



First Session - Thirty-Fifth Legislature
of the
Legislative Assembly of Manitoba

**STANDING COMMITTEE
on
PUBLIC UTILITIES
and
NATURAL RESOURCES**

39 Elizabeth II

*Chairman
Mr. Ben Sveinsen
Constituency of La Verendrye*



VOL. XXXIX No. 2 - 8 p.m., TUESDAY, NOVEMBER 6, 1990



**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
CARR, James	Crescentwood	Liberal
CARSTAIRS, Sharon	River Heights	Liberal
CERILLI, Marianne	Radisson	NDP
CHEEMA, Gulzar	The Maples	Liberal
CHOMIAK, Dave	Kildonan	NDP
CONNERY, Edward, Hon.	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
MANNESSE, Clayton, Hon.	Morris	PC
MARTINDALE, Doug	Burrows	NDP
McALPINE, Gerry	Sturgeon Creek	PC
McCRAE, James, Hon.	Brandon West	PC
McINTOSH, Linda	Assiniboia	PC
MITCHELSON, Bonnie, Hon.	River East	PC
NEUFELD, Harold, Hon.	Rossmere	PC
ORCHARD, Donald, Hon.	Pembina	PC
PENNER, Jack, Hon.	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	Kirkfield Park	PC
STORIE, Jerry	Flin Flon	NDP
SVEINSON, Ben	La Verendrye	PC
VODREY, Rosemary	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

Tuesday, November 6, 1990

TIME — 8 p.m.

LOCATION — Winnipeg, Manitoba

CHAIRMAN — Mr. Ben Sveinson (La Verendrye)

ATTENDANCE - 10 — QUORUM - 6

Members of the Committee present:

Hon. Messrs. Driedger, Enns, McCrae,
Orchard

Messrs. Evans (Interlake), Gaudry, Mrs.
Render, Messrs. Storie, Sveinson, Mrs.
Vodrey

APPEARING:

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

Ms. Irene Hamilton, Vice-President,
Licensing, Manitoba Liquor Control
Commission

MATTERS UNDER DISCUSSION:

Annual Reports of the Manitoba Liquor
Control Commission for the years ended
March 31, 1988, March 31, 1989, and March
31, 1990.

* * *

Mr. Chairman: I call the Standing Committee on
Public Utilities and Natural Resources to order to
consider the Annual Reports of the Manitoba Liquor
Control Commission for the fiscal years ending
March 31, 1988, 1989 and 1990.

First of all, is it the will of the committee to rise at
10 or 10:30? What is the will of the committee?

I would invite the Honourable Minister to make his
opening statement and to introduce the staff present
today.

**Hon. James McCrae (Minister responsible for
the administration of The Liquor Control Act):**
Mr. Chairman, the statement will not be long.
Appearing before you on behalf of the Manitoba

Liquor Control Commission this evening are its new
President and Chief Executive Officer, Mr. Derek
Smith; Mr. Al Ahoff, who is Vice-President of
Finance; Ms. Irene Hamilton, the Vice-President,
Licensing; and Mr. Fred Johnston, Director, Retail
Operations.

* (2005)

The sale of beverage alcohol in Manitoba has
declined since 1986 by almost 11 percent. This is
not unique to Manitoba; it has occurred throughout
the world. This was evident last year when the
commission's annual results for the fiscal year
ended March 31, 1990, showed a decline in sales
revenue by \$6 million, from \$367 million to \$361
million, and a decline in profit by \$4 million, from
\$150 million to \$146 million. In this fiscal year, per
capita sales declined by five percent. We expect this
downward trend to continue into the '90s, mainly
due to a more health and safety conscious society,
cross border importations and, of course, tough
drinking and driving legislation.

The price of product, and in particular spirits and
beer, has received much attention in the past year.
There is a considerable difference between the
price of liquor in Canada and the United States, and
there has been an increasing amount of spirits and
beer brought into Canada, especially in the last
year. This has significantly contributed to the decline
in sales and profits to the Government.

To combat the price of beverage alcohol, the
Government has passed through-supplier
increases over the past three years resulting in
Manitoba prices dropping from the second highest
in Canada to the sixth highest after Alberta, Ontario,
B.C. and Quebec. No increases in commission
profits have resulted in the last three years due to
this policy.

The commission has endeavoured over the years
to provide an excellent variety of both domestic and
imported products, and has recently expanded the
wine boutique at its Grant Park store and opened

wine corners at many other store locations. All of the commission's retail outlets offer an excellent selection of quality products at a wide price range to satisfy not only the consumers' palates, but as important, their pocketbooks.

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

One of the important initiatives that was undertaken in 1989 was the introduction of a recycling program in conjunction with Manitoba Soft Drink Recycling Inc. The commission's focus for the '90s will be on consumer service to the public and to licencees such as restaurants and hotels. That is all I will say at this point.

Mr. Chairman: I would appreciate some guidance from the committee. Will you consider the reports page by page or otherwise?

Mr. Cliff Evans (Interlake): Mr. Chairperson, I think we could just go on a whole basis, not page by page.

* (2010)

Mr. Chairman: Okay, so we will be working on all three and passing as one. I would like to remind all Members that the business before the committee today are the annual reports for the Manitoba Liquor Control Commission for the fiscal years ending March 31, '88, '89, and 1990. I would ask that all lines of questioning be relevant to the three annual reports being considered today.

Mr. Cliff Evans: First of all, I would like to welcome Mr. Smith, congratulate him on his appointment as chief executive officer, and welcome the delegation from the liquor commission to this evening's committee meeting. To you, Mr. Minister, as you mentioned in your opening remarks that revenue is down approximately \$4 million plus, can you tell us what we may foresee as a further loss, or perhaps regaining some of the loss in '90-91?

Mr. McCrae: The projection that the commission is putting forward is profits of \$140 million to \$141 million that represents further decline in the profit of \$4 million to \$5 million.

Mr. Cliff Evans: Where do you see the loss, in the consumption of spirits, in the consumption of beer, wine? Where is the greatest decrease in consumption?

Mr. McCrae: Mr. Chairman, I think with the permission of the committee, it would be a good idea to allow Mr. Smith or other representatives of the commission to answer some of these questions directly. If one of them is prepared to deal with that question, I would invite them to jump in there.

Mr. Derek Smith (President and Chief Executive Officer, Manitoba Liquor Control Commission): Thank you, Mr. Minister. The further decline is mainly due to decline in the consumption, and sale therefore, of both spirits and beer. Wine is almost holding its own, but it is spirits and beer, and spirits is the one product that we make our greatest profit on.

Mr. Cliff Evans: What can we expect from this Government in the plans in dealing with this continuing decline in sales and consumption? What are the plans of the Government to regain the lost revenues as such, whether it be through the liquor commission or other avenues of revenue?

Mr. McCrae: I think what we are seeing is something that has been happening over a few years now, not just in Manitoba but elsewhere. We had reached the point, when I assumed the responsibility for the commission, where we had begun to experience diminishing returns as a result of not only high prices which were in effect but also because of changes in lifestyle and because even before Bill 3 there was a reduced tolerance for drinking and driving activities on our streets and highways. Those were realities in effect when we came along.

Some of those who feel adversely affected by this particular problem are maybe quicker to lay the blame on Bill 3, but the fact is, the same phenomenon is happening elsewhere in this world. Interestingly, I understand that while spirits consumption is on the decline in this part of the world, there is more interest being shown in Europe for spirits. That is something that distillers have told me. In any event, as a revenue source, yes, this is a problem. There are no two ways about that.

Not only are we experiencing declining profits because of the reasons that we have given, but we have also shared in some profits with the hotel and hospitality industry over the past year through the implementation of changes to the discounts for the low-volume discounts and for the reduction in the supplementary licence fees. I think that amounts to close to \$4 million in foregone profits that we have

shared with that industry which needed the help to keep it viable in these difficult times, especially, I suggest, in rural Manitoba, maybe even more especially in southern rural Manitoba where they, through one mechanism or another, find themselves competing with lower priced U.S. beverage alcohol.

Mr. Cliff Evans: On that subject, the rebates that have been implemented and the tax reduction as you say, have you and has the commission been getting a positive response from hoteliers, rural and urban, to the benefits of this? Is it helping the hoteliers, and is the formula that you have implemented working for the hoteliers throughout the province?

* (2015)

Mr. McCrae: I will give a preliminary response, and then maybe Mr. Smith has something to say.

As the Honourable Member would know, any kind of help in difficult times is going to be welcome. Of course, there were some who were experiencing very, very difficult times and would be prone to say, well, it is a little too little and a little too late. I suppose those who were at the lowest ebb, maybe it was too late for some to be actually saved from going under. I think we have enjoyed a pretty positive relationship with not only the restaurant and food association but also the Manitoba Hotel Association.

We as a Government shared in the production of the Marwick study on the difficulties faced by the hotel industry, and as a result of that report, a number of initiatives in addition to the two that I mentioned were brought forward as initiatives this year by our Government and by the commission. There remain agenda items for the hotel industry in terms of assistance for them, and we are in the process of looking at the various requests that are there.

Maybe the present Leader of the Opposition (Mr. Doer) experienced the same thing as I did when he was Minister responsible. The first year they are fairly gentle with the Ministers who attend their annual conventions, and in subsequent years their demands are brought forward. There are demands outstanding, and we propose to continue to look at those demands and to look at the possibilities there are for Government. The Honourable Member knows that those revenues are used to finance very important services provided by Government, and we all have a problem in the face of reduced profits for the commission and reduced consumption.

Mr. Cliff Evans: Mr. Minister, Mr. Manness, the Minister of Finance, I believe, stated that there would not be any tax increase on alcohol this forthcoming year. In light of what is happening and the loss of revenues, would the Government be considering or are they considering a tax increase, and what effect would that have? Does the Minister feel that a tax increase or a tax decrease would help one way or the other as far as your revenues?

Mr. McCrae: There are a number of things to consider in this whole area. The Honourable Member will know of the importance of revenues to the Government and will readily agree that health, education, the construction of highways, social services and all of those things are important, and we need revenue sources in the face of other revenue shortfalls from other sources. You will also know that as a regulator it is our job as a commission not only to distribute and retail alcoholic products but also to try to provide a safe and secure living environment for our people.

Those are just some of the things that have to be considered when we are dealing with decisions that need to be made, but let me suggest that foregoing any tax increases three budgets running is something that has not been able to be said about Governments in this province for a long time. This Government has done that.

* (2020)

This commission has passed through price increases without adding on its margins. Now that has had the effect of taking us to the second highest prices on average in the country to the sixth highest in two and a half years. I recognize what prompts the Honourable Member's questions. I take it that is a difficulty in the industry, and the commission is certainly very well aware of that. I think some of the Honourable Member's former colleagues, if I may call them that, in the hospitality industry, will tell him that there has been a relatively positive working relationship between that industry and this commission. No one is here to say the problems are totally solved, because they are not.

Hon. Albert Driedger (Minister of Highways and Transportation): I wonder if the Minister could repeat the impact it has on Highways. I am very keen. I think I misunderstood. How will the cost increase or decrease in revenues affect my Highways Department?

Mr. McCrae: The Honourable Member for Interlake

(Mr. Evans) has his concerns, and the Minister of Highways and Transportation always has his concerns, and we know what they are. In the years when we are committing ourselves to record expenditures for highway construction to keep our infrastructure in our highway system strong so that we will be ready to accept those economic challenges that will no doubt be there just as soon as this recession recedes, the Minister of Highways and Transportation's priorities are to make sure that Manitobans have adequate highway transportation, a network on which to carry their products and their goods and their services.

I certainly understand the Honourable Minister's concerns, and I am telling him that the profits that are generated by the Manitoba Liquor Control Commission are used to finance those highways, too, and while profits are decreasing, somehow this Government has been able to find the money to finance the programs of the Minister of Highways and Transportation. I hope the answer is satisfactory.

Mr. Cliff Evans: Mr. Minister, on my previous question on the effects that an increase or decrease of taxes would have, I think you might have missed my point. What I am questioning is, with the increase in taxes, do we know for sure that an increase in taxes or a decrease in taxes would affect consumption? Would the consumption be more, be less, be the same? How can we be certain an increase in taxes, if that is the route to go, would have that much more of an effect?

Mr. McCrae: I am not sure if by his question the Honourable Member is advocating tax increases on alcoholic products or tax decreases. He did not make it really clear, but either way I think I mentioned what happens when we carry on and sell alcoholic beverages in our province at a rate that is second highest in the country. Maybe others can be a little more scientific about this than I can, but probably our declining revenues were more dramatic at the second highest prices in the country than they would be at the sixth highest. That seems to me like simple arithmetic, depending on what part of the blame we can place on taxes for decreased consumption, because there are lifestyle changes going on, people are different today than they used to be.

* (2025)

As my colleague, the Honourable Minister of Highways and Transportation (Mr. Driedger), points

out, there is an effect on tourism which we may not be able to measure when we are looking at profits at the Liquor Control Commission, but there are certainly other revenue implications for Government and for people who are living in this province to downturns in the tourist industry. If there is any way for us to be more specific about it, perhaps one of the people from the commission can help me. Have there been any projection studies like that?

Mr. Smith: I do not have the details of the studies, but it is common knowledge that experts have predicted that a decrease in prices will not increase consumption, and hence sales. If we lower prices, we will not see a significant increase in consumption, and I suspect if we raise prices, we might see the opposite.

Mr. Cliff Evans: You mentioned the effect of the border crossing of alcohol. I can say the very heavy travelling back and forth going through the United States and bringing back enormous amounts—and speaking with Mr. Smith on this, it is not small amounts, and as you have mentioned—is there a plan that the Government has or plans to help stop this influx of American liquor across, and when can we see an implementation of any sort of a plan?

Mr. McCrae: Mr. Chairman, we estimate that the importation that the Honourable Member refers to is costing us, in terms of reduced sales, approximately \$6 million, and in terms of profits to the Commission, approximately \$3 million annually, because of the ability of people travelling back and forth to pick up alcoholic beverages south of the border and bring them over and save quite a few dollars, thus costing our commission, thus costing our health care and education Government programs. There are a number of ways by which this problem could be addressed. Certainly the simple way of just reducing prices in Manitoba to levels more competitive with American prices is one way to do it. I do not know how far you go before consumption then becomes a social problem in our society, but that is one way, just reduce prices.

There are a number of other ways including limiting quantities, including increasing of levies at the border, maybe trying to enter into agreements with the federal people on arrangements that have better control. The Honourable Member's question does not refer to the amount that is very hard for us to quantify, and that is the amount of liquor that is actually just smuggled across. Funny, after three

years of no price increases, this is the area we talked most about—the high price of alcohol in Manitoba, when we slipped from second place to sixth place. Nonetheless, we know there is pain out there, and that is a good reason to be discussing these things.

There are a number of options, and the commission and the Government are looking at the options available to them.

Mr. Clif Evans: To expand on that, is there a time frame for this decision or this plan to be put into effect? Are we looking at somewhere down the road, a month or two, or are we looking for a year or two? I am sure everybody is aware that it is growing. We have discussed this. If there are plans that are being proposed, if there are plans to be implemented, do we have a time frame for it, or are we just waiting?

Mr. McCrae: I will answer it this way. If there are plans or proposals to be announced, such plans or proposals that might be announced would be announced in due course or at an appropriate time. Not that many Opposition Members are satisfied with an answer like that.

Mr. Clif Evans: We are talking of the tax and effect of the lower prices in Manitoba dropping from second highest to sixth. If I may ask, what effect is the proposed GST going to have on prices? What effect will that put on the—

Mr. McCrae: Mr. Chairman, the people at the commission advised me that the GST will have a minimal impact or effect on the cost of beverage alcohol. Provincial sales tax will be applied equally to selling prices, as will the GST. There will be no piggybacking as per our Government's policy. Beer prices will increase due to increase in federal excise tax by approximately 20 cents a dozen.

Mr. Clif Evans: If I may ask Mr. Smith on some policy changes, the liquor commission put into effect a new licensing structure. I am just interested in knowing if this new structure has had any effects within the commission and within the different licences that are being issued, any problems with it. Is this new structure working out to your desire?

* (2030)

Mr. Smith: In response to your question, the changes that were put through were strictly to simplify the administrative process. They were really not significant changes. However, there have been some positive remarks from the industry. I think, all in all, it has been a positive one, but it really

has not been a significant one. It strictly had been an administrative one.

Mr. Clif Evans: On reading last year's report and looking at this year's report, last year it was mentioned that with the recycling tax, the liquor commission expected a revenue of \$1.2 million with perhaps a \$2 million tax to come in effect for '90-91, I believe, yet I see in the report that the tax brought in \$900,000-and-some-odd. Could you tell me on your recycling policy, if there is one being put forth, how much of that approximately \$1 million is going towards the recycling studies or proposals that may be in place?

Mr. McCrae: Mr. Chairman, the revenues the Honourable Member refers to are turned over to the Finance Department, and decisions about money spent for the environment are made through the Department of the Environment.

Mr. Clif Evans: Can the Minister tell me approximately how much in the last two years of that revenue has been used toward recyclable policies?

Mr. McCrae: I can only suggest that you might raise that question with the Minister of the Environment (Mr. Cummings) during his Estimates. There has been a cost in relation to this to the MLCC of \$90,000.00. I do not think that is what the Honourable Member is asking. I think he is asking how that money is being spent. I can only suggest he ask the Minister of the Environment at Estimates time.

Mr. Clif Evans: Does the liquor commission have a policy? I know I have spoken to Mr. Smith on this. I would like him to perhaps elaborate here on a proposed policy for recycling of glass bottles through the liquor commission and through depots, whether it be in urban. I understand there are some urban depots that are available, but is there a chance of an increase in those depots, what is the feasibility of it, and what of rural depots being put in place?

Mr. McCrae: I will ask Mr. Smith in a moment maybe to itemize where our rural depots are located in the province. It has been some time since I discussed this one with him as to the actual locations of those, but the MLCC initiated in conjunction with Manitoba Soft Drink Recycling a collection service for major licences and brochures encouraging the public to return glass and aluminum containers to pick-up depots in the City of Winnipeg. I know there is a depot in Brandon, and that is the one they operate

on Saturdays. I will ask Mr. Smith if he can shed any more light on that program.

Mr. Smith: Unfortunately, I do not have the details exactly where the depots are, but I know that we are concentrating to expand the depots into rural Manitoba. I do have some statistics that show that in Winnipeg—and this is strictly for glass at the present time—the amount that has been recycled from Winnipeg exceeds 10 percent of our glass issues, and that is primarily spirit and wine bottles, is 79 percent. The North is 3.3 percent, and others in excess of 17 percent, but because of the population in Winnipeg we have concentrated to promote the program initially in Winnipeg. We are now moving as we did this summer, into the rural areas.

Mr. Cliff Evans: Dealing with another subject, I notice in your strategies and in your reports the implementation and the changing store structures, closing down of some perhaps, improving others perhaps. What does the commission have as plans for the future for their stores to aid or to benefit the customer in liquor purchases at their stores?

Mr. McCrae: I think it is safe to say, Mr. Chairman, there has been no change in the policy of the commission in the sense that the commission and the Government feel that when you run an operation that is virtually a monopoly in many parts of our province, you owe it to the public to provide courteous service, attractive surroundings and an efficient operation. With some of the things I mentioned in my opening comments and improvements made to various stores in the province, I think we have a good and progressive policy, unlike some suggestions made in the last Legislature, not necessarily designed to enhance the wish of people to buy more liquor, but we owe it, since we are the only show in town in many, many communities, to the people of Manitoba to do a good job of marketing high quality beer, wine and spirits who want to buy those things.

Mr. Cliff Evans: Can the chairman tell me, and I apologize that I am not aware of numbers as such, of closure of vendors in the last year, and is the commission looking at privatization of certain areas and certain liquor vendors?

Mr. McCrae: Just for the information of the Honourable Member, the chairman is not here. The chairman is out tonight attending a Crown accountability public forum. The Manitoba Liquor

Control Commission is out there facing the public tonight as we speak. I think you meant the president and I understand that, but I thought that was an opportunity to tell you that as an open Government, our commission, our chairman and other representatives of the commission are out dialoguing with the public tonight.

Now, the question was how many liquor stores have closed, and I take it none have closed since I came to this position. You mentioned vendors. I am sorry, I have misled the Honourable Member. One store has closed in the last three years, and I do not have any figures on the—none have closed this year, but I do not have any numbers on the situation with vendors at my disposal tonight. Perhaps that information can be obtained and made available for the Honourable Member.

Mr. Cliff Evans: I am sorry, I never heard what Mr. Smith—

Mr. McCrae: The indication I have from Mr. Smith is that information might be obtained quite soon. Is that correct, Mr. Smith? Oh, Mr. Smith does have that information right now.

Mr. Smith: In regard to the closures of liquor vendors, which is the other part of our business, there have been some closures, but these have been strictly where there has been no need to reopen them, the vendors have decided not to continue the liquor vendor business, and there has been no need to reopen the vendor in that particular section of town. I think there have only been one or two, and they have been rare and very isolated communities, but generally speaking, the number of vendors that we have had in the past continue.

Mr. Cliff Evans: If I might ask him again—it is because of lack of knowledge of it—the liquor vendor in Fisher Branch, is it still shut down or has it been reopened?

Mr. Smith: Mr. Evans, that was one of the stores we closed either last year or the year before. It was converted into a liquor vendor, and that vendor still exists to this day and is operating.

Mr. Cliff Evans: It shows you how much I go to the liquor vendor.

On some commission policies, in the past meetings with the hotel association, I would like to ask some questions regarding that. I was unable to attend those sessions, and I ask the Minister and the staff to bear with me on some of the questions

that I may be raising. The Sunday opening was brought up, I am sure, by the hotel association. I would like the Minister's opinion and Mr. Smith's opinion on what they are, if anything, doing with the request from the hotel association on that.

Mr. McCrae: I indicated to the members of the hotel association gathered in the hotel downtown here recently that the requests that they were putting forward for consideration by our Government would indeed be given consideration. I indicated that anything requiring legislative change would not likely happen at this Session, and that is basically where it was left at the end of that meeting. It might be interesting to know the Honourable Member's position on that.

Mr. Cliff Evans: My personal opinion on that, is that what you are asking? I am afraid that I am not in a position to answer that or give my opinion on that. I am asking what your opinion is at this time. When the time comes for it to be implemented or not, I will raise my points on it. Again the drinking age has been questioned by some organizations. Has the Minister been contacted, has the commission been contacted as to looking at the problem, if it is such a problem, of increasing the drinking age within this province, and has he been approached on that?

Mr. McCrae: I think very often in my travels as Minister of Justice, talking about drinking and driving and suspended driving, that issue comes up occasionally when I do those travels. I am very often disposed to come to the defence of the young people of Manitoba who have demonstrated quite a mature attitude about drinking and driving in the '80s and '90s. As a matter of fact, many, many of our high schools in our province in recent years have been getting involved in safe grads, they have TADD, Teens Against Drinking and Driving chapters in a large majority of the high schools in this province.

* (2040)

In addition, the statistics relating to drinking and driving show that drivers in the age group of 16 to 24 are not, as many would think, the worst offenders in the sense of drinking and driving. Indeed, the worst offenders are those people between 24 and 35. The evidence seems clear to me that public education programs which this Government has undertaken and others have been involved in, including the beverage industry, insurance companies and others, have raised the level of awareness about responsible drinking in our

province. Consumption is down. I am not convinced that today with education programs going on in our high schools as well, that a change in the drinking age is indicated at this time.

Mr. Cliff Evans: On that note, with the educating of the public on drinking and driving and consumption, could the Minister tell me approximately the percentage of revenues that are spent on educating the people, the young and the high school throughout the province, educating them on drinking and driving?

Mr. McCrae: A very difficult question to answer in dollars and cents. I see the Honourable Member for Flin Flon (Mr. Storie) is here and knows, as a former member of the teaching profession, that a lot of education goes on as part of other curricula, and there are special programs. There are public education programs put out by my Department of Justice, the Manitoba Liquor Control Commission has shared in the financing of some public education programs, the Department of Health through the AFM. There are very many agencies involved in this. I do not have a compilation of the figures spent each year by each and every agency, so it is difficult.

What I can say is that the results are showing. For example, we know from a survey not too long ago, a large number of Manitobans are aware of the new drinking and driving rules, a very large number are aware that there have been changes in our drinking and driving rules, and a very large number are aware also that we have the toughest regime in the country. That tells me that whatever dollars have been spent or whatever has been done has been working, and in this regard there is an awful lot of free advertising.

Throughout the debate on Bill 3, the position that the Liberal Party of Manitoba took on the issue initially and other aspects of the debate have been well covered in the printed media and in the electronic media, and the awareness is there. For example, it did not cost the Government any money to run the messages that you see on television and hear on the radio. Those were paid for by the Broadcasting Association of Manitoba, \$350,000 a year for that. That is pretty good corporate citizenship, not only on the part of those who are producing those messages, but those media outlets writing stories, features and so on. Whether it is for or against Bill 3, it is doing a service, because it is

talking about the issue and raising awareness, and we appreciate it.

Mr. Cliff Evans: I would like to ask Mr. Smith or staff of The Liquor Control Act, I have before me strategies that have been put forth by the liquor commission: Rewrite The Liquor Control Act in a clear and organized fashion, eliminating the outdated, the obscure and the ambiguous.

Can Mr. Smith or his staff elaborate as to what changes, if any, have been made in the liquor Act?

Mr. McCrae: About one-third of the content of The Manitoba Liquor Control Act was revised in 1987 under the previous administration, and that was part of an ongoing revision process, taking out anachronisms and language that does not work in this day and age. That process continues.

Through the re-enactment process which came to us as a result of directions given to us by the Supreme Court of Canada in 1985, all our laws have been re-enacted in both English and French, and certain changes were made to our whole body of laws to bring us to a modern body of laws that we now have. Now, that was not a complete revision, because certain parts of the re-enactment process were confined only to the re-enactment process in terms of cleaning up legislation, taking out words that are not in vogue anymore, taking out spent provisions and those types of things. We are talking about two processes, the one that the MLCC has been undertaking and bringing forward to the Legislature, but also those changes which would have happened through the re-enactment process.

Mr. Cliff Evans: Could the Minister tell me, in rewriting the Act itself and going through some of the obscurities as they state, I think that one that may have been taken out some time ago—and again I could be wrong on my recollection of the previous Act—on determining licences and amount of licences per population, per areas—could the Minister—

Mr. McCrae: If I may, I think I know what the Honourable Member is talking about from a conversation I just overheard.

I think the changes the Honourable Member is talking about refer to beer parlours, and at the time that those changes were made, there were two beer parlours in the province affected by those changes. Now, unless we are talking about different things—

Mr. Chairman: Mr. Evans, would you like to finish your question?

Mr. Cliff Evans: Yes, thank you, Mr. Chairperson. On licences and the application of licences for certain areas where licences perhaps are in place, due to decline of population, is the commission and the Minister looking at how to determine whether a licence should be granted, can be granted in an area where perhaps a licence may not be necessary?

Mr. McCrae: I think I am going to defer, if I may, to Ms. Irene Hamilton, our Vice-President responsible for Licensing, who might be able to fill in some blanks for me here.

Ms. Irene Hamilton (Vice-President, Licensing, Manitoba Liquor Control Commission): There was at one point in time a provision in the Act that did specifically delineate the number of licences in any particular municipality based on population, but that was in reference to beer parlours. That was deleted at a time when the beer parlour licence was quite obsolete. Since then, it has been the position of the Licensing Board and the commission, when considering applications for licence, to look at the needs of the community. As long as there is a community need, they have not taken the position that those licences will not be approved based on competition from other licencees.

Mr. Cliff Evans: Community needs—is that needs of the people of the community? Is that needs for tourism? Who are the needs for when you say “needs of the community”?

* (2050)

Ms. Hamilton: There are a variety of factors that are taken into consideration, and certainly it is a decision that the Licensing Board makes when considering each application. I do not think they are comparable one to another, to be able to answer specifically with regard to the overall licensing process.

Mr. Cliff Evans: In conjunction with Bill 3, if I may, Bill 3 is, as the Minister said, one of the tougher laws in this country, and I sure appreciate the implementation. However, on one hand we are saying do not drink and drive, watch your consumption. On the other hand, we see licences put in place in areas where perhaps there is no community need. Are we trying to help ourselves in one way with a tough drinking and driving regulation, and on the other hand, are we trying to keep the

consumption open by overlicensing or adding licences or granting licences in areas?

I guess the other point is regulation, and on the other hand, are we trying to keep the consumption open by overlicensing or adding licences or granting licences in areas? The point that I may make, which the Minister of the Liquor Commission (Mr. McCrae) may agree with, is on the one hand we are trying to do one thing, and on the other hand we are overlicensing, and we are also allowing, be it the choice of a proprietor, for lower prices of drinks. I would like to tie that in. I hope the Minister understands what I am trying to get to.

What I am asking: Is the commission and is the Minister going to look at or do they propose to look at the fact that—perhaps we should go back to the report from the commission that was taken out in the liquor Act to see whether there is such a necessity for overlicensing in areas, whether it be urban or rural. I do not feel that implementing or giving out licences is going to bring the consumption of alcohol down any less.

Mr. McCrae: Before I answer the last part of the Honourable Member's question, I just want to make a point. He said at one point that we were concerned about drinking and driving and he said watch your consumption. I only say that in relation to Bill 3 with relation to drinking and driving. I have never, ever been one to moralize on the issue or to take away one's individual freedom of choice as to the amount one wants to consume. That is not my business. If you are of legal drinking age, you are entitled to make choices for yourself.

The message is very clear. Drinking and driving is going to be the subject of pretty serious sanctions. That is not a matter of my trying to tell people or our Government trying to tell people what they should or should not do in terms of their drinking habits. It never has been. We are just saying do not drink and drive, do not drink to excess and drive.

The other question the Honourable Member raises is about licensing. Here again, I would prefer to defer the discussion of this to Ms. Hamilton. We have a liquor Licensing Board. It operates by certain criteria. It may be that the Honourable Member and the board do not see eye to eye on every detail of a criterion for the granting of licences in this province, but if there is something specific that the Honourable Member wants to raise, we will be happy to address it.

Mr. Cliff Evans: I did not. Perhaps my use of words on the consumption—

Mr. McCrae: Popular perception, I know it is, but the fact is as I put it.

Mr. Cliff Evans: I again question the fact that again we have a tough drinking and driving law put in place. On the other hand, you are opening the doors, in a way, to the amounts of licences that are made available to all the people. When you get this, you are going to get, as is happening now, and taking from one of the local newspapers, the fact that drinks are being sold at ridiculously low prices with really no control. Now I know the licence is issued to the proprietor, and he does what he can in these days to bring business in, but it seems to me, as far as liquor prices go, how do we try and control drinking and driving on one hand and have establishments selling their liquor at 25, 30 or five cents a container for whatever they are selling?

Mr. McCrae: I sense déjà vu. I recall the Honourable Member's predecessor as critic for the Manitoba Liquor Control Commission making quite an issue out of the fact that I, as Minister attended a luncheon for the unveiling of a new alcoholic beverage product and trying to make the point that here I was trying to push this on the public.

The other thing his predecessor did was to make quite a fuss about the fact that, out of a wish to provide a proper service to people in our liquor commission stores, we would actually allow people to imbibe a thimbleful of wine. The suggestion was made that we should roll up the Alertmobile out in front of the liquor stores so that we could catch people impaired after drinking a thimbleful of wine. It all seems to be coming back to me, and you know that argument never worked for the Honourable Member's predecessor. It is not going to work for him either.

* (2100)

Mr. Cliff Evans: I am not bringing back anything to you. I ask only one specific question, and perhaps I am asking a question, perhaps I am asking also an opinion, that the job on one hand is to control the people from drinking and then driving. Right on the other hand, on the same situation, here we are through licences, extras I may feel, extra licences, and again the prices of drinks going down, does the Minister himself not feel that this may create a problem?

Mr. McCrae: Here again, Mr. Chairman, the Honourable Member says that as a Government we are trying to control people drinking and driving. We think people should control themselves. We do not think as Government that we have any business controlling people. Here is the Member missing the point on that part of his question. He is trying not to miss that point, but he is just the same. I am not here to tell people how much they should be consuming.

Indeed the people are telling us through our profit picture, we know, that their habits are changing and consumption is decreasing. Now there are some pluses and minuses to that particular scenario. Please understand that I am not here to control people. As long as people understand the rules of the road, we are not going to have any problems with a misunderstanding. It is a very simple proposition. It is not a question of me controlling or this Government controlling.

Now you bring in the issue of licences. Maybe the Honourable Member is putting this forward as a concern, which I understand is an issue between the hotel association as well, and the Manitoba Liquor Control Commission. It is interesting that the Honourable Member has actually found himself on the side of the hotel association on that particular issue it appears.

Mr. Cliff Evans: I am not on anybody's side right now. I am here just bringing points up that I feel strongly about. I do not have any further questions at this point.

Mr. Jerry Storie (Flin Flon): Just a couple of questions—some interesting information in the '89-90 annual report.

A question to the president or perhaps Ms. Hamilton in terms of income for the commission: Has there been any increase in the occasional permit fees, those kinds of fees, over the last year?

Mr. McCrae: I am informed not since August 1, 1987.

Mr. Storie: Mr. Chairperson, it is also I think clear from the report, and it reflects the fact that we have seen a decrease in consumption, that the number of new establishments has also been curtailed, and in the last couple of years the number of establishments has been relatively steady. If you compare '89 to '90, there are very few changes. Perhaps the biggest change has been in sports facilities, but if you look at the number of

investigations and inspections, in virtually every case, while there has been no increase, and a decrease in some areas, the number of inspections has increased fairly significantly.

The inspections for occasional permits are up 10 percent, the inspection of banquet halls is up almost 100 percent, inspection at hotels is up significantly, beer vendors are up significantly, sacramental wine inspections up from four to 29. What is going on, Mr. Minister? Perhaps we can have an explanation for the 3,000 percent increase in the inspection of sacramental wine in the province. Are we harassing our sacred institutions now?

Mr. McCrae: Those inspections, Mr. Chairman, relate to those who supply to the churches, so I can put the Honourable Member immediately at his ease.

Mr. Storie: If I can put my grand inquisition epitaph to rest—

Mr. McCrae: If I can just finish, I remember in May 1989, when we announced our drinking and driving countermeasures, one of them was to be more vigilant with inspections, and these figures may indeed reflect that emphasis on that particular policy. It also reflects auxiliary inspectors who are out there assisting inspectors, and perhaps Mr. Smith or Ms. Hamilton can give a better description of that program. For instance, if you look at 1989 and then 1990 at banquet halls, inspections and investigations increased fairly dramatically.

Mr. Storie: Yes, I had noticed that the number of inspections had increased. I also noticed that they increased in cabarets, private clubs, and yet while we see a 25 percent increase in the number of sports facilities, ironically we have seen a decrease, one of the few decreases, in inspections in sports facilities. I wanted to weigh that against what has been happening in terms of discipline. While we are seeing more inspections in the same number of facilities, we have seen a fairly significant drop in the disciplinary undertakings or disciplinary actions of the committee, and I would like to know whether that means that our licencees are behaving better. Have we changed the standards? Are we becoming more lax, more lenient?

Mr. McCrae: The commission plays a very responsible role in our distribution in the whole liquor scene in Manitoba. I think the increase in the number of inspections probably also plays an education role and perhaps a deterrence role as

well. Infractions are going to go down, perhaps, with an increase in education and an increase in inspections, perhaps a more positive relationship between representatives of the commission and licencees and permittees.

Mr. Storie: There are really some quite interesting statistics. In the suspension of privileges there has been a drop of about 30 percent, and yet in the total days suspended there has been an increase from 50 to 300 days. Did someone do something very, very wrong, or why is that statistic so out of whack?

Mr. McCrae: That statistic very likely reflects a very, very small number of incidents, and perhaps quite serious. I think it should be noted though that this is exactly the kind of thing that we see in this report, that the Opposition in the early days of the debate on drinking and driving were urging upon the Government and the commission.

* (2110)

Mr. Storie: I have only one other philosophical policy question. My colleague from Interlake touched on it tangentially. That is the question of whether the commission is interested or is pursuing or musing on the possibility of introducing a neighbourhood pub kind of concept, something that had been discussed off and on by the commission and by Governments over the years. -(interjection)- Like a garden party, only in Emerson—Steinbach, I am sorry.

What I am referring to—we are concerned about drinking and driving clearly. While the Government—and I appreciate the Minister's comments that he has no intention to dictate the personal activity of any individual, however, everyone must take responsibility for his or her own action, and there have to be consequences. Bill 3 is a good first step, but if we are to encourage people also to enjoy themselves, to encourage communities and people to get together and share good times together, why can we not introduce something like a neighbourhood pub concept where people do not have to drive 50 miles to a great big barn and have loud music played to annoy them, at least us old-timers, I should say?

Mr. McCrae: I think the Honourable Member can speak for himself on that last comment.

This matter has been raised with me, but I cannot say it has been raised very often. In fact, I am told by the commission that the interest in this particular

concept is decreasing. Maybe one of the reasons is that everyone likes the concept of a neighbourhood pub, maybe it even has a multicultural favour or something to it, but as long as it is not in your neighbourhood. That seems to be one of the problems associated with it, but I am told that the inquiries about that coming forward to the commission are on the decline.

Mr. Storie: The inquiries are on the decline, but at present there is no licence under which someone could operate such an establishment, or am I wrong? The only way you could find out if it would function would be to offer up that kind of alternative. I was only being half-facetious when I talked about really what we are encouraging by the way we have established and the rules that we have governing alcohol consumption in the province where you have a number of choices, but there may be a number of more choices that might reduce the number of people who are tempted to drink and drive as a first-case scenario.

Mr. McCrae: I hear what the Honourable Member for Flin Flon is saying, but I also listened to the Honourable Member for Interlake a little while ago who is making this quite opposite kind of case, so what would our friends in the hotel industry who are already really experiencing some pressures—is this the time to be looking at neighbourhood pubs when we are going to be operating in direct competition to those operations in our province that are already, some of them almost to their knees? There may be another day when this matter can come up again and we can discuss it again, but in this very interesting portfolio, I found there is quite a balancing act to be played not only on the business end of it but on the consumption and control end of it, and it is very interesting and challenging.

Mr. Storie: Just one other comment in this area, I do not see any inconsistency in what my colleague from Interlake was saying and what I had said. The fact is that the situations are not analogous at all. We are talking about some situations where there is a very confined, small market where people are allowed, perhaps quite rightly, to proceed as they see in their best interests and invest their own money in establishing a licensable restaurant or whatever, and a place where there is a substantially larger market where the potential for smaller establishments may work.

Mr. McCrae: I think it is very nice to have both sides

of the story on the table, but it is extra nice for me to hear it from two Members of the same Party. I think this topic would require further study, consultation and examination before the commission would get serious at looking at it.

Mr. Storie: Mr. Chairperson, when the Minister provided us with his opening remarks he mentioned, or perhaps in answer to my colleague's question, my colleagues indicated that we anticipate a further decline of five or six percent or in that neighbourhood in the coming year, and I am wondering whether the provincial Government has approached the federal Government to discuss the issue of excise taxes on alcohol. It is my understanding that the federal Government may be planning again to increase the excise tax on alcohol, and I have heard this from licencees in northern Manitoba.

Mr. McCrae: I recall when we could see profits declining for maybe the second year in a row, or maybe it was the first year, but making our problems known to federal representatives and being told by them that there was a recognition on the part of their Government as well as our own of that problem, and subsequent budgets I think have borne out that they recognize the difficulty and have foregone the opportunity to increase taxes, just as our Minister of Finance (Mr. Manness) has now done three times in a row.

Mr. Storie: The only other thing that the Minister has not, or we have not discussed as a committee is the

relationship between a decrease in consumption and savings in the health field, savings on the insurance side, Autopac collision, property damage, that kind of thing. There was a recent suggestion from some other U.S. jurisdiction where there was a correlation, and every time you increase the price of alcohol, you directly reduce the cost of health. Have we ever attempted to do any direct correlation between consumption and hospital costs? Have we done it in Manitoba?

Mr. McCrae: I could very well be corrected by commission representatives here, but I do not think the commission does things like that. More likely, if there was an information-gathering branch of the AFM or the Department of Health or something like that, that question might be put to those people, but the commission does not keep that kind of research going.

Mr. Chairman: Shall the Annual Report for the Manitoba Liquor Control Commission for the fiscal year ending March 31, 1988, pass—pass.

Shall the Annual Report for the Manitoba Liquor Control Commission for the fiscal year ending March 31, 1989, pass—pass.

Shall the Annual Report for the Manitoba Liquor Control Commission for the fiscal year ending March 31, 1990, pass—pass.

The time being 9:20, the committee will rise.

COMMITTEE ROSE AT: 9:20 p.m.