC?

Hon. Harold Gilleshammer (Minister charged with the administration of The Liquor Control Act): Mr. Chairperson, my brief opening statement will be to introduce the people with me today. I am very pleased to have with me the new Chairman of the MLCC, Mr. Grant Holmes, who assumed these duties a few weeks ago, and I have

invited him along today to listen in and get a better understanding of how this committee works in relationship to the Liquor Control Commission. And, of course, Derek Smith, the CEO of MLCC is not a stranger to this committee and I think known to all members here.

So we are very pleased today to present the 70th Annual Report for the fiscal year April 1, 1992, to March 31, 1993, and I will leave my comments at that.

Mr. Chairperson: We thank the minister. Does the critic from the official opposition party, Mr. Storie, have an opening statement?

Mr. Jerry Storie (Flin Flon): Mr. Chairperson, my comments are going to be equally brief. I am obviously interested in the performance of the commission over the last year, but there are a couple of other items that perhaps are of more interest, I meant financial performance over the last few years. But a couple of other policy areas that I am interested in and want to discuss with the minister and perhaps the chairperson of the board specifically relating to the legislation that was amended last year, particularly the sections dealing with notification to customers of the potential dangers of consumption of alcohol.

Some members of the committee may not have been involved in that debate, but I had proposed that the Liquor Commission take on the responsibility of putting warning labels on alcohol containers, with the exception of individual cans of beer, but we finally agreed, essentially because we in the opposition had no choice, to an amendment that I think was much watered down. I was given assurances, and it is part of the record of July 26, 1993, that the commission would make some effort to live up to its perhaps weakened

obligations, but obligations nonetheless in terms of warning labels. So I want to discuss that for a period of time.

The last time this committee met, we also spent some time discussing the impact of the new wine boutiques and the impact particularly on the efforts of the commission over a number of years to improve the selection of wines that they offer as well as the money, the taxpayers' money, that had been spent on developing staff to assist in the selection of wines and to perhaps offer more "customer service" in that area. So those are two areas I think we are going to deal with as well as the financial aspects of this report, Mr. Chairperson.

Mr. Chairperson: We thank the member. Did the critic from the second opposition party, Mr. Kowalski, have an opening statement?

Mr. Gary Kowalski (The Maples): Yes, my comments will be briefer as my very first committee meeting as an MLA. This will be a learning experience, how a committee operates, and I am looking forward to it.

My contact with the Liquor Commission as a police officer 20 years or something, you have effects from the use of the product. The areas where I will be interested in hearing or asking questions about is in regard to any plans for privatization of liquor sales in Manitoba. Also, I have some questions about microbreweries and sale of microbrewery products. So I will be interested in hearing about that. Thank you.

Mr. Chairperson: How did the committee wish to proceed this morning with the report? Shall the annual report be considered in its entirety?

Floor Comment: Entirety.

Mr. Chairperson: In its entirety? It is agreed. Any questions?

Mr. Storie: Well, perhaps we could hear from the CEO or the chairperson of the board, generally, on the financial performance. Obviously, over the last number of years, we have seen a reduction in the overall revenue being transferred to government. I am just wondering what the situation is this year, and is there any specific way of accounting for the

current circumstances? What are other liquor commissions experiencing and what does the future hold for the Manitoba Liquor Commission in terms of revenue?

Mr. Gilleshammer: I will turn that over to Mr. Smith to answer, but before I do will just acknowledge that certainly there have been tremendous efforts on the part of the commission and departments of government to make customers, citizens aware of many of the downsides of drinking and driving. Practices out there have changed whereby some of the practices of citizens, in terms of accessing establishments, have changed. It has affected sales and patterns have changed, but by and large the commission is still doing very well. I will maybe just ask the president to comment in more detail on that.

Mr. Derek Smith (President and Chief Executive Officer): Of course, dealing with the annual report for the year ended March 31, 1993, we could see that there was a slight decline in sales and a slight decline in profit, primarily because of the cool summer that we had during that year which affected beer sales. Nevertheless there is less consumption of beverage alcohol because of lifestyles and health styles and other good reasons why people should be drinking less.

As for the year ended March 31, 1994, our financial numbers are presently being audited, but we can tell you the sales and profits are approximately the same as what they were last year. What we tried to do is enhance the sale of beverage alcohol in a socially responsible way, including better merchandising and sales and to try to sell wine in particular in a more appropriate fashion as a professional retailer.

Mr. Storie: I guess just another specific question on the financial picture. One of the things that has certainly increased over the last four years is the General and Administrative costs, about 12 percent. I am wondering generally, if we are selling less liquor, why is that occurring?

Mr. Smith: The General and Administrative Expenses have in fact been reducing if we look at absolute numbers. The increases have been primarily as a result of salary increases as a result

of the contracts we have with our employees, but if you look at the numbers earlier in the report, you will see that the number of people has declined, as I recall, by some seven people from the previous year. Through attrition, we are continuing to reduce our staff. However, union contracts primarily account for the increase in salaries of those staff who are there.

Mr. Storie: The only other question I had related to the efforts of the commission to increase sales. We discussed this in the previous committee meetings and certainly in the last couple of years, in the last year in particular, the Liquor Commission has become involved in very heavy sales promotion, in-store promotions. You know, you walk into a commission, not that I visit very often, but you see the products of France and so forth displayed. You have tasting, you have all kinds of other gimmicks to increase the sales of alcohol. I guess the question is, is that something that other liquor commissions are involved in, and is that something that is consistent with responsible drinking, encouraging people to buy more?

* (1010)

Mr. Smith: Well, firstly, as I mentioned before, we are merchandising the products that we sell in a socially responsible way. Whether people are encouraged to buy more, I think perhaps it is more the impulse buying that we are trying to get people to do. Again, that is primarily on those products like wine, for people to take home wine to have with their meals as opposed to other products.

It appears to be a trend in other jurisdictions, that people are—other jurisdictions are doing more merchandising. Other liquor commissions and boards across the country are more heavily involved in tastings and sales and merchandising. We would like to think that we are perhaps a year or two ahead of them, but we believe very strongly that everything we do do, because it is part of our mandate, is to do it in a socially responsible way. So we do not think in any way, and we work very closely with some health advocacy groups and they are of the same opinion, that the products we

are merchandising are not being merchandised to increase health problems.

Mr. Storie: Again, in terms of the marketing, one of the strategies that was referred to in some training material that was purportedly being used to assist in the service orientation of the sales staff was upselling. Personal experience in a Manitoba Liquor Commission outlet looking for a bottle of wine, I was referred to obviously more expensive types of wine. Are commission staff told to upsell?

Mr. Smith: I do not believe they are told to upsell, but if there is an opportunity for someone who wants to purchase a product as a gift, very often that wine is offered or brought to celebrations of different types, and when someone comes into the store and is not familiar with different types of wines, rather than buying a cheap bottle of wine, an inexpensive bottle of wine, if it is being offered as a gift or as a memento of a celebration, the sales clerk will bring them to a good bottle of wine, something that may be enjoyed by the host or the individual and that may cost him a little bit more.

You have to understand that most of the products that we sell in terms of wine in our stores are less than \$10, so it is a pretty inexpensive gift. It may run from \$7.50 to \$8.25.

Mr. Storie: Well, Mr. Chairperson, I think there are probably lots of Canadian wineries which take exception to the idea that the upselling that is going on is to good wines, but that is a matter of taste, and we will leave that for the moment.

My direct question was, are our sales agents of the Manitoba Liquor Commission encouraged, directed, to upsell?

Mr. Smith: No, they are not.

Mr. Storie: The next question relates in a way to the issue of warning labels on alcohol containers. Some year ago, or a little more, I visited the Liquor Commission and visited with Mr. Smith and his staff and discussed at that time the obligation, at least I felt an obligation on the part of the Liquor Commission, to come to grips with the problems that alcohol creates in our society and raised the question of whether the Liquor Commission collected, had access to, was working with agencies to make sure of the kinds of statistics that

we might want, how many people are currently and continuing to suffer from the effects of alcoholism, how many new alcoholics are being reported, do we have any mechanism to keep track of it?

I am wondering if Mr. Smith or Mr. Holmes can give us some update on where the commission is on those issues.

Mr. Smith: We work very closely with the Addictions Foundation of Manitoba, who keep all those statistics. We do not wish to duplicate their efforts. They have the experts, and we work very closely with them in just about everything we do. When we talked about merchandising, if we introduce a new program we check with the Addictions Foundation to make sure that—not that they are in agreement, but that it would not violate some of the objectives that the foundation has.

In terms of providing information to our customers who may abuse alcohol. Since 1992, we have had a partnership with the Addictions Foundation, along with some other groups, to provide information to our customers through our stores on the dangers of consuming alcohol, whether it is during pregnancies or whether it is in conjunction with other drugs, alcohol and seniors, a whole host of informational pamphlets that we provide.

We have also put up a number of posters, all of which deal with drinking alcohol while pregnant. In fact, just recently, as a result of a partnership that has come about between the native physicians of Canada or native physicians in Canada and the brewers association, they have provided us with posters which we will put in all our stores and in liquor vendors in most parts of Manitoba. We will certainly make it available for them to put it up, and this depicts a native family and brings the message about consuming alcohol while pregnant.

We are working very closely with health groups and other groups on a national basis to try to provide information to all Manitobans, the dangers of alcohol with whatever the situation is.

Mr. Storie: Well, Mr. Chairperson, unless we have some way of knowing where we started from, in terms of how much people were drinking,

whether women who are pregnant were drinking, how many alcoholics we are producing, how many kids are beginning to drink, we will never know whether we are successful. It will always be a relative fact.

Does the commission give any money directly to groups like the Addictions Foundation or other groups to do base research on those questions?

Mr. Smith: The commission provides all of its profit to the government, and the government funds the Addictions Foundation of Manitoba. So although we do not provide monies directly, we do provide funds through the government for the necessary work and the good work that the Addictions Foundation of Manitoba does.

Mr. Storie: Mr. Chairperson, my question is to Mr. Holmes. Is it within the purview of the board of the Manitoba Liquor Commission to decide on its own that it wants to fund research? Could the Manitoba Liquor Commission simply, as they did with the recycling issue, work with an outside agency, provide support and begin to address the question, perhaps the most important one on fetal alcohol effect?

Mr. Gilleshammer: As the president has already indicated, the Addictions Foundation is funded by government from general government revenues, part of which we get from the MLCC. I think the president has already indicated that there is a concern within the MLCC to be socially responsible, and I think the board and the commission can be commended on many of the initiatives they have taken.

If the question is, can we do more? I think that there are areas that we want to explore, in terms of working with the Addictions Foundation and other groups out there to do the appropriate messaging, and we will be exploring those.

Mr. Storie: I am assuming the minister has indirectly answered my question, that the Manitoba Liquor Commission does have the legislative authority to provide money to whomever they wish for purposes such as research.

Now whether the government grants money to the Addictions Foundation is irrelevant. The

Liquor Commission does provide money to other groups and other agencies and is joined in partnership with other groups and agencies on its own hook.

My question was to the chairperson of the board, who I believe is responsible for establishing policy, the question was: Has the Liquor Commission provided money for research or is it prepared to consider providing money for research so we can get to the direct question of where we are at, before we pursue more aggressive marketing of alcohol, before we get into perhaps the escalating privatization of alcohol sales and other matters?

* (1020)

Mr. Gilleshammer: I think what the member is suggesting is that rather than the commission providing the funds directly to government that we withhold some of those funds and give them directly to the Addictions Foundation. It is probably more important from a government point of view to have those funds flow from government so we have an understanding of what needs the Addictions Foundation has. If they, in fact, require more funding, then they can make their case to the Department of Health which actually does the funding of the Addictions Foundation.

But the member leaves on the record, you know, comments about more aggressive selling and other things that he has got running around in his mind, the fact is that this commission, as well as others across the country, has changed and changed to reflect changes in society.

I can well remember in my university days in Brandon when there was one outlet in Brandon. During the Christmas and New Year's season, people used to line up across the room and out the door and down the street to fill in the little form with the appropriate number and present it at the commission. Certainly in rural Manitoba we have even had changes now where customers have direct access to the product and can look at the products and ask the staff for information on wines, what is appropriate with certain meals, and as the president indicated, when giving a gift what

would be appropriate for certain ethnic groups and so forth.

These changes have taken place, and I am not sure whether the member for Flin Flon wants to turn the clock back or not. The commission has become more of a service centre rather than going ahead with the heavy duty controls that used to be in place on the relationship between staff and customers.

Mr. Storie: Mr. Chairperson, I certainly do not want to turn the clock back at all and if the minister had, I guess, been involved in the debates over the last number of years, he would have known that I have always supported the liberalization of some of the archaic provisions of The Manitoba Liquor Control Act.

That is not the issue. The issue is whether we are now trying to sell more alcohol simply for the sake of selling more alcohol. No one is talking about accessibility; no one is talking about the person to right to choose; no one is talking about the limits. What we are talking about now is a marketing strategy that is more like Wal-Mart than a government agency.

There is a legitimate concern there and the minister may want to take it back. I think if we were here dealing with the Manitoba Lotteries Foundation, there were people addressing the same concern that we are now not just allowing the activity, making sure that it operates in an efficient manner and consistent with good business practice or whatever, we are now promoting it as a lifestyle and an activity. I think the Liquor Commission to this point has not proceeded too far, but I think it is a dangerous trend. I am not sure whether it should be a matter of government policy to upsell, to sell people more alcohol than they perhaps originally desired or to market alcoholic products simply as a means of making money for the government.

As a matter of policy, I think it is wrong. Liberalization has nothing to do with that. Access has nothing to do with it. I certainly think that provinces like Quebec have certainly far surpassed us in terms of providing access to the product but that does not deal with the question of whether the Liquor Commission should be attempting to sell

more alcohol than people really want, encouraging them to drink in effect.

Mr. Gilleshammer: Well, I am pleased that the member for Flin Flon has clarified his views on that because I was not of the opinion that the member for Flin Flon supported liberalization. I am glad to hear that because I think we have to have stores and staff which reflect to a certain degree what society wants. I know with the changes that were brought about last year, there was widespread support in the public and in the media for making some of those changes.

The stores certainly still have a responsibility on the control side to see that the product is sold responsibly and to the appropriate aged persons, but at the same time I think they also are quite within their mandate to have professional staff who are knowledgeable about the product, and when customers are asking for advice on certain products that they have some background training to offer that advice in a responsible way.

The member talks about the sale of the product. The numbers in the annual report do not show any marked change in the sale of alcohol through the commission system over the last number of years. You have to balance that with the education responsibility that the commission and others have to warn about the dangers of abusing alcohol, whether it is through the Addictions Foundation or through education programming, pamphlets, posters and other that the commission is responsible for. So there has to be some balance there.

Mr. Storie: Mr. Chairperson, I guess we can boil that one down to a philosophical argument, and I think that the minister may be incorrect in his assumption that most Manitobans support some of the activities that the Liquor Commission is currently undertaking. The minister maybe referenced some of the recent liberalizations. I do not know whether he was specifically referring to wine boutiques, but that is not the kind of liberalization I was talking about certainly. If the minister had been in the committee when that issue was raised, he would have found that the vast majority of presenters opposed that particular

move on the part of the government. I will not blame that on the Liquor Commission.

Having said that, I would like to know from the minister perhaps or the chairperson of the board where we are in terms of the establishing of these new wine boutiques. How many have been established to date?

Mr. Gilleshammer: Mr. Chairperson, none have been established to date. We have been doing considerable work on the regulations surrounding wine stores, and after reviewing the legislation and looking at some of the background on that and working towards to establishing the discount rates for wine stores and receiving ideas and opinions from the commission, from people working in policy, from Crown corporations, from a number of sources, we have moved to hire an outside consultant to look at the discount structures that are in place with our vendors and looking at and analyzing the whole range of issues around establishing them. We are just awaiting a report from that consultant, and once that is in place, we will be moving ahead with these in the very near future.

Mr. Storie: Mr. Chairperson, this is really quite humorous. This is quite funny. It is just so typical of everything this government does. First, you announce you are going to do it. Then you find out—then you hire someone. Now we have a new consultant to see how we are going to do this and what it is going to cost us and what kind of a discount rate we are going to establish.

We knew at the time, and it is part of the record of this committee in the debate on the amendments of The Manitoba Liquor Control Act, that this initiative of the government was pushed by a couple of people only who visited with the minister responsible at the time and who initiated this. Now it is becoming more obvious that not only was the government moving on the basis of political motivation or some over agenda, but now we find out that they did not know what they were doing.

* (1030)

Mr. Chairperson, I want to know, first of all, who is paying for the consultant? Who is the consultant? How much are we paying him or her?

Mr. Gilleshammer: I think the member is factually incorrect. There has been wide-spread support for looking at the wine store initiative, and the member cannot have it both ways. If we had moved without doing the research into some very important detail surrounding the establishment of the wine stores, he would have been critical on the other side of this.

We are taking the time to look at the regulations surrounding the wine stores, and we are very near to having that work completed. The consultant that was hired was the Arthur Andersen company, and they, in the very near future, will be bringing forward those recommendations to the board of commissioners who are responsible for seeking that outside advice.

Mr. Storie: Mr. Chairperson, I want to thank the minister for answering one part of the question, who. Now we want to know how much.

Mr. Gilleshammer: I do not have that information in front of me and I am not sure if Mr. Smith does.

Mr. Smith: I can find that information for the member.

Mr. Storie: And the other question was, who asked for the study?

Mr. Gilleshammer: I had indicated to the member that after working with the board, with the staff at the commission and trying to resolve issues around the regulations and around the discount rates, and as a result of a variety of opinions around those rates, the commission has been responsible for retaining the Arthur Andersen Company to bring forward recommendations around those regulations.

Mr. Storie: So, Mr. Chairperson, we are going to assume that we are blowing another \$50,000 or \$60,000 on Arthur Andersen, but the minister does not have the figures and he will get the figures.

Point of Order

Mr. Gilleshammer: On a point of order, the member is wildly throwing out figures. I had committed to giving him the exact figure, and I would urge him not to speculate wildly on that figure.

Mr. Chairperson: The minister did not have a point of order. He had a point, but not a point of order.

Mr. Storie: Mr. Chairperson, it is not wild speculation. The only, I guess, possibility is that it would err slightly on the low side, probably.

There is another facet to the minister's answer that needs to be addressed. I had asked earlier whether the Liquor Commission could hire other people to investigate things like the number of fetal alcohol syndrome children there are in Manitoba, and the minister has just acknowledged that the Liquor Commission basically now is doing the bidding of the government.

It was the government's direction to introduce wine boutiques, not the Liquor Commission's, and he is telling us now that the Liquor Commission has authorized an independent group to study the question of how we are going to do this and in what manner. It does not make sense that we can find the money, however many dollars the minister is going to finally say this costs, to do that when we cannot ask the Liquor Commission to deal with the health questions which are, in most people's minds much more important than the question of when we get wine boutiques established in the province.

Two other points, Mr. Chairperson. The minister talked about moved without research. Well, of course, the government did move without research. The legislation was on our desks last year before the government did one iota of research. Not only did the government not do any research, but the government moved without any public consultation.

So the government and the minister cannot have it both ways. You cannot announce you are doing something and a year and half later say we are going to study it, and talk about moving at a pace

that is responsible. We already have legislation that allows for the establishment of wine boutiques.

If the minister wants to do something responsible, then simply announce now that we will have no wine boutiques, because it is going to cost the province money, regardless of what the discount rate is finally established at. It is going to cost the Liquor Commission, in the long run, staff and employment. It was an error in judgment, and the minister can save himself and his government a lot of trouble by announcing today that they are cancelling that particular initiative.

Mr. Gilleshammer: Well, the member for Flin Flon has never been accused of not being able to weave his way through a number of different scenarios with some issues that are factually incorrect and drawing wrong conclusions. On the issue of health initiatives, it has been clearly stated to the member that the Addictions Foundation is funded by the Department of Health, and that if he wants to advocate on behalf of the Addictions Foundation to provide more funds, then he should probably go to the Health Estimates and debate that with the Minister of Health. Our money goes into general revenue, some of which flows to the Addictions Foundation to do that very important work that they do in the community.

The member also has indicated again some figures that he has drawn out of the air. I have indicated very clearly that I would get the correct figures for him, and I know he wants to put on the record numbers that are exaggerated and that he wants to use for his own political purposes. I would just ask the member to be patient. He has asked for information that we do not have with us here today, and I have made a commitment to get that information for him.

We have, through the commission, hired the Arthur Andersen company specifically to look at the discount rates so that we can work with proponents of the wine stores and let them know what those rates will be. There were varying opinions that came from different groups that were consulted, and I think it is very important that those rates be set appropriately at the beginning.

I do not apologize for taking a little more time than the member for Flin Flon (Mr. Storie) thought I should take in putting this initiative into place. I think it is very important that we have the appropriate background surrounding those rates before we go ahead, and as a result, the Arthur Andersen company was contracted to bring a recommendation to the board surrounding those rates. Once that is done, we will be moving more quickly to have these wine stores put in place.

Mr. Storie: Well, Mr. Chairperson, the minister has levelled some accusations about my ability to twist facts. Of course, the minister is a master of that himself and continues to dance around the proposition that the Liquor Commission can engage any agency, not the Addictions Foundation, any agency it wishes, any private consulting group, and there are many who could address the question of the impact of fetal alcohol syndrome in Manitoba. They have that ability.

It does not have to be addressed through the Addictions Foundation. I am not just saying that they could not be, I guess, contracted to undertake that kind of research as well, but the minister understands my point, and he continues to abuse the truth in that regard.

I want to ask a more—

Point of Order

Mr. Gilleshammer: On a point of order, I would suggest, Mr. Chairperson, that the member is using unparliamentary language that he might wish to withdraw.

Mr. Chairperson: I would ask the honourable member to withdraw the "abuse the truth" from his statement, please.

Mr. Storie: Mr. Chairperson, if "abuse the truth" is an unparliamentary term, I will certainly withdraw it.

Mr. Chairperson: Thank you, Mr. Storie.

* * *

Mr. Gilleshammer: The member is weaving his way through a number of issues, and if specifically he would like to talk about fetal alcohol syndrome, which I think he was getting around to asking a

more direct question on, yes, in the legislation last year a commitment was made to move ahead with some messaging with the advocating—or indicating the dangers of alcohol consumption to women who are pregnant. I do believe that the commission has a responsibility in this area.

* (1040)

We are working not only with the Addictions Foundation. I met recently with a Dr. Bill Jacyk, who I think is known to the member. I am also in the process of having other meetings with groups with an interest in what we can do in terms of messaging about the use of alcohol while pregnant.

At the present time, as the president has indicated, we have a number of pamphlets and posters within the store. We will also be proceeding with some messaging on the packaging of alcohol. There are a number of issues surrounding that. I have had some samples brought forward, and I would hope that in the near future that too will be put in place.

I am told by the commission that once we have found the appropriate messaging for packaging, within a matter of two weeks, that can be put in place, and once I have finished some of this consultation and looked at some of the samples that are being brought forward, we will be moving ahead with that initiative.

Mr. Storie: Well, I appreciate the minister's efforts to move us on to the question of fetal alcohol syndrome because it is an important issue, but I want to go back to the question of our consultant for a minute.

The minister has suggested that he does not have the numbers at hand, but given the fact that the Liquor Commission Board obviously approved the hiring of Arthur Andersen for this study. Given the intimate knowledge of the president of the activities of the Manitoba Liquor Commission, I would like to ask the president if he can tell us, within a few thousand dollars, what Arthur Andersen has received or will receive as a result of its contract?

Mr. Smith: The initial contract has been modified to some extent, but we expect it to be somewhere less than \$25,000.

Mr. Storie: The contract has been modified to require more work, additional work?

Mr. Smith: The contract was modified to extend some of the work, to do a little bit more analysis than what was originally estimated.

Mr. Storie: Mr. Chairperson, in the final analysis what does the Liquor Commission expect to have to pay Arthur Andersen?

Mr. Smith: Somewhat less than \$25,000.

Mr. Storie: So we have \$25,000 that is being used now, at least that is the estimate, for researching a question which the government introduced, without public consultation, which the vast majority, certainly, of Manitobans had not asked for. In fact, when the minister was asked how many people she had seen that were asking for the introduction of wine boutiques, the answer was a handful. At the same time, the government and the Liquor Commission—it sounds like the government is discouraging the Liquor Commission from researching other questions that I think are more important to most Manitobans. So I simply point out that I think that is inconsistent.

Mr. Gilleshammer: I would point out that the government is not discouraging the Liquor Commission from doing research. As the member knows, there are sometimes other agencies doing the same work, and I know that he would not be encouraging the government to duplicate work that is already being done. From time to time in government we do see a number of government departments and agencies working on the periphery of some of the same issues, and it is important that we eliminate some of the duplication when that occurs. Also, at the same time, when there are differing opinions or if there is a lack of information in a certain area it is not unusual for government departments and Crown corporations to go outside their staff resources to have someone else with some expertise come in and bring forth information to either the agency or to government.

Mr. Storie: Is the minister telling me categorically the Addictions Foundation is doing research on fetal alcohol syndrome or fetal alcohol effects?

Mr. Gilleshammer: I am not aware of all of their research projects, but I do know that they have pamphlets which have been sent over to me, and that I will be meeting with them in the near future to review some of the work that they have done so that we can proceed with the messaging that I referenced earlier.

Mr. Storie: Mr. Chairperson, I think pamphlets are a long way from the kind of base research that perhaps we need to get a handle on what the impact is and has been over the last couple of decades in terms of fetal alcohol syndrome.

I had mentioned on a number of occasions that in discussions with regional medical health officers and medical health officers with the federal government that in many communities, remote communities, and communities in northern Manitoba the incidence is alarmingly high, and the consequences are going to be staggering. I do not believe that the Addictions Foundation is doing any primary research whatsoever on this issue, but I will confirm that with the Addictions Foundation myself.

The question is, Mr. Chairperson, what is the Liquor Commission going to do about labelling, about notifying its consumers as it undertook to do as a result of the amendments?

I know that the brewers and the distillers are quite anxious not to have warning labels applied directly to alcohol containers. They met with me at the time that this was proposed, and they have all kinds of anecdotal reports about it being ineffective and so forth in the United States.

The only jurisdiction that applies right now warning labels is the Yukon, and from my discussions with people in the Yukon, including some of the people who were in the government at the time, is that it is effective, that over the long term it does have an impact on peoples' consciousness about alcohol consumption.

The smoking industry in the 1930s and '40s and 1950s and '60s continued to resist putting any kind of warning labels on their cigarette packages. They sued states and individual legislators and so forth every time there was a suggestion that smoking was dangerous.

I do not expect the brewing and the distilling industry to be particularly supportive of warning labels. I do not think that the minister, when he was buying his liquor and signing the little form that he used to have to sign eons ago, would have at that time predicted that smokers would end up being pariahs, that smoking would not be permitted in committee rooms like this.

The fact is that that kind of public awareness, the consciousness that that is damaging, it is not smart to do it, takes a long time to pervade society. Until we get warning labels on individual bottles so people are reminded all the time of the dangers, we are not going to have any kind of successful effort to constrain the consumption of alcohol.

Prices may work for some people, but we all know that, as with cigarettes, price sensitivity only goes so far, and people find alternate means. As the price gets higher with alcohol, we have seen bootlegging increase and probably some making of home-made spirits increase, and so forth, and the potential for that is unlimited.

The point is that we have a chance to slow the consumption, to moderate the consumption of alcohol, and we should do everything in our power to do that. Why the Manitoba Liquor Commission, why the Manitoba government would resist that kind of initiative is beyond me. Can you imagine today any minister of health, federally, standing up and saying, get the—oh, warning, warning, warning on cigarette package, oh, let us not do that.

The fact is, Mr. Chairperson, that over the long haul—[interjection] Well, the member for Portage (Mr. Pallister) says let us lower the taxes. I can tell you that was another brain-dead initiative from a government.

But the point is that we also have an obligation in terms of the health of our kids and the health of our population, and there is no logical reason why the government would not take this initiative, none. There is no logical reason, unless they are simply concerned with the potential loss of revenue to the Manitoba Liquor Commission, and if that is the sole reason why the government does

not undertake the initiative, then that is in itself a sad commentary on the government.

* (1050)

So, Mr. Chairperson, I do not want pamphlets. The people who are concerned about this issue, the medical doctors, many of whom have expressed their views, including the Chief Medical Officer for the Province of Manitoba, want something substantive. They do not want posters. I know there are posters in the washrooms in many alcohol—well, when the posters are in the washroom, that is four beers too late.

The bottom line is—[interjection] Well, for the member for Niakwa (Mr. Reimer) maybe, too. The point is that everything that we can do to prevent the continuing problems that it is creating, we should do. I am just going to say that the minister may continue to talk about the generic things that the commission is doing, the government wants the commission to do. I am saying let us take the real step. Let us put warning labels that are direct, that do not beat about the bush on alcohol containers.

Mr. Gilleshammer: I may surprise my honourable friend, but I do agree with some of what he says. I do think we have a responsibility, and I have indicated we will be moving ahead with some initiative on the packaging.

I have met, and I referenced earlier, with someone who is involved with some thoughts on this initiative last year, and I shared with him some of the samples that I had accumulated so far from a variety of sources. You know, I think the member recognizes that the messaging is for a variety of people out there, some of whom cannot read, some of whom their language is other than English. We are looking at a combination of both symbolism and appropriate language around the type of message that we want to give.

I have heard from a variety of sources what they think might work. Unfortunately, we do not have, in other jurisdictions, a lot of examples that are out there now. We are trying to gather whatever information there is that we feel will be effective. Obviously, if people cannot read or write, we have to use some sort of symbolism. If the language in

some communities is other than English, you know, there is a problem whereby we cannot do that messaging in a variety of languages.

I will tell the member that I agree with much of what he has said, and his analogy to smoking I think is somewhat correct. Canada can be very proud that only about 30 percent of our population smokes. We of course are tremendously concerned with taxation issues that the federal Liberal government has moved on in recent months, which I think are going to show an increase in the use of cigarettes, particularly by young people.

I know other people who do much more travelling than I do have been to countries where some 70 percent of the population is smoking, and I think Canada has done a tremendous job in lowering the number of people who actually smoke in the country. There is in many ways an unseen and unsubstantiated-savings to the health budgets of all the provinces and the federal government. I am just afraid that a lot of this is going to be undone with the modification to the taxes that has taken place by the federal government and the governments of Quebec and Ontario and others.

So again, I am substantially agreeing with the member for Flin Flon (Mr. Storie), and I agree that posters are not enough by themselves, that pamphlets are not enough by themselves. There are real difficulties when products come from such a variety of sources whereby Manitoba is a small recipient of that product and other jurisdictions are not onsite.

I know the member for Flin Flon is going to tell me there are other ways of doing it, and there are. We have made the commitment, when that legislation was passed last year, to look at some messaging on packaging, and we will be proceeding with that. If my honourable friend from Flin Flon even has some ideas on it, I would be happy to receive them from him.

Now, having said that, I would like to also maybe have the president comment on some of the experiences that he would have with other commissions across the country and his knowledge of what is being contemplated or done

that has worked or has not worked in other jurisdictions.

Mr. Smith: Mr. Chairperson, two years ago, in 1992, as a result of a great deal of discussion amongst the Canadian Association of Liquor Jurisdiction, a committee was formed on social responsibility. I was fortunate enough to be the chair for that committee for two years.

The committee met two or three times a year, expanded the committee from liquor jurisdictions to associations of brewers, of distillers and the Canadian wine industry. It had meetings with various health advocacy groups, including the AFM in Manitoba, met with the Medical Association, met with a whole host of groups of people to determine which is the best way to get health warnings on packaging that would be effective.

All the studies out of the United States had indicated that the health warning labels on alcohol were not effective—there are umpteen studies and they are available from the Addictions Foundation—that in fact the initiative that was taken in B.C. to put posters all over licensed premises, et cetera, et cetera, was not effective.

Contrary to your comments, the information that we have from both government and liquor commission people in the Yukon is that the warning labels were not effective because of an illiteracy problem. I guess the big problem is that how do you effectively communicate to an individual who not only has an alcohol consumption problem, but also has other problems including poor nutrition perhaps, the abuse of other substances, has an illiteracy problem and whatever else that goes on? I can assure you we have worked very closely with the native resource group here in Winnipeg dealing with that problem.

Add to that the problem with bootlegging into some of the northern communities that you speak, it is a very complex problem. We at the commission would dearly love to find a solution to any health problem that alcohol can cause, and that is for that reason we work closely with the experts, who are the Addictions Foundation people. We work closely with other jurisdictions across

Canada. We formed partnerships with the Addictions Foundation and other groups to do some things. The development of programs that are occurring across the country will be available to Manitoba on a no-cost basis other than the printing and other production costs, and it is a good alliance in order to keep abreast of these things.

At the same time, we have kept very close to the Health Canada studies that were going on in 1991 and 1992, particularly on fetal alcohol syndrome and effect. Studies were done. Research was done. Symposiums were held and it was clear that warning labels were not the solution, but in fact, education was the key factor that would prevent this preventable disease if you like.

The other difficulty is that the Medical Association cannot agree on what the incidence of fetal alcohol syndrome is, neither here nor in the States nor in the world and that in itself is a major problem. But nevertheless, it is a preventable disease, whether it is one in a hundred or one in a thousand. It is a preventable disease and all the indications that we have from research, from medical associations, from Health Canada, from everybody else, indicates that the best way is through education.

For that reason, we are trying to provide as much educational information to our customers as possible without, I guess, identifying particular groups by going to particular languages or symbols. But we will continue to be abreast of the latest developments, not only here in Canada, but in the world, and we will do everything that we can to provide as much education and as much warning if you like to customers about the health hazards associated with consuming alcohol.

* (1100)

Mr. Storie: Mr. Chairperson, I appreciate those comments and I appreciate the interest of the commission in looking into this question. I just want to suggest to Mr. Smith and the minister that any suggestion right now that warning labels do not work I think is vastly premature. How long have warning labels been applied to cigarette packages? How long have doctors, the Surgeon

General in the United States, been talking about smoking?

We have known, researchers, scientific community, thinking people, for a long time that smoking is dangerous. Smoking causes problems during pregnancy, but to kind of absorb that in the societal sense, takes a long time. On the one hand, the brewers association and distillers and some others are saying education is what we need. Well, what the heck is a warning label on a bottle if it is not education? It is much more direct. [interjection] No, I am not saying that what you are going to see is a dramatic decrease in consumption during pregnancy simply because there is a warning label on the bottle, but common sense tells you that over time if the grandparents and the parents and the brothers and sisters and the friends of people who are consuming alcohol know that it is a problem, over time they will develop a collective conscience that says this is not right, we should not be doing this. It is a long-term prospect.

The Yukon is an example. People I talked to say, yes, it does have an impact. People are talking about it. Maybe the statistics do not show it at this point, but certainly if you have warning labels on bottles over a period of 10 years, most people will know that it is having an impact. Over 20, it may actually change their behaviour because there is a big gap between knowing something is wrong and stopping doing it. That is the nature of human behaviour, but that does not mean that it is not effective.

I do not know how long they have been applying warning labels on alcohol bottles in the United States. I do know that in the case of smoking, thousands and thousands of people knew long before the Surgeon General put the warning on, and then it has taken two decades since that before you saw any effect on social behaviour. That does not mean we should not start doing it.

Mr. Smith referenced the cost. In one community in my constituency there are 30—this is an estimate that comes from school officials—cases of fetal alcohol syndrome with fetal alcohol effect. That is the estimate.

Anybody who has ever had any contact with someone who has full-fledged fetal alcohol syndrome appreciates the cost that society is going to incur to maintain that individual, all of the help, all of the support. I do not know how much we are spending collectively on special needs students right now, but I can tell you that five or 10 or 15 years from now that cost is going to escalate.

The other parallel with smoking is that all of this time, since the 1940s, even though many, many people, scientists and others knew that smoking was dangerous, there was a consensus that it was dangerous, consumption increased. It increased for two decades after those warnings began, and it was only after 20 years of education, of putting the blunt message on there that we actually started to have an impact on the behaviour of people.

It takes a long time. I am simply saying that for the Liquor Commission to dismiss what evidence there is already and, of course, there is no consistency between warning labels, it may take 20 years before we actually see an effect, but every year we delay starting that process we are making a mistake.

I understood from previous discussions with Mr. Smith that the Liquor Commission had estimated that it might cost as much as \$3 million or \$4 million to apply warning labels and warning labels, not only on the product that is produced in Manitoba but applying it at the commission, at our liquor stores in some appropriate way, so \$3 million or \$4 million.

I can assure you that we are spending that much and more every year on special needs kids, and you only have to prevent one case to save a million dollars over a lifetime, if you think that they are going to be on social assistance, they are going to need our support for their lifetime.

It does not take very many cases to be prevented in a year and you will never find them in statistics. You will not be able to report that you have been successful, but it does not take very many cases to save us as a society a lot of money and an individual and a family a lot of grief.

The minister said I will make a suggestion. I make the suggestion that we go back to the warning that was simple and direct. It said: warning, drinking alcohol during pregnancy can cause birth defects.

If you try and mix the message, if you try and prevent all of the ills that are potentially created by alcohol on a warning label, it will not have any effect. It seems to me that keeping it simple and direct may prevent part of the problem. You can use all of the other educational tools at your disposal to try and deal with some of the other effects.

I appreciate that the minister is talking about proceeding. I hope that we have warning labels on alcohol bottles. I hope that the message is direct. I hope that we have it sooner rather than later because every year we delay we are going to pay for it, and families are going to pay for it and individuals are going to pay for it.

We may not be able to measure, you know, the distillers and the brewers and others who are doing research in this field may not be able to measure it, but they probably could not measure the general attitude shift in smoking either until it started to show up. It may take 20 years but let us start now.

Mr. Gilleshammer: Again I would indicate to the member that I appreciate his input and that we will be seeking that input from whatever source that we can to get more information on that, and I would even appreciate if he would table his analysis that says that each case costs government a million dollars. That would be very helpful if he could give that to me, because I think it is evidence that we would like to use in getting a better understanding of the whole issue, and I am sure that if you have any other documentation around that, it could be very helpful for both the commission and myself.

I think I also agree that—

Point of Order

Mr. Storie: Mr. Chairperson, it is, I guess, a coincidence that the current Minister responsible for the Liquor Commission is also a former Minister responsible for Family Services. Given the debilitating nature of fetal alcohol syndrome,

you can assume that someone in society is going to have to care for that individual for their lifetime in effect, and I do not think there is any doubt that even assuming that they were on minimal social assistance, never mind the other supports that they probably need, over a lifetime that would be a million dollars. That is where the figure comes from.

Mr. Chairperson: The honourable member did not have a point of order. It is a dispute over the facts.

* * *

Mr. Gilleshammer: Well, I thank the member for that clarification, that his analysis was an assumption, but I think he is, you know, correct, that in my experience in the Child and Family Services agencies, a lot of the individuals who end up accessing either child welfare or social assistance do have medical problems. Again, it is that kind of data that I think is helpful across departments to bring in programming and allow us to share that with the board and the staff at the commission to give them a better understanding of it. So, again, I would urge him, if he has any information or contribution he would like to make, I would be happy to look at that evidence.

I think the member also has acknowledged that, you know, the type of thrust that we need in terms of having people understand the health risks from alcohol has many dimensions to it. I know he referenced his experience with a poster in the washroom of a hotel or whatever. I think we have got to get that message into the doctors' offices, into the schools, into the health clinics, into the nursing stations and have professional staff in many disciplines, in many jurisdictions carrying that common message, and the education is a combination of all of those things.

It is, you know, I think, foolish to sort of scoff at a poster and pretend that is the only educational initiative that someone is taking to highlight a real health concern, a real health issue. It is when you put the whole package together and see everything that is being done by agencies, by the commission, by schools, hospitals, those professionals who in one way or another, whether it is through the social

services or the Health department or Education department, deal with the children who are victims of alcohol abuse in many ways, that we can decide whether we have got an adequate program or not. So I would encourage the member to look at all of those initiatives in a very broad way, and everything we do can play a small part in providing the appropriate education for those who are at risk. Thank you.

* (1110)

Mr. Kowalski: Yes, I have really enjoyed this discussion. I do not have the benefit of the collective memory of this building as much in coming from a small caucus with limited research capabilities. I do not always have the background that I would like to have on these topics, but I do have some personal experiences with fetal alcohol syndrome. My figure is of \$1.25 million dollars of cost for government services for every child that has full-blown fetal alcohol syndrome. That comes from Val Surbey who runs an organization for parents who have adopted children with fetal alcohol syndrome. [interjection] 1.25 million.

When I look at the profit from the Liquor Control Commission of \$165 million, that it would just hit 165 children, fetal alcohol syndrome, to eat away any government revenues that we get from liquor sales in Manitoba, we have to really question the whole benefit of this revenue.

On the subject of warning labels, the analogy to smoking, I think if we look at who still continues to smoke in Canada, it is teenagers, young women who are the smokers, and who are having—so it shows that for that group warning labels on cigarettes have been ineffective.

Who are having the fetal alcohol syndrome children? It is teenagers, young women, the same group that did not heed the warning labels on cigarette packages. I am cynical that they would heed the warning labels on alcohol packages.

I agree with the minister, education is the key, and an anecdotal incident, as I remember, a 15-year-old girl, who I once arrested, who that morning she had her third child, a fetal alcohol syndrome child, she gave birth. That evening she was out prostituting herself for change to buy sniff

to continue on. Now a warning label on a liquor bottle would not have made a bit of difference.

So if it is going to cost \$3 million or \$4 million for warning labels, is that the best use of that \$3 million or \$4 million? Are there good educational programs for that \$3 million or \$4 million that would be more effective?

Of course, we want to do something, but I do not want to run and just do something. I want to do what is most effective. If we are going to put money into this, I do not know if we have really got the sense of the urgency and importance of this issue. Whether you believe it from a moral and a socially responsible perspective that this is an important issue or even from being fiscally responsible, the cost to this province of fetal alcohol syndrome, not only in Health, not only in Family Services, but in Justice, and in so many different areas, it is just phenomenal, just unbelievable.

I have seen it for 20 years as a police officer. Now we are dealing with the children of the children that I dealt with in the justice system as a result of fetal alcohol syndrome.

So I think going back to what the member for Flin Flon (Mr. Storie) was saying about research, I would like the Liquor Control Commission board to seriously examine the possibility of doing more research into this very important issue, that out of this \$165 million profit would be lessened, of course, if some research was done. But on the other hand, for every child that we stop from having fetal alcohol syndrome we are saving \$1.25 million into the province's general revenues. So it is fiscally responsible to do that type of research.

Just going to the report on page 15 under Disciplinary Action, I noted that there is a drop in disciplinary hearings, a dramatic drop. Can someone from the board tell me what that could be attributed to? Why has there been such a drop in hearings?

Mr. Gilleshammer: I will let Mr. Smith answer the question on the disciplinary hearings, but I welcome the member's contributions and comments on the whole issue of fetal alcohol syndrome and the health costs incurred both in

smoking and in the use of alcohol, and I think the member brings many unique perspectives to the Legislature because of his background as a police officer, just as those who work in the health system or in the education system or if perhaps they had been social workers, come in contact with citizens across the province who have succumbed to either smoking or drinking.

I am interested certainly to see that the member has an open mind on how we do that messaging and how we do that education. If I heard him correctly, he is saying that if we are going to spend \$3 million or \$4 million on labelling on bottles, that we should maybe decide whether that is the best way to spend it.

Maybe there is another way to do that education through some of the institutions that we have and some of the opportunities that we have to talk to young pregnant mothers or young women before they become pregnant because I think it is obvious to most people that the health damage that is done often is done from products that do not come off the shelf of a liquor commission. There are a whole variety of products out there that create the health risks and the health hazards that young people and young expectant mothers get themselves into.

I think that in a time of very scarce dollars where we want to do the best we possibly can in Education and Health and Family Services, the member is quite right in saying we have to examine just where we place those expenditures.

You know it is a little bit of a change, I think, from where the member's party was even a year ago. I welcome that openness and the feeling that we should examine how those dollars are spent and do the best possible job we can do.

On the disciplinary hearings, I would ask Mr. Smith to comment on that.

Mr. Smith: The number of disciplinary hearings has, in fact, decreased because our inspectors have spent a great deal of their time providing education to licensees, not only licensees but to hall owners and permittees which is on the same chart on page 15.

Again, I guess very similar to what we are talking about is the type of education our inspection department has provided to licensees, in particular, has been effective because the number of disciplinary hearings is down.

You will notice that the warning letters and the informal hearings are up slightly. The number of total days suspended is up significantly, primarily because one licensee lost their licence for 30 days because of continued breach of The Liquor Control Act.

We found that working with the licensees from the point of view of education, providing seminars, spending time explaining The Liquor Control Act and the regulations has been very effective.

Mr. Kowalski: I just want to congratulate the chief executive officer for one initiative that I have seen where there was a problem on Main Street with the use of nonpotable substances, and working with the community, working with the police, one solution that was found was to open the liquor stores earlier and sell some cheaper products. So although it was a short-term solution, we still have these people who are addicted to alcohol, but as a result many of the store owners in the area are not being harassed by these people, and I want to congratulate you for that initiative.

* (1120)

The other topic that I wanted to ask is the Conservative government in Alberta went through an experiment—I do not know if it is an experiment, but they have gone to privatization of retail liquor stores, and there have been a number of initiatives from Alberta that have been looked upon by this government.

I am wondering if there have been any studies, any examination? Has this government, does it plan to follow in the footsteps of Ralph Klein in Alberta?

Mr. Gilleshammer: Well, I am not sure how well the member knows the various outlets there are in the province of Manitoba. In much of rural Manitoba, there already is a private delivery system whereby the products from the commission are purchased at a licensed—or a store, sometimes

it is a hardware store or a drugstore or an insurance office. So that change has taken place over the last 20 and 30 years. As far as any further changes, that is a discussion that has not taken place.

I think that every jurisdiction in Canada watches with some interest what other jurisdictions are doing. I know that Mr. Smith and his executive at the commission attend conferences and share information. Over the next three or four or five years, I think the commission will have an opportunity, and the board of the commission will have an opportunity to review how changes in other jurisdictions have taken place.

So the answer is no, we have not had that discussion within government, and we are very pleased with the way that our commission is operating. We have in place the Crown Corporations Council, which reviews all of our Crown agencies. They consistently have brought forward the report that our Manitoba Liquor Control Commission is working well.

The discussion that we got into from the departed member from Flin Flon over some very modest changes that were made last year when legislation was passed to permit the establishment of wine stores is something that this government has committed to, but it should not be seen as any more than that.

Mr. Kowalski: On another subject, microbreweries, the sale of microbrewery products, considering that the First Ministers have met recently and talked about taking down barriers between interprovincial trade and the liquor board's position on the sale of microbrewery products from other provinces, will there be any change in that position?

Mr. Gilleshammer: The member quite correctly has referenced this as a trade issue, and that debate is going on between ministers of Trade involved interprovincially. Our province has consistently advocated the dropping of all barriers between provinces, and there are a number of good examples where we have led the way in interprovincial trade.

Unfortunately, all other provinces have not seen it the same way. So that debate is taking place at

the Trade ministers' level. I guess we—as myself being minister responsible on the board, and the commission—will have to await the outcome of those discussions that take place between the provincial Trade ministers.

Mr. Kowalski: For my information, is beer from the major breweries treated differently for inter-provincial trade than beer from these microbreweries by the Liquor Control Commission?

Mr. Smith: Part of the difficulty—and it is a very complicated one, so I will try to answer it as simply as I can—is that the province to the east of us has set some policies which virtually prohibits beer from any province to enter into their system unless it goes through their warehouse and they are charged a handling fee. This would include any beer that is made in Manitoba by the large breweries which are presently servicing northwestern Ontario.

We wish to protect that business because it is a major part of the brewery business in Manitoba, and so far that has been the case. I guess except for Ontario all of the provinces accept beer that is made in other provinces. In Manitoba we accept beer from B.C., Alberta, Saskatchewan and New Brunswick, but we would like a level playing field and a reciprocal arrangement with the province to the east of us in terms of beer flowing east to west and west to east, but it is a trade issue.

Mr. Kowalski: So this trade issue, the discussions are ongoing. Any expectation of any resolution? Any date that we can expect to see a resolution?

Mr. Gilleshammer: I really do not have any idea of how they are. It would just be speculation. I think there are a lot of issues on the table within provincial trade that those ministers are wrestling with.

Mr. Clif Evans (Interlake): Mr. Chairperson, I will be brief. I just have a few points to make. First of all, I would just like to say and welcome the group here from the Manitoba Liquor Commission. Over the past many years I have had the opportunity to deal with them on a very good basis, I hope.

Being a licensee myself for many years, I have had the opportunity to deal with the Manitoba Liquor Commission. Not always have I agreed with some things, but in general, I think the Liquor Commission has done a very fine job.

I would just like to bring up a point concerning The Liquor Act. I have a copy and I should have perhaps made copies, but something within my constituency has come up and I would like to get some clarification.

We are under the understanding that young people under the age of 18, of course, should not be consuming alcohol. However, there is, under the act, children, if you want to call it, or young people under 18 can indeed consume alcohol if they are with their parents or guardian or spouse on a regulated basis either in a cocktail lounge or restaurant or at home.

Now, a constituent of mine was visiting some people, his girlfriend's place, and had a beer. The parent offered, and there was a general agreement between the two families that you know at home under their supervision if either one wanted to enjoy a beer that so be it. The young fellow on his way home was stopped by the RCMP, on his spot check I presume, and was ticketed. He admitted to having a beer, but was ticketed, and claimed that it was under The Liquor Act.

Now, he was not charged for anything else, was not given a breathalyzer. Yet, he was ticketed and the ticket stated that the ticket was presented under a section of The Liquor Act, and as yet I have not been able to find out exactly—the young fellow is away working and I do not have a copy of the ticket. This is coming from a constituent. It just seems rather odd.

I mean I am not condoning it one little bit that people under the age of 18, you know without proper supervision, should be drinking, nor driving. However, the situation arises that this same young fellow could be with his parents at dinner at a restaurant and have come in two cars and have one beer and is taking his girlfriend home on one side of the block, and his parents go home, and get stopped. What would the charges be?

* (1130)

The claim that I am wondering is that the officer stated that it was under The Liquor Act, and the fine is rather severe, which I guess it should be.

Mr. Smith: I do not want to provide a reply on behalf of the RCMP, but I assume your constituent was a minor, and I assume that the consumption of liquor, of beer, was in the residence of his friends. However, there is a section in the act, and it is 121(5), that says: "Any person under the full age of 18 years who has in his possession or consumes liquor, other than as permitted by this Act, is guilty of an offence."

I gather, if he was asked by the RCMP if he had consumed liquor and he answered in the affirmative, he would be provided some type of citation. I really cannot answer any more than there is a section in the act under which he can be charged.

Mr. Clif Evans: The other side of my concern here again is that there has to be, I guess, some sort of discretion. I mean, the act is there, the law is there, so it is discretionary on the part of the officer, whether it be RCMP or whether it be the City of Winnipeg police or any other police department.

But again, realizing that it is there, situations like this could lead to many of these. Your court again could be full of young people who have been with their parents, you know, total control, and then being charged because this is here. And I say that this should be here because we do see a lot of underage young people drinking more than the one beer, and that is what we are hoping we can stop.

In some certain situations, I guess the fines and/or the ticket or the citation can lead to a future charge for the person or a future record. So if this same young person, if the same thing was to happen three months later, the exact same situation, he is looking at a fine or imprisonment of a term of not more than 18 months.

So where do we get this discretion from? From the law officers or can we—is there anything that can be done? That is what I am asking.

Mr. Gilleshammer: I recognize that as MLAs we are often brought issues to do with the law by our constituents. Sometimes it is good advice for them

to seek help from a lawyer if they are having difficulty with that. But the member's point is well taken.

Mr. Clif Evans: I have done that. I am here just clarifying and making a point with the Liquor Commission that perhaps somehow, between the Liquor Commission and the law enforcement people, there should be some sort of a communiqué or something that can be set down and discussed with them. You know, the future for some of these young people who are just enjoying themselves and the company of either their parents or other people could put them in jeopardy. That is just my point.

Mr. Kowalski: Being presumptuous, I assume that that provision that allows for children under the age of 18 to drink in the company of their parents has the assumption that they will continue to be under the control of their parents while they are under the effects of alcohol. I am assuming that

that is the expectation, that if I am going to allow my child to have a cocktail, to have a glass of wine, to have a beer with me that I will continue to be with my child during the time they are under the effects.

Just for information, I am surprised that looking at the penalty section that it is now a minimum fine of \$500 up to \$10,000. It used to be \$50. When did that change?

Mr. Gilleshammer: I believe that change was made in the legislation passed last year.

Mr. Kowalski: Last year. That is it.

Mr. Chairperson: Shall the March 31, 1993, Annual Report for the Manitoba Liquor Control Commission be passed—pass.

The time is now 11:38 a.m. What is the will of the committee? Committee rise.

COMMITTEE ROSE AT: 11:38 a.m.