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of the

Legislative Assembly of Manitoba

Standing Committee

on

Public Utilities

and

Natural Resources

Chairperson

Mrs. Myrna Driedger

Constituency of Charleswood



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MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Sixth Legislature

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WOWCHUK, Rosann	Swan River	N.D.P.
<i>Vacant</i>	St. Boniface	

LEGISLATIVE ASSEMBLY OF MANITOBA

THE STANDING COMMITTEE ON PUBLIC UTILITIES AND NATURAL RESOURCES

Tuesday, July 13, 1999

TIME – 10 a.m.

LOCATION – Winnipeg, Manitoba

**CHAIRPERSON – Mrs. Myrna Driedger
(Charleswood)**

**VICE-CHAIRPERSON – Mr. Edward
Helwer (Gimli)**

ATTENDANCE - 10 – QUORUM - 6

Members of the Committee present:

Hon. Messrs. Radcliffe, Reimer, Hon. Mrs.
Vodrey

Messrs. Ashton, Downey, Mrs. Driedger,
Messrs. Helwer, Maloway, Reid, Rocan

APPEARING:

Mr. Ian Wright, President and Chief
Executive Officer, Manitoba Liquor Control
Commission

MATTERS UNDER DISCUSSION:

The March 31, 1997, Annual Report of the
Manitoba Liquor Control Commission
The March 31, 1998, Annual Report of the
Manitoba Liquor Control Commission

Clerk Assistant (Ms. Patricia Chaychuk):
Good morning. Will the Standing Committee on
Public Utilities and Natural Resources please
come to order. We have a vacancy for the
position of Chairperson. Are there any
nominations?

Mr. Edward Helwer (Gimli): I would like to
nominate Myrna Driedger, the MLA for
Charleswood, as Chairperson.

Clerk Assistant: Mrs. Driedger has been
nominated. Are there any other nominations?
Seeing none, Mrs. Driedger, you are elected
Chair. Please come and take the Chair.

Madam Chairperson: Before the committee
can proceed with the business before it, it must
proceed to elect a Vice-Chairperson. Are there
any nominations?

Mr. Denis Rocan (Gladstone): I nominate the
member for Gimli (Mr. Helwer).

Madam Chairperson: Mr. Rocan nominates
the member for Gimli. Are there any further
nominations? If not, the member for Gimli is
elected as the Vice-Chairperson.

This morning the committee will be
considering the annual reports of the Manitoba
Liquor Control Commission for the years ended
March 31, 1997, and March 31, 1998. Before
we start consideration of the reports, did the
committee wish to indicate how late it wishes to
sit this morning, or should we revisit this issue at
1200 hours? What is the agreement of the
committee?

Mr. Helwer: Madam Chairperson, I think we
have some commitments. Some of our members
have some commitments at lunch, so I would
think twelve o'clock would be sufficient.

Mr. Steve Ashton (Thompson): Since we have
not met for a couple of years, I have no problem
with twelve o'clock. I just want to put on notice
that we probably will need at least one further
sitting of the committee after that.

Madam Chairperson: Is it the will of the
committee then that we revisit the issue at
twelve o'clock?

An Honourable Member: No.

Some Honourable Members: Agreed.

Mr. Helwer: I think that we should rise at 12.

Madam Chairperson: Is it the will of the committee then that we rise at twelve o'clock? [agreed]

Does the minister responsible have an opening statement, and did she wish to introduce the officials in attendance from the Manitoba Liquor Control Commission?

Hon. Rosemary Vodrey (Minister charged with the administration of The Liquor Control Act): Yes, I do have an opening statement, and I would like to introduce the members of the Manitoba Liquor Control Commission who are in attendance this morning. I would like to introduce Mr. Grant Holmes who is the chairperson; Mr. Ian Wright who is the president and chief executive officer; Mr. Al Ahoff, vice-president of Finance and Licensing; Don Lussier, vice-president of Purchasing and Sales; Roman Zubach, vice-president of Human Resources and Administration; and Bob Kelln, manager of Licences and Permits.

Madam Chairperson, the mission statement of the Manitoba Liquor Control Commission, as noted in its 74th and 75th annual reports, states that it is a customer-oriented organization providing services to the public and revenue to the province through the effective and regulated sale of quality beverage alcohol. A worthy mission, and I am pleased to report that fiscal 1997 and 1998 were strong years for our MLCC. In 1997, the commission provided \$144.2 million to the province for much needed services to Manitobans. In 1998, this number rose to \$149.4 million. These numbers are truly significant, and it appears that a blend of private vendors and wine stores with our liquor marts is providing a good balance in operations with positive results for the people of Manitoba. This is particularly evident in our smaller communities where liquor vendors operate. When entrepreneurs add beverage alcohol sales to their existing businesses, they not only improve their own bottom line, they maintain a service in the area.

Back to our annual reports at hand, the year of 1997 saw the addition of a new president and CEO, Mr. Ian Wright. Through the board of

commissioners and the CEO, the commission's commitment to promoting responsible consumption has become even more of a driving force in our operations. "Please drink responsibly—moderation tastes so much better" continue to be the watchwords of the commission. In fact, this responsible organization use the best of technology to launch a video laser image photo identification program in 1997 for our young people. In the first year, over 3,000 photo ID cards were issued to young adults for proof-of-age purposes in licensed establishments. In 1998, this number rose by 10 percent to 3,300. It is evident that the commission is committed to ensuring that only those that should be served are served.

Which takes me to the regulatory arm of the commission, Licences and Permits and Inspection Services. The Licences and Permits department works with local businesses, community groups and individuals renewing and issuing approximately 2,900 licences and 14,500 occasional permits each year. Inspectors in Winnipeg, Brandon, Dauphin and Thompson investigate and report on all complaints and determine whether there were infractions of The Liquor Control Act. Commission staff also work proactively with owners, managers and servers of the licensed establishments in our province.

These two departments of the commission are spending an increasing amount of time on education and prevention efforts. They conduct seminars for licencees and those interested in obtaining liquor licences. They also work with the festival organizers to provide planning, promotional and operational assistance in communities across the province. Licencees also receive a comprehensive up-to-date field manual for their reference. Regular newsletters keep them in touch with happenings in the industry. Staff work closely with several groups in the industry on a regular basis, including the Manitoba Hotel Association, Manitoba Restaurant Association, Police Services, licencee groups, the Addictions Foundation of Manitoba and community groups, such as Operation Red Nose and Mothers Against Drunk Driving.

* (1010)

Again, education and awareness is the key. Over the past five years, the number of education seminars for hall owners and permittees rose over 39 percent to 317 in 1998. Inspection Services also conducted 317 staff training sessions. A further 228 staff from the licensed premises attended It's Good Business course on responsible service. These sessions are more intensive and take more time than a routine site visit by the area inspector but carry greater value over the longer term. For example, of the 82 warnings issued in 1998, 25 were informal meetings between the licensee and manager of Inspection Services to address problems and work out solutions together to prevent reoccurrence of the problem.

The MLCC reports that the majority of this province's licensees who attend an informal hearing correct the situation of concern and are not subject to any further disciplinary action. Clearly, even with the shift in focus, Inspection Services still maintains its commitment to ensuring the compliance of high risk areas such as bars and other drinking premises. The MLCC admits that it is difficult to gain a true sense of the situation from statistics in an annual report, and fluctuations in numbers from year to year are to be expected given the changing hospitality environment. The inspector visits focus on quality as opposed to quantity, and the inspector's role continues to shift to a more proactive educational approach versus one which is reactive and punitive in nature.

On the commercial side of operations, the commission is a major force in the provincial economy. Through its distribution centre, it supplies 1,700 customers and annually processes over 63,000 orders injecting over \$900,000 into the provincial transportation system for delivery services. Customer service as well as the promotion of responsible consumption is taken seriously by the retail function. In 1997, the commission launched a Check 23 program of materials and training whereby store clerks checked the identification of young looking customers in a nonthreatening manner. The focus is evident and Manitobans are responding. A customer survey conducted in 1997 showed that over half of respondents found the Liquor Commission staff more helpful, polite and friendly today than they had over the past three

years. Further market research in communities across the province supported these findings and stated that the people of Manitoba are pleased with their neighbourhood liquor mart. In particular, employees continue to score well in product knowledge and people skills.

The commission remains in tune with its customers. It has developed a series of workshops and courses providing Manitobans with the opportunity to discover more about quality beverage alcohol. The courses on wines and spirit selections are popular and sell out quickly. The MLCC is keenly aware of the need to stay in touch with consumer trends and market shifts. So while recent surveys have proven that the majority of Manitobans are satisfied with the service they receive in their area liquor mart, the MLCC attention remains on excellence in customer service but certainly not at any cost.

The MLCC costs of administration as a percentage of sales continue to maintain a low level and hovers around 8.4 percent. In fact, in 1997, the commission undertook a major initiative to create improved administrative, inventory management, marketing and merchandising efficiencies in the commission-operated stores. A model store was established within an existing liquor mart. This five-month test was to help ensure store procedures continue to be the most effective and efficient with customer satisfaction key to the entire process.

A wholesale customer order system using the Internet as a platform was also developed. The award-winning system called Atlas allows wholesale customers to place liquor and beer orders through their own computers from their place of business. Customers will also be able to access their account information and reach MLCC staff through e-mail. The MLCC established its own website in 1998 which was selected the Yahoo Canada Pick of the Week when launched. Working with local suppliers, the site offers up-to-date information on stores, products, trends, alcohol education and related links.

Recognizing their responsibility as a retailer of a controlled substance, the MLCC is committed to promoting the benefits of responsible consumption. In 1997, the MLCC

formed an interdepartmental Alcohol Education Committee. The MLCC also maintains partnerships with a number of community groups involved in alcohol education and awareness initiatives including Teens Against Drinking and Driving and Safe Grad, Manitoba Addictions Awareness Week, the Nonpotable Alcohol Abuse Coalition Committee, and groups working on fetal alcohol syndrome and fetal alcohol effect.

Community is important to the people of MLCC. They continue to work with a number of community groups such as the United Way and community festivals such as Folklorama, the Ukrainian Festival in Dauphin, the Trout Festival in Flin Flon and the Selkirk Fair and Rodeo are supported by the good folks at the MLCC. An MLCC-MGEU joint committee raises money for environmental projects, as well.

The commission is active and listening to the people of Manitoba. In addition to the day-to-day feedback that might be gained from its website or comment cards in liquor marts, the commission also provides a more formal opportunity for information gathering through its public meetings. Each fall, the commission holds three open meetings to respond to questions on the year's activities. The formal presentations are kept brief, for these are truly opportunities for Manitobans to state their concerns and for the MLCC to respond. In 1997, the meetings were held in Morden, Dauphin and Winnipeg, and in 1998 in The Pas, Portage la Prairie and Winnipeg.

I would like to take this opportunity to thank the board of commissioners, the executive management and the staff of the MLCC whom I believe serve our province very well. Thank you, Madam Chair.

Madam Chairperson: We thank the minister for those remarks. Did the critic from the official opposition party wish to make an opening statement?

Mr. Ashton: Yes, Madam Chairperson. I want to begin by putting on the record that this is the first time this committee has met in more than two years and that is absolutely unacceptable. As both the critic and as the House leader, I have

been requesting a meeting of this committee for well over a year. Our practice in the House is to have a yearly review of different Crown corporations. I can indicate that I do not think it is any coincidence that this is the only Crown entity that has not been subject to the yearly meetings that we do have on this particular case, because this is an aspect of government that has run into controversy time and time again.

I want to put on the record that it is absolutely unacceptable that this minister and this government did not respond to our requests for a meeting of this committee until today, more than two years after the last hearing. That is not acceptable. That is not our process. I want to put that on the record because, quite frankly, given some of the significant public issues, I think it is very clear that this minister and this government has been trying to duck having this kind of a committee hearing. I think nothing speaks more loudly to the arrogance of this government after 11 years when it thinks it cannot have public hearings on something such as the Manitoba Liquor Control Commission. That is just absolutely unheard of, and I think I will demonstrate why this government has done that.

I do not think it is much surprise that there are fair number of significant public issues that have been raised. Today I will be raising questions about the government's agenda in terms of privatization of the Liquor Control Commission, reports we have that this government—and you can never separate their polling or their ads from which is the government and which is the party, but they have been doing major polling on this issue. I will be raising issues about some of the many issues that have come up since our last hearings: the wine store licence issue, the handling of this government in dealing with that. By the way, I note that, since our last meeting, they have had a review which led to the allocation of a number of additional licences. Of course the minister will recall the fact that there is clear evidence, to my mind and I think to most Manitobans' minds, that the government followed a process that was politically tainted.

By the way, there are a couple of members of the public here today who were applicants for

those wine stores. I have talked to them, and they speak for a lot of people, I know, who put a lot of time, effort and money into the application process. They are, quite frankly, very frustrated at the process that was followed by this minister and this government.

* (1020)

Let us not forget the fact that this minister, it was her official agent who was doing the assessment, the supposed objective third party, and that a number of the licences were people very connected politically to this government. That is unacceptable. In fact, the members of the public who are here today, the licence that they applied for, they were rejected. Another applicant who just happened to have political connections to this government was accepted, ended up getting the same location, the same name. I wonder what the difference was. I wonder if it was perhaps that the applicants followed the rules and decided to put in a proper application whereas somebody else had political connections.

You know, this minister in Question Period refused to understand the obvious conflict of interest of having her official agent doing the analysis, somebody who would have access to contribution lists, who would know who contributed to the Conservative Party and who did not.

This is not the first time this has happened. At our last committee hearings, more than two years ago, the Cross Lake liquor licence issue, which is now before the courts—and it is funny how a lot of the same figures from the vote-rigging scandal seem to pop up on liquor-related matters. I mentioned Gordon McFarlane, but Cubby Barrett and I know his trusty sidekick, Allan Aitken, who has been very involved with this, I think well known to members opposite—the previous owners of that hotel were unable to get a licence. Cubby Barrett buys it. Cubby Barrett is one of the major contributors. I have a picture on my desk in the Legislature of his getting a lifetime membership from Gary Filmon. Guess what? Within months he received the liquor licence. Let us not forget the simple granting of a liquor licence can make someone quite wealthy.

This is one area of government where the simple granting of a liquor licence can make one able not only to serve liquor, but, of course, thanks to the government's regulations of VLTs, also be able to get the double benefit of being able to have VLTs. In fact, the hotel in Cross Lake has been very successful since it has been able to receive that licence, once again, I think a clear example of the fact that this government, when it comes to liquor, follows not the corporate philosophy in values. I think it is unfortunate that many dedicated staff at the Liquor Commission—I mean one of its corporate philosophies in values is building trust, confidence and credibility through fair and ethical leadership. I mean what a joke when it comes to this government. I feel really sorry for a lot of the dedicated staff because this government and this minister has time and time again tainted the reputation of a fine body in government by using it for its own political purposes. Fair and ethical leadership, I think not when you had the minister's official agent, the treasurer for the Conservative Party, the one that was doing the supposed objective assessments on whether Ms. Forsythe [phonetic] and others were going to receive the liquor licence.

I say to members opposite, if they want to talk to a real member of the public that has been a victim of this minister and this government, I would suggest they do it after this meeting because, believe you me, my words alone cannot indicate the frustration of that family who has spent a considerable amount of time and effort in a process that I think was tainted from the start. No wonder this minister did not want to face this committee.

We have seen other things. Since we last met, this minister has unilaterally made a number of changes to liquor legislation. Even then, again they did it without consultation. When they did have consultation, they did not listen. The classic is the removal of the 300-seat limit in beverage rooms. What is interesting is, you know, I asked this question in the House, and the minister kind of mixed in the Restaurant Association, the Hotel Association and the whole situation generally. You know, the Restaurant Association lobbied for and was successful in getting the change in the food-liquor ratio in terms of the seating ratio. You

know what is interesting, when it came to the 300-seat limit, what did the Hotel Association have to say about that? They did not seek the removal of the 300-seat limit. They had very real concerns, but there is one hotel owner that has been pushing for that because this hotel, by the way, is able to expand very easily from 300 beyond that because the only restriction now is in terms of zoning and square footage. Guess what? That person happens to be very connected to the Conservative Party again.

Wherever you turn in the Liquor Commission, you turn up a stone and you start seeing the same kinds of politics. They lifted the 300-seat limit. I have talked to people in the hotel industry who are livid at what the minister did—livid. I can talk about a hotel owner in Thompson. You have to remember that people in the hotel industry have structured their hotels, have followed the rules for decades now, and what the minister did, came along, ignored all the advice, well, except from one influential hotel owner, and then just removed it. No public consultation. There was no discussion in this committee. They did not even poll on this one, but they went ahead and did it. You know, I just say everywhere you turn you see the same sort of thing.

Now, I want to get into the question of the privatization here because, you know, at the last meeting we had, we asked that there be some public discussion in terms of wine stores. What happened at that time was the government did a review, not on the public and not on the public interest in this matter, they went ahead, they went and did it. I mentioned the impact it had with the tainted process that was used. Well, now they are at it again. This time going into the election, Angus Reid has been polling on the issue of liquor privatization, and I am going to ask the minister today when we get into questions, first of all, who is paying for this because it gets confusing. I mean the government, after 11 years, cannot separate itself from the party. We saw this before with liquor licences and I think some very real questions have to be asked about what the agenda of this government is.

Quite frankly, whenever I hear anything like the potential privatization of liquor, I wonder who that is politically connected to this

government is going to benefit, because that has been the pattern with this minister right from day one. It is no wonder they have been ducking away from having these committee hearings. On behalf of Ms. Forsythe [phonetic] and others and on behalf of the hotel owners who suffered because this minister chose to ignore their situation, on behalf of many members of the public who quite frankly do not believe that there is any role for the kind of patronage, the political favouritism that this minister has shown, I am going to be raising those questions. I say to the minister, and we raised this issue in the context of the Cross Lake issue the last time we met, this kind of politics has no place in 1999. You know, I have a lot of respect for the staff and a lot of the administration at the Liquor Control Commission. I believe they stand by their corporate philosophy of values of building trust, confidence and credibility through fair and ethical leadership, but this minister and this government, as they have done on other issues, have shown their complete lack of concern for fairness and ethical leadership. No wonder they ducked away from this committee for two years. But, you know, you can run in politics, you cannot hide. They will be held accountable for their unethical use of the Liquor Commission, I think one of the best Crown entities we have in terms of the way it is run, its blend of business management and social responsibility. But, you know, it is this minister and this government that has tainted the Liquor Commission, and that is what is so sad.

So we have numerous questions for this minister. Finally, after two years, she has had to stop running. She cannot hide anymore. She is going to have to face the people of Manitoba and answer some serious questions.

Madam Chairperson: We thank the member for those remarks. Did the representatives present from MLCC wish to make a statement to the committee? No. If not, shall the reports be considered separately or together for the purpose of asking questions?

Mr. Ashton: It might help if we would be able to consider it generally.

Madam Chairperson: Is that acceptable to the committee? [agreed]

The floor is now open for questions.

Mr. Ashton: I would like to begin by asking the minister: Angus Reid has been polling. Most of the questions are on the privatization of liquor. There are also some questions on the poll that involve licensing issues. I want to ask: who is paying for that poll?

Mrs. Vodrey: Madam Chair, I would have to say I am unaware of the questions of polling that the member is referring to, so I am unable to provide him with any information. He seems to have somehow some information which is not at the moment available to me.

* (1030)

Mr. Ashton: Well, Angus Reid is polling. I know that because I have received calls from people who have been polled. Is the minister saying that she is not involved with this polling? Is this something that is being done without her knowledge? And, in fact, I will go one step further: is the government considering any further privatization of liquor in Manitoba?

Mrs. Vodrey: No, to my knowledge, the government is not considering any further privatization. Madam Chair, in my opening remarks I stated the position, which is that currently we do have a blend of both private and government stores, and it is that blend that appears to be serving the people of Manitoba very well. As the member knows, and perhaps he is not in favour of, the liquor vendors who are throughout Manitoba who provide a service to communities, if he is saying that their entrepreneurial opportunity of service in their community is not acceptable to the NDP, and we suspect that it is not because the NDP has clearly taken a position against any kind of entrepreneurial opportunity, then I guess I have to read into the record that the NDP does not support the position of vendors and does not support the current blend. At the moment the fact in Manitoba is that we do have a blend; that blend is satisfactory, and government certainly, to my knowledge, is not considering a change to that blend.

Mr. Ashton: Given what they said in the last election about the privatization of MTS and

given the fact that there is significant polling going on right now, quite frankly, I just do not believe anything this government has to say anymore on this issue.

Let us get into the wine store issue, because we are very pleased to ask some questions on the wine store issue. There was clear evidence with the last number of applicants of political connections, particularly in a number of cases. What is interesting is I received calls not only from people who had applied and been rejected unfairly, I believe, in the case of the Forsythes [phonetic] but also calls from people who had received licences initially, other people who were licencees, about the way in which these matters were handled.

I want to ask the minister if she can indicate whether there was any restriction in the original application criteria on potential licencees having some other kind of liquor licence such as a cocktail licence. Was there any restriction on them?

Mrs. Vodrey: I am informed, yes, there is.

Mr. Ashton: I am wondering if the minister could advise the committee as to whether there have been any of the applicants that were accepted in this last batch of applications that do, in fact, have another licensed facility.

Mrs. Vodrey: I am informed none were accepted.

Mr. Ashton: I am wondering if De Lucas has a licensed aspect to their operation in addition to the wine store.

Mrs. Vodrey: It is a separate company. It is separate from the wine store.

Mr. Ashton: I just want to ask here, just to clarify then. De Lucas, under a separate company, but De Lucas, same principals, has a cocktail licence and was able under a different company to get a private wine store. I am just wondering what the point was of having the supposed restriction in place if you then turn around and say, well, so long as it is a separate company, there is no problem. I mean, if you go to that operation, you will see it both has a

licensed facility and has an adjoining private wine store. I wonder if the minister can explain how they came up with this situation.

Mrs. Vodrey: First of all, I just have to observe the direction that this is taking, the member's interest in the private wine stores and his continued arguing against what he considers privatization and which to my knowledge he was quite interested and concerned about any more private wine stores. I would be interested in knowing his role in the coalition for responsible liquor laws which argued against private wine stores. The member is here today very interested in private wine stores, arguing on behalf of private wine stores, and yet, clearly, the NDP is taking a position against anything which is an opportunity for an entrepreneur in Manitoba.

So I am struggling to understand the basis of his questioning because his questions are often very difficult to understand. His position appears to be one thing one day against something and another day on the other side of it. I believe I understand his question, and I would remind him also that he has given a great deal of praise and support to the dedicated staff of the MLCC. I appreciate that because it was the dedicated staff of the MLCC that did the evaluation of the wine stores. So, again, we have kind of a paradox here posed by the member who appears to support the dedicated staff but reject the dedicated staff, who appears to oppose privatization but support privatization. This is really what we have seen of the NDP in the past little while. You know, they like workfare, they do not like workfare. They like the budget, they do not like the budget. It is really difficult to keep up with the position that the NDP is wanting to take these days.

However, Madam Chair, I said that as a background as we struggle to understand what the member is asking. However, I will ask, as is permitted by the committee, the CEO of the MLCC to answer the question of De Lucas because the member may, from a dedicated staff member and leader of our Crown corporation, be more willing to accept the answer. So I would like to introduce Mr. Ian Wright, the CEO.

Mr. Ian Wright (President and Chief Executive Officer, Manitoba Liquor Control Commission): Let me start by saying I believe this process was conducted in a professional and businesslike way. The participants in the process from the Liquor Commission, in addition to myself, were first of all Mr. Al Ahoff, who is our vice-president of Finance and Licensing. A man with a chartered accountants degree and some 20-odd years of experience with the Liquor Commission. With him was Don Lussier, our vice-president of Purchasing and Sales, possibly one of Canada's leading experts in the marketing of beverage alcohol, 20-odd years of experience with the Liquor Commission as well. Then myself, the infant in the crowd, with only about two years of experience in the beverage alcohol business but with an extensive background in various businesses, including types of businesses wherein we have agent-type relationships. So I am familiar with this kind of business process.

Gord McFarlane was part of the committee because he represented his firm Grant Thornton. We valued Gord's participation because he does have a chartered accountants degree. He also has a designation as a certified business evaluator, and that experience was well founded and well used in our selection process. So we considered certain things. We considered the applicants' location and the premises they were intending to build, the operating and marketing plans, the financial resources, the management team, the knowledge of the business and the wine business, in particular, in the selection of the final people who received the permission to open a wine store.

*(1040)

It was not an easy process. There were some very qualified applicants. There were three applicants, for example, for the same premises, and that made it quite difficult to make a decision.

With respect to De Lucas, the process there was similar. The organization that was put forward was an organization that is consistent with The Liquor Control Act. We had legal counsel consultation on that, and we decided that the organization that went forward was appropriate given the restrictions we had.

Mr. Ashton: I want to note for the record that the only time this minister ever debates liquor policy is when she is dragged kicking and screaming into a committee after two years. I find it amazing that here she rambled on for five minutes, and then did not answer the question and passed it over to the staff from the Liquor Commission. I want to say, by the way, that I am disappointed in the answer. I am disappointed the minister passed this off. Mr. McFarlane may be a chartered accountant. Mr. McFarlane was the official agent to this minister, the treasurer of the Conservative Party. He had no business having any role in the allocation of these liquor licences. In terms of the De Lucas, this is one of the most politically connected applicants in the group, major contributors, family connections.

What I want to ask again is, what you are saying then is even though you had a restriction that said you cannot have a licensed facility, in the end, if you set up a paper separation between the companies, that was not a problem. By the way, I got a call from an existing licensee. Our caucus was called on this from someone who said this is not fair. You have a restriction that says you cannot have an existing licence of another kind, but in this case as long as you have a separate company, same principals, it is not a problem.

I am just wondering: why would you have that restriction in the first place if all you had to do was set up a separate company in order to be able to have both a liquor licence and a private wine store licence? What was the point in the first place? Because I can tell you that the applicants who followed the process, and there are applicants here today who followed it according to the criteria, I must admit that people I have talked to are quite surprised that somehow the De Luca situation was waived. Can I ask the question: why would you have that restriction in place if you allow the same principals to set up two different companies and have two different licences?

Mrs. Vodrey: Madam Chairperson, first of all, let us just start with the issue of Gord McFarlane, where the member is engaging again in cheap politics. No question, it is a cheap

political abuse of this particular committee to drag someone through the mud—

Point of Order

Mr. Ashton: The phrase used by the minister in terms of "cheap politics" is not parliamentary in Beaudesne. I make no apologies for saying what everybody in Manitoba understood, that Mr. McFarlane should not have been involved in this process. But, Madam Chairperson, that is unparliamentary. In our committees, we usually follow very similar standards to the House and, in fact, if you care to check Beaudesne, that is the case.

Madam Chairperson: Mr. Ashton did indeed have a point of order. The word has been withdrawn in the House in the past, and I would caution the minister on her choice of language.

* * *

Mrs. Vodrey: Madam Chair, let me withdraw his "cheap politics" then, and let me put forward inflammatory rhetoric, as suggested by a colleague, because clearly what he is putting on the record is a position which when he speaks about everybody in Manitoba knowing, everybody in Manitoba knows his motivation and everybody in Manitoba knows where he is coming from.

Madam Chair, we are speaking about an individual who is a professional, who came with professional qualifications, who was referred from his professional chartered accountant agency to sit as a member of a committee. The members of the committee, other members of the committees are, in fact, those dedicated people working for the MLCC. The process has, in fact, been explained to him by the CEO.

Let us also talk about availability of questioning. Dates have been offered for this committee, and certainly Question Period is available to the member, and I am there available to answer questions. When he has asked questions, the answers have been so difficult for him to accept that he has not wanted to clearly start asking those questions again.

So let us look at the number of opportunities which have been available for the member across the way to ask questions and certainly my availability and my willingness to answer them as I have done each time they have been presented. Also, the open meetings of the MLCC, which to my knowledge, the member has not attended or made himself available to hear from the people of Manitoba. So when committee dates have been—and I would like to check with the House leader that the member has, in fact, to my knowledge, been offered over the past few years some opportunities and perhaps has not taken them up. However, today, this opportunity has been on the table for several weeks, and I understand that it was only yesterday afternoon late that the member decided he wanted to come to committee for this morning. [interjection] Madam Chair, I would ask you to call the member to order, because I sat quietly during his tirades.

Point of Order

Hon. Mike Radcliffe (Minister of Labour): Madam Chair, I notice that the minister here sits patiently and quietly and respectfully while the member opposite poses his questions and then is now trying to be responsive in the face of the voluble abuse coming from the opposite side of the table, trying to talk her down because he disagrees with the pith and substance and content of her answer.

I would suggest, with the greatest of respect to my honourable colleague opposite, that this is totally inexcusable behaviour and that he should be brought to order.

Madam Chairperson: Mr. Ashton, on the same point of order.

Mr. Ashton: On the same point of order, I apologize to the committee for trying to correct what was patently false. The minister should know we had agreement as House leaders for a number of weeks to have a committee hearing last Tuesday. The minister was at a ministerial conference, and it was cancelled because of that. For her to put on the record that suggestion—and she knows that to be the case. She was at a ministerial conference. That is why it was

cancelled, and I have been seeking for more than a year to get this committee called.

I say to the minister, for two years now this committee has not been called. The only scheduled date she has reference to was last Tuesday. She was not available because of a ministerial conference. I did not criticize that. I thought that was a reasonable thing to do. But for her to come in here and suggest that we have not been asking for this committee is absolutely untrue. She knows it, by the way, and the facts speak for themselves. This minister is the only minister who has been afraid to face a legislative committee for more than two years.

So she may talk with this arrogant tone that we have become accustomed to in this case. The facts speak for themselves, and the facts show, Madam Chairperson, that this minister is wrong. Last week, the scheduled time that we had was cancelled at the government's request because the minister was not available. I was available, and we scheduled this within 24 hours as soon as the date was available.

* (1050)

Madam Chairperson: Order, please. The Minister of Labour, on the same point of order.

Mr. Radcliffe: Madam Chair, yes, on the same point of order. The spontaneous ejaculation from members opposite or from this member opposite trying to talk down the minister is the issue under discussion, not the substance and the truth of the issue that he was talking about but the manner. There is process in this committee, and the member opposite is abusing the right of the minister to respond in a thoughtful and respectful manner.

Mr. Ashton: I apologize for correcting the record. I am sorry. I apologize for putting the truth on the record.

Madam Chairperson: Order, please. I would comment that the committee is getting beyond decorum, and I would ask that the comments please be made through the Chair and comments not be directed to any person individually. I would ask members to please wait to be recognized before speaking, and then perhaps we

could carry on this meeting in an orderly fashion with due respect to all members, please.

* * *

Mrs. Vodrey: Thank you very much, Madam Chair. So just to continue in terms of the issues of availability raised by the member in his question posed to me and in his comments. He is right, and certainly I know the people of Manitoba appreciated the opportunity for me to attend to ministerial duties outside of the province last week. However, my availability certainly has been there for the member. I was pleased yesterday afternoon when I had the commission on standby last evening, this morning, tonight, to have it confirmed that we would, in fact, be at committee this morning, and my availability and that of the commission has certainly not been in doubt.

Now to the issue of the competitive process of the private wine stores, I am informed that there is a corporate structure, which was known to all applicants, required and that De Lucas, in fact, met the operating corporate structure requirement. I also understand that this is a competitive issue, and unfortunately some applications were not as ready to proceed in terms of opening the private wine store as evaluated by the committee, which consisted of dedicated staff of the MLCC in addition to the certified business evaluator who was the outside member.

Mr. Ashton: Thank you, Madam Chairperson, and it just appals me that even at this point in time this minister does not understand the obvious problem with having someone who is the treasurer of the Conservative Party and her official agent, somebody who obviously has direct connection to the minister, sitting in this position. I say to Mr. Wright and others; it is not their decision to a certain extent to do this, but I think they should have been cognizant of that, as well. Mr. McFarlane should not have been involved in this process, period.

You know, it goes to the root of ensuring, as we always I think want in these kind of processes, that there is no other factor involved directly or indirectly and that there is no appearance. It is the same thing with conflict of

interest. It is the same measure. It just is absolutely unacceptable. I point, by the way, to the fact that these licences do have a huge impact on the people who receive them. They are very profitable. I have talked to people who have made applications to them, certainly know the projected cash flow, and I must say the minister does not understand. There are a lot of Manitobans who spend a lot of time and effort who put in applications, and it is just unfair, to my mind, to have any question about the fairness of the process.

I also want to ask a question, now that we have confirmed that, in fact, even though there was a criteria with De Lucas as with all applicants there not be another licence, that, in fact, if they set up a separate company, it was not a problem. That probably would be news to a lot of the applicants. Whether in terms of other applications, I would like to ask, when people made application to the Liquor Control Commission, the information that was contained in the business plans by the applicants who were not successful, was that kept confidential or indeed was that information accessible to the Liquor Commission and other applicants?

Mrs. Vodrey: Madam Chair, I would like to begin my comments in relation to the moral lesson that the member opposite has tried to give this government. A moral lesson in process from the other side is absolutely shocking when we have Mr. Brian O'Leary who is, in fact, the principal, the confessed cheater, who deliberately subverted the process of standards examinations in this province, continuing to remain as an executive member, as a leader in the campaign. I see members opposite hanging their heads and in embarrassed laughter trying to deal with the shame that their Leader refuses to deal with Mr. O'Leary.

Point of Order

Mr. Ashton: You know, I have waited more than two years for this committee hearing, and I would expect at the very least that the minister would answer questions and would deal with issues related to the Liquor Commission. I mean I could debate the vote-rigging scandal, I could debate 11 years of Conservative government, but you know for the people of the

province of Manitoba who have been waiting for this committee, I think quite patiently, and for respect to people here in the gallery who have very direct involvement with that, I would suggest the minister respond to the question that was asked. Once again I wonder if she has maybe forgotten that question, but I asked the question in regard to the application process, which has nothing to do with Brian O'Leary or vote-rigging scandals or anything else the minister may care to debate. If she wants to do that kind of debating, the House on the appropriate item in the House is the appropriate place, but I do not think we should waste the time of this committee on the ramblings of this minister.

Madam Chairperson: The honourable minister, on the same point of order.

Mrs. Vodrey: Madam Chair, the issue is the preamble that the member puts forward. Now if the member wants a completely focused, noncommented answer, then I would ask you to limit his preamble, but in committee as members are allowed to develop a preamble into their question, it is very unlikely that the minister should let all aspects of that preamble go as if they were fact. They are not fact.

Therefore, Madam Chair, you may choose to check the record, but the member has begun each set of questions with a preamble. The last question was begun with a preamble around process and a question of the process and the morality and significant comments about that process. It is absolutely essential that I as minister have the opportunity to make comment on that, and I have done so based on an example of a total lack of process and a shameful disgrace by the NDP in terms of their own process of standardized exams administration in this province.

Mr. Chairperson: The member did not have a point of order. It is clearly a dispute of the facts. I would ask that questions being posed here, if we could try to make them specific to the report here and answers as well. We do have guests here, and if we could proceed in that fashion, we might be able to accomplish some business by twelve o'clock.

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Mr. Ashton: Madam Chairman, I asked the minister a specific question about information and applications. I do not know what could be more appropriate to this committee, and I would appreciate if the minister would respond to the questions that were raised.

Mrs. Vodrey: The member asked a question after his prelude and preliminary comments and finally asked a question about the process of application and were applications kept confidential. I am informed, yes, that that is the case.

Mr. Ashton: What concerns me about that is, certainly in the case of one application, I think there are some questions about whether that was indeed the case, because we had a case where an applicant had a name which obviously would be to a certain extent in the public domain, a location, various aspects in the business plan. They were rejected. Someone with political connections was accepted, and now they are operating in the same place with the same name.

I want assurance that all that information was kept confidential because I know the applicants are very concerned. They spent a considerable amount of money on the business plan and did a lot of effort, and quite frankly in terms of fairness it seems quite questionable that somebody was able to walk in, perhaps better connected than the applicants, but was able to end up with the same store, same name. I would like to ask the minister if there will be an investigation on whether any of that information was leaked to the applicants.

Mrs. Vodrey: Again, the member makes very vague accusations which are very serious in their nature, but I can tell him that his allegations are absolutely not true. I have members of the commission, members of the committee who are here clearly indicating to me that the member's allegations and accusations are absolutely not true.

* (1100)

If he has something further that he wishes to put on the record by way of accusation, then he should do it.

Mr. Ashton: Once again, if the minister could rein in her arrogance for a moment, what I did was I referenced a specific situation, which by the way is true. You can check with the applicants. You can check the location. You can check the name. That is the case. I asked in terms of the confidentiality, the policy issue. I do not know what the minister is talking about in terms of allegations. I asked a question of the minister, and I asked her to investigate that, because quite frankly when you do have that situation, where one applicant's name and location ends up being used by another applicant, I think it is a reasonable question. The minister, if she could rein in some of her automatic response whenever a question is asked with the sort of arrogant response, I am raising this because these are once again some of the questions that are being raised by applicants as part of the process.

Mrs. Vodrey: My enthusiasm seems to offend the member across the way, and my enthusiasm seems to be not understood and misconstrued by a very defensive member. However, Madam Chair, I will ask the CEO of the commission to make a comment on the questions raised by the member opposite.

Mr. Wright: The whole process, I can guarantee you, was kept confidential amongst those four of us who reviewed all the business plans that we received. I think perhaps some of the confusion arising from this one instance was that, in fact, we received three business plans for exactly the same location, precisely the same address, and that we chose the best of those three, in our view, using the objective process that I have described to you earlier.

Mr. Ashton: I said it was not only in the same location, it was the same name as well. That obviously did create some concerns. Put yourself in the position of some of the applicants in this situation. I think there is a concern amongst the applicants in terms of this kind of information, and that is why I raise the question.

Mr. Wright: I am familiar with the issue of the name. I understand that that issue was resolved between the two parties. There was confusion. As I recall it, one party registered the name only

after the other applicant had received the go-ahead to open a wine store.

Mr. Jim Maloway (Elmwood): Well, we said last year at the time of the letting of the second round of wine store appointments that this would lead, in fact, to friends of the government getting preferred treatment, and, you know, we were not disappointed in that prediction at the end of the day, as it turned out.

Now, when you made the decisions last summer for these wine stores, you did it immediately following the session ending. We thought that was rather suspicious. I want to know why that particular time frame was chosen to make the appointments. It was in the middle of summer, as I recall. It was just within days after we finished the session here in the Legislature.

Mrs. Vodrey: I somehow perceive the member is trying to suggest there was some grand plan in that date, and I can assure him that there was not any grand plan in that date. There were advertisements which announced the expansion. There were a number of interested parties who were then given the information package.

The effort of timing was, if anything, only to try and see the process through so that it could be complete by the Christmas season so that the new entrepreneurs could take advantage of the Christmas season in wherever they may have placed their stores.

But, apart from that, looking at a period of time required to solicit interest, to then have applications, to do final interviews, there was a period of time required, and there was an effort to try and meet a time frame which may be, in fact, beneficial to the people of Manitoba in terms of availability and to the entrepreneurs as they made their start.

Mr. Maloway: These decisions, this announcement could have easily been made while we were in the legislative session last year, but it was not. It was made within days of the session ending in the dead of summer when there was no possibility of asking the minister questions. That is when this decision was made to give these licences.

So why would we come to any other conclusion than that there is a grand design and a grand plan to basically confer favours on people who are friendly to the government? Why would we come up with any different conclusions, based on the experience we have with this government?

Mrs. Vodrey: Well, I do not know why you would come to any other conclusion, you, the member, and you, the NDP. In fact, it only seems consistent with observations you make about everything that goes on, so why would you? Well, really, it is hard to say, other than your past record.

But the reality of the situation, Madam Chair, is exactly as I have described it. But I would take issue with the member's comment to say other than to confer favours on those people supportive of our party, because that clearly had nothing to do with this issue. There were, to my knowledge, approximately 180 interested parties given information about this, and then there were a number of expressions of interest following the information package. Then there was, finally, a number of proposals received.

*(1110)

So there was an expression of interest across the province. People had to assess their readiness based on the information. Then as they got further into the process, they had to determine whether or not they were ready and could, in fact, complete the process.

So I certainly would object to the member's suggestion that this was in some way done to provide an advantage to people who may or may not have been supportive. This was strictly an objective process. I have stressed in every answer I have given around the wine store assessment that it is an objective criterion, an objective assessment, and the time frame basically only dealt with the ability to try and have the decisions made in order for stores to be available, to be open during the Christmas season, which I gather all were not, in fact, available to be open in that time anyway. But that was the effort. So the member is really trying to create a tempest in a teapot here. It is simply not the case.

Mr. Maloway: Well, the minister asks a very good question. That is: why would we come to the conclusion that there is a little family compact operating in this government, in this province to confer favours on people who support the Conservative Party? Why would we come up with a conclusion like that? I wanted to answer that question. What we have here is we have, without getting into all the details of the vote-rigging scandal and the people involved in that, is Barb McFarlane is a lawyer of the Conservative Party. Gord McFarlane is the official agent for the minister. Gord McFarlane is also on the committee doing the selecting of the people who will get these wine licences. At the end of the day when they are looking to appoint five wine licencees, the minister says that 180 info packs were given out. Well, she could have given out a thousand info packs. The fact of the matter was the die was cast from the beginning, that there were two or three favoured applicants. I believe the Premier's (Mr. Filmon) son is a partner in one of the successful applications, and we have other irregularities along the way.

So that is why, to answer a question, we would come up with that conclusion that you seem to have—if I was a member of the Conservative Party, I would be upset with the way this government and this party operates when you have Julian Benson and his wife and Barb McFarlane and her husband, the four of them and Bob Kozminski and Arni Thorsteinson running the whole show. There does not seem to be a whole lot of opportunity for advancement in this group because they obviously do not trust too many people. It does not go beyond husbands and wives and all people involved in one little group. So that is why people come up with conclusions like that, Madam Minister. You know, you should spread it around a little more, and it would not look so suspicious.

We felt at the time that this was very suspicious timing, and it was. We said at the end of the day we could predict that some friends of the government would be rewarded, and surprise, surprise, we were not disappointed. That is exactly what happened. So if the minister and this government want to keep making our cases for us, that is fine, just keep doing it. You will not be around that much

longer if you keep acting the way you have in the past. But I would like to know why it is that this selection committee came up with the decisions that it did.

Mrs. Vodrey: Nobody could make the case stronger for the NDP than Brian O'Leary. Nobody could make the case stronger than a principal who violated the process of standards exams and whom parents across this whole province now observe and believe that he gave an unfair advantage to certain students and that he simply is not one bit ashamed of it and that he continues to be extremely active in the NDP and that the Leader of the NDP, regardless of their code of ethics, bends them to accommodate Brian O'Leary who according to attempting to set up a fair process of examination for students where students will have the opportunity to take a standards test and use those marks as part of their mark to gain entrance into post-secondary education, the member across the way, simply it does not even enter into his sphere of orbit. So his party is not a party to give any lessons on morality because the name of Brian O'Leary is imprinted in the minds of Manitobans, and the NDP's complete lack of ability to deal with that member, of the member across the way's party, in this case, I believe that the other member has mentioned, have, in fact, had consequences. We see for Mr. Brian O'Leary there is no consequence, rather to remain in the hierarchy of the NDP party and have the NDP party be very proud of it.

So there is no lesson to be learned from the member across the way on any kind of process. He has sullied a process. He and his party have sullied a process on behalf of students across this province and also for good teachers across this province.

On the issue again of timing that the member raised apart from his other preamble and remarks which did require comment from the minister and from myself, I can tell you that he does really appear to also strongly insult and attack the members of the MLCC in the decision-making process. He has been told that the decision-making process was an objective one, and it was. He has been told how the process worked, and it was done based on an objective criteria. He asks how was the decision

made. It was made according to the objective criteria which, in fact, I have read into the record in the Legislature, and I would be happy to read into the record here.

The other question is one which he raised in which I believe the NDP is saying then that some Manitobans should be barred from making application by virtue of their name, and that is simply not the position that this government takes. This government has not barred people because of their name. The member mentioned the name of David Filmon having an interest in one of the successful wine stores. I was very clear at the time in saying to the House and to the public in answering the question that the Premier (Mr. Filmon) absented himself from all decision making in relation to this. The member has tried to raise that, and the answer is clear.

Madam Chairperson, just let me read into the record again the selection process. The member asked about this. The selection committee evaluated business plans independently of each other. They used a 100-point system of evaluation, which consider the applicant's location and premises. They are operating in marketing plans. They are a financial resources and management team. The selection committee then met and arrived at consensus, and the process was an objective one and, again, based on a series of important objective criterion which were contained in the business plan. So the member is seeking to find something which simply is not there. By looking hard, he will see an objective criterion which was available, likely to lead to successful businesses.

Mr. Maloway: Madam Chairman, I would like to ask the minister also about the selection of the accounting firms. I see where Arthur Anderson was the accounting firm for the Liquor Commission as of May 9, 1997, but by April 29, 1998, the accounting firm had changed to Doane Raymond, Mr. McFarlane's firm. Does the minister not see a conflict here with her official agent for her campaign now becoming the official accountant and auditor for the Liquor Commission which she is in charge of as the minister?

Mrs. Vodrey: The auditors are appointed through Finance. They are professional people.

They have professional reputations to maintain. We have absolutely no reason to believe that any member of any auditing team or CA team would in any way endanger that professional reputation in terms of their professional function, and that is how they are chosen.

Mr. Maloway: There are enough accounting firms in this town that I would think that the Conservative Party would be smart enough to make certain that the minister's official agent did not become the accountant for an agency that she is directly responsible for. I would have thought they would have been smart enough to appoint this accounting firm to be the—maybe they are already, I do not know, but the accounting firm for Manitoba Hydro or something, not where there would be an appearance of a direct conflict. I would ask the minister as to what—I mean, presumably somebody at Arthur Andersen is not too happy now because they are no longer the accounting firm. Why were they replaced? What was wrong with their work, that they were not acceptable to continue on as the accountants for the Liquor Commission?

Mrs. Vodrey: Again, this is just part of the rotation of responsibilities and opportunities for the accounting firms and nothing more than that.

Mr. Maloway: I would like the minister to repeat her answer, because I did not catch the whole answer.

Mrs. Vodrey: That it is simply part of the rotation of opportunities for accounting firms, and that is the way that that firm of professional people gained that particular account.

*(1120)

Mr. Maloway: Rotation of opportunity is quite an explanation for how it works. Now I think that it is very suspicious when your official agent gets appointed as the accountant, as the auditor for your department. To me that smacks of favouritism. On top of that the accountant gets put on the selection committee to decide who gets these wine licences. When you said yourself at the very beginning of the meeting that the other members of the selection committee were people who have been with the Liquor Commission for many, many years and

have a CA background, in one case have the backgrounds necessary to make the decisions, why would you then add to that committee, that experienced group of people, somebody who just became the auditor a couple of months earlier and would not have that depth of experience, but would have the depth of political experience, being the financial officer for the Conservative Party in the 1995 campaign and the ensuing vote-rigging scandal and whose wife was the lawyer for the Conservative Party?

You really are expecting a lot to believe that you can fool people into believing that all is fair in this little game you are playing here. You really are pushing the envelope a long way. You appointed experienced people of that board. They were on the committee. Why could you not just let them make their decisions? Why did you have to put your official agents on that committee as well? I will tell you why you did. You did to make sure that you got your political friends their rewards. That is why you did it.

Mrs. Vodrey: That is a shameful accusation put forward. There is absolutely no evidence at all that that is the case, and, in fact, it is absolutely wrong. You are also trampling the reputations of the employees of the MLCC.

An Honourable Member: No, I am not.

Mrs. Vodrey: Yes, you are. The very senior employees of the MLCC who you are suggesting did not do their jobs, the member across the way, the NDP member across the way is suggesting that the members did not do their job.

Madam Chairperson: Order, please.

Point of Order

Mr. Maloway: It is absolutely false information that the minister is putting on the record. I made no aspersions whatsoever on the reputation of the people that work for the Liquor Commission. I said very specifically that there were able, qualified people on that selection committee, and they themselves could have made the decision. One is an accountant of many, many years experience and worked with the Liquor Commission. The other person on the committee, as the minister indicated at the

beginning of our meeting here today, is equally qualified and experienced. Those are the people that should have been making the decisions, not some political hatchet from the minister's political arm. That is who was making the decisions. Why do you think we got the results we got? Because of the political interference, not because of the people that were there in the Liquor Commission, and that is my point.

Madam Chairperson: The honourable minister, on the same point of order.

Mrs. Vodrey: I would just suggest that the member, in carrying on at that length, did not put his point of order forward but rather made a political speech. He was not direct to any point of order which he was attempting to raise.

So I would ask your indulgence in replying to that point of order, to say that the falsehoods put on the record are those by the member opposite, and that it is absolutely not true and that in his comments he clearly suggested that all of those members of the Liquor Commission did not have an input. That is absolutely false. It is on the record that the member across the way clearly has said that those people did not do their jobs. That is shameful, but it is not unusual from the NDP to have those accusations for whatever kinds of political reasoning, political end point that they want to reach.

So, Madam Chair, what the member has said is not a point of order. It is also completely false information. The introduction of the representation of the auditing firm was chosen because of his expertise and because he is a certified business evaluator, which was seen to offer additional support. In the first round of wine stores selections, it was, in fact, also the case that the auditor was represented on the selection committee.

So why the member would think that this time, with the auditor represented on the selection committee, that the senior members of the MLCC were unable to do their job, is certainly a mystery to me and to the people of Manitoba, but the member continues to put forward that accusation.

Madam Chair, I will continue to say that accusation is false.

Madam Chairperson: The clarification of facts is not a point of order. I would also put forward a reminder that there is no debate when it comes to a point of order.

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Madam Chairperson: The honourable minister, to complete her answer to the earlier question posed.

Mrs. Vodrey: I was answering the question about the representative of the auditing firm on the selection committee as one of the members, along with senior members of the MLCC. In outlining the process, I made it clear to the member that proposals were evaluated independently and then were brought forward for a consensus and that all members had an equal participation.

So the accusation that the member is trying to bring forward is completely false, that there was somehow an end point determined and this committee then worked its way to arriving at it—absolutely false. There was an objective process. There was an objective criterion, and it was actually proceeded with in an objective manner by, as was stated, his colleague, dedicated staff members of the MLCC, who I believe did their jobs, and one representative of the auditing firm who was asked by his firm to take this role because he is a certified business evaluator. That is the process.

Mr. Maloway: The minister earlier said that the Premier (Mr. Filmon) had no involvement or no role in the selection of the applicants, a partner of whom was his son. How do we know that that is the case? What sort of proof do we have that there was no involvement of the Premier in this application?

Mrs. Vodrey: Well, one of the ways you can know is that I have told you at this committee, and it is on the record, that the Premier (Mr. Filmon) absented himself from this decision making and from any discussion around this.

Now, if the member has some conflict-of-interest concern, I suppose he can proceed in the usual way to try and determine that, but the answer, Madam Chair, is the same answer that I gave when this issue was raised in the House. I gave the answer outside of the House, and those are the facts.

Mr. Maloway: So the minister is saying then that we have to take her word that the Premier did not involve himself in the process. There is no one else who can verify that the Premier was not involved in any way, shape or form. She is saying there is no possibility that the Premier would have had any discussions with Gordon McFarlane, who just happened to be the chief financial officer of the party. She is saying that he could not possibly have talked to Barb McFarlane, who is the chief lawyer for the Conservative Party. These people do not talk to one another. I mean, this is supposed to be believed.

As a matter of fact, I think these people were so paranoid that she put Gordon McFarlane on the selection committee to make certain that her choices made their way through the process. That was her one clear way and sure way of making certain that the predetermined applicants were selected at the end of the day.

Mrs. Vodrey: Madam Chair, the members of the public who ever take the time to read this are really just going to start to laugh when they see what the member is saying. He has gotten all carried away, all carried away with himself, in trying to put forward allegations. I mean, really, now it is just humorous to listen to him and his articulation. I mean, it is rubbish. It is just ridiculous to listen to.

But, Madam Chair, that is not the way things work, but the members across the way, the interesting thing I have found in observing them is they really like to go back and try and rewrite history. They try and put pieces together that will in some way create some historical record which is absolutely untrue, and every time they try to do it, they end up looking completely confused around the fact that they voted for the budget, but they criticize the budget every day. So we really do not know as they rewrite history whether or not they actually like the budget or

they do not like the budget, but we think that they probably did like the budget. But, you know, their backs are against the wall. They do not have any questions to ask then, so now they are trying to rewrite the budget after they voted for the budget.

Then they did not like workfare and now they do like workfare, but we know that there was a resolution from their caucus that says they do not like workfare, fully supported. Now we find out that they do like workfare, and they are sort of rewriting history and trying to find a way to fit the positives in.

Then we find that they did not like wine stores, and we have a great ad that says how much they do not like wine stores, and then we have the apology that says that they are sorry for saying bad things about the wine stores. Now we have spent just about an hour and a half in committee talking about wine stores because now they are in favour of wine stores, and now we have a question about the process of wine stores.

* (1130)

So we really have a great deal of difficulty with the NDP trying to go back over and over again and trying to rewrite their positions, rewrite history and trying to somehow create a great deal of conflict around them to somehow make others look bad, as if they have known the way from the beginning.

Well, Madam Chairperson, they have not known the way. They are not accurate here. They are putting false accusations on the record, but I guess, really, when you have been in opposition that long, that is basically all you can do, is put forward a bunch of accusations as they are trying to reinvent themselves as the new NDP. We see new NDP signs on billboards and so on. We do not see any new NDP at the committee here today. We see the same old NDP, same old, same old NDP. That is what we see. That is what we are hearing.

So the accusations put forward by the member for Elmwood (Mr. Maloway) are false. The fantasy which he has woven into the records

of this Legislature is false. He has gotten all carried away with himself.

Madam Chair, the answers are exactly as I have stated. This was an objective process, was done in an objective way, based on business plans. It led to the current result, and that is the reality of the situation.

Mr. Ashton: I would like to ask a question on another issue in which we have concerns about the way in which this minister handled the whole process. Recently, the minister and the government changed the regulations in terms of the previous seat limit in beverage rooms, which was 300. I mentioned before that the Hotel Association had not sought that or supported it.

I want to ask what the impact was of that, in particular, whether there are any existing facilities that are in a position of being able to expand beyond the 300 seats and how many additional seats that will add to the provincial capacity.

Mrs. Vodrey: Madam Chair, the member across the way continues to get this wrong. He began his opening remarks suggesting that this was a change in legislation. He has now moved to a change in regulation, none of which is correct. In fact, this was a policy change approved by the board of commissioners. In this policy change, it allows the capacity to be established not from the central control of the Legislature but rather on a more local level by zoning, by building code, by health and by fire regulations. This brings us more in line with other provinces and was considered a policy by the board to assist, again, in terms of modernization and with allowing a little bit more local opportunity.

I have to say to the member I am not quite sure what his question was in terms of was he asking how many have taken advantage of this particular change. I wonder if he could ask the question again, Madam Chair.

Mr. Ashton: First of all, I want to put on the record, by the way, and the minister ducked this question in Question Period, did not acknowledge what is a fact. The Hotel Association—and I will quote what their position was for those

members of this committee who perhaps were not aware of this. It stated: while the increase in the capacity would certainly benefit some of our members, it was felt by the vast majority of the board that it would have an extremely negative impact on the hotel industry throughout the province.

An Honourable Member: Why?

Mr. Ashton: The member for River Heights (Mr. Radcliffe) asks why. I think he should talk to the Hotel Association, talk to the many operators. A vast majority of them will not benefit from this. They followed the regulations; they built existing facilities. What I asked was in terms of those who will benefit. I am wondering, in particular, whether there are any existing hotels, for example, the Garden City Inn, any existing hotels owned by, for example, the Hospitality Corporation—I mean surely if the minister and the board changed the policy, they must have some idea of the immediate impact and whether there will be any existing hotels that would benefit from this change.

Mrs. Vodrey: As of March 31, '99, there were 19 cabarets, 291 beverage rooms, 403 cocktail lounges in Manitoba. Between January 1 and March 31, two beverage rooms and three cabarets increased their capacities, and four rural and ten Winnipeg dining room cocktail lounges opportunities took advantage of the new 1 to 1 capacity ratio.

Mr. Ashton: Which hotels have expanded their seating as a result of the change in policy?

Mrs. Vodrey: I am informed Garden City and Windsor Park have increased their capacity.

Mr. Ashton: I am wondering if the minister could indicate who the owners of the Garden City Inn and Windsor Park facilities are.

Mrs. Vodrey: The owners are Hospitality Corp.

Mr. Ashton: The reason I asked that is because here we have the Hotel Association saying this is going to damage the hotel industry, and the Hospitality Corp. is a significant supporter of the Conservative Party. It is just amazing how this seems to come up.

I am wondering why the minister chose to ignore the Hotel Association. Did it have anything to do with Hospitality contributions which are quite significant, according to the most recent Progressive Conservative Party of Manitoba reports?

* (1140)

Mrs. Vodrey: The member seems to be continually drawing a bow that I am having trouble following. Really, I think the best way to answer this is to answer it again in an objective way. The objective issue here is that we did have a significant capacity restriction and that there was interest in removing that capacity restriction, allowing it to be developed at a more local level where the lesser of 12 square feet or the capacity to be established by zoning and building code and health and fire regulations, the Fire Commissioner to be the one who makes that determination.

There are entrepreneurs who would like to take advantage of this. We do expect to have wonderful tourism this summer. We are looking forward to a number of festivals. We are looking forward to the Pan Am Games, and it was an opportunity in terms of timing for some of the entrepreneurs in Manitoba to look at some development.

The other reasoning which I think is also important is that we have a very vibrant cultural industry in Manitoba. We have a very vibrant sound recording industry, and the expansion of capacity was, in fact, supported also by the Manitoba Association of Country Arts, the Manitoba Audio Recording Industry Association, or MARIA, who feel that it will assist in promoting local talent.

The reality of the situation is that people are not drinking more. I think that that is an important point to make. In wanting and in needing to be able to support the entertainment industry and also overhead, possible changes in capacity opportunity did make it possible for some of these opportunities to be substantially more stable. So the MLCC maintains and has a commitment to its polices, to its regulation. The field manual was updated to make sure that everyone recognized, all of the business people recognized their responsibility. But this was an

opportunity. It was a business opportunity. It was a tourism opportunity. It was an opportunity, again, for some local decision making in terms of size and granting of permits.

The NDP has opposed this. I saw a newspaper article that I presume originated from the member for Thompson (Mr. Ashton) who was clearly against this. Again, we see a typical trend in the NDP. We see the NDP against business development. We see the NDP against economic development. We see the NDP against entrepreneurs. We have newspaper articles where the NDP calls for a halt to liquor expansion, where the NDP is afraid that the development of wine stores will lead to privatization. So, slowly, the people of Manitoba are building quite a record of all of these things that the NDP is against. It is against the opportunities that are available for Manitobans.

Madam Chair, our government has believed that entrepreneurs who do make a significant investment financially and also who make a significant investment in terms of hiring staff and employment in Manitoba, where it is reasonable and where it can be dealt with in a reasonable manner, the board has considered a change to this particular policy. This is not a change in legislation; this is not a change in regulation. This is a change in policy, and I believe that this policy change, not only does it bring us in line with other provinces, but, in fact, the other industries may benefit as well, again, things like our sound recording and performing arts industry.

Mr. Ashton: Well, let us put the cards on the table here, because the minister in her answer completely neglected to deal with the fact. The fact is she ignored the Manitoba Hotel Association. Well, listen, I will tell you what the Manitoba Hotel Association has told its members. The senior officials of the Manitoba Liquor Control Commission had committed to the Manitoba Hotel Association that no action with respect to recommendations to government would take place without giving us an opportunity to discuss changes with the minister, and we were never afforded this opportunity.

Now, what happened was one of the biggest contributors to the Conservative Party obviously

must have had access to this government on this issue, because guess which two hotels received the benefit of this? On the one hand, we have the Manitoba Hotel Association which was ignored, does not even get a meeting with the minister despite being assured that that would be the case, and, by the way, this is why the Hotel Association is very frustrated, many hotel owners, but, on the other hand, a major contributor to the fund, and I believe there is a group, a club, which has direct access to the Premier (Mr. Filmon), and he is part of that—coincidentally, of course—and somehow the policy has changed. They do not meet with the Hotel Association and guess who benefits? One of the biggest contributors to the Conservative Party.

I want to ask the minister why did she not meet—and I will ask the senior officials from the Liquor Control Commission—again with the Hotel Association? She knew they had concerns about this. Why did she choose to ignore the input?

By the way, all this nonsense she put on the record about people being opposed to business development, is she suggesting that the Manitoba Hotel Association, when they opposed the raising of this limit because they have lived within the existing structure and they are concerned about the impact on the hotel industry, is she suggesting they are antibusiness development? I think not, Madam Chairperson.

So I would like to ask the minister to explain why she moved ahead with this change that benefits well-connected Tories and why she ignored the Hotel Association and would not even meet with them—and I do not know who in the commission made those promises—why she would not meet with them when they had been committed by the senior officials at the Manitoba Liquor Control Commission to meet with the minister prior to the finalization of this policy change which has had a very significant impact on the liquor industry?

Madam Chairperson: I would like to ask all members, please, that when questions are being posed and answers are being made, that people kindly pay attention. Those wishing to have

other conversations around the table, could you please do so at the back of the room.

Floor Comment: It is very hard down here to hear what is going on, Madam Chairperson.

Madam Chairperson: It is hard for me to hear up here.

I would now ask the honourable minister to give her response.

Mrs. Vodrey: Thank you very much, Madam Chairperson. Well, you know, we have again a very small-minded, narrow, telescopic view from the member for Thompson (Mr. Ashton), typical of the member for Thompson, who seems to feel that there was somehow a benefit available only to one hotelier. The reality is that the benefit available has been made available to all. That benefit is available to everyone.

The ability to develop capacity, many have built to the point that they could, in fact, increase their capacity without making any capital changes to their investment, but were restricted from doing so from a very centralized policy. What our government has done in this case, the board of commissioners, in fact, have done, is to allow for a more localized policy. For many, this benefit is available to all. Again, many do not have to make any capital changes. They simply themselves have to determine how they would like to increase their capacity within their place of business. So the member again has this incredibly telescopic, minuscule view of the world, and it is totally inaccurate.

* (1150)

Madam Chair, secondly, he also seems to suggest that I have refused or avoided a meeting with the Hotel Association, which is not true—I thank the member for River Heights (Mr. Radcliffe) for asking the question—not true. It is certainly not my intention and has never been my intention to avoid meeting. I know that a number of our stakeholders, which I believe we do have an extremely good working relationship with—the member across the way, you certainly would not know it from listening to him, but perhaps that was what happened when the NDP were in government, and not surprising, because

they are very, very centralist. They simply, according to the article in the *Opasquia Times*, want a halt to liquor expansion, are certainly in no way a friend to any entrepreneurs, hoteliers or restaurateurs.

So let not the record appear to show that somehow the member for Thompson (Mr. Ashton) has again changed his stripes, and from having never been in favour of entrepreneurs, he is now wildly in favour of entrepreneurs. One might get that impression from listening to him. But what he says where he lives is different than what he says when he is down here.

Point of Order

Mr. James Downey (Arthur-Virden): On a point of order, Madam Chair, I can hardly hear the minister, from the comments of the members opposite and their continuing talking. I wonder if you could bring this committee to order, please, so I could hear the minister.

Madam Chairperson: It is extremely difficult at times, as we are getting closer to twelve o'clock, particularly, to hear comments that are being made. I would ask all members of the committee to please respect the questions and answers that are being posed. If people could kindly keep their comments to themselves, we may get some business done before twelve o'clock.

* * *

Madam Chairperson: The honourable minister, to continue.

Mrs. Vodrey: Thank you very much, Madam Chair.

So in referencing the *Opasquia Times*, where the NDP calls for a halt to liquor expansion, the position that the member for Thompson has taken in one part of the province, let me just add to that comments from the Manitoba restaurant association and also from the *Western Hotelier*. The Manitoba restaurant association says, first of all, a big thank you goes out to the MLCC, the board of commissioners and the government for showing a desire to modernize our liquor regulations by giving us

the one-to-one dining room to cocktail lounge ratio change that we have been asking for and for lifting the capacity limit on pubs and cabarets which will now be controlled by fire and by-law limits.

In the *Western Hotelier*, Madam Chair, I quote: "The Manitoba Liquor Commission is continuing to take proactive moves in the province. The agency recently announced two major regulatory changes that will have a lasting impact on the industry. For example, MLC has changed its policy relating to seating capacity and lounges." It goes on to explain what these changes mean. So, Madam Chair, there is support in the industry. In terms of the Manitoba Hotel Association, I have had contact with them since this change, immediately following the change and some time after, and let it not be on the record that I am in any way avoiding a meeting. I am certainly open to that meeting, have met with them before, expect to meet with them again.

Mr. Ashton: Well, Madam Chairperson, you know, there goes the minister again. She is at it again. She talked about the issue of the cocktail licence. We are talking about the raising of the 300-seat limit.

I wonder if there is any coincidence that she was the co-chair of the Conservative campaign in the last election. But one of the biggest contributors to the Conservative Party just happens to be, the only beneficiary thus far from the raising of the limit just happened to be in a position—by the way, you know, I do talk to the Hotel Association. I do talk to hoteliers. They said right from the start there was one hotelier who was in a position of being able to benefit because they already had in place facilities that could handle more than 300 seats. [interjection] Who was that? Well, let us see, Garden City Inn and the Windsor Park. I wonder who they are owned by. The minister I think is quite aware of it.

So in her comment, in her rambling treatise on this, she then switched over into other issues, other groups. The fact is she has now confirmed on the record that she is quite willing to meet with the Hotel Association after the policy decision was made. I mean, once you have got

the horse out of the barn, you close the barn door.

Madam Chairperson, no wonder this minister has been hiding away from this committee for two years because I believe she has a flagrant disregard for her responsibilities as minister responsible for the Liquor Control Commission, between her as the co-chair of the campaign last time, between her friend and official agent who ends up doing the supposed objective vetting of liquor licences, between this decision, by the way, that was strongly opposed by the Hotel Association, a group that members in this Legislature meet with on a regular basis.

When it gets to the point where the Manitoba Hotel Association—I just want to repeat what they said because the minister wants to even duck the question after her rambling treatise on this whole thing. They said: Senior officials in the Manitoba Liquor Control Commission have committed to the Manitoba Hotel Association that no action with respect to the recommendations to the government would take place without giving us an opportunity to discuss changes with the minister. We were never afforded this opportunity.

Madam Chairperson, the degree to which this minister has manipulated the Liquor Control Commission, in each and every case benefiting significant contributors to the Conservative Party, I think says why they have not wanted to come in here for two years.

You can go back over the history of this. Do you remember the Cubby Barrett and the Cross Lake situation previously a number of years ago? This party has a long record of that. Prior to the minister coming in as the minister, the wine stores raised questions. Let us not kid ourselves, the staff may be apolitical, but we have politically appointed boards. That is the case. That would not have been a problem I think if you do not see a consistent pattern with this minister, the co-chair of the campaign in this case.

Madam Chairperson, can you imagine that this minister who is supposedly the minister responsible for the Liquor Control Commission, she would not even meet with the Manitoba

Hotel Association before making a decision? I want to repeat what the Hotel Association has said on the record about this because all this garbage she put on the record about business development, what she has done according to the Manitoba Hotel Association in this case, and I want to repeat: it was felt by the vast majority of the board that it would have an extremely negative impact on the hotel industry throughout the province.

This minister had the opportunity to meet with the Hotel Association and did not. She ignored the Hotel Association as saying the raising of the 300-seat limit was going to threaten the stability of the hotel industry in this province. You know, I am just amazed at this minister. She comes in and instead of even answering questions on a lot of these questions and admitting what is obvious to Manitobans, the political connections, she comes in with this arrogant approach, the same minister who has ducked this committee for two years. The same minister who has ducked this committee comes in and when she is asked a question about the Manitoba Hotel Association she will not even deal with it. She will not listen to it.

Point of Order

Mr. Downey: I think there is a whole lot of unparliamentary, unnecessary language being used by the member for Thompson, and he should be called to order. I would hope that you would ask him to apologize for that unnecessary, unparliamentary language, the whole works of it.

Mr. Chairperson: The honourable minister, on the same point of order.

Mrs. Vodrey: We have listened to a tirade from the antibusiness NDP who have attempted to do some characterizations which I object to and believe are unparliamentary, and from information that I have received from the Liquor Commission, I understand also that now there may be some other existing licencees and most new premises taking advantage of the changes in policy.

So, Madam Chair, what the member has been putting on the record is clearly not appropriate, not correct, and I also wonder about

some of the personal characterizations which he has put on the record and also the facts of my failure to meet with the Hotel Association when the member does know that, in fact, I have met with them. I have also had contact with them since the capacity issue has been determined and had meetings before and fully expect to continue having meetings.

So I would ask you to consider this point of order in the light of all of the comments because I do not believe the member has been parliamentary in his comments, and I believe he has put information on the record which is, in fact, not true. Certainly, as minister, I have been very open to meeting with the groups which are stakeholders for us, and also I will look forward to development in terms of our music industry, as well, thanks to the changes in this particular policy, the forward-thinking policy development of the board of commissioners.

Madam Chairperson: As Chairperson, I did not hear any unparliamentary language being made, but I would ask that all members please

remain within the decorum of the committee when making comments and that when the Chair is addressed, to please do so respectfully and within a tone, I think, and level that is within the realm of a committee.

* * *

* (1200)

Madam Chairperson: The time is now twelve o'clock, committee rise. Sorry. Order, please. The Clerk has actually asked me, I do have to ask if the reports can be passed. What is the will of the committee?

Some Honourable Members: Pass.

Some Honourable Members: No.

Madam Chairperson: The reports are then not passed. The time being twelve o'clock, committee rise.

COMMITTEE ROSE AT: 12:02 p.m.