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Legislative Assembly of Manitoba

STANDING COMMITTEE
on
PUBLIC UTILITIES
and
NATURAL RESOURCES

42 Elizabeth II

Chairperson
Mr. Marcel Laurendeau
Constituency of St. Norbert



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MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Fifth Legislature

Members, Constituencies and Political Affiliation

| NAME | CONSTITUENCY | PARTY |
|----------------------------|--------------------|---------|
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| BARRETT, Becky | Wellington | NDP |
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LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON
PUBLIC UTILITIES AND NATURAL RESOURCES

Wednesday, July 7, 1993

TIME — 5 p.m.

LOCATION — Winnipeg, Manitoba

CHAIRPERSON — Mr. Marcel Laurendeau (St. Norbert)

ATTENDANCE - 10 — QUORUM - 6

Members of the Committee present:

Hon. Messrs. Cummings, Gilleshammer, Mrs. McIntosh,

Mrs. Dacquay, Messrs. Dewar, Lamoureux, Laurendeau, Pallister, Storie, Sveinson

WITNESSES:

Derek Smith, President and CEO, Manitoba Liquor Control Commission

MATTER UNDER DISCUSSION:

Manitoba Liquor Control Commission - Annual Report for March 31, 1992

* * *

Mr. Chairperson: Will the committee on the Manitoba Liquor Control Commission for the fiscal year ending March 31, 1992, please come to order.

For the committee's information, copies of the annual report are available in front of me. I invite the honourable minister to make her opening statements and introduce the staff present this afternoon.

Hon. Linda McIntosh (Minister of Consumer and Corporate Affairs): I will keep my opening remarks brief. I would like to begin by introducing the staff from the Manitoba Liquor Control Commission who are with us today, beginning with our president and chief executive officer, Derek Smith, who is known to many of you, I believe. Sitting behind Mr. Smith, we have Maureen Spire, who is the manager of Inspection Services, and next to Maureen, we have Bill Fawcett, who is the controller for the commission. These staff members are here to assist with any technical questions you might have, administration and so on. I will not go into too much detail.

I would like to point out to the members of the committee that page 4 of the annual report is the president's submission to the chairman of the board, Mr. Birt. I believe that it highlights quite nicely some of the more pertinent things that have happened during that particular year and that are covered in the report. We return annually to the government of Manitoba revenues from sales of liquor; at the same time we have a mandate to provide good customer service and good control of potentially intoxicating substances.

I think you will have noticed if you have been in the liquor stores that the service has been steadily improving and with much more emphasis on customer service in the stores. As well we liaise with members of the hospitality industry; the staff at the liquor commission is in constant touch with those who sell liquor in the province, either as licensees through people who run beverage rooms, restaurants or stores, the private liquor stores and beer vendor outlets. I will not say too much more than that, because I believe the questions coming from the committee members may elicit the specific information that they are interested in.

* (1710)

Mr. Chairperson: I would like to thank the minister for her comments. Does the critic for the official opposition party have an opening statement?

Mr. Jerry Storie (Flin Flon): Yes, just a few comments. I want to, I guess, thank staff particularly for being here on such short notice. It is not often we get to co-operate so effectively. I guess we are hoping that this will be a relatively straightforward committee sitting.

I guess, in terms of the overall, reading through the annual report, it struck me that sales had declined. You are reporting something like \$9 million less in sales, and it seems to me that only a year ago and perhaps on an ongoing basis, the commission has been involved in customer relations training. One of the things that I was

concerned about, and I think I commented on last time, was upselling. It was one of the issues that was raised in some sort of a customer relations background paper for commission staff saying, if someone comes in you sell them the \$7 wine as opposed to the \$3 wine. I am wondering why we are seeing a decline of this sort. We will want to get into that and explore what is happening here in terms of the industry.

Obviously, the economy is playing a role in this, and I note that there are 16 fewer licensed hotels. I guess there are 16. There are 16 that have either not renewed or terminated their licence. I am wondering whether that is attributed to the general economic circumstances or is there some sort of realignment going on in the industry, and I am wondering if the commission has looked into that issue.

Clearly, there have been, as well, a series of amendments to The Liquor Control Act, many of which have really liberalized what are quite archaic liquor laws in the province. I would have assumed that, given the liberalization of the liquor laws generally, given the training that staff have undertaken, that we would have actually seen an increase in the sale of wine and spirits and beer—wine and spirits in particular, because of the staff training involved. I would like to know, and maybe the staff can prepare some sort of response on what the training has been, whether there is an evaluation of the training, some sort of assessment of its effectiveness.

As well, the government has decided to, as a matter of policy and as an amendment to The Liquor Control Act, introduce specialty wine boutiques. I know the commission, over the last many years, a decade or so probably, has worked very hard to establish its own boutiques and to build up their reputation. I will be wanting to know what ramifications the commission sees on its own stores, its own staff from this new arrangement. Certainly, from I think any perspective, it is going to change some of the purchasing patterns that the commission now takes for granted. So we are going to want to know what kind of an impact that is going to have.

Other than that, Mr. Chairperson, it is nice to see that the revenue from the Liquor Commission continues to flow into our coffers, and we only hope that we are not doing more damage than we are

good, but of course that is more of a, I suppose, subjective judgment.

Those are my comments. I would like to get into some specific questions after my colleague comments.

Mr. Chairperson: Thank you for those comments, Mr. Storie. Does the critic for the second opposition party have an opening statement?

Mr. Kevin Lamoureux (Inkster): Yes, Mr. Chairperson, very briefly, the member for Flin Flon made reference to legislation that is now before us, and no doubt, this is going to have somewhat of an impact on the commission, and it would be interesting to venture in in terms of how the commission is going to be changing to meet with what the legislation is requesting.

From what I understand, things such as the authorization in terms of what is being put onto walls or the decorum of some of the establishments that are out there. The possibilities of—and no doubt when we get into the clause-by-clause discussion, we will get further explanation from the minister responsible—what is going to be the impact of having other outlets selling, whether it is wine or to what extent that it is exactly going to be.

I am also concerned in terms of the whole issue of free trade, if we can say—and there seems to be a lot of streamlining, competition—where the commission is getting its alcohol from. Does it believe that the market, that Manitoba is going to continue to be a major supplier? How does that fit in to a certain degree anyway?

Other than that, Mr. Chairperson, I am quite willing to go into questions.

Mr. Chairperson: Thank you, Mr. Lamoureux. I would appreciate some guidance from the committee. Will we consider the report page by page or otherwise?

Some Honourable Members: As a whole.

Mr. Storie: Mr. Chairperson, normally we consider these as a whole. That way questions flow a little more freely, and it generally works out to be about the same time.

Mr. Chairperson: In that case, we will consider it on a whole.

Mr. Storie: Well, I had raised a few questions in my opening remarks. I would like to get to the first one by asking the president, Mr. Smith, about the training program.

I am wondering how much of the commission's budget has gone to training in the past year, in the year under report, and what kind of training, and perhaps an indication of what kind of an evaluation system you are using to determine whether this has been or is likely to be effective. The minister can answer if she—

Mrs. McIntosh: No, I will just make a quick comment and then turn it over for the president to answer that question. Just a basic philosophical response is that the Liquor Commission has been attempting over the last many months to provide, for the consumer, staff who are more knowledgeable about the products they are selling.

You had mentioned upselling and that, so I just wanted to make a quick comment on that before I ask the president to respond.

There has never been any emphasis on upselling. I know there was the one page in the training manual at the time and there was a concern about the phraseology in that particular manual, but really what there has been is an attempt—when people come in and say, for example, I am having salmon; what is a good wine to have with salmon—to have a person be able to respond with some degree of knowledge and give assistance in that regard. It may be that the product is more or less expensive than what they might have picked up otherwise.

* (1720)

So I just wanted to make that comment. It is just on customer service. It is not an attempt to upsell, and I will ask the president to give specific details to the rest of your question.

Mr. Derek Smith (President and CEO, Manitoba Liquor Control Commission): Mr. Chairperson, certainly the minister responded correctly that the emphasis on customer service was not to upscale selling, if you like, and to increase the profits and sales volumes or the sales dollars as a result of upscale selling, but more to, I guess, bring all our staff, not only our store staff, into the '90s and attempt to introduce customer service in all aspects, whether it be in the retail area or other areas, to serve the public.

As the report indicated, we have provided over 12,000 hours of training. This is primarily, in this particular fiscal year, to our full-time retail sales operations for product knowledge and customer service training. This was the first year of our

strategic plan, as we indicated in the report, and this was the emphasis that our No. 1 objective was to provide excellence in customer service. This has continued.

I am happy to say that we had, at the end of the last fiscal year, provided customer service training to not only our full-time staff but our part-time staff and also to many areas of head office.

We have also provided training in other areas, for instance, training in management information systems and computer training. We, as you noticed in the report, have put in point-of-sale cash registers and that required a great deal of training of store staff and head office staff in how to operate this equipment and how to understand it, and as important and more important, to use the information generated so we can make better management decisions.

In terms of assessing how we measure the training that we have provided, that is very difficult. Customer service training is very difficult. We have a variety of ways that we measure this, but I think perhaps the most important thing is the number of comments that our stores people receive from the buying public of how pleased they are with our service, and for that matter the anonymous calls that I have received from people I do not know saying how pleased they are with the type of product knowledge and customer service we have provided.

Mr. Storle: What does the commission see as the value of providing this training? If it is not to increase sales, what is the point of having better informed staff?

Mrs. McIntosh: I am getting my little comments in. I am going to again give the president the opportunity to respond as well, because I think that is a very good question that you have asked and it is a very important one. I think it is one that we have asked ourselves as politicians and I know that the commission staff has asked itself, because we are not here just to control a potentially intoxicating substance. That is a very important part of our mandate. We are here to provide service.

This is the same kind of question we might ask is, why would we attempt to have field officers in income securities better trained to provide better service? It is to, if you want to say, promote customer satisfaction, that is one thing. If it results in extra sales to the commission, that also results in

extra revenue to the government, who will never turn away extra revenue to the government. But I think since we have a virtual monopoly, that we have an obligation to make certain that the people we serve are not treated any less courteously or knowledgeably than they would be if there were not a government monopoly in place.

The president may have a perspective that has more detail to it from the working day-to-day operations. I will ask him to comment to your question as well.

Mr. Smith: Mr. Chairperson, I think the most important part in a response to that question is the fact that we are a retailer of a product which consumers purchase, albeit it is a product that is liquor, but in today's sophisticated environment people are demanding more information about the products that they are purchasing or wish to purchase. They have a growing desire to understand wines, in particular. I think spirits perhaps in most cases are understood, but in some cases there are some new spirits that have been introduced, like single malt scotches. But certainly, in terms of wines, the educational aspect that the commission has been involved in has been limited at best.

We feel that by training our staff to understand products, to know what their taste is, what the dryness is, what the aspects, what it goes with, is part of the customer service training. But I think at the same time we want our employees, when somebody comes in, to speak to them, to be able to greet them at the door and say, can I help you, is there something I can do for you, as opposed to the common comment about all they ever do is unload cases and fill shelves.

I think we have a very valuable staff in our store system. I think we are very happy with the staff that we have, and quite frankly they have received, if you want, a measure of success, a great deal of satisfaction by being encouraged to greet and speak and serve customers in the manner in which they are doing. So it has been job enrichment if you like. It certainly has been an enhancement of their duties and it has been a far more satisfying and pleasant opportunity for them.

Mrs. McIntosh: May I just add to it? I will not prolong the conversation, but Mr. Smith made reference to the staff doing more than just piling boxes on shelves. I think that is true.

I do not know if you have ever had the experience of hearing somebody standing in the middle of the store and saying, can somebody not help me, can somebody not tell me what I—you know. As we become more consumer oriented, we try to respond to those kinds of concerns that consumers raise. I think that the commission is doing an excellent job of responding to the consumers' request for more informed and knowledgeable service in the stores.

Mr. Storie: Well, I am glad to hear that. I know it sounded like a rather bizarre question, but I wanted to get the commission's view on it because I certainly feel that from an employee's point of view, and I have spoken to a number of them, there is some job satisfaction involved. As an educator I do not think you can ever know too much.

Sometimes it appears that way but—[interjection] Fortunately for the Liquor Commission, I do not frequent the Liquor Commission that often.

The other question that I had raised was the issue of the establishment of your wine boutiques, and I am wondering how many there are in the province, how many people are currently employed in those boutiques.

Mrs. McIntosh: Any of our existing wine boutiques are in our MLCC stores. I am going to ask the president to give you that number because I do not know the exact number, but I do want to make a comment on how delighted I am to see those coming in, and how pleased people seem to be to have them. The president has those details and he will answer that.

Mr. Smith: I guess three years ago we had one boutique and that was at our major store, our Grant Park store. We have subsequently put wine corners in our major regional stores of which there are six in Winnipeg. We have expanded wine walls, if you like or wine sections, boutique wine sections to all our stores throughout Manitoba, including the rural areas. In fact, I was talking just briefly to the honourable member for Portage about an excellent job that the Portage la Prairie store has done and staff has done in terms of bringing in boutique wines and the knowledgeable staff they have there about those wines.

We are doing more and more of that. We are expanding our specialty wines. We have virtually got them in all stores. Some of the stores in the rural areas do not have a specialty area, if you like,

but that will be coming forth this year, but certainly in Winnipeg all our stores have a wall or a special section where there are specialty stores. It may not be a wine boutique, as we have in Grant Park or a wine corner as we talk in six of our other stores, but there are in all stores specialty wines which are featured which again is servicing or satisfying the public needs.

* (1730)

Mr. Storie: That is an interesting comment, and the only part that was missing from my question was the number of people who are directly and indirectly employed in these. Has the commission staffed up because of this? How many people might be dedicated to this part of your business? A ballpark is fine.

Mr. Smith: I do not have the numbers specifically, but let me say that in our major stores in Winnipeg and probably in at least six or eight of our rural stores, we have employees who have been given, or provided training in what we call the higher certificate, which is the British Wine and Spirit Institute, and this is an intensive product training which requires a great deal of commitment on their behalf to learn about products. All of our stores in Winnipeg have at least one. Some of them have more than one, for instance the Grant Park store, I think, has four because it is our major store. We graduated 11 from the course last year.

I am not sure how many we have, but we tried to distribute these people throughout our store system, and many of our managers and assistant managers have that training also. We have at least one and probably as many as three in our major stores throughout the province. But I am sorry, I do not have the exact numbers in terms of the number of people, but they have been given extensive wine-training, product-training courses.

Mr. Storie: Well, that leads me to the problem that I see, and you probably recognized where my questions were going. We have a circumstance where the Manitoba Liquor Commission has invested a good deal of money over the last three or four years, revamping their stores to create wine boutiques, wine shelves, specialty shelves; it has spent a good deal of money training staff, upgrading the skills of their staff and the knowledge to provide better service, and now we have the government moving to introduce specialty wine stores where there will be no control or governing

over the question of staff training and knowledge. Obviously, it is going, to some extent, undermine the efforts of the commission.

I guess the question is: Do you have letters on your desk complaining about the current availability of specialty wines? I am anxious to know where the impetus is coming for the creation of private specialty wine stores. Certainly, in my experience, I have never had any trouble purchasing the wine that I wanted or needed. I do not know if some of my other colleagues who have more experience perhaps can tell whether they have experienced any annoyance at the current service or the current quality or the current choices that are available. So I am looking for an answer as to why we are doing this.

Mrs. McIntosh: You asked—I am not sure which one of us you are asking: Do we have letters on our desk? I have many letters on my desk, many, many letters. One of my very first meetings when I came in as a minister was from a group of three people who asked to see me because they wanted permission to set up a private wine store, a specialty wine store. I said, well, we do not do that here in Manitoba, and they went away.

They have since written back since the announcement came out, resubmitting their request. In fact, I think that was my very first meeting as minister with those three people who were all unknown to me, by the way. I do not know the people. I just thought I better emphasize that.

They have not written in complaining about the service at the MLCC, which is very good. We are actually getting into debating the bill, which is not really our role here, but I will answer this, because you have asked it. The request has been rather that we would like the opportunity to do more, and I do not see this as—you asked the Liquor Commission has made the investment. Indeed, they have, and I do not see that investment going to waste, because clearly we are moving into an era when those people who do drink alcoholic beverages are more interested in wines than they are, say, in vodkas. I do not know what the continental influence is that has come over here.

There are people in the Opimian Society and things like that who do request specialty wines that we do not stock. These stores, understand, will be competitors with the MLCC in the broad sense, but

they will, if they are listing wines that we list, be having to sell those at our price.

But they will have the opportunity to do what our public wines stores cannot do, in that they can select products for sale that we do not carry. I see that as an enhancement to what we do, encouraging interest in wines as opposed to other alcoholic beverages that might ultimately even impact by increased sales in our wine boutiques as the people become accustomed to drinking wine as opposed to some other type of alcoholic beverage.

That was not a decision of the MLCC, but rather a decision of government to respond to those requests for more or what they perceived to be a good thing. There were no complaints against the MLCC. None.

Mr. Storie: Well, the minister makes my point exactly that the impetus for this change did not come from the consumers, the people that the Liquor Commission has been attempting to satisfy. It came from entrepreneurs.

The explanation that you provided suggested that the first contact was three people who wanted to start a specialty wine store. I am sure that is where most of the concern has been expressed because those concerns are not new. There are many people who would like to compete with the Liquor Commission on a much more direct basis. There will be always those looking for that opportunity; it is a very lucrative area. What are we getting from the Liquor Commission this year—\$164 million?

So I understand where the people were coming from who came to visit you, but we are also embarking on a process that is going to, to some extent—and I do not think the minister should be overly optimistic about its impact. It is, to some extent, going to undermine money that comes to the Liquor Commission and directly to the Province of Manitoba. It is also going to affect directly some of the people who are employed with the Manitoba Liquor Commission.

I am just going to leave that because there is a whole bill that we are going to debate, but it is, I think, important to recognize where the encouragement to start these stores came from.

Mrs. McIntosh: May I, for clarification, add to what I said, because I indicated that of the letters on my desk, by way of example, I used—the first contact I had was a request from entrepreneurs—you are

quite right—to have permission to do this, but I also have had numerous people, as I go about attending functions and so on. I had one lady tell me that they drive, specifically take their vacation to a particular place in the United States to purchase the particular wine that they want. They are members of a wine club, and we do not carry that particular wine, so that they will actually drive for a couple of days to acquire. So it is a double-pronged thing. It is consumer plus entrepreneur.

While you say that the revenues directly to the province, the possibility of them being reduced, we have done our impact study based on figures supplied to us by the commission. The policy people have gone through the numbers that have been generated, and we are looking at about one-thirtieth of one percent—an almost negligible impact—based on extrapolating from those figures what we think might be any potential impact in that first year.

What we are going to get indirectly to government is revenue from income tax, sales tax. If somebody owns a wine boutique, they buy a new fridge, they pay sales tax on the fridge. That type of thing.

While you express concern about the jobs at the Liquor Commission, I also indicate to you that we are anticipating a net impact of about 18 new jobs because of the stimulus in the economy. So all of these things, of course, will play out as the bill is passed, and I look forward to debating them with you a little more in-depth at committee.

* (1740)

Mr. Storie: Mr. Chairperson, maybe this is a question to the minister. For many people who have viewed the Manitoba Liquor Commission as an important public enterprise that has served its purpose, the establishment of wine boutiques is kind of the thin edge. I am wondering if the minister can indicate whether the policy of the government is to continue to privatize the sale of alcohol, because that is what we are doing. This is a first step.

Mrs. McIntosh: I can answer that by saying that we have had for many, many years, as you know, private liquor vendors in the province of Manitoba, well over 100. We asked the president to give the exact number, but we have many, many private liquor vendors throughout the province of

Manitoba. We have private beer vendors throughout the province of Manitoba.

The difference between them and these private wine stores will be very minimal. These private wine stores will enter into an agreement with the Liquor Commission. They will still have to have all their products come through our warehouse. The basic difference will be that our private liquor stores can only sell products that we bring in, and the private wine stores, in addition to that, will also be able to sell products that they select, but those products they select still have to come through us. So it is not really that different from our current practice.

Mr. Storie: There are many, many products that could be sold using a similar model including wine and beer from grocery stores, things that happened in other jurisdictions. The question was, is that the intention of the government?

Mrs. McIntosh: We are not planning to sell wine and beer in grocery stores. Although, with the private wine stores, we have indicated that depending upon the business proposals that come to us, we may allow, if the business proposal shows that it is logical, the wine stores to sell wine-related products such as cheeses, like a wine and cheese type thing, but the products would have to be primarily wine.

Mr. Storie: Mr. Chairperson, I would like to move on to a different area for a minute.

One of the only concerns that surfaces from time to time with relationship to The Liquor Control Act is liquor inspectors. What is the relationship between the commission, the inspectors and the private liquor commissions? Do they have responsibility for reviewing their sales and so forth?

Mrs. McIntosh: Do you mean with the existing private liquor stores?

Mr. Storie: Yes.

Mrs. McIntosh: I am going to ask the president. We are talking about inspectors going to the beverage rooms for selling alcohol by a glass?

Mr. Storie: Do they have responsibility for reviewing the activities of the private liquor stores?

Mrs. McIntosh: I am going to ask the president to answer that.

Mr. Storie: I gather these are licensees, the ones that are private licensees.

Mr. Smith: Mr. Chairperson, one of the things I omitted in my previous response was that part of the education program has also been with our Inspection Department. We mention this, and I mentioned this in my report to the chairman, where the Licensing Division is concentrating more on providing service to our licensees.

When I talk about service to licensees, I am talking about providing some information, some education, some assistance to licensees, explaining the act, the regulations, the policies, as opposed to being the cop on the beat type of thing, assisting them in terms of education, providing server training, providing some assistance in how to appropriately serve liquor.

To answer that particular question, the liquor vendors, of which there are 172 in Manitoba, and there are 300-and-some-odd beer vendors, all of which are private entrepreneurs, private operators distributing liquor products, are the responsibility of the Retail Sales Division.

However, they are assisted greatly by the Inspection Department to ensure that The Liquor Act is being adhered to, that there are no violations of the act under regulations. They work very closely, in particular with the beer vendors because they are adjacent to hotels, in making sure that the appropriate policies and regulations in the act are adhered to.

The liquor vendors are the responsibility of the retail sales people who would assist in product selection and merchandising and sales assistance and a whole bunch of things in that respect.

Mr. Storie: Well, Mr. Chairperson, the reason I asked is because there was a sense amongst some people that the private liquor vendors are not well policed, that in fact minors frequently buy from some. I do not want to cast a broad net here. Obviously, there are some that are very responsible. There is a sense that there is very little control, that their liquor inspectors seldom visit. There is seldom any pressure to make sure that the licensees are following the rules.

That question was specifically whether the liquor inspectors do that. Do they do it on a schedule? How does that process work?

Mrs. McIntosh: I am going to ask the president, as well, to give you the details on his knowledge of that, but I also want to indicate that one of the things that is happening this year with the

amendments—it has been one that the commission has worked on, and the police are asking for, and that we feel is a really good thing to do—is that it is going to become more difficult if that is occurring. I hope it is not, but with anything there are always things that slip through.

It is going to be very difficult for those people to sell to intoxicated people or minors once the new bill passes, because we have made the penalties for that type of thing much stricter. The identification now has to be a government-issued photo ID, but for the current situation, the president will have more in-depth knowledge than I.

Mr. Smith: Mr. Chairperson, I guess in response to that question, I was just checking with Maureen Spire, who was responsible for inspection services. I was aware of two incidents in the last two years, and I was reminded of another, where we had reports where liquor vendors were selling to minors.

What we do is we send our Inspection Services people to these liquor vendors. We sit down with them. We advise them that the duty of the liquor vendor is to ensure that certain sections of the act are respected, in particular, minors and intoxicated people. We then provided to them educational sessions to make sure that they understood, for instance, what type of identification was required if someone who was youthful looking came into a liquor vendor, or for that matter a beer vendor, or for that matter one of our stores to purchase a product.

I think probably in some of the rural areas, the comment is usually, well, I know the chap or the young lady and I thought she was of age, I was not aware of it. But we have a very close working relationship with the various police forces and, in particular, the RCMP in the rural areas. Our sales managers in the rural areas have a very close working relationship with the municipalities and the chambers of commerce or whatever the groups are, including service clubs, and we usually get that information fed to us.

I must say that I visited most of the liquor vendors and they are good community-minded, responsible people, but I think we have to understand that we all make mistakes and when we bring it to their attention, they are usually very co-operative.

Mr. Storie: Just this one point. Mr. Smith indicated the number of inspectors there were and I wondered if he could repeat that.

Mr. Smith: The number of inspectors? We have one inspector in Thompson who covers the Thompson area. We have one inspector in Dauphin who covers that area. We have three inspectors in Brandon, and we have 12 in Winnipeg. Some of the Winnipeg inspectors will cover some of the rural areas, especially south and east and west of Winnipeg.

Mr. Storie: So Mr. Chairperson, currently we have 17 inspectors in the province which leads me to the next question about the implications of the new liquor control act amendment which, I think, if you follow the deregulation process to its logical conclusion, is going to mean that anyone with a chair can now be licensed. That basically you have removed many, many of the requirements that have probably impeded the opening of new licensed premises, that the need for carpets and standard glasses and all kinds of other things, which mean incurring costs, have been eliminated or will be eliminated.

* (1750)

I am wondering whether the commission has estimated how many new licensed premises may open up as a result of this deregulation. Is it not possible or probably inevitable that we will see a proliferation of licensed spaces because of deregulation?

Mrs. McIntosh: We are doing another dual pronged approach here. Some of these regulations are ones that had been so outdated that they simply were just no longer being practised. Some of these changes we made were to reflect how we are today rather than how we used to be. In that sense, it is not deregulation, although technically maybe it is; it is not deregulation in terms of changing that much the way things are done. Instead of ridding the books of extraneous things, such as—you know, we have to tell you where the tiles go in your bathroom or something like that, but there are others in there of course that were sort of hampering the system in terms of the way the system functions.

I do not really know what we as liquor control people have in terms of regulating non-liquor-related items. We still have some pretty major regulations, such as beer vendors and pubs having

to have hotel rooms attached to them, which is a pretty major expense. If you ask any hotel owner about having a hotel attached to his beverage room, he will say that is a pretty stringent regulatory thing that he has to have. I do not think there is a sort of massive deregulation in that sense. Maybe the president would like to add his comments.

Mr. Smith: I think the minister answered the question adequately. It is very difficult for us to determine if in fact there will be a significant increase in the number of licensed premises. I doubt very much, I think as the minister replied, many of the items that were included in the amendments and subsequently will be added in other parts of regulations or policies have been areas that we have been working on for a couple of years.

We have eliminated a number of requirements, for instance, for licensed premises in the last two years, more than in half, we have reduced them in half. We have unfortunately been keepers of the old innkeepers act, which has put us in an awkward position of saying, your front window needs replacing and your parking lot needs paving, et cetera. I think the marketplace will decide what premise they will visit and they will frequent, and they will decide whether in fact the premises are appropriate. I do not think we will see a significant increase or for that matter any increase at all because of the changes. I think they are to the licensee's advantage, and there are other bodies that will monitor these things that are more appropriate than ourselves.

Mr. Storie: Mr. Chairperson, there are very few premises right now that cannot get a liquor licence. All this does is going to make it more accessible, and I am not necessarily—and the minister was a little defensive—saying this is a bad thing. I golf too—[interjection] I said, I golf too, and in some golf courses obviously you can purchase liquor.

The point was that we have 17 liquor inspectors, and obviously, if you see a proliferation of licensed premises, then you have more work to do, theoretically anyway, hopefully not, but theoretically. I am wondering, if the commission is saying, well, we do not anticipate any increase, I guess that is the answer: We do not anticipate any increase; we do not need any more inspectors. I think realistically, as we continue, as the government continues to deregulate the industry, that it is going to mean the establishment of more

premises. I think that is inevitable, and the consequences are going to be for some people quite positive and for others quite negative.

I look around at my communities and some rural communities where the commission has been more willing to grant licences to golf courses and to curling clubs and to legions and to other groups, and the end result has been everybody living in poverty and no one can succeed. It seems to be a fear, certainly among some in the industry. The question of inspections is the concern of the consumers, but the commission says that they do not anticipate any increase.

Dealing with another issue on inspection, I know that inspectors do not always, but I know that they have the authority to check for minors, and I am wondering what the inspectors are saying about the current changes the minister referred to in The Liquor Control Act, particularly the one that allows a supplier to use as an excuse in court: Well, I thought they were 18.

Mrs. McIntosh: Yes, because of the way the amendment is worded, it is worded as a defence or a permissive-type section. In reality, if you know what was in the act before, you see what the amendments coming out—and again we are getting into the bill—but the way that is worded in providing the defence, what is also being identified is the thing that they are having to defend themselves against, which was not in the act before.

(Mr. Ben Sveinson, Acting Chairperson, in the Chair)

We have put in the act now that it is a major rather than a minor offence to serve a minor, pardon the pun, or an intoxicated person, alcoholic beverages. Because it is now a major offence, which carries stiffer penalties and a number of other things with it, there are certain things, and because we are also demanding that the servers do certain things that they hitherto may not have been doing, although—just in an aside, I must make a little aside here because I do want to commend both the commission and the hoteliers and restaurateurs for becoming involved in the Server Intervention Program, which I will not go into detail on, but it is a wonderful program. We are hoping to see some good results from that in terms of social responsibility in the serving of people who should not be served.

That as an aside, we are now putting the onus on the hotelier or the restaurateur to ensure that minors and intoxicated people are not served, and they are going to have to do certain things. They have to request a photo ID, a government-issued photo ID. If they do not, and they end up serving a minor, they are subject to a major offence provision, which is much stricter than ever was in there before.

Along with that, then, we have said, if you follow the steps we outline, then you will have fulfilled your obligation and will not be deemed to be found in contravention of this provision. Our legal people advise that it needed to be worded that way; otherwise, we would be providing these people with no defence if they did follow all our prescribed rules which are that they must ask, if a person appears to be under age, for a photo ID driver's licence. They must do that.

* (1800)

If the person does not have a photo ID driver's licence in their possession, then they must ask for some other government-issued photo ID. If the person cannot produce that, then they cannot serve that person.

If they have followed those things and the person produces a government photo ID that appears to be authentic, and that is written in the act, then the server has fulfilled his or her obligation. If that is a fraudulent ID, then the penalty shifts to the person who uses the fraudulent ID and the person who provided it to that individual.

So it is a measure that is in there worded to sound permissive, because it provides the defence, but it is providing a defence against new provisions that were not there before.

Mr. Storle: Just so I am clear, is the minister saying that, if a person could not present any ID, but the supplier believed he looked over 18, but could not produce ID, that the supplier would be responsible?

Mrs. McIntosh: If the person looked over 18, and the judge felt that, indeed, the person did look over 18, then there is not the obligation to request the ID.

The ID is to be requested if the person appears to be under 18. I do not know if staff wants to add to this; we are into the bill.

Mr. Storle: I am getting confused.

Mrs. McIntosh: Am I not explaining it clearly?

Mr. Storle: Mr. Chairperson, on the one hand, it sounded as though you were saying that the obligation was, first of all, for them to ask for an ID. If they could not produce one, then they could not be served. But, if they subsequently produced one that appeared to be authentic, then they could be served and the person could not be held responsible. I accept that.

I mean, unless you have your magnifying glass and your credentials in detecting forgeries, well, that might be a legitimate defence. But you have gone a little further now; when I read the bill, it sounded as if the defence was: Well, he looked 18.

That is the question. Is that a defence under those provisions? I thought you said yes, and that caused me some concern.

Mrs. McIntosh: I may turn to staff to help me explain this, because I, going to into a beverage room, seldom get asked for identification. I do not know why. Seldom do they say: Madam, may we see your identification because you appear to us be a minor. [interjection] Thank you. The member for Inkster would ask, and he has my full support for the next motion he wants to bring in.

That is obvious, because I am certainly not anywhere near the age of 18. But, if I did suddenly say, and if they did discover that, to everyone's horror and astonishment, I was only 17 years old, that hotelier would have a very good defence. He could say to the judge: Look at this woman; she does not appear to be a minor. Therefore, I did not ask her for ID. The judge would look at me and say: I think you are right.

If the judge were the member from Inkster, he would say: You are wrong; she does appear to be under 18. Therefore, you should have asked for ID and you are guilty of an offence.

The problem comes for people who are youthful in appearance. What we are saying is the onus is on that hotelier, for if the person appears to be youthful, he must ask for the ID.

Mr. Storle: Mr. Acting Chairperson, no youthful-appearing person worth his salt—and I was young once—is going to produce ID. They are going to say, no, I am 26, and I am sorry I do not have any.

The point is that this is introducing an out for suppliers that is going to be abused. The minister could sell ice to Icelanders.

Mrs. McIntosh: That provision is there, now. I am going to ask the staff to clarify, just because I think they can do a better job than I am doing.

That defense is there now. We are adding other penalties on top of that.

The Acting Chairperson (Mr. Sveinsson): Order, please.

Mr. Smith: I am not sure just where to jump in, Mr. Acting Chairperson, but I guess, let me start from the beginning.

The licensees have had a terrible time controlling identification and service to minors because of the ways and means these young people have of producing identification which is false or borrowing identification, or whatever it is. I mean, they become very creative and innovative. You have to hear some of the stories that some of the licensees have had to put up with and their servers, when they are under pressure, have got some difficulties trying to get the truthful answers.

So they have had some very difficult times, and the onus has always been on the licensee to ask for appropriate identification. But because the identification spelled out has not necessarily been photo ID, it has been very difficult to determine whether, in fact, the holder of the identification and the person is one and the same person.

We have had problems in our own facility issuing our hassle-free ID programs. I mean, people will go to great lengths to be less than honest. The changes to the act will only provide photo ID, government-issued photo ID which is a driver's licence or our hassle-free ID or some other means. They are two main items.

This is going to greatly simplify the work that the licensees have in making sure that the people they are serving are, in fact, of age. They will now have, I think, more freedom—at least that is what they have expressed to me—more freedom to say, listen, I want an ID now that I can at least look at the person's picture and determine whether, in fact, they are of age, because there is a birth date and there is a picture on it, as opposed to a whole bunch of other things.

They still have to determine, when they ask for the ID. It is up to them, the onus is on them now, and the onus will always be on them to ask for that ID. It is going to simplify their job, it is going to simplify our job, and I think it is going to make it a lot easier for everybody. That was the intent of

dealing with the photo ID aspect, and then, of course, imposing some penalties if, in fact, there are some fraudulent IDs or other things that go on by these people.

Mr. Storle: Well, we are being drawn off a little off course, but my understanding is that this section of the act, which says, basically, I am paraphrasing more than slightly, an excuse if you need one, is a new section in the act. So I think we will have to spend some time going over whether it is more onerous or less.

A final question—I know my colleague from Inkster has some questions—it has to do with a very parochial matter. As many here know, Flin Flon is on the Saskatchewan-Manitoba border, and a constituent called and said, we have for many years held a ball tournament and had a liquor licence, an occasional permit to serve liquor during the tournament. The catch is, of course, because of the unique nature of Flin Flon that the liquor commission where they buy the liquor is in Manitoba, the ball park is in Saskatchewan. For many years they bought their liquor at the Manitoba Liquor Commission and established their beer garden or whatever it was on the Saskatchewan side.

This year they were told they could no longer do that, so that they can buy the alcohol in Manitoba but they cannot transport it across the border, or they can buy it in Saskatchewan, where the event is, and they cannot get it across the border. I am wondering whether inspectors have some discretion in circumstances like that.

Mr. Smith: I just wanted to verify that I understood the situation, because for the longest time some of our Manitoba residents used to buy product in Saskatchewan, because their prices were lower. That is not the case now except for liqueurs, and hopefully Saskatchewan will get—[interjection] Yes, that is right.

The difficulty we have in this particular case is this event is being held under an occasional permit. We cannot issue an occasional permit in another province, it must be held in Manitoba. So it has been brought to our attention, and Maureen Spire has advised me that what we are suggesting is that the beer garden, which is the event, be held in Manitoba. Let the ball tournament be held on the other side, but we want the beer tournament in Manitoba because it is to their advantage to buy

beer in Manitoba, it is cheaper; but that is a jurisdictional situation. I am sure you could understand that if we issued permits to have beer gardens in Saskatchewan, our brothers to the west of us would be unhappy with us, and we have no jurisdiction.

* (1810)

Mr. Storie: The problem is further complicated by the fact that the logical place for the beer garden in Manitoba is next to a cemetery. Of course, the beer garden on Sunday is being carried on; it was Father's Day, and people were wandering through the graveyard. Of course, it put a certain dampening of spirits on this event. You did not know if the commission was trying to give them a message, like you may be next; it was difficult to say.

It seems to me that there ought to be a way for arrangements where the permit could be issued by Saskatchewan and the liquor purchased in Manitoba, and perhaps what I am asking for is some working to accommodate—what had happened for many years, perhaps unbeknownst to the commission that the liquor was actually being consumed in Saskatchewan with a Manitoba occasional permit, I gather. My question was more whether local inspectors have, I guess, in this case because of the interjurisdictional boundary, they do not have discretion, but I am asking how that can be resolved. The minister may have to step in.

Mrs. McIntosh: Then you come back to the question of policy. It is that kind of situation, Mr. Storie. Really, those are the sort of teeth-grinding situations, because they do not make any sense— [interjection] pardon? [interjection] Let us work on—I think the liquor commission is aware of that kind of situation.

Just a comment, it is not in direct answer to that specific question, but it touches on the kind of question you are asking. There are so many things in the act, and they are there for good reasons. They were put in for good reasons initially, and because you are dealing with a potentially intoxicating substance you have to be careful.

But there are a lot of things if you could just have a common sense solution and just use a little reason every once in a while and bend and flex the rules, you could arrive at sensible solutions. We have trouble bending and flexing the rules because you set precedent and then you have done all

those things, but I hope that that type of situation you describe, which causes inconvenience to people for no practical reason except there is a boundary there, is the type of thing that we can keep working on and try to resolve it. If you have any suggestions or ideas as to how you might be able to help us out of those kinds of situations, when they come up, we seriously listen and would be very grateful for your input because that seems unfair, and yet, we have the problem of the rule.

Mr. Storie: My hope was that the commission could perhaps work with the Saskatchewan commission and find a solution that would be—like I said, there seems to be no harm done, the fact that it was practised for several years without incident. I think it is just, like many of the problems we have in our community, because of the boundary, it requires a little bit of work sometimes to find a solution.

Mrs. McIntosh: I think the commission has offered up some solutions to that specific situation, but I thank you for raising it, and they will continue looking at it.

Mr. Lamoureux: Mr. Acting Chairperson, I did not want to be too long. We had mentioned in the opening remarks I was going to comment in terms of the legislation and ask a question or two. The member for Flin Flon did in fact ask a couple of questions that I was looking to get answered. Otherwise, we will just wait and see what happens in the committee.

But I did want to comment in terms of, I talked about this freer trade, and if you take a look at one of the graphs, I think it demonstrates it quite well on page 22 of the report. You will see in '88, sales have dropped considerably, and even though I would like to believe that if in fact you get a drop in sales, a drop in the consumption of alcohol will go along with that, I do not believe that is in fact the case. I am wondering if the commission has any numbers on the consumption of alcohol.

Mrs. McIntosh: I know that the president is aware of this issue, and I would like him to be able to comment on this for you. I would just like to indicate that alcohol consumption is altering right across North America in terms of lifestyle. People are living differently. They are more concerned with what they put into their bodies. They are more concerned with physical fitness and health and

things like that in ways they were not in years gone by.

So you will see a decline in consumption of alcohol, generally speaking. People go out for the evening; they will still have their favourite drink, but they will have maybe one less than they used to have, or if they are the designated driver, they will not have any that night. So they are changing their styles.

I know that Mr. Smith is very conversant with the buying patterns and the consumption patterns, and I ask him to make some comment.

Mr. Smith: Mr. Acting Chairperson, I think the main response to your question is on page 23, where we show litres per capita of absolute alcohol and litres per capita. You will notice that there has been a significant drop in the number of litres, the volume consumed.

What the minister responded to is quite correct. Lifestyles, health styles, aging population, the economic conditions, a whole host of things, including cross-border shopping, has had material effects on not only our sales and revenue to the province, but of the same thing across Canada and North America and in fact the world.

If you look at European numbers, even in France, the amount of wine that is being consumed per capita has dropped considerably, and that is true throughout the world. The only place it seems to be increasing, sadly, is in some of the third world developing countries, which is perhaps not good news for the social aspects.

This is not a phenomenon only from Manitoba, it is for throughout the developed world. You can see, in those numbers, from 1988 the total volume has dropped from 95.5 million litres down to 82.9, and the per capita of absolute alcohol has dropped from 6.9 to six.

Mr. Lamoureux: Mr. Chairperson, I know I had looked and perused over that particular chart also. The concern that I have on that chart, that would just be through the commission, would it not? So we would not know in terms of, for example, how much alcohol might be coming in from, not Saskatchewan, but particularly from the States.

I know that at one point in time there was a considerable amount of concern about numbers of individuals crossing the border to pick up alcohol.

The numbers that I am trying to find out and would hope that the commission might have some sort of response to would be the actual consumption or alternatively the number, you know, alcohol or sale value of liquor that is sold outside of the province of Manitoba but brought into the province.

Mr. Smith: That is a very difficult number to determine. We have estimated that there was probably in the last five years, well, let us say in the last four years, in any case about five or six million dollars worth of liquor brought into Manitoba from the United States. If we add to that the amount of homemade wine that is produced in Manitoba, as well as homemade beer, one could speculate that the amount could be as much as \$10 million.

I am happy to say that the province imposed last July 1, a year ago July 1, provincial fees which limited the amount of alcohol brought in from the States to the federal limit which is 40 ounces. That has significantly dropped the amount of alcohol being brought in and has contributed to better sales in our liquor stores.

* (1820)

Mr. Lamoureux: That is at least in part the reason why I was asking, because I recall very well that there were some negotiations that were going on with Ottawa and Manitoba with reference to what could be done at the border.

In looking at the numbers, I would say the number that I am most interested in is more so the consumption, of per capita consumption, than anything else. The number of dollars that are received, and you look at the former chart, and you know the province makes a considerable amount on alcohol. That has its pros and cons, of course, because with alcohol comes a lot of social problems, no doubt about that. I do not think anyone questions that.

The broader picture of alcohol consumption per capita, I think, is very interesting, and I would argue a beneficial statistic to be able to have because it can help base policy decisions for government.

Mr. Smith had made reference to a number of homemakers, homemade or brewed, still, whatever it is called—is that in fact on the increase? I notice on CJOB it seems that I hear it every so often there is some fellow that is on 'OB promoting the making of one's own beer. Do we see very much of a market, not only in terms of the

homemade that is starting to expand, but also some of the smaller?

Again, I heard on the radio we have Labatt and Molson getting together and saying that we are no longer going to bargain as one group as a union because of competition that is out there.

Do we see more individuals and potential companies coming out in the next couple of years?

Mrs. McIntosh: Again, if we could do our Mutt and Jeff routine here, I would like to comment and then ask if the president has any comments he would like to add.

We are seeing, and particularly in this particular economy with people attempting to stretch their dollars as far as they can because things are tight, people making their own wines and beers at home.

I am just rereading a book that I have had for many years. It is called *Booze*, by James Gray, sitting in our home library. I found it very interesting, and I do not know if the president has read it or not, but it is an interesting book, talking about prohibition days and showing numerous photographs of the various stills that were found during that period.

But people have always made, will always make their own wine in ways that we cannot measure consumption. I have a friend who has always made her own wine. She goes out and picks dandelions and makes dandelion wine. She does not buy a kit, so you cannot register a sale that she has purchased a wine-making kit. She makes it at home. It is her beverage. They consume that wine. Is that something we can tabulate for statistical purposes in terms of consumption—very difficult to do.

We can get a better handle when we see the success of the wine and beer kit stores. They seem to be surviving and doing well, which indicates that they have consumers. But in terms of gathering all these other statistics, I quite agree with you, it would be great to have them. The practicality of gathering them may not be that easy. It is at this point that I would like to turn the microphone over to Mr. Smith to see if he would like to speak from a more technical or more knowledgeable point in day-to-day operations on that.

Mr. Smith: Mr. Acting Chairperson, as I mentioned before, it is very difficult to get a number on that. We have attempted to, through various

surveys, try to determine how many litres of homemade wine and homemade beer is made in Manitoba. The numbers can vary up to as high as six million litres, depending on the accuracy of the information we receive.

(Mr. Chairperson in the Chair)

What I can tell you is, there are a great number of people, and in particular, I had mentioned before about many of our customers being more sophisticated in their taste. Many of them, for not only economic reasons, but for hobby reasons, are brewing their own beer, for instance, because they want a particular taste that they cannot purchase through beer vendors that are selling domestic beer. In response to that, we have increased the number of specialty beers, imported beers from around the world probably threefold in the last two years. We have seen a tremendous growth in the sale of this imported specialty beer because there is more demand for that type of product.

In the same way, people love to experiment with wine. There are neighbourhood groups and families and a whole host of other informal organizations that buy kits from these beer or wine stores and make their own wines and try to perfect them and trade notes. It has become a very popular hobby with many people. It is perfectly safe, it is well accepted, and many of the kits that are now available are greatly simplified, that if anybody wants to purchase the capital equipment, which may cost, oh, \$100 or \$150, they can, if they stick at it and do the right things, make some excellent wines.

It is something that it is difficult, as I say, to get a handle on. We know it has increased in popularity and whether it will saturate, we are not sure. Again, that is not only happening in Manitoba, that is happening throughout Canada and again the world.

Mr. Lamoureux: I want to just quickly move on to one other thing that I was wanting, at least just to comment on or at least get on the record, is with the fact of recycling. I notice in the report that we have had a 25 percent increase, some 2.1 million pounds of glass. I think that is applaudible in itself to see such a substantial increase, but I am wondering if the commission has made presentations or believes, for example, if we had a deposit system—I understand, for example, in Alberta they do have a deposit system virtually on

all alcoholic bottles. If in fact, [interjection] or all bottles, all products and if in fact this would help speed up here in the province of Manitoba what, if in fact anything, the commission has done in terms of some of the research work on that.

Mrs. McIntosh: The member has raised a point that is one that has had a great deal of discussion. I know that the president and his staff—I say the president, when I say the president I mean the president and his staff, I am not just zeroing in on one person—but there have been many discussions about recycling and what is the most effective way to get bottles and cans back into circulation, maximize the return with minimum effort, because every time you do extensive recycling, of course, we have to have people doing it.

I know there have been discussions with the Minister of Environment (Mr. Cummings), and we have as you can see done some good things, but I am going to ask the president to make further comment because it is not an easy thing. There are some headaches that go along with trying to set up a good recycling program. Do you have anything you wish to add?

Mr. Smith: Well, I would be very pleased to elaborate but unfortunately I do not have all the details. I can say that the commission has been very active along with some other groups and the Department of Environment in working out what we think is a very effective way of recycling all containers, not only beverage alcohol containers but other containers. I think once the details are worked out and they are publicized, I think that Manitoba will be a leader in terms of recycling recyclable items. [interjection] I am sorry, I cannot answer any more than that because I am not sure where it stands.

Mr. Lamoureux: I understand that some of the provinces have in and around 75 percent, in Alberta I believe it is closer to 95 percent, being returned and recycled. As I say, 2.1 million pounds of glass sounds very impressive to me, but I do not know if that is 10 percent, 20 percent, 40 percent to put it all together. Mr. Smith, do you have some

sort of a percentage, like what percentage is in fact coming back through?

Mr. Smith: As of this report, we were returning about 22 percent of the nonreturnable products that we sell primarily through our liquor stores and liquor vendors. You have to remember that all domestic beer products are returned under the deposit system and are presently running about 98 percent in glass and about 75 percent to 80 percent in cans, so the domestic beer producers have done tremendous work in terms of promoting the return of those products—but what we are talking about here is the nondeposit items.

Mr. Lamoureux: It is an interesting point, you know, 98 percent of bottles being returned once they have a deposit system. I would think this would go a long way in bringing up the percentage of waste that is in fact out there and quite often ends up as broken glass on streets or in bottles on highways in rural Manitoba and so forth. It would be good to see some form of action with respect to that.

One final question just dealing with the recycling, I had a call, a couple of months ago I guess, from someone that said you could not—he went to return some beer bottles at a liquor store and they do not accept beer bottles?

Mrs. McIntosh: At the liquor store? You take it to beer vendors.

Mr. Smith: No, we only sell domestic beer, liquor stores, as a service to our customers. We only sell about 4 percent or 5 percent of the beer sold in Manitoba, and therefore we do not have a return system set up. The beer vendors are the ones that accept the returnable bottles and cans. We do not do it at liquor stores, and that is well advertised.

Mr. Lamoureux: I guess, had you not said 98 percent, I might have asked why, but seeing as 98 percent seems to be a fairly good return ratio, I will just leave it at that.

Mr. Chairperson: Shall the Annual Report for the Manitoba Liquor Control Commission for the fiscal year ending March 31, 1992, pass? (pass)

The time being 6:32, committee rise.

COMMITTEE ROSE AT: 6:33 p.m.