

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

Thursday, November 2, 1989

TIME — 10 a.m.

LOCATION — Winnipeg, Manitoba

CHAIRMAN — Mr. Parker Burrell (Swan River)

ATTENDANCE - 13 — QUORUM - 6

Members of the Committee present:

Hon. Messrs. Connery, Driedger (Emerson),
McCrae

Messrs. Angus, Burrell, Chornopyski,
Gilleshammer, Harapiak, Harper, Mandrake,
Uruski

APPEARING:

Mr. Wm. Emerson, President and Chief
Executive Officer

Mr. Al Ahoff, Vice-President, Finance

Ms. Irene Hamilton, Vice-President, Licensing

Mr. Don Lussier, Vice-President, Purchasing

Mr. Fred Johnston, Director, Retail Operations

WITNESSES:

Hon. James Downey, MLA for Arthur

MATTERS UNDER DISCUSSION:

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

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Mr. Chairman: Will the Committee on Public Utilities and Natural Resources please come to order? Today we are considering the Annual Reports for the Manitoba Liquor Control Commission for the fiscal years ending March 31, 1988 and 1989. Can the Minister responsible introduce his staff at this time? Does the Minister have an opening statement?

Hon. James McCrae (Minister of Justice and Attorney General): Good morning, Mr. Chairman, Members of the committee. I take pleasure in introducing to you this morning representatives of the Manitoba Liquor Control Commission: first, the President and Chief Executive Officer, Mr. Bill Emerson; Vice-President of Licensing, Irene Hamilton; Vice-President of Purchasing, Don Lussier; Vice-President of Finance, Al Ahoff; and the Director for Retail Operations, Fred Johnston. I am pleased to have these people here with me this morning and I would ask Mr. Emerson to begin by making a few remarks.

Mr. Wm. Emerson (President and Chief Executive Officer): I have here, for the benefit of any Members

who are not as familiar with all aspects of the commission as others, some what I think will be helpful papers which you could help distribute, Al. The purpose of these papers—and they are of course to take with you, I will not read the full content—is just to familiarize you with highlights of how the commission operates and its general responsibilities.

Each of our Crown corporations has a mandate or a statement of purpose or mission. Our corporate philosophy on page 1 expresses that in some detail, but essentially it points up our responsibility for the sale and control of beverage alcohol of high quality throughout Manitoba. The balance of page 1 simply explores what that responsibility entails. The commission is managed on page 2 reporting to the Minister of Justice (Mr. McCrae).

There are two boards: the board of commissioners, which corresponds most closely to a board of directors in a private sector corporation; and the Licensing Board which deals with granting licences and infractions and changes in licensing. Then through the president, the commission functions with five divisions: Licensing, Retail, Purchasing, Human Resources, and Finance with Internal Audit. I point out that Internal Audit reports to the president although functioning with the Division of Finance on a day-to-day basis.

Chart 3 is not as complex as it looks. The three committees in the middle, Workplace Safety and Health, Retail Operations Labour-Management, and Office-Warehouse Labour-Management Committees, these are the functioning committees through which, quarterly, the management of the organization meets with labour. The upper boxes show the various employee groups and the particular committees on which they sit, and below each of the three committees, shows the significant management people who are involved in meeting with labour on a regular basis.

There is a point on this page regarding our training plan, which is always of interest to those dealing with labour matters. In the last year there were 112 courses offered to our employees, and we had just over 1,000 participants in those. That is how we deal with labour relations.

* (1005)

Page 4 shows some significant commission milestones over the years. I will identify them. In 1916 prohibition, it did not appear to work. In 1923 the Government Liquor Control Commission was first established. Another highlight was the Bracken Commission in 1954. Then over the next 33 years there was a lot of detailed policy and practice. Changes came about. Some of them are identified here: self-serve liquor stores, a reduction of the drinking age from 21

to 18, and most recently, our introduction of a recycling program for non-deposit beverage alcohol containers.

We sell a lot of product to the public through our retail store system, and 40 percent of our dollar sales are generated through those 50 stores across the province, another 52 percent through licensees, restaurants and hotels and about 8 percent through 174 independent liquor vendors.

People have inquired, from time to time, as to what criteria we use in establishing store sites, as we review them annually where we feel a change in location is required. How we relocate them, well these key criteria are reasonably obvious to most people, demographic trends and changing access and egress depending on the particular highway or road that the store is on and making sure that the convenience of access and egress is there.

We run a five-year plan on that, roll it over each year. Looking at our current plan it includes the renovation of eight stores, and we will be relocating one store in Winnipeg during that period, in fact next year, to improve the location for the benefit of the public.

We give, on comparable terms, pretty good liquor service to Manitobans. These are some of the comparatives that stores, which we own or lease—there is one for every 15,500 Manitobans, that is a function of course of the number of stores per town or city. While we have 21 in Winnipeg, with its population, and two in Brandon, other smaller towns have one store each in the 29 locations identified in the 1989 Annual Report. Thirty-eight of those stores are leased and 12 are owned. We have 221 full-time and 80 part-time people in the retail organization.

I mentioned 174 liquor vendors. At the Annual Report time there were 171, and that gives service in rural Manitoba a liquor vendor for every 1,500 Manitobans in areas where liquor vendors are located. There are 301 beer vendors. Those are hotel beer vendors, and that is out of about 328 hotels. So there is a beer vendor for every 3,600 Manitobans, and of course Canadian beer is also sold through our liquor stores.

There are two duty-free shops, one at the border at Emerson and the one at the airport. The one at Emerson was brought in a few years ago, and it has provided considerable service to people moving back and forth across the border.

Importantly, all types of liquor are sold at uniform prices everywhere in the province, so that if you live in the North you pay the same price for a bottle of liquor as you do if you live in Winnipeg.

This shows a comparison of sales and net profit in the period fiscal '80 to fiscal '89. The upper line of sales shows how steeply, at times, the sales dollars were increasing and how that has become more shallow in recent years, and similarly with the net profit. The shallow increase over the last few years is self-evident on the chart. Unfortunately, in fiscal 1989 we dipped below the net profit of the preceding year for the first time for various reasons which I will mention a little later.

* (1010)

This next chart on page 8 is interesting. It shows the differing contribution by product type. People are not always aware of the contribution and how important it can be of a group of products, and the change over the years. For instance, the percent of sales consist of the upper bars for the various products. You will see that whereas in 1980 spirits amounted to 52.5 percent of sales, in fiscal '89 that had declined to 40.5 percent, whereas beer has risen from 36.2 to 46.9. Wine relatively static, it has not changed very much over that period as a total of all sales which come to something like \$370 million. The percent of gross profit reasonably follows those lines, but where we were dependent on spirits for 65.2 percent in 1980, today that is down to half. As the markups vary among types of products, product mix is a very important consideration.

On page 9 we compared western provinces in a couple of ways. We compare ourselves, in terms of management, on ratios, because simple dollar amounts are too extensive. We are essentially a cash business. We contribute something like 4 percent of provincial revenues. What is more important is at what cost.

The right-hand bar, in the upper part of page 9, shows that our operating expenses were 6.3 percent of sales and our margin of net profit was 40 percent and to the left you see the comparative figures from their annual reports for other western provinces. Those are the kinds of ratios that appear in our annual reports and on which we judge our effectiveness and I thought this one example might be of interest to you.

The next page is simply a record for you of a 10-year price comparison and these are the kinds of things we look at as we plan our activities. The first page, on 10, shows domestic spirits, and without going into details you will note that in the bottom right-hand corner, in '79 at this particular identified month, October, a bottle of whiskey was \$8.13 and it is today \$18.25. Very importantly we look at the provincial share and over at the left you will notice that the provincial share has changed from 55 percent in October '79 to 61 percent in September '89. The supplier's share has shrunk, down at the bottom left-hand corner, from 17 percent to 15 percent, and the federal share has moved from 28 percent in '79 to 24 percent in '89, but this is simply a breakout of the various components which make up the retail price at the store.

The next page, 11, does the same thing for beer and a 10-year comparison. Beer, unlike spirits which had gone up something like double, has almost tripled in that period from \$4.75 to \$11.75. Again, I draw your attention to the provincial share having been not only maintained but slightly increased and the brewers' share has decreased down at the bottom left from 44 percent to 39 percent. Again this is a breakout of the elements that make up a retail price at the store level.

We look at comparative pricing across the country on a continuing basis. It is not only important so far as our neighbours are concerned, but licensees are very aware of our selling prices and we like to point out where we have been able to achieve lower prices or prices that can stand up to examination.

On page 12 where we are looking at, this instance is Seagram's Five Star Whiskey, which is a popular—

what is called a bar brand price—range of whiskey. Across the country there are four provinces with higher prices. The dark line at the top shows Manitoba's \$18.25 price. In our opinion, probably in a middle position in the country is about the best place, the most logical place given the discretionary income, the stability of our economy here, that if our prices to the public are about midway, that is not an unreasonable position to be in.

You will note on the next page, 13, which is covering popular Canadian wine, there are actually five provinces which have higher prices for a comparable bottle. Rather than relate to the time of the annual report, I thought these figures would be most interesting as being of the current day.

* (1020)

The next page covers bottled beer and here you have five provinces which are higher in retail price to the consumer. Our price of \$11.75 is identified so you can see where they are higher and lower.

The bars have an interesting aspect in that the darker cross hatching at the bottom shows what we pay to the brewers for beer. In our case, we pay \$6.21 and what the proportion is on markup, and markup in sales tax, and you see that is 5.54 and you can see the comparable figures. This indicates that we pay the lowest price for domestic beer of any liquor jurisdiction across the country.

Now, retail price is not the only negative effect on liquor sales of all types, probably lifestyle changes is the most important, anti-drinking and driving legislation is very important. There are other aspects, but we know the price is significant and these charts on the following couple of pages show that in the case of spirits, on page 15, that the dark line, solid line as the retail price rose between fiscal '83 and '84, while it was affected the number of litres sold did not drop below. At about that time, the law of diminishing returns set in to a considerable degree, and you can see the tremendous effect on spirits. That has been the product most affected by increased prices and you can see that the gap in fiscal '89, in those graphs, is quite remarkable.

On wine there did not appear to be the same effect. Wine, of course, as you know varies considerably in retail price range, but there you see that it was not really until fiscal '88 that the lines crossed. The introduction of coolers in fiscal '86, which are included with these line figures, had a positive effect in terms of litres sold, but the diminishing returns did set in.

Beer has not been as dramatically varied between the two lines of examination, but again you can see that while the number of litres sold in later years is declining but not at a sharp rate. There is a spread developing and it just is not quite as significant as particularly spirits.

Looking at our product sales on a per capita basis on page 18, we see that beer, and the per capita is worked out on all Manitobans irrespective of age. It helps easy figuring in a province with approximately a million people, but these per capitas are worked out

on that basis. So you see, the top line of beer that people drank, close to 80 litres per person back in fiscal '80 over the extreme left-hand line, had dropped by fiscal '89 to about 73 litres. I would point out that 73 litres or so represents 18 dozens beer, which means that each Manitoban consumes annually 18 dozens beer.

* (1025)

Moving down to spirits. It was something over nine litres back in '80, and that consumption has moved down to something over six. That represents eight bottles of spirits. The wine line has changed not quite as much, a trifle over six to about five litres. That represents six bottles of wine. Coolers and ciders are very small, and you see that from the start they have achieved about one litre per capita.

If we average all that out, because the absolute alcohol within any product varies from 40 percent in, say, whiskey to 5 percent in beer and lower in light beer, absolute alcohol on page 19 shows that the average Manitoban in fiscal '82, which was the first year we began to compute these figures, consumed close to 8.5 litres per person per year. That had diminished by fiscal '89 to about 6.5. That is the top line that everything averaged out to.

It shows that irrespective of product type, Manitobans have been drinking less absolute alcohol. In the case of beer, the middle line, close to four litres in fiscal '82, about 3.5 in fiscal '89. Spirits, starting again at the same place in fiscal '82 has dropped much more sharply to about 2.5. Wine has hardly changed from just under one to a little bit lower. It has been quite level. All in all, the per capita sales of absolute alcohol have declined 21 percent since fiscal '82 which is certainly very significant for any line of products.

Moving to the control side of the Liquor Commission's responsibility. Page 20 shows you what we controlled: 1,239 licensed establishments, 328 of which are hotels. The pie chart demonstrates how licences are held. There are about 40 percent for dining rooms. Beer vendors, beverage rooms and cocktail rooms each have about 13 percent. Other licences like private clubs hold 20.5 percent of licences. All in all, 2238 licences, and it averages out to something like two.

In addition to licensed premises, we provide permits for occasional permit functions to the number of 24,000 in fiscal 1989. That number has been declining somewhat in recent years. Control of sale and consumption of beverage alcohol is affected primarily through education and inspection of licensees. We have The Liquor Control Act and Regulations. We have I think a quite clearly written licensee field manual so that our inspectors or advisors can give the licensee on-the-spot explanations in clear form. We have audio-visual presentations, group seminars, and a library of material for them, and that is administered through 20 people in the inspection department. We have resident auxiliary inspectors throughout the province who inspect occasional permit functions, 20 of those individuals. We liaise with law enforcement agencies, with the Alcoholism Foundation of Manitoba, with liquor

suppliers, and with the principal hospitality industry associations, which are essentially cabarets, private clubs, hotels and restaurants.

From time to time, we do customer-satisfaction surveys to see if we are succeeding in our objectives, or if our customers have objectives that we have not yet addressed. In the most recent one, which was a year ago, you would be interested to know and probably expect that our customers are apt to be young and affluent: 49 percent are under 35; and 31 percent had a household income of \$40,000 or more, compared with 21 percent of all Manitoba households.

* (1030)

The top of mind perceptions of our liquor stores were, I am glad to say, overwhelmingly positive, suggesting favourable opinions about service, convenience, and product selection.

The questionnaire dealt very precisely with those elements. We were delighted that these high ratings did include rural and urban Manitoba and throughout age and income groups. People of a particular geographic area or age group or sex did not feel that they were less well-treated or satisfied by service.

We have not had floor displays of merchandise in too long before that particular survey was introduced; but the question was included: 74 percent of the respondents were aware of the floor display, and 57 percent bought from them. Two-thirds of the respondents could think of nothing negative. The biggest complaint was about high prices, as you would expect: 14 percent.

On the negative side parking was not rated as highly as the other variables tested. That was a signal to us to examine our parking circumstances and see, in certain stores, if we could arrange for improved parking, and that is what we did.

Thank you very much for the opportunity to tell you what the commission essentially consists of and leave those with you for questions at any point.

Mr. Chairman: Does the official Opposition Critic have an opening statement?

Mr. John Angus (St. Norbert): It would be my suggestion that while the 65th Annual Report dealing with up to 1988 is in front of us, I would concentrate any questions that I have on the 1989 report. I think that the previous report is—there may be some minor questions in comparison, but it is not one that I believe we should rehash. This is a more current one. If that is agreeable with the other Party.

As usual, there will be a number of questions that go beyond the specific fiscal responsibility. There are a number of questions that relate to the annual report that I would like to deliberate on with the administration present.

The very first thing I would like to do is express my concerns at the potential conflict of interest that I believe Mr. Emerson may have in relation to being part of The

Crown Accountability Corporations Act and Chairman of the Liquor Control Commission which theoretically anyway reports to The Crown Accountability Act.

While saying this, Mr. Chairperson, through you to the Minister and Mr. Emerson, in no way do I want to indicate any lack of integrity, or seriousness, or ability to perform his function in either capacity. That is not a specific question in my mind whatsoever. It just seems to me that a boss who controls himself—in other words, one of the positions should be terminated.

Having made that expression, Mr. Emerson is here and that is clearly a Government decision. As I understand it, it is certainly permissible, so we will proceed to deal with it.

The questions that I will be asking concern around and I have made a list of them, they are not in a chronological order, or in an order of importance, but they are issues that I would like to address:

Recycling bottles. There is some tax for the environmental protection that is being attributed, but I would like to hear the comments and policies in relation to taking a more aggressive approach in terms of recycling, specifically liquor bottles.

I would like to address pricing policies. The potential impact of the GST on the liquor control. The potential for and/or discussion in relation to wholesale prices as it affects the individuals in the hotel and restaurant industry and the general public. The observations and the policies that the board has addressed.

The import order opportunities. I would like to discuss the diminishing return on that and get an indication of what actions are possible and what actions may in fact be taken.

I would like to discuss the advertising bans and the amount of advertising. Some of these of course will be policy Government decisions that the Minister will address, as opposed to the administration. I would like to address the free trade effect, particularly remarks and indications by Clayton Yeuter that the provinces are all going to have to have to make some adjustments.

I want to ensure that Canadian producers are as competitive as they can possibly be. I would like to address the public participation process, the rights of individual citizens who find themselves being potentially offended by liquor room operations and what rights of appeal and/or hearings, and/or public process where their input is available to them.

I would like to get a general feeling of changing times and directions that the Manitoba Liquor Commission in its licensing categories may take in terms of looking at establishing more family atmosphere and/or English pub type of circumstances, which are perhaps between very costly full kitchen food providing facilities and more entertainment, faster food concepts.

I would like to discuss the amount of money and the efforts that the Manitoba Liquor Commission is putting back into education. I would like to look at the Teenagers Against Drunk Driving and the alcohol-free grad concept. I would also like to look at programs that are designed to the youth, to specifically high school

students, in relation to the potential vagaries of overindulgence and consumption.

I would like to discuss the hours of operations and the policies. I have a number of questions that relate to the board in relation to the committees that they have and, as I have indicated, specific questions on the annual report. It seems that liquor revenues in terms of sales are going down and yet your expenses are going up. I think that is something the board should be specifically addressing.

With those minor opening remarks, that is going to be my line of approach. I am sure and I feel confident that the commission and its staff members will be able to address these.

Mr. Chairman: Does the Second Opposition Critic have an opening statement?

Mr. Bill Uruski (Interlake): Mr. Chairman, I just have one question because there is obviously a number of issues that have to be raised here. I want to ask the Minister why the Chairperson is not here?

Mr. McCrae: The Manitoba Liquor Control Commission, for the last little while has been without a Chairperson. As of yesterday we announced the appointment of a new Chairperson, Mr. Charlie Birt. Having been appointed as recently as yesterday, the announcement having been made, Mr. Birt has his own schedule to take care of. The fact that he is on his first day on the job, it was felt that perhaps the people that we have here would do a far more than adequate job of responding to the questions that will be raised today.

Mr. Uruski: I will have a number of questions on the various issues, perhaps we should go right into the questioning and get on with the committee.

Mr. Chairman: The Minister would like to respond to the official critic's opening statement.

Mr. McCrae: I think we will get into the various issues the Honourable Member for St. Norbert (Mr. Angus) has raised. I wanted to deal with the first item on the Honourable Member's agenda, that being the circumstances under which Mr. Emerson now finds himself as chairman of the Crown Corporation Council and the president and chief executive officer of the Manitoba Liquor Control Commission.

The Honourable Member I think answered his own concern when he referred to Mr. Emerson's integrity. There is no question in anyone's mind about the integrity of Mr. Emerson and the way that he conducts his responsibilities. Certainly Mr. Emerson has now served with distinction three Governments, firstly the previous Conservative Government, then the New Democratic Government, and now the present Government.

* (1040)

I can tell the Honourable Member and assure him that I have had nothing but total co-operation from Mr. Emerson and all of his staff. I have found that there is no question of integrity when we are dealing with

this particular individual. In fact, the Government saw fit to appoint this person as the head watchdog, if I may use that expression, for all the Crowns in this province and that speaks well of the individual.

We also know that we are in the process of finding a replacement for Mr. Emerson at the Manitoba Liquor Control Commission. I do not think it does anybody much of a service for the Honourable Member to raise the question in the way that he has. Mr. Emerson certainly knows where conflicts appear and knows how to conduct himself when that happens, so I think that should deal adequately with that question.

I would like to now get into the other questions the Honourable Member has and perhaps the staff people that we have here can answer his detailed questions in matters of the role that the Government has to play. I would answer those questions.

Mr. Angus: Mr. Emerson, The Crown Accountability Corporations Act calls for public hearings on Crown corporations. Have you, sir, had any of those public hearings, informational sessions to date and, if not, why not?

Mr. Emerson: No, we have not had any to date. Our public hearings will take place in Thompson on the 8th of November and in Brandon and in Winnipeg on the 15th and 28th of this month.

Mr. Angus: Mr. Chairperson, in your capacity as the chairman of the Manitoba Liquor Control Commission, are you going to be in attendance at those meetings, as the Chairman of Hydro is, as an example?

Mr. Emerson: Yes, I will be in attendance at all—

Mr. Angus: Sorry, chief executive officer. I am sorry.

Mr. Emerson: Yes, certainly I will, accompanied by key division heads, but I will be in personal attendance.

Mr. Angus: Mr. Chairperson, I will only suggest to the Minister that the sooner that a replacement is found for Mr. Emerson, the better everybody will feel about this. I am sure you as well, and I again do not want to suggest any lack of sincere integrity on the part of Mr. Emerson.

I find it very, very difficult for an individual corporation who reports to another corporation to have the same chief executive officer of both corporations being in charge. So we may have to agree to disagree on that principle, the Minister and I. I believe I certainly would have tried to approach it differently, but I am not privy to all of the facts that he has, and I will not pursue that line any further, for the Minister's information, regardless of what he says.

Mr. McCrae: The Honourable Member is correct that I assume that he is not in possession of all of the facts. It is common with him and his colleague, the Honourable Member for St. James (Mr. Edwards), to proceed and make statements without being in possession of the facts. We know that happens. I guess we can only forgive them.

Mr. Angus: Mr. Chairperson, on a new issue. Assuming of course that the Minister is going to share all of the factual information so that we can deal with these things intelligently, I would like to hear what the policy is in relation to recycling, and whether or not the board has reviewed those policies and considered any form of a recycling program, either with depots, and/or with a rebate system for the consumers on specifically spirit bottles.

Mr. Emerson: At the present time, an initiative we introduced in June is a tie in with the Manitoba Soft Drink Recycling Corporation. At this point, it consists of 18 depots in Winnipeg and 13 in the rest of the province, with the encouragement of the largest licensees in Winnipeg to make special arrangements for their empty wine and liquor bottles to be picked up and taken to be recycled. Those organizations alone, which number some 31, amount to a very substantial number of bottles per year.

Right now, from zero before, something like two million pounds per year annualized is being crushed. We do not have the figures of plastic bottles. They are not as common as glass bottles. That arrangement seems to be working well and appears to be doubling in volume month over month, but it only got under way in June. We are satisfied at this stage. We have expanded plans.

Most recently we have placed brochures within liquor bags as people make purchases, and we find that method of reaching people more effective than advertising in the newspaper. There are some 500 non-profit groups which contribute their time and effort, and support their causes by picking up bottles and moving them over to the recycling depot. We intend to accelerate that, but we are still in the early stages, and we are pleased with what is happening at this stage. We do not have plans at this point of moving outside that area.

We are studying a Private Member's Bill which dealt with that particular topic of recycling and the environment, and at this stage have merely noted that there is considerable cost attached to the various measures suggested. We are looking at that to see whether some elements of it can be incorporated or should. We are still in the study stage, having been provided with copies of that Bill.

Mr. Angus: Mr. Chairperson, I looked through the Annual Report to try and find the locations of these 18 depots. I do not see it in there. That is the first question.

The emergence of these drop-off centres, I am not sure how they work in a practical application. I wonder if you have given consideration to the same concept that is used in the return of beer bottles, where the consumer is penalized with an additional expense which is returned to him if in fact he does return the bottles. That is the general thrust of the recycling, and I wonder if we could just get Mr. Emerson or Mr. McCrae to comment on the consideration of these.

Mr. Emerson: Yes. We have looked at that, and that is part of our examination. The refundable beer bottle

return system is functioning very, very well at a high degree. One of our principal concerns is that of cost and to apply it, because in general terms, whiskey bottles are not as bulk producing in a household, and therefore there is not the same sense of urgency, nor are they consumed as rapidly as beer. So therefore in any individual household the number of bottles is not as great, but we are looking at that. Our initial concern there, because the objectives are fine, is the rather tremendous cost.

The establishment of certain depots in Alberta ran between two and three million recently, and the cost of putting a particular deposit on whiskey and wine bottles would come in the hundreds of thousands of dollars initially, and then into the millions. So we are looking at that, but our initial reactions are that it would be extremely expensive, and we have been attempting to contain the cost of liquor and wine. It makes a substantial contribution to provincial revenues which we would not like to see reduced.

We have provided—and I would like to provide one to the Honourable Member—the brochures which show the location and the hours of the recycling depots, and those are distributed in the areas, the towns, and they are available, as I said a moment ago, now with packaged liquor.

Awareness is certainly building, and the people at the recycling depot feel that they have had a substantial effect in terms of the increases in glass that is being crushed. This is published, it appears within our stores, and the brochures are placed within the liquor bags as the customer leaves.

Mr. Angus: Mr. Chairperson, I would like to just suggest, for the board's consideration, they are privy to an awful lot more information than I have available, and they are also able to more specifically analyze the costs. However, I think that with a little bit of vision and a little bit of creativity that the return on the investment of the dollars will be a hidden benefit to all of the citizens of Manitoba.

* (1050)

In terms of making a system of this nature work by charging even a minimum fee of 25 cents a bottle, I can see individual fundraising organizations, or community clubs, hockey teams, ringette teams, boy scouts, girl guides making door-to-door drives to parents to try and collect bottles on a basis whereby they can return them and help fund themselves to meet escalating costs.

I would also like the board to give serious consideration to permanent locations of—I notice there are two in my area, and I know that both of these shopping centres would give, I am sure, serious consideration to permanent drop-off boxes that could be left there and picked up, as opposed to having a truck there and having it that I have to bring my one bottle or two bottles to the specific site at a specific time.

I think it is incumbent upon the corporation to address the overall objectives: that is, cleaning the landscape

of the literally hundreds of thousands of bottles that are just discarded in the landfill sites and/or sides of highways and things of that nature to address the practical application of a normal society in terms of co-operating and participating in this project.

I will conclude on the recycling issue by suggesting that if this was a private corporation, we as elected representatives would just not tolerate the abuse of the final product.

I bring to your attention various regulations and rules that are put in place for private corporations that are deemed to be polluting and encroaching on the rights of people. So I think this is an area that should seriously be pursued and aggressively be pursued, and the amount of the investment would be well returned to the people of Manitoba.

Mr. Chairperson, I have obviously a number of different questions, but I want to be fair on specific issues.

Mr. Harry Harapiak (The Pas): I just wanted to make a comment on recycling as well, because I am the sponsor of that Private Member's Bill that came into the House. Our Party has been promoting recycling for quite some time.

I had the occasion to take some young people down to the recycling depot last Saturday. I observed at that time that there were some glass bottles being brought in but they were paying a cent a pound for the bottles. The people there, although there were some being brought in, said it was very discouraging that in adjacent provinces there is much more being paid for the bottles there. I am not sure if they were just guessing or that they were speaking from fact, but they thought there should be a much higher price. I think the Liquor Control Commission should look at the possibility of a deposit, even if it is comparable to beer bottles.

I think it would be more of an encouragement for some of those non-profit organizations like Boy Scout movements, Brownies and Girl Guides, that they can do this as a fundraising venture. I think that it would be much better for the environment overall if we went into some sort of a deposit system.

Mr. Emerson: Thank you for those comments. We certainly will take those points, and they are ones we do consider. I would point out that the prices paid by the non-profit organizations relate to fluctuating values. For instance, aluminum happens to be reasonably high right now, so aluminum cans crushed and provided to the depots brings a much higher price than it might have two or three years ago.

Glass, unfortunately is very low in value and were we able to utilize it here to a greater degree, in other words the distance the glass has to be trucked and where it can be used usefully, do vary from province to province.

I believe that you are probably referring to neighbouring provinces where there is a deposit and of course that is invariably higher than the value per pound for coloured glass or aluminum. We are

considering all aspects of that. I simply repeat my concern at the cost to the commission, the public and the suppliers of quite a few million dollars is giving us considerable pause, but we are continuing to examine those matters you raise.

Mr. Uruski: Is there an intent to establish further depots in the Interlake? I note that there are depots in parts of western, west central, north, and there is Selkirk, as part of the Interlake. While it is in the Interlake, one might consider it really a dorm city of Winnipeg and whether Stonewall or Teulon or Arborg, in terms of the central locations of the Interlake, whether there is a consideration for additional recyclable depots.

Mr. Emerson: We do not have immediate plans. We will by the end of this year have performed the first of annual reviews on the logical location of additional depots, and should know in the first quarter of next year when and where it is practical to establish further depots.

Mr. Uruski: One other question, in terms of glass, will those depots be prepared to take all other types of glass that may be crushed, besides liquor bottles?

Mr. Emerson: Unfortunately, at this time there does not appear to be an easy solution for the recycling company to handle ketchup, marmalade and other bottles for health reasons. Liquor, being relatively sterile, is not the same problem. However, there are intermittent advertised times and depots where all bottles can be taken in, but those are less frequent. What we will do is determine the current status of that, but when we inquired we were told that was a principal problem and the many hundreds of people lining up at depots with these open, unwashed containers, unfortunately. We will again examine that though with the recycling company.

Mr. Uruski: I know that all advertising or discussion that has been had on the issue of recyclable material from the food sector that have to be and should be washed and cleaned and those depots that have, at intermittent times, are they tied in with the soft drink recycling? Are they out of Winnipeg or where would those commodities have to be taken, like those . . .

* (1100)

Mr. Emerson: I can determine that information for you. The recycling company that we deal with does not handle those for the problems I mentioned and I am not sure, I know that our family takes them to a different location than we take any liquor or wine bottles that we have, but we can provide that information. I know the location is different.

Mr. Uruski: Mr. Chairman, that is all I have on this issue for the present time.

Mr. Angus: If I remember correctly, there was a 10 percent environmental tax added to liquor. Ten percent may not be the accurate figure. Perhaps you can just

tell me what the percentage is and how much money you intend to raise from that or expect to raise from that.

Mr. Emerson: It is my belief that it would be annualized about \$1.2 million, let me check—sorry, \$1.2 million. It went into effect in August, \$1.2 million for the current year and \$2 million on an annualized basis.

Mr. Angus: Mr. Chairperson, is this money earmarked for general Government coffers and review, or is it the intention of the board to try and put that back into cleaning up the environment with a progressive method of recycling unused or unwanted liquor bottles?

Mr. Emerson: In its net form it simply accompanies our additional profit and goes into general revenues in its net form, but we do reduce those collections by the amount of money we spend on the recycling matter, which I think is currently around \$140,000 per year.

Mr. Angus: Could you just go over that again? I either lost my train of thought or I was confused by what you were saying.

Mr. Emerson: I am sorry. The funds which have now been identified as an environmental impact tax as a part of our total profit, together with the balance of profit, go directly to the Department of Finance and we have no jurisdiction over their disposal. However, the amount of money from the environmental impact tax which I am speaking of is net and any expenses on recycling have been applied against that tax money.

Mr. Angus: If I can just paraphrase to make sure that I have it accurate, this year you anticipated raising \$1.2 million. Next year you anticipate raising \$2 million. Any of the direct expenses in relation to the current recycling program are charged against that 10 percent. The balance then goes into—Mr. Emerson, did you have any discussions with the Minister and/or the Cabinet in relation to their intentions of the 10 percent and any separate developments with it, or am I accurate in assuming that you assumed that it was simply another method of generating additional revenue for the Government?

Mr. Emerson: Well, it is not additional revenue in that it is taken away of earlier revenue in most part because it is simply a dividing of what the former total net profit was and applying some against recycling matters.

Mr. Angus: Mr. Chairman, this is a perfect example of how you could find yourself in a conflict between your role as the chief executive officer of the Manitoba Liquor Commission and your role as the chief executive officer of The Crown Corporations Accountability Act.

If I was in your shoes, sir, I would suggest that the Government has sent you a clear message of not simply generating additional income and revenue for the coffers of the Government, but they have said, add 10 percent to the cost of your product and funnel that into some sort of environmental control program, something that is going to address the environment.

For you to suggest that it is going to be hundreds of thousands of dollars, and even a million dollars or so, to do an adequate recycling job and then tell me that you are raising \$1.2 million this year but you are just funneling it back in is something, sir, that if I was the chairman of The Crown Accountability Corporations Act I would very seriously challenge you as the chief executive officer of the Manitoba Liquor Commission on. I am not suggesting any integrity charge, I am just saying that if I was your boss of The Crown Accountability Corporations Act I would say, why would you not take that 10 percent and budget and plan to put it into recycling on a program that we have suggested?

Mr. Emerson: I would just like to see if there is any aspect that I have missed in providing you with that interpretation.

I do not think there was anything that I left out, but I did want to make it clear that this amount of money was a reduction from the originally budgeted profit, it was not over and above. Therefore, I assumed that Government, in its apportioning of all revenues, would be considering environmental expenditures on its own with perhaps some or all of those funds, but we ourselves set up our program. As a matter of fact, it was in advance of that particular tax, and the \$140,000 that we had planned before against recycling of course, as we move into the budgeting process right now, will be examined in terms of plans for next year which may be expanded.

Mr. Angus: Let me see if I have this straight, Mr. Chairperson, through you to either the Minister or to the chief executive officer. They say, sir, that the price of alcohol was static and that the 10 percent environmental protection tax was taken out of the current price, not added on top of the price.

Mr. Emerson: Yes, that is correct.

Mr. Angus: Through you, Mr. Chairperson, to the Minister, was it the intention of the Government, has this been interpreted correctly, and if so, are you now getting into directing the types of expenditures that are made through the Crown corporations? I was under the impression, sir, and I may have been inaccurate in it, that it was an additional 10 cents or 10 percent to—1 percent I guess it is—10 cents per sale. I am just making sure I am clear on that. I do not want to confuse that, but it was my understanding that was on top of existing revenues.

Mr. McCrae: The Honourable Member has not understood this thing very well, and of course he is going to do his best to try and get himself off a limb that he has put himself onto in terms of irresponsible statements he has made about the chief executive officer of the Liquor Control Commission.

The situation is that the consumer of beverage alcohol in Manitoba is not paying this as an additional tax. This is a 10 percent amount that the Commission is absorbing and directing in a different direction. The Honourable Member is not understanding the point

and he is using his lack of understanding of the point to try to support an argument that he has made, I suggest irresponsibly, and he finds himself in an embarrassing position. That is his problem, not mine.

Mr. Angus: I am never ever embarrassed about asking questions and I am readily prepared to admit that I do not have all of the answers, Mr. Minister. I resent your maligning of my integrity and/or my character in relation to doing what I consider a reasonable job. I have absolute confidence the administration can clarify and answer these questions.

My question through the Chairperson is to you, Mr. Minister, is it now the Government policy to direct the expenditures of the Manitoba Crown corporations in this fashion?

* (1110)

Mr. McCrae: The way we work, Mr. Chairman, is in consultation with the commission. For the most part, the commission does the work that it is supposed to do in terms of regulation and does the work that it is supposed to do in terms of the proper retailing of beverage alcohol in this province.

We have a committee here for the purpose of accountability. That is what we are here for. The Government has a role to play in terms of certain regulations that are passed, certain legislation that is passed, and a certain role to play in terms of consultation with the commission in its operations as well.

Mr. Angus: Mr. Chairperson, with respect, Mr. Minister, if I understand you accurately, then it is within consultation that you are going to be directing the Crown corporations to return the investment of money to certain areas to satisfy your agenda. May I ask you, sir, if you are pleased and/or are you going to give them any more specific direction on the expenditures of that \$2 million to put in place some form of an effective recycling program?

Mr. McCrae: Mr. Chairman, yes I am pleased, and second is, we will continue to consult with the commission on policy matters and on operations and on regulation. The answer is, yes we are extremely pleased with the performance of this commission.

Mr. Angus: Mr. Chairperson, I have a subsequent question in relation to the direction of expenditures to the corporation. Are you considering instructing the Manitoba Liquor Commission to invest any percentage of their revenues into re-education, safe grads, teenagers against drunk driving, high school education programs on the potential vagaries of overindulgence and things of that nature?

Mr. McCrae: Mr. Chairman, we will continue to consult and be consulted by the Manitoba Liquor Control Commission in regard to any number of issues.

The Honourable Member's point about education respecting abuse of alcohol is well taken. We agree

that is an important part of the responsibility of Government, and perhaps in consultation with the commission there will be decisions made in the future that will have the wishes of the Government somehow built into them.

The point is, as I told his colleague, the Honourable Member for St. James (Mr. Edwards) yesterday, and as I have told the Honourable Member for Logan (Ms. Hemphill) on a few occasions both privately and in the House, Government has a role to play in all of this too. The Manitoba Public Insurance Corporation has a role to play; the Alcoholism Foundation of Manitoba has a role to play; the Department of Education has a role to play; and also the Department of Highways and Transportation, as pointed out by the Honourable Member for Assiniboia (Mr. Mandrake).

We see this as a Government responsibility right across the board. Every aspect of Government has an interest in this. Certainly the Manitoba Liquor Control Commission is interested in regulation; that is part of its job. Regulation can also have an education aspect so that I can tell the Honourable Member that he can be assured that we continue to take our responsibilities seriously.

Mr. Angus: Is the Minister satisfied with the proposal that we have jointly made at this particular table, that some form of a refundable deposit that would encourage and allow private citizens, whether they be non-profit organizations like scouting and guiding and/or community clubs that are trying to raise money, to actively participate in this type of a program?

Mr. McCrae: Mr. Chairman, we continue to explore all appropriate avenues to be environmentally conscious and responsible as well as conscious and responsible for programs that would help reduce the adverse effects of the consumption of beverage alcohol in the province.

Mr. Angus: A further question on the environmental protection tax. May I ask you, Mr. Minister, why you felt it necessary to bring in an Act to be supported by the Legislature to direct the corporation, if your lines of communication and your co-operative endeavours with the board are not sufficient, to be able to earmark specific amounts of money to be directed to the environment? Why did you feel it necessary to put an Act in?

Mr. McCrae: I can answer the Honourable Member's question in a general way. The Manitoba Liquor Control Commission has its responsibilities, so does the Minister of Finance (Mr. Manness). The Minister of Finance's job is to ensure that the important programs of the Government are properly financed and that decisions in that regard are made in his office after consultation with various interested parties.

Mr. Angus: Mr. Chairperson, in relation to the Accountability Act and the representation of the board that you are responsible for, the Liquor Control Commission, reporting to The Crown Corporations Accountability Act, how do you believe that you are going to represent or how are they going to represent the administration of this specific fund?

If the Minister of Finance is putting it in to say that he wants the money for his coffers because of the general requirements to fund the province, and if you are suggesting that you want to see it applied to environmental protection, how on earth is a Crown Accountability Act going to be able to account for something of this nature in any way, shape, or form? Never mind who is the Chairperson.

Mr. McCrae: Would the Honourable Member just try that again?

* (1120)

Mr. Angus: Mr. Chairperson, the chairman of The Crown Accountability Corporation Act and the chief executive officer of The Liquor Control Board are conferring with each other in their mind as to how they are going to perform objectivity in relation to this. I can see the dilemma, and I am sure the Minister can see the concerns that are being raised. How are you going to present a case? I am directing these specifically to you, Mr. Minister, because I do not want to put Mr. Emerson in that awkward position that you have put him in. How are you going to explain to The Crown Accountability Corporations Act the environmental protection tax? How are you going to account for it when you have one agenda, the Finance Minister (Mr. Manness) of the Province of Manitoba has another agenda, and the Liquor Control Board seems to not be certain as to which agenda they should be following?

Mr. McCrae: The policy setting is made by the Government and the various agencies have a role to play in carrying out the policy set by the Government. The Honourable Member wants to talk about the same CEO at the Liquor Control Commission also being the head of the Crown Accountability Council. I think that in regard to everything—

Mr. Angus: Mr. Chairperson, on a point of order. The point of order is the fact that if Mr. Emerson was anybody else, I would ask him the question as to how he is going to report to The Crown Accountability Act and fulfill those obligations in relation to this particular tax. The fact that he is the same person has nothing to do with the discussion in my mind. I want to make it absolutely clear, I am not trying to malign the individual. It is a set of circumstances that is unfortunate.

Mr. Chairman: A dispute over the facts is not a point of order.

Mr. Angus: Okay, I apologize.

Mr. McCrae: The Honourable Member does not need to apologize for raising a point that is important to him. Maybe it is not a point of order but it might be a point nonetheless.

(Mr. Harold Gilleshammer, Acting Chairman, in the Chair)

The point that needs to be borne in mind is that the Honourable Member should try to appreciate that it is important that the Manitoba Liquor Control Commission have the leadership it requires during a transitional period to the naming of a new chief executive officer. The Honourable Member makes much of a situation which is not expected to carry on indefinitely. We have a process in place. We are being assisted by a consulting firm in finding a new chief executive officer, so that many of the things that the Honourable Member would like to make much of will really be quite meaningless in the sense that we are in that transitional phase at The Manitoba Liquor Control Commission.

Mr. Angus: I will share—this line of questioning may be wished to be pursued and/or the direction and leadership of the whole corporation may be want to be pursued by the third Party.

Mr. Uruski: Mr. Acting Chairman, I raised recently why the chairperson had not been there and the Minister indicated that he was just appointed yesterday. Could the Minister tell me when the former chairperson resigned from the commission?

Mr. McCrae: Mr. Acting Chairman, the previous chairman of the Manitoba Liquor Control Commission, Mr. Justice Mercier, as he now is, was appointed to the Bench on September 15, and immediately we received a notification from him that as of that moment he would no longer be able to serve as Chair.

Mr. Uruski: So, it is approximately a month and a half since, basically, the position has been vacated, of Chair. There has been no chairperson.

Mr. Acting Chairman, I just want to make a brief point to the Minister. That is, philosophically I have no difficulty in the Government's appointing its political people, former MLAs or whatever, as chairpersons. I am sure that Charlie Birt will do a fine job in that position. There is no doubt in my mind, but I find the Government being hypocritical in the sense that over the last number of years, when other political people, when other Parties were in power and other political people were appointed, somehow that was not right and somehow the appointments were tainted.

I just want to tell the Minister, I have no difficulty with who you appoint. I think your appointment in this case is a good appointment. I find the whole process somewhat hypocritical in the sense of appointing a political person, yet, going on ad nauseam several years ago at other political appointments made by other Parties. So I just leave that there for the Minister.

Mr. McCrae: Mr. Acting Chairman, the Honourable Member has left that there for me. I appreciate knowing his views on these matters and I do accept what he says about Mr. Birt. He is not making a personal attack on Mr. Birt because, my goodness, it is an easy appointment to defend, if it needs defending at all. The

man has served as a Crown attorney for five years, I think, of his career, so he knows a little bit about the law.

As a matter of fact, many of my former colleagues in the court reporting business had occasion to work with Mr. Birt as a Crown attorney just prior to my coming on board in 1969. That kind of background, understanding The Liquor Control Act from that viewpoint, having a general legal background, understanding the important balance that has to be drawn in public affairs such as those which fall under the Liquor Control Commission, we think that he is very well suited, and I can only take the Honourable Member's comments as—I think he just wanted me to hear them without any particular response and I have heard them.

Mr. Uruski: Mr. Acting Chairman, just on a new line, the commission was reviewing and studying the whole question of credit and credit availability and access to alcohol. Can Mr. Emerson or the Minister indicate what has transpired in view of the discussions or the premature announcements, I guess it was earlier this year, about cheque cashing privileges and the like in the commission?

Mr. McCrae: Mr. Acting Chairman, I think Mr. Emerson may add something to what I am about to say, but the Honourable Member refers to premature announcements, which is not quite the right way to put it. In a wish to be open with the public and with the Members of the Legislative Assembly, certain documentary business plans were made available, plans which may have some aspects to them that may never find their way into public policy in Manitoba but others that may. So it was on that basis that that came forward.

It was not a premature announcement. It was a wish to be open with legislators that that material came out. The Honourable Member referred to the word "credit," and nothing in a cheque-cashing card has anything to do with credit. I will leave the rest of the answer for Mr. Emerson to make.

* (1130)

Mr. Emerson: We provided applications in our stores last Monday for cheque-cashing courtesy cards and sent releases to the newspapers to indicate that was available. Approximately 30 have been picked up, of which 15 were from our own employees. There is not a great deal of activity in that regard. We expect, as we originally suggested, that the use will be minimal. It will tend to be for those people who want to expand or supplement their wine cellars and will sometimes buy \$2,000 worth of wines that it is more convenient for them to use a cheque than to carry that kind of cash. At this point, I believe approximately 30 applications have been picked up for processing.

Mr. Uruski: And that is in the last week?

Mr. Emerson: Just this week, since Monday. It is just four days.

Mr. Uruski: So, Mr. Acting Chairman, that policy in fact that was in the commission's strategic plan has been accepted by the Government. Is that correct?

Mr. McCrae: Yes, that is correct. We feel that if you are basically operating a monopoly, it is our responsibility to ensure that service is indeed up to the levels expected by the public. Our surveys of customer satisfaction show that we have a high level of satisfaction with the service we provide, and there is nothing to be ashamed of in regard to providing proper service here in the 1980s and '90s.

The Honourable Member and his colleagues tend to want to equate an adequate level of service with opening things up and encouraging more consumption. The Honourable Member was here, I believe, at the beginning of the meeting today when the chief executive officer went over the trends in the use of alcohol in this province. There is really no issue here except that the Honourable Member wants to make that kind of point, or maybe not this Honourable Member, but certainly his colleagues would like to make the point that somehow there is a liberalizing trend here.

The fact is customer service is indeed that, customer service. The Honourable Member would be the first one to get after us if all of a sudden it turned out that there were complaints coming out of our Liquor Control outlets about the level of service being offered. We can get into certain moves that were made during the tenure of the New Democratic Party, if we want too; but I do not think we need to do that today. We have done that before.

Mr. Uruski: What I heard the Minister say earlier was that some plans may be implemented and some plans may not that appeared in the document. I ask the Minister now, has the Government accepted the commission strategic plan that was released in '89 for the years '89-91? Is that plan being implemented by the commission? I raised only one aspect of that plan to find out what in fact is the case, that is really my tender of question.

Mr. McCrae: That is a perfectly fair question too, Mr. Acting Chairman. The fact that there is a strategic plan that is made available by virtue of a wish to be open has the tendency or could—and I suggest not unfairly to the Honourable Member and his people—lead one to perhaps jump to a bunch of conclusions that are not necessarily the correct ones. I am saying to the Honourable Member that the individual aspects of this business plan will no doubt come forward at one time or another in the next two or three years. Each individual item will be looked at not only by the commission, but also by the Government, and decisions made on a one-at-a-time type basis. It is not a question of us saying, we accept everything in this business plan. I have not looked at it in the last little while, but if it indeed says credit cards, I am not interested in seeing the use of credit cards.

Maybe, if there is some succeeding Government of another particular persuasion they would want to look at the business plan, perhaps the Honourable Member's Party would? I think that should answer the question. It is a matter of looking at the issues on an individual basis, and not saying that everything that is in that plan is Government policy or the direction the Government wants to see the commission go in each and every instance.

Mr. Uruski: Mr. Acting Chairman, I want to go on with that plan just a little bit, it deals with a question of service to Manitobans and leaving aside the question of cheque cashing privileges. Essentially all that has been approved and accommodated at the present time is identification for people who wish to cash personal cheques through the commission for sales, rather than carrying large amounts of cash in the event that there are wine sales or whatever the commission may advertise, is that correct?

Mr. Emerson: Yes, that is correct.

Mr. Uruski: Another area of the strategic plan calls for the reduction of costs of servicing some of the outlets that the commission has. In fact, I am advised that in my own area one outlet which is a commission outlet is going to be closed. I want to ask the commission whether that is the case, and on what basis is the commission making its decisions for the closing of rural outlets?

(Mr. Chairman in the Chair)

Mr. Emerson: The location of that store is Fisher Branch.

At Fisher Branch a couple of things coincided; it is a one-person store in terms of permanent staff and the manager has decided to retire in January; and within the last few months the town decided that it was anxious to have a pharmacy. A local resident, a pharmacist, applied to the town and got their support for building a new pharmacy. He then applied to have the liquor vendor department so the pharmacy could offer that service and of course supplement the income of the pharmacy and assist in its viability.

We discussed it with the town and they put forward a resolution that they wanted that to happen. I discussed the possibility with the union at the senior level, and the local people were also included in discussions, I mean local union stewards, and the investigation which we do on every prospect, business background, and other matters, came up very positively.

The commission recommended to Government that with the support of the town and the fact that the investigation proved to present no difficulties whatsoever, that our opportunity to bring a pharmacy to Fisher Branch was significant enough to close the store and transfer the business into a liquor vendor with the present manager offering to provide some assistance in the pre-opening period as he moves into retirement.

Those are the circumstances. To the best of my knowledge the building is being put up for the pharmacy and the new pharmacist is ready to take on his new responsibilities. Additionally, I personally communicated those facts with the president of the union with whom I keep in at least quarterly touch. Our union employees were advised of it and you already saw through the documents placed before you originally how we communicate with the employees on such matters.

Mr. Uruski: Does the commission play a role in site selection?

Mr. Emerson: Very definitely, in the case of liquor stores. In the case of liquor vendors, and I am not sure if the Honourable Member is referring to a specific site within a town or village—

Mr. Uruski: Mr. Chairman, just so Mr. Emerson is clear, I am speaking about Fisher Branch and I do not want to bring in any other issues.

Mr. Emerson: That site had, I believe, been pre-selected by the pharmacist so we played no role in that. If in the investigation there was a clear unsuitability, then we would discuss that with the liquor vendor. Most of them, while there are changes in location, it is infrequent. We did not to my knowledge play any role in the selection of that particular site. I will confirm that.

Mr. Uruski: Would the commission not view it with some concern that the new site of the commission is right across the street from the school, in terms of the high school? Now albeit, the former commission office in downtown Fisher Branch was—I guess one could also say across the street from the elementary school, but would the question of drinking age, proximity and availability have been viewed or at least examined by the commission?

* (1140)

Mr. Emerson: We went by the assurance of the local police authorities and the municipal authorities that they found the site satisfactory, and it, being a very small community, we did not go past securing their, I might say, quite enthusiastic approval. We did not personally comment on that particular site.

Mr. Uruski: Mr. Chairman, could I ask Mr. Emerson whether Fisher Branch would have been closed as a commission outlet irrespective of the application of the drugstore in that community?

Mr. Emerson: We had no such plans. We reacted to the circumstances that seemed appropriate, but we had no particular plans to close that store.

Mr. Uruski: What criteria would the commission use in order to assess whether or not a commission store would be transferred to a private vendor?

Mr. Emerson: There would be a number of considerations: the wishes of the local community, and we would not consider acting without the approval of Government. We have noticed though in the approximately 23 locations where we have pharmacy liquor vendors that they are particularly valued by the community. That would tend to weigh heavily on a recommendation that we might prepare.

There are some communities where managers are not keen to be located far from home, they may have been used to a different size town, and if for example, in a small location a manager was about to retire and we bulletined the job and there appeared to be very little interest in it, and it was quite small and we might

enhance a local business, then we would probably prepare a recommendation for consideration by Government on closing that particular store.

Mr. Uruski: Are there other stores that the commission is considering closing?

Mr. Emerson: We are not considering closing any stores at this particular time. We have simply identified, and Fisher Branch was among them, those which were smallest and inefficient. The strategic plan that has been discussed is a rolling three-year plan. There can be items within that plan that will appear in consecutive strategic plans perhaps over a period of nine years with no implementation.

In another case in the Town of Rivers we have a liquor store. The community was initially interested in that store being turned over to become a liquor vendor in another establishment and putting the Canadian beer from the store into the local hotel vendor to help a marginal hotel retain its viability—a hotel which unfortunately has since closed. We had considered that, but when bulletining the job and talking to the council which subsequently changed its mind, we not only changed the plan and did not recommend it, but we have also since renovated it and have a manager in residence. That was one which we were close to the recommendation point of view and then backed off due to local circumstances. We have no specific plan at this point for any closures.

Mr. Uruski: When you spoke about Rivers, I am assuming that you would look at—one of the criteria would be total volume of sales in relationship to the overhead costs of either rental, or maybe the commission would own the buildings and I am not certain, maybe I will ask this question: are most of the rural outlets that the commission has stores in, are they owned by the commission or are they basically rented premises?

Mr. Emerson: Over all we own 12 and lease the rest. It is my impression that we would tend to own more in Winnipeg, and I will see if we have that figure. All 12 that we own are in rural Manitoba.

The volume and cost considerations from a business point of view are always taken into consideration. Frequently, it results in relocating a store that might be slipping because it is not in the right place, then we relocate. A store that might in our consideration be better off as a liquor vendor would have had the financial aspects considered in advance and would undoubtedly be one of the smallest.

Mr. Uruski: I am satisfied that from the commission at least at the present time, in fact, the commission is indicating that other than the Fisher Branch closure was, and I guess I do not know whether it is a—did the town approach the commission about this venture, or how did this come about? It is kind of interesting that the two were able to mesh and the like, knowing of course it was common knowledge in the community that the present manager was retiring—that has been there for quite a while.

Mr. Emerson: It is my understanding that we were approached by the town.

Mr. Angus: I am sorry I had to leave the room I wanted to just get some research. I would like to finalize the discussion on the recycling issue if I may.

I want to make sure that I have got my facts accurate. It was estimated that this year you are going to be able to raise \$1.2 million with the ten cent-five cent surcharge that was implemented August 1, 1989, next year it is \$2 million. I find out from you, sir, how much money you have actually returned to the environmental protection that this money was earmarked for.

Mr. Emerson: I would like to ask our financial Vice-President to confirm or not what I say. We actually raised additional revenues very little from the impact of the tax. It was a reduction in total profit by the amount of the tax to avoid increasing the price on the shelf to Manitoba consumers. We did add on, for instance, beer bottles that came in and that were not refundable 10 cents per bottle, 60 cents a carton. There would have been some funds, new incremental funds derived from that particular source. We divided the profit into an environmental impact tax portion and into the balance of profit. The budgeted anticipated environmental impact tax amount was \$1.2 million for this year. To the best of my knowledge, we have spent about, or plan to, spend \$140,000 out of that, but no new incremental money was developed in this year. It was quite modest.

Mr. Angus: Thank you for clarifying that, Mr. Emerson. I just want to clarify as to whose decision it was in relation to the interpretation, because in a news release put out by the Government in the throne speech references were made that as of August 1 an environmental protection tax will be placed on all alcoholic beverage containers where a deposit return system is not already in place. The tax will be collected by the Liquor Control Commission with funds used to support environmental protection initiatives.

I would like to know specifically whose decision it was to take that tax out of existing revenues as opposed to applying it to the sale of alcoholic beverages?

* (1150)

Mr. Emerson: We took our direction from Government.

Mr. Angus: The final question on this is I suspect a difficult one to answer. Mr. Minister or Mr. Emerson, it seems to me that the role of The Crown Corporation Accountability Act, and you, sir, as chairperson, is designed to identify these specific irregularities in the accountability and the administration of accountability within these Crown corporations.

In the throne speech, sir, I will quote to you that the environmental protection tax is to encourage recycling. I challenge that spending \$140,000 out of an estimated \$1.2 million anticipated being collected is a violation of the intent of the legislation. I suggest, sir, that you call yourself on the carpet.

Mr. McCrae: The Honourable Member can make whatever suggestion he likes. The fact is the Government of Manitoba is responsible for the spending of dollars that are taxed. The money goes to the Government and the money is spent by the Government and the Government is quite happy to be accountable for the way it deals with tax dollars.

We would invite at any time to compare our record of achievement with the raising and the spending of public money with the suggestions being made by the Liberal Party in the last year and a half, for example, \$700 million additional spending to the amount we were talking about in the 1988 budget.

It would be really interesting to see how the Liberal Party will be accounting for its proposals in that period of time and many, many proposals since which would be on top of that \$700 million. I really have no problem whatsoever comparing the record of achievement in terms of taxation and tax cuts unfortunately not supported by the Liberal Party. Tax cuts, better spending and deficit reductions, money for programs and services for people in Manitoba, we would be very happy to compare that with some of the suggestions we have been getting from the Liberal Party in the last year and half.

Mr. Angus: Mr. Chairperson, I thank the Minister for that very enlightening address to the topic that we are specifically dealing with right now. It is never very difficult to tell when the Government is on slippery grounds because they totally change the subject and avoid dealing with the specifics of the issue.

The Minister at the very best is misleading the people of Manitoba, potentially derelict in his duties if not directly indictable with political interference in the management of a Crown corporation, something that they have suggested they wanted to see at an arm's length distance. Either way it is my opinion and only my opinion at this particular time that the Government are big losers on their intent and their follow-through. I would hope that The Crown Accountability Corporations Act will be able to review and direct the interpretation of this potential interference. I would like to move on to a different—this is not my last word, but I would like to move on to different things.

Mr. Chairman: Okay, we will listen to the Honourable Minister respond and then Mr. Harapiak has a question.

Mr. McCrae: Before the Honourable Member moves on to his next point or we recognize the Honourable Member for The Pas (Mr. Harapiak), it is always interesting to hear the Liberal representation in this place talk about political interference when we, as a Government, want as much as is humanly possible—and our record shows it—Government accountability to the people, we want to be accountable to the people.

In wanting to be accountable does not mean that we want to take an attitude that we will let every agency in Government operate completely and totally independent from Government, that is a poor understanding on the part of the Honourable Member about Government, and about public life and public

service. If things were to go wrong with an arm's-length agency the Honourable Member for St. Norbert (Mr. Angus) would be the first person to complain. Who could he be complaining about? He would be complaining about a Government that he would like to see taking no part in the public life of this province whatsoever.

So I am not ready to take any lessons from the Honourable Member about political interference, but I would like to give the Honourable Member a few lessons about accountability and about proper responsibility for the handling of public money in this province. After all, it is not our money. The money the Honourable Member is talking about does not belong to him and it does not belong to me.

As I said once to a previous Government, and I would say to the present official Opposition, stop constantly wanting to get your hands into the pockets of the taxpayers of this province. There is a certain amount of respect that needs to be shown to the people of the province, the people who we are answerable to, we are prepared to be answerable. The Honourable Member wants to call it "political interference," that is his semantic game that he likes to play. The fact is the Honourable Member is not ready to serve in a position of responsibility. He is not even in a very good position to criticize.

Mr. Chairman: The final comment, Mr. Angus.

Mr. Angus: Mr. Chairperson, it may not be the final comment because, through you to the Minister, I am very comfortable in entering into this debate, sir. I am very prepared to discuss, on any level of intelligence that you desire, the effective carrying out of policies. If I was a Minister and/or a manager of a corporation and I gave a clear indication of a policy that said, you will collect \$1.2 million and funnel that into recycling programs within your department, and sir, that was not done. If that was not done then I would call the chief executive officer of that corporation on to the carpet and I would ask him, why not? Do not try to teach me any lessons about management or direction to departments, Mr. Chairman.

Mr. McCrae: The point is the monies that we are talking about are to be used for environment programs, recycling and other environment programs. There is nothing there that says they must all be driven by the Manitoba Liquor Control Commission. The Government of Manitoba has a significant record of achievement in regard to environmental matters and we are quite proud of that. To be able to clean up our environment and make Manitoba the best place in the world to live is going to take some money and it does not all have to be spent by the Manitoba Liquor Control Commission but the Manitoba Liquor Control Commission, as the Honourable Member well knows, is a significant provider of revenues to our Government.

Mr. Angus: Mr. Chairperson, at the very, very least, as a simple management principle that collectible money should be earmarked and directed not into general revenue where it is swallowed up, but to a specific area

of budgeting control where it can be identified and can be controlled and accountable.

Mr. McCrae: The Honourable Member might want to make that point somewhere else. Maybe he could tell that to his Finance Critic.

* (1200)

Mr. Harapiak: Mr. Chairman, I wanted to address a bit the volume of sales which I noticed in the report are down and the consumption is down too which I think is a very healthy sign for our society. Maybe everybody is becoming a little more conscious of the dangers of drinking and that is why the consumption is down, but I wonder if the Liquor Control Commission has any reports from the RCMP on what percentage of this volume that is down may be accountable for liquor that is coming into the province illegally?

Mr. Emerson: We have estimates that there is a large quantity of liquor coming in, being smuggled. I have heard figures as high as 50,000 cases which might equate to \$6 million or so, not verified. It has probably increased in recent years but it is difficult to determine what stays in Manitoba or moves through and into other provinces.

However, it has been happening over the past several years and would not be significant in terms of the lower consumption as against lifestyle changes, concerns about drinking and driving, and matters of that nature, other elements of expenditure for entertainment, but it is a substantial concern of ours and the RCMP are addressing it but it is not entirely new.

Mr. Harapiak: I am not sure if you have had the opportunity to take into consideration what effect the goods and services tax will have on this. Will it make it a little more profitable for those operations that are going on illegally to increase their productivity?

Mr. Emerson: At this stage we do not believe that it will enhance their opportunities of profitability. Our calculations on the goods and services tax—and of course, there are many variables that can be put into the equation but if we take it on a basis of revenue neutrality at the provincial level, and if we remove the present 19 percent federal sales tax on liquor, and if we put in place at a different level of the equation the proposed 9 percent goods and services tax, the effect would be a bottle of spirits would increase by 25 cents, a bottle of wine by 10 cents and a dozen beer would increase by five cents. So on the assumptions that I mentioned, the difference would not be material.

Mr. Harapiak: There is one other area that you say there has been a decrease in use is occasional permits. I am wondering if that is again because of the lifestyle, or have you tightened up your regulations which is making it more difficult for organizations to get permits, or is the results of some lobbying by the hotel industry to eliminate some of the occasional permit users?

Mr. Emerson: Lifestyle would probably be the most significant factor. The registration of organizations has

assisted in, shall we say, reducing the number of undesirable applicants for permits. I did mention before that they have been reduced. However, let us take the year-to-date ending September. The number of occasional permit applications is down only 2 percent, which is not very significant. The amount of liquor purchased for consumption, as reflected in our markups from liquor, at those events is down 7, which would tend to indicate that people are drinking less at roughly the same number of functions.

We have not been affected by any lobbying. Our regulatory attention has been directed at those hall operators who have not been running safe, or hygienic or properly supervised establishments. We have paid attention to those and refused applications and, in fact, have considered withdrawing any applications for certain halls.

Mr. Harapiak: What effect did the decision have that gave the applicants the ability to set their own prices? What effect did that have on the number of people making applications?

Mr. Emerson: It did not appear to have a material effect. It did offer the opportunity, to some organizations, to provide an enhanced profit to the causes they represented, but it in itself did not have a material effect. I will just check that if you will excuse me. No, that was correct. It actually is not free pricing. There is a maximum of an additional 35 cents per drink permitted, but it did not have a material effect on applications.

Mr. Harapiak: To the Minister, yesterday the new strengthened impaired driving legislation came into effect, which already has shown some result to the public. I am wondering if the Minister feels he is almost contradicting himself by having opened up or increased the advertising for use in liquor lifestyles.

Mr. McCrae: Not at all, and I thank the Honourable Member for raising this. This is an issue that I am happy to discuss with the Honourable Member. His Leader raised the issue yesterday in response to the statement I made in the Legislature announcing the proclamation of Bill No. 3, the new tough drinking and driving legislation.

I guess it is a difference of approach. We do not think we need to be the Big Brother here and say that because of a certain philosophical bet we take we should continue to discriminate, as we have done in this province for 20 years against the Manitoba broadcast industry. So that Bill, brought in in the first Session, removed that piece of discrimination that had been there for a long, long time.

I have reason to believe the previous Government of Manitoba was very, very close to moving in the same direction. Although, now that we have moved we hear different things being said.

I guess it is the job of Government and the job of the Minister responsible for Liquor Control Commission to take as balanced an approach as possible. It is not always easy to wear two hats, one a regulatory hat and

the other to be the monopoly distributor and seller of beverage alcohol in the province, and we felt that there was an awful lot of money leaving Manitoba in regard to advertising of beer and wine at certain hours of the day. We felt it was necessary to remove that discrimination.

There are plenty of checks available, and Mr. Emerson can enlarge on them, as to frequency of the commercials and timing of certain types of commercials and types of audiences expected to be viewing those commercials and all of that. We have taken what we think to be a very responsible approach, but we cannot just allow discrimination where it is convenient to us. I think discrimination is discrimination and we have dealt with that. We have dealt with that openly and in the public eye in the Legislature. We did that and we think it was the right thing to do.

We also know from studies that have been done that advertising of beverage alcohol has more to do with brand choice than it does with consumption. The trends in the last year in Manitoba seem to demonstrate that consumption is down. It is not that we are trying to get consumption back up because that is not happening anyway. As the Honourable Member knows, in many centres in Manitoba beer and wine advertising was available for viewing coming through the cable system and our Manitoba broadcasters were clearly being discriminated against.

* (1210)

In that regard I might just commend the broadcast industry for the responsible way that it approaches the whole issue in working co-operatively with the commission and working co-operatively with the Government. You will note that the Honourable Member I know is a very busy man, but he may indeed have time to hear the radio once in awhile or see the television and he will see this good looking fellow on the screen saying, drinking and driving is wrong, do not do it.

Well the broadcast industry has co-operated to the extent that a message suitable to what the Government is doing these days is the message that they are putting across through their public service announcement program. We are grateful for the approach that they are taking. So in a sense they are taking a responsible attitude and so are other private sector industries taking a very responsible approach. I refer to the brewing industry and their drink responsibly campaign. I refer to other private sector agencies and industries out there that are doing their part to put forward a responsible kind of message. They are playing the same role I am in that sense that they are regulating themselves, but they have a vested interest obviously in the sale of commercials and the sale of beer and the sale of beverage alcohol.

We should not be taking the big brother approach. I think that approach is betrayed in some of the positions that have been taken, for instance, about cheque-cashing cards. Here we are in the business of selling beverage alcohol and Honourable Members want to make a fuss about that, and here they are doing it again. I politely tried to warn earlier the Honourable Member for Interlake (Mr. Uruski).

I could go through chapter and verse those days dating right back to 1970 when an NDP Government was in office and the drinking age was reduced from 21 down to 18. Now what kind of message was that Government trying to send? The Honourable Member for Interlake talks about age of majority, but they are really talking about different messages here. I think they ought not to get into this too much, because there is quite a record here of liberalizing moves made by the New Democratic Government. It had nothing to do with the age of majority, a number of these other things.

I do not need to go into those today, because I do not think that the issue is the one that the Honourable Member is raising. There is a certain level of reason that must prevail and a certain level of moderation and striking a balance that has to be taken in these matters. We are trying very hard to do that, to try to be responsive to the legitimate concerns that Honourable Members who represent thousands of Manitobans are bringing forward. We listen to what they have to say and we do the best we can.

I do not think the discussion about the beer and wine advertising has a place in the context of our drinking and driving countermeasures. The countermeasures are there and the beauty of those countermeasures are that you can avoid all the trouble. There are three simple things to remember. You do not get your licence suspended for driving impaired if you do not drive impaired, so do not drink and drive. Number two, you do not get your car impounded for driving suspended if you do not drive suspended, so do not drive suspended. Third, do not let anybody drive your car until you know that they are a licensed driver.

Mr. Harapiak: The Minister is correct when he says that our Caucus was grappling with that decision when we were in Government. I know it was not an easy decision to make. There are many sectors of society that were dead against increasing the number of hours for advertising of the use of liquor. The age of majority is a very interesting discussion that I have gone through on several occasions when I was a school trustee, which was probably an annual resolution to increase the age of drinking and driving or to increase the age for use of liquor. I think the decision was a right one when it was made to reduce it to 18 because it is the age of majority. They are treated as adults at every other part of society so they should be able to make that decision at that time as well.

One point I wanted to raise is, the liquor industry and beer industry do a lot of sponsoring of events like the Trappers Festival, the Flin Flon Trout Festival, the Swan River Rodeo and the Thompson King Miner Days, and is some of that money being reduced because of the advertising they are doing for programs like safe grad and the program that you are involved in like asking people to not drink and drive?

Mr. McCrae: I am not sure if I am understanding the question. Is the Honourable Member asking are there fewer sponsorships going on because of some of the anti-drinking and driving measures that are going on, and the tightening-up measures, is that the question?

Mr. Harapiak: No. Are they funneling their money into different areas now that there is some money being

used for the advertising? Are they reducing the money that flowed into sponsoring these events in the previous years?

Mr. McCrae: I think I would like to refer that one to Mr. Emerson. He may have better information than I do on that.

Mr. Emerson: In the broadest terms, no, there has been no reduction in the number of events or the degree of participation by brewers since they became involved in Canadian media advertising. However, I would say that brewers do, not so much on significant events such as you mentioned, but on certain small events, they move in and out of them as it suits their particular product promotional approach. The significant ones that you mention, there has been no change. I would not be surprised if there has been a little expansion. I seem to have heard of one or two new ones in the last year, but no, there has been no change substantially.

Mr. Harapiak: Just one more point, Mr. Chairman, when we were in Government, Mr. Penner was the Minister responsible for the Liquor Control Commission. I raised the fact that in many instances the staff was not as courteous as they are in some other jurisdictions in our adjoining provinces of Saskatchewan and Ontario. I know that there was a marked improvement a short time later in the courteous way the people were treating customers. Is there an ongoing program to make sure that the people who are working in those facilities do try and treat the public in a way that public servants should?

Mr. Emerson: Yes, I can assure the Honourable Member that there is an ongoing program of strength in training. As pointed out in our strategic plan, it is one of our most important objectives and we are reaching a higher degree of satisfaction with that as the customer survey indicated.

Mr. Angus: Could I just have the policy reiterated on advertising at events such as—there was a change and then there was some second thought on it if I remember correctly and I am not sure where we finally settled as to what the policies of the Liquor Control Board are?

Mr. Emerson: There was a sportscaster media-led concern expressed that was in my opinion somewhat overblown that any events which—

Mr. Angus: What is the policy now? First of all, I would like to understand the policy. Then I can discuss it more intelligently, but when you start talking about people offending or defending a particular principle, then I do not know what it is. I am in the dark.

Mr. Emerson: I wanted to assure the Honourable Member that the concerns expressed were not valid. We had not put forward at that time a policy, we have since developed a policy which is quite detailed and this regards motorized events.

* (1220)

In brief, events sponsored by liquor suppliers where it involves racing motor vehicles or the demonstration

of power, it will be approved only if sanctioned by a bona fide racing association or other appropriate registered motor vehicle association. These associations will be asked for adequate insurance and public liability insurance and the satisfactory calibre of drivers. It is quite detailed, is available for your study. I am just searching here. The frequency and locations of advertising are the same as were previously mentioned by the Minister on radio and television. Nothing has changed in terms of banners and posters on site. Promotional material or advertisements for such events cannot be approved unless at least 25 percent on the space of each poster has anti-drinking and driving approaches portrayed. Advertisers can place vehicles in floats and parades providing that they carry commission approved corporate identification. We look at the advertising at such events in exactly the same way we do at any other advertising as to its appropriateness. Irrespective of media, the corporate name logo only may be used on advertiser trucks and vehicles, but may not include a slogan, so the brand name, but not a selling message.

Now that is the essence of this page-and-a-half policy which has been introduced and is in the hands of all the associations and of course the brewers, advertising agencies and people engaged in putting on motorized events.

Mr. Angus: Just so that I have it clear in my mind, I could hold a snowmobile carnival race if I wanted to in some remote location as long as it was sanctioned by an authorized association. There could be ample banners identifying various products and snowmobiles could in fact have product brand names on their machines, riders could have it on their jackets, and the posters advertising this race could say that it is sponsored by a particular corporation. There is no infringement or curtailing of any of that activity. Is that accurate?

Mr. Emerson: Yes, that is accurate.

Mr. Angus: Okay, good. Thank you very much. I never, for the life of me, understood the collation between advertising—I assume that there would be quite a bit more responsibility that just because you advertise a particular product at a snowmobile race means the people are immediately going to go out, consume that particular beverage, and bob off into the sunset on their snowmobile. There is just no collation to that in my mind at all, so I appreciate that.

The pricing policies in the GST; you addressed those. I just wanted to be absolutely sure that you could give me a dollar figure. You mentioned figures that sound collectively or individually small, 25 cents a bottle of spirits. I think you said a specific figure on wine and beer. Have you done an accumulated dollar and cent value of the cost of the GST, in terms of the Liquor Control Board annual revenue?

Mr. Emerson: Yes, we have. I do not have it in my mind at the moment. I will just see if one of my colleagues has that.

Approximately \$4 million, on the assumption that volume remain the same.

Mr. Angus: I appreciate your candour, Mr. Emerson. I bring to your attention that the federal Government is on the public record as suggesting that it intends to make technical adjustments where necessary to at least preserve existing tax revenue from fuel, alcohol and tobacco. So you may, in fact through your Minister, have some sort of a bargaining point to not have to pay that \$4 million if it is possible.

On the pricing policies, Mr. Chairperson, there has been some suggestion, discussion, and I would like to hear comments on the concept of wholesale pricing; a two-tiered system. That is those individuals who are working in restaurants and/or beverage rooms and/or other areas of business enterprise who are employing individuals and generating revenue back into the economy in a number of different ways versus the home consumer. What philosophy or position has the board taken on this potentially volatile subject?

Mr. Emerson: We are intensively studying those circumstances as described by the Honourable Member, particularly in view of a recent study done on the Manitoba hotel industry. We have of course, as he points out, to concern ourselves with all people in the licensee field not only hotels, but we are addressed in trying to identify areas, which could both commercially and through other approaches aid that industry, both from the point of view of Manitobans patronizing those premises but also the very important tourism aspect. We have not completed those to the form of recommendations yet, but we are working on them.

Mr. Angus: May I assume accurately that the administration is working on these proposals and then referring them to the board for deliberation and/or is the board working on these details and then referring them to the Minister for deliberation?

Mr. Emerson: It happens both ways. We tend to be active in considering problems and opportunities and developing our own strategy and plans for them, but simultaneously we frequently, as was the case here, have that drawn to our attention by the Government as an area requiring immediate attention. So it was both.

Mr. Angus: Mr. Chairperson, would this pricing policy and review consideration be something that would be in your opinion subject to scrutiny by the Crown Corporations Accountability Task Force or Committee?

Mr. Emerson: I would imagine at the time that the council would review that corporation, in this case the Liquor Commission, that an identification of that different policy or different approach would be identified and that the council would examine it as to whether it was compatible with the Act, and of course with their own Act, but we would consider that an important consideration, an important direction.

Mr. Angus: Of course, reserving the right for the Government to invoke or not invoke the decisions on the policies of that nature. Is that a fair assumption, Mr. Minister?

Mr. McCrae: As I said earlier, I am not sure I understand the direction the Honourable Member is going here.

Mr. Angus: Well, let me make it perfectly clear then, Mr. Chairperson, because I do not want any confusion on this. I want to know whether or not the Government is going to be reserving the right to implement policy decisions on pricing structures with the Manitoba Liquor Control Board and/or whether they are going to be funnelling, laundering, altering, any of the policies before they go to the Crown corporations accountability super board?

Mr. McCrae: The Government will be playing a role that is consistent with its responsibility, consistent with what is contained in The Manitoba Liquor Control Act, and consistent with what is in The Crown Accountability Act.

Mr. Angus: Can I ask the Minister who establishes the policies on something such as establishing a wholesale price within the marketplace, or who establishes the flexibility of allowing, under certain circumstances, something called "happy hour." Who makes those decisions? Is it the Government or the administration?

Mr. McCrae: As Mr. Emerson and I have both said, many of these decisions are worked out. Either the impetus for it comes from the commission, or if the Government has a concern, and lets the commission know what its concern is, through that kind of consultation process, decisions are arrived at.

Mr. Angus: The wholesale prices as under review will go both to the accountability board as a pricing alternative as something that was considered, and it will go to the Government for deliberation. The question in relation I brought up to "happy hour," I question the logic behind something that is specifically designed to entice people to consume copious quantities of alcoholic beverages during a specific period of time at a reduced rate when we are on one hand trying to encourage people to not do that and to act responsibly.

I am not sure who implements the policy or who allows the policy and whether it has been reviewed or is considered to be reviewed. It seems that there is a minor inconsistency and quite frankly, Mr. Minister, you have confused me as to who I should be talking to, either you as the Government, or to Mr. Emerson in his two capacities.

Mr. McCrae: Decisions about what is allowed and not allowed, in licensed premises, is certainly a matter for monitoring and enforcement on the part of the licensing people of the commission, but changes in policy happen in concert and in consultation.

Here again, without commenting on this particular policy, there have been occasions when it seems that the Liberals have wanted to join in with the NDP on being everybody's Big Brother and telling everybody how they should live.

We set down rules. As a Government we carry out the rules that have been set down, and I think the

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general approach of the Conservatives, as opposed to the Liberals, and the basic socialist element of the province, the Liberals and the New Democrats, we do not see that we are Big Brother. We see that some segments of our society need the assistance and protection of Governments, but not all. We think that we have said very clearly this is what is going to happen if you get in a car and drive after you have been imbibing. As a general rule we are not out there to be everybody's Big Brother like the Liberals and New Democrats.

Mr. Angus: Mr. Chairperson, I resent the implications by the Attorney General, and putting words into my mouth. The legitimate and honest questions that I am asking are based on a legitimate desire to know how

the policies are formulated and how we can effect positive change. What I would do or not do when I am in Government will remain to be seen.

Mr. Chairman: Committee rise. Is it the will of the committee to consider the Annual Report for the Manitoba Liquor Control Commission for the fiscal years ending March 31, 1988 and 1989?

Some Honourable Members: No, committee rise.

Mr. Chairman: The hour being 12:30, the committee rise.

COMMITTEE ROSE AT: 12:30 p.m.