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of the

Legislative Assembly of Manitoba

Standing Committee

on

Public Utilities

and

Natural Resources

*Chairperson
Ms. Linda Asper
Constituency of Riel*



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MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Seventh Legislature

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LEGISLATIVE ASSEMBLY OF MANITOBA

THE STANDING COMMITTEE ON PUBLIC UTILITIES AND NATURAL RESOURCES

Thursday, March 16, 2000

TIME—10 a.m.

LOCATION—Winnipeg, Manitoba

CHAIRPERSON—Ms. Linda Asper (Riel)

VICE-CHAIRPERSON — Mr. Gerard Jennissen (Flin Flon)

ATTENDANCE - 11—QUORUM - 6

Members of the Committee present:

Hon. Ms. McGifford, Hon. Mr. Selinger

Ms. Asper, Messrs. Jennissen, Maloway, Penner, Praznik

Substitutions:

Hon. Ms. Barrett for Hon. Mr. Lathlin
Mr. Dewar for Mr. Reid
Mr. Gilleshammer for Mr. Dyck
Mr. Fauschou for Mr. Derkach

APPEARING:

Hon. Gord Mackintosh, Minister of Justice and Attorney General
Mr. Ian Wright, President and Chief Executive Officer, Manitoba Liquor Control Commission
Mr. Denis Rocan, MLA for Carman
Mr. John Loewen, MLA for Fort Whyte
Mr. Ron Schuler, MLA for Springfield

MATTERS UNDER DISCUSSION:

Annual Reports of the Manitoba Liquor Control Commission for the years ended March 31, 1997, March 31, 1998, and March 31, 1999.

Annual Report of the Manitoba Public Insurance Corporation for the year ended February 28, 1999.

The Workers Compensation Board 1998 and 1999 Five Year Operating Plans.

Annual Reports of the Manitoba Hydro-Electric Board for the years ended March 31, 1998, and March 31, 1999.

Annual Reports of the Crown Corporations Council for the years ended December 31, 1994, December 31, 1995, December 31, 1996, December 31, 1997, and December 31, 1998.

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Clerk Assistant (JoAnn McKerlie-Korol): Good morning. Will the Standing Committee on Public Utilities and Natural Resources please come to order. The first item of business is the election of a Chairperson. Are there any nominations?

Mr. Gerard Jennissen (Flin Flon): I nominate Ms. Asper.

Clerk Assistant: Ms. Asper has been nominated. Are there any further nominations? Seeing none, Ms. Asper, would you please take the Chair.

Madam Chairperson: Good morning everyone. We must now proceed to elect a Vice-Chairperson. Are there any nominations?

Mr. Jim Maloway (Elmwood): I would like to nominate Gerard Jennissen.

Madam Chairperson: Mr. Gerard Jennissen has been nominated. Are there any further nominations? Seeing none then, Mr. Jennissen is elected Vice-Chairperson.

Committee Substitutions

Madam Chairperson: Before the committee proceeds with the consideration of the annual

reports before it, there are a number of committee resignations to deal with. I have before me the resignation of the Honourable Mr. Lathlin, effective immediately. Are there any nominations to replace the Honourable Mr. Lathlin?

Mr. Jennissen: I nominate Ms. Barrett.

Madam Chairperson: Ms. Barrett has been nominated. Is it the will of the committee that Ms. Barrett replace the Honourable Mr. Lathlin? [agreed]

I have before me the resignation of Mr. Reid, effective immediately. Are there any nominations to replace Mr. Reid?

Mr. Jennissen: I nominate Mr. Gregory Dewar.

Madam Chairperson: Mr. Dewar has been nominated. Is it the will of the committee that Mr. Dewar replace Mr. Reid? [agreed]

I have before me the resignation of Mr. Dyck, effective immediately. Are there any nominations to replace Mr. Dyck?

Mr. Darren Praznik (Deputy Opposition House Leader): Madam Chair, it is my pleasure to nominate the member for Minnedosa, Mr. Gilleshammer, to replace the member for Pembina (Mr. Dyck).

Madam Chairperson: Mr. Gilleshammer has been nominated. Is it the will of the committee that Mr. Gilleshammer replace Mr. Dyck? [agreed]

I have before me the resignation of Mr. Derkach, effective immediately. Are there any nominations to replace Mr. Derkach?

Mr. Praznik: It is my pleasure to nominate the member for Portage la Prairie, Mr. Fauschou, to replace the member for Russell, Mr. Derkach.

Madam Chairperson: Mr. Fauschou has been nominated. Is it the will of the committee that Mr. Fauschou replace Mr. Derkach? [agreed]

This morning the Standing Committee on Public Utilities and Natural Resources has

several reports before it. The reports are as follows: the Annual Reports of the Manitoba Liquor Control Commission for the years March 31, 1997, March 31, 1998, March 31, 1999; the Annual Report of the Manitoba Public Insurance Corporation for the year ended February 28, 1999; the Workers Compensation Board, 1998 and 1999 Five Year Operating Plans; Annual Reports of the Manitoba Hydro-Electric Board for the years ended March 31, 1998, and March 31, 1999; Annual Reports of the Crown Corporations Council for the years ended December 31, 1994, December 31, 1995, December 31, 1996, December 31, 1997, and December 31, 1998.

How does the committee then wish to proceed this morning with regard to the consideration of the reports? Does the committee wish to proceed with all of the reports of each separate corporation? In what order will the reports be considered?

Mr. Gregory Dewar (Selkirk): Madam Chair, we have to make a change to the order of the reports. The chair of the Manitoba Public Insurance Corporation is unable to be here, so we are asking the committee to proceed with the Liquor Control Commission, Workers Compensation, Manitoba Hydro and the Crown Corporations Council.

Mr. Praznik: Could I ask the government representatives then, since they called this meeting to deal with this subject and the chairman is unavailable—we understand that happens—that they will commit here today to call within the next several weeks another committee to consider that report. Can we have that commitment from the Government House Leader (Mr. Mackintosh) or from the government members at this time?

Madam Chairperson: On this, then, I am advised that such a request would have to go through the Government House Leader, being a committee, and that would be the process to use. Further?

Mr. Praznik: Madam Chair, first of all, the government has called this committee with that report for members to consider. They have called it for that purpose. The chair of Manitoba

Hydro, Mr. Schroeder, should be here. To not be here is in contempt of the Legislature— [interjection] Pardon me, Public Insurance, MPIC—

Floor Comment: Mr. Zacharias.

Mr. Praznik: Mr. Zacharias. Well, that is fine, but the House Leader has called this committee. This is one of the reports to be considered. We understand that from time to time things change. All we are asking today is a commitment, on behalf of the Government House Leader, that this committee will be called again within the next few weeks to consider that report. It is a simple request.

Madam Chairperson: Mr. Praznik, what I am raising is that your question would be acceptable, making a recommendation to the Government House Leader, as the process requires.

Mr. Praznik: Madam Chair, first of all, the Government House Leader has called this committee. The Government House Leader has scheduled that annual report. The expectation is that the proper officials will be here for its consideration, otherwise they are in contempt of the Legislature. The Government House Leader has, in fact, set this committee.

Now, we have no problem putting that over as long as we have a recommendation or a commitment from the government that they will, in fact, within the next few weeks call another committee to hear that report, consider that report that they have called for today. It is a simple request.

If the Government House Leader has arrived and is not prepared to do that, I would recommend that this committee pass a motion requesting that another committee hearing be set.

* (1010)

Madam Chairperson: Okay, so on your point then, the request to the Government House Leader—

Hon. Gord Mackintosh (Minister of Justice and Attorney General): The reports that are

listed for consideration are those that have been delayed for some time, and now they are before the committee and they will be dealt with in order. When the committee will get to all the reports I do not know, but all of those reports are to be before this committee at some point. There is no doubt about that. I will work with the Opposition House Leader in scheduling any other meetings that will be necessary to make sure that all the reports are dealt with.

Mr. Praznik: If the Government House Leader then is committing to members of this committee that he will meet with the Opposition House Leader to schedule further meetings of this committee to deal with the reports on a reasonable time basis, that is certainly, I think, acceptable to our side, but we would hope those meetings would be within the next several weeks.

Madam Chairperson: Is that agreed? [agreed]

Back to my questions then, is it the wish of the committee to proceed with all of the reports of each separate organization? Is that agreed? [agreed] The order would be as it is on the Orders of the Day. [agreed]

Does the committee wish to indicate how long it would like to sit this morning?

Mr. Maloway: Madam Chairperson, I would suggest that we finish at twelve o'clock.

Madam Chairperson: Is that the will of the committee? [agreed]

Manitoba Liquor Control Commission

Madam Chairperson: Okay, the first reports to be considered are the Annual Reports of the Manitoba Liquor Control Commission for the years ended March 31, 1997, 1998 and 1999. I would ask if the minister responsible has an opening statement.

Hon. Diane McGifford (Minister charged with the administration of The Liquor Control Act): Yes, Madam Chair, I do.

Madam Chairperson: If the honourable minister would please introduce the officials in

attendance from the Manitoba Liquor Control Commission.

Ms. McGifford: Yes, I would be pleased to introduce the representatives and officials from the Manitoba Liquor Control Commission.

On my immediate left is Carmen Neufeld, who is the newly appointed chair of the Manitoba Liquor Control Commission. On Carmen's left is Mr. Ian Wright, president and chief executive officer. Sitting in the chairs against the south wall of the building: Mr. Don Lussier, Mr. Al Ahoff and Ms. Maureen Spier. Would you like to know their titles? It is in the report. Thank you, Madam Chair. Would you like me then to begin with my remarks?

Madam Chairperson: Yes, please.

Ms. McGifford: Thank you. The mission statement of the Manitoba Liquor Control Commission, as noted in its 74th, 75th and 76th 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.

I am pleased to report that fiscal 1997 to 1999 were strong years. In 1997, the commission provided \$144.2 million to the province. In 1998, this number climbed to \$149.4 million. This past year, the last and most successful year of the decade, the MLCC transferred \$151.7 million to the province.

The first annual report before us today covers fiscal 1997. During this year, a new president and CEO, Mr. Ian Wright, joined the Manitoba Liquor Control Commission. As I have already indicated, Mr. Wright is with us today. Under his leadership, the commission launched a forward-thinking strategic framework of nine key goals, providing a new road map for this 76-year-old Crown agency. The driving force of the strategy raises the standing of its social responsibility initiatives to equal footing with profit objectives. It reads, and I quote: to promote the safe, healthy and responsible use of beverage alcohol products, thereby generating revenues for the province.

The framework, like any good business plan, paves the way to achieving profit and performance objectives and improving organizational health, but more than that, the framework accents Manitoba Liquor Control Commission's ethics by entrenching its commitment to responsible consumption ideals and enhancing service to Manitobans, especially those in smaller communities.

The key to all this is, of course, the staff of the Manitoba Liquor Control Commission. The MLCC employs the equivalent of 500 full-time employees. The strategic framework points the way to creating a working environment that allows people to excel. For example, the commission introduced a Store Management Development Program and more than 49,000 hours of training were provided in over 412 training sessions in 1999. The MLCC also launched an awards program for its people. An employee committee develops and maintains the Superior Talent Awards Recognition Program to honour individual and team accomplishments. This is just one small way in which the commission works to encourage excellence among its employees.

MLCC employees are also well known for their active support of the United Way. The commission matches contributions through a mix of in kind and financial supports, which, of course, encourages employee donations. Employees of the commission have become more visible in our communities in general, working with a number of agencies, community festivals and groups focused on healthy lifestyles.

In 1997, the MLCC formed an Alcohol Education Committee representing a cross-section of departments to ensure that the promotion of responsible consumption is integrated into all activities. In 1999, the group partnered with licensees, vendors, Labatt's, the Manitoba Snowmobile Association, Snoman, and the Lifesaving Society. The partnership resulted in a series of coasters and posters, providing quick facts on responsible consumption.

The MLCC is very aware of its position in the industry and selected this campaign as a way

to work closely with its partners in licensed premises, suppliers and other vendors. Leaning heavily on the expertise of community groups, the commission developed a program that targets the high risk drinker between the ages of 18 to 34. The live life to the max, please drink in moderation campaign profiles young adults enjoying life to the fullest, but adds punchy messaging dispelling some commonly held myths, for example, that the caffeine in coffee may make you feel more awake after drinking, but you are no less intoxicated.

Perhaps one of the strongest materials in the program was a poster dealing with the effects of heavy drinking during pregnancy. A poster dealing with fetal alcohol syndrome reminded customers that a mom-to-be needs the support of friends and family when she chooses not to drink. The MLCC has become active in helping to raise awareness of FAS, FAE, working with the Children and Youth Secretariat, the Addictions Foundation of Manitoba and the Fetal Alcohol Family Association on a variety of initiatives from store bad imprints to community panel discussions.

Community is important to the people of the MLCC, and this explains the corporate commitment to public good. In 1999, the MLCC joined with the AFM to encourage Manitoba's communities to develop a municipal alcohol policy intended to reduce the incidence of alcohol-related problems and to raise awareness of responsibilities of service. Encouraging responsible service is a prime aim of the regulatory arm of the commission.

The licence 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. With inspectors based in Winnipeg, Brandon, Dauphin and Thompson, inspection services works with a variety of community groups as well as licensees to ensure that The Liquor Control Act is upheld. Information sessions are organized on a regular basis and field manuals help spell out the rules of operation under The Liquor Control Act.

MLCC representatives sit on a responsible service committee with police services, the

Manitoba Restaurant Association, Manitoba Hotel Association, Manitoba Tourism Education Council and Manitoba Public Insurance. Together they maintain that it is a good business program of responsible service training and materials for licensees and their staffs.

In Winnipeg, MLCC inspection services and licensees join forces with the traffic division of the Winnipeg Police Service on the last drink project. Just as it sounds, when drivers are stopped with BAC in excess of .15, the police provide the MLCC with the name of the premises where the last drink is said to have been served. A letter is sent to the licensee drawing attention to the possible overservice along with an offer of staff training.

*(1020)

Point 15 is an important number. It was chosen for the last drink project because we were told at this point that customers will exhibit clear signs of intoxication, signs a trained server should be able to recognize for their own safety, the customers' and the community's safety. These are just a couple of examples of how commission employees work proactively with owners, managers and servers of the 2,900 licensed establishments in the province. It is important that staff maintain strong working relationships with several groups in the industry including the Manitoba Hotel Association, the Manitoba Restaurant Association, police services, licensee groups and community groups, as I have mentioned.

Licences and permits and inspection service departments spend an increasing amount of time on education and prevention efforts. They conduct seminars for licensees to explain the act, the regulations and commission policies and assist those interested in obtaining liquor licences. They also work with festival organizers to provide planning, promotional and operational assistance in communities across the province.

Interestingly enough, Manitoba's trademark community hall socials, you may be interested to know, are in decline which the MLCC attributes to greater use of licensed premises for functions, an aging population and a growing commitment

to responsible consumption. In 1995, over 15,600 occasional permits were issued, but by fiscal 1999, this number had dropped 9 percent to 14,076.

During the past three years, the Manitoba Liquor Control Commission made almost 1,000 educational visits to hall owners and permittees. Inspection Services conducted another 868 staff-training sessions for licensees. These sessions are more intensive and take more time than a routine site visit but have a major impact over the longer term.

Certainly education is a key strategy, but Inspection Services holds firm to its commitment of ensuring the compliance of problems in high-risk drinking locations such as bars and cabarets versus dining rooms and clubs. Measuring the effectiveness of Inspection Services is not a simple matter of looking at the numbers. Certainly fluctuations from year to year in the numbers of inspections are to be expected, given the nature of the role of the inspector. Special events, major festivals and changes in establishment focus are just some of the factors that may affect the operation of a licensed premise.

Perhaps most telling are the numbers of warnings issued to licensees. In 1999 there were 76 warnings; of these, 48 were, in fact, informal meetings between the licensee and manager of Inspection Services to work out solutions cooperatively in order to prevent recurrences. The process seems to be working. The MLCC reports that the majority of licensees correct the problem and are not subject to any further disciplinary action. On the commercial side, the commission is a major force in the provincial economy. The commission is one of the largest buyers of beverage alcohol in the world. The commission's business is international in scope. The commission purchases product from 1,000 suppliers in 50 countries. The MLCC offers over 2,100 spirits, wines and beer products with the addition of special one-time listings throughout the year.

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. The promotion of responsible consumption is taken seriously in the store system of the MLCC as well. In fact, in fiscal 1997 the commission launched an age-identification program to help store staff ensure that young-looking customers produce valid ID. The MLCC is on the right track.

Recent market research in communities across the province clearly states that the people of Manitoba are pleased with the service they receive from the people at the MLCC. The commission has developed a series of public workshops and courses providing Manitobans with the opportunity to discover more about the benefits of responsible consumption and quality beverage alcohol. The courses on wines and spirit selection are popular and sell out quickly.

The MLCC reports a noticeable rise in interest of premium products. For example, consumption of premium or deluxe Canadian whiskey was up 12 percent in 1999 over 1997. In 1999 the MLCC introduced the bulk wine store, Bottle 'N' Cork, which allows customers to buy quality table wine at self-serve prices. Recently Manitoba has licensed the first stand-alone brew pub and two new microbreweries.

Recognized as an innovative retailer, the Manitoba Liquor Control Commission is very aware of consumer trends and market shifts. The MLCC keeps in tune with its customers through traditional methods such as surveys and focus groups on specific products. Recent surveys have proven that the majority of Manitobans are satisfied with the service they receive in their area liquor mart. When it comes to important measures such as friendliness of staff, staff product knowledge and store layout, MLCC liquor marts consistently rank highest when compared against other retail chains. The MLCC focus remains on excellence in customer service but not at any cost.

Costs of administration, as a percentage of sales, continue to maintain a low level, hovering around 8.5 percent. 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

test helped to ensure store procedures continue to be most effective and efficient with customer satisfaction key to the entire process.

In 1999, several changes were underway which are estimated to have resulted in a savings of over \$700,000. A wholesale customer-order system using the Internet was also developed. The award winning system, called Atlas allows wholesale customers to place liquor and beer orders and to get product information through their own computers around the clock, seven days a week. Customers can now access their financial 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. A year later it introduced a French version. Working with local suppliers, the site offers up-to-date information on stores, products, trends, alcohol education and related links.

I would like to take this opportunity to thank the board of commissioners, executive, management and staff of the MLCC who I believe are serving the province well. Thank you, Madam Chair.

Madam Chairperson: Thank you, Madam Minister, for your comments.

Does the critic from the official opposition party have an opening statement?

Mr. David Faurshou (Portage la Prairie): I would like to thank the minister for her opening remarks. She pretty well covered the waterfront as far as the operations of the Manitoba Liquor Control Commission.

I want to begin by thanking the persons responsible for this track record. In fact, the commission is a stellar example in the industry, not only just from the perspective of Manitobans but its reputation is far and wide within the nation.

I also want to take this opportunity to thank the commission on behalf of the sector of society which I come from, that being agriculture and the need for diversification. I understand this past year saw the label for Rigby estates raspberry wine receive official labelling,

authorization and endorsement from the Manitoba Liquor Control Commission and that being the very first Manitoba wine label to receive that stature. I understand that it was a lengthy process. However, it was one of co-operation and sincerely appreciated by the individuals involved in recognizing the need for diversification within our province, as well as bringing forward a superb quality wine.

I would like also to recognize the website, which I had an opportunity to visit. I recognize that that has a lot of potential in this e-mail and also e-commerce that we are looking at in the new millennium, and I am certain that this will enhance the MLCC's operation and responsiveness to the clients that they serve.

I was wondering at this time, Madam Minister, whether or not you would be able to provide this committee with the changes in the board of commissioners and essentially the names of the individuals who are now charged with that responsibility and introduce them to the committee, please.

* (1030)

Madam Chairperson: Is your statement finished then?

Mr. Faurshou: My opening remarks have been concluded and my first question has been posed.

Madam Chairperson: I wonder if we might ask the staff if they have an opening comment before we go to the questions. Mr. Wright?

Mr. Ian Wright (President and Chief Executive Officer, Manitoba Liquor Control Commission): Thank you. We did not.

Madam Chairperson: Did not, okay, fine then. In terms of dealing with this, could we first decide if we are going to deal with the reports separately or together, and then in terms of whether we are dealing with it page by page, and then I would come back to you. Okay, so the committee then: is it your wish to discuss the reports separately or is it your wish to deal with them altogether?

Mr. Faurshou: I would like to discuss the reports as a whole, and we are prepared to pass the reports at the conclusion of the global questioning involving all three reports.

Madam Chairperson: Is that agreed by the committee? [agreed] The next question then is whether you would like to deal with the reports page by page or in their entirety. Anyone wish to speak to that? [interjection] It has been suggested in their entirety. Is that agreed? [agreed]

The floor then being open for questions, Mr. Faurshou, did you wish to repeat your question?

Mr. Faurshou: I would like to ask the minister to introduce the new board of commissioners. I understand there has been a significant change since the committee last had an opportunity to meet on MLCC business.

Ms. McGifford: Madam Chair, I am certainly pleased to answer Mr. Faurshou's question. The information he requests has been public information since the 28th of February, when it was announced in a news release, but I am very happy to review that material for him. The new chair of the Manitoba Liquor Control Commission is the woman seated to my left, as I indicated, Carmen Neufeld. The vice-chair of the Manitoba Liquor Control Commission is Bernard Christophe. Also on the board are Mr. Ed Azure from Thompson; Mr. Les Chrisostomo, who is a gentleman from the city; Ms. Fran Frederickson; Mr. Gary Hammerback; and Ms. Maria Moore.

Madam Chairperson: Questions on the reports? I had Mr. Rocan with his hand up. Were you wanting to ask a question?

Mr. Denis Rocan (Carman): Madam Chairperson, I appreciate this opportunity. Very simply put, I know we have agreed to pass them all in their entirety, but I guess I would be somewhat remiss to say, like, I am wondering why there is such a big package of them dating back to '98, '99 and '97. I wonder if the minister could maybe indicate to us why there are so many of these, because we have met on regular

times to try and pass these different annual reports.

I am just wondering, would there be any particular reason why we are attempting to deal with these all in a sort of a fashion that would be beneficial to the people of the province of Manitoba, indeed to the Manitoba Liquor Control Commission and the individuals who attempt to put these reports together and sort of need some direction as they lay out a timely timetable for their goods and products that they attempt to provide to the people of the province?

So I guess my question is very simply: is there any particular reason why we are now wanting to pass all of these at one time? Is there a fire underneath all of these? Is there something that I am not aware of?

Ms. McGifford: In response to Mr. Rocan's rather meandering question, I will answer and perhaps Mr. Wright would like to answer as well. As to why the reports have piled up over the years, I think that the former government can probably answer that question far better than I can. I would have hoped that the former government would have provided the appropriate circumstances for those reports to have been passed but that seems to not be the case.

So all I can say is they piled up because questions were not answered properly when my colleagues, then in opposition, joined this committee and asked their questions. But perhaps Mr. Wright would like to add to what I have to say, I do not know.

Mr. Wright: I really have nothing to add to that. We have been to committee I think twice over the period of these three annual reports, and we would appreciate them being passed so that we can get on to other things.

Mr. Jim Maloway (Elmwood): Madam Chairperson, I would like to point out that the last meeting of this committee to deal with the Liquor Commission reports was July 13, 1999. The meeting before that was over two years before that. It was May 22, 1997. So I think it is fairly obvious that the former government had things to hide, would not call the committee to

deal with these reports for over two years, two years and a few months. Then when they finally called the meeting, it was July 13, 1999, and we were given exactly two hours at that point to deal with the '97, '98 reports, and we fast forward to now.

Mr. Rocan: Indeed, he makes the point. I do not know that day in July if it was 103 degrees in here or whatever it was. There obviously had to be a reason why we did not pass those two reports at that time that would have been on the books. We were attempting, as Mr. Wright has said, to try and give some stability to this—

Floor Comment: It is all right here.

Mr. Rocan: Do not give me this "all here." You know darn well, sir, that each and every question that was ever put forward was always answered by the individuals and indeed the minister who was present at that time. We attempted, they attempted, to answer Madam Minister's questions, as she puts it; the questions were not answered favourably, as she says. Indeed, the same people who are here today, the majority of them, were the people who would have been there with the information that she had requested or that the critic had requested. So to say that on one hand they were not answered favourably and today we are standing here with a pompous attitude that, yes, they are doing the right work and a lengthy diatribe that you say that I am giving here today because it has been a long time coming, and I have an awful lot of reports that I am being asked to pass today.

We as an opposition party are willing for the sake of this organization to pass them. We do not believe in hanging on to old reports because indeed, as Mr. Wright has said, they want to get on. They want to get on with the business at hand, and we as opposition I believe want to work with them. It is a wonderful organization. It has served the province well, and indeed we are extremely proud of the work that has been done and accomplished by the commission.

So that was to answer Mr. Maloway's remarks. Now, another question, Madam Minister, that I am sure that you are just waiting anxiously for me to ask: I wanted to find— [interjection] Excuse me, Madam Minister, we

have a problem with what I am saying? Did you want to add to my remarks? No? Okay.

So, very simply put, because I do not want to take up too much time in this committee because we have several annual reports of several organizations that have been sitting here on the books forever and a day. For every time we call this committee, they keep bringing them, and we expect to get rid of every one of them here today. But I guess the question that I have to put forward to—

* (1040)

Madam Chairperson: We have agreed on a twelve o'clock adjournment.

Mr. Rocan: So try and cut it short. So you are trying to tell us now that—

Madam Chairperson: No, I am not.

Mr. Rocan: Well, I can understand if you put it that way, but—

Madam Chairperson: Your question is?

Mr. Rocan: [interjection] There is a demonstration? The member for Elmwood (Mr. Maloway) is talking about a demonstration today? You have a demonstration organized today?

Madam Chairperson: Mr. Rocan, your question. [interjection] Order, please.

Mr. Rocan: Madam Chairperson, you better reel in some of these members here.

Madam Chairperson: Your question, Mr. Rocan, is?

Mr. Rocan: I was trying to put my question, Madam Chairperson, but the member for Elmwood here (Mr. Maloway), now all of a sudden, he wants to start talking about a demonstration.

Madam Chairperson: Your question, Mr. Rocan, is?

Mr. Rocan: Oh, I have a question, Madam Chairperson, and indeed I was going to put it

until the minister here at my side wanted to try and derail me, throw me off track, and now the member for Elmwood (Mr. Maloway) wants to hurry up and get this over with, so that we can all go participate in this demonstration that is going to be taking place, the people of the province of Manitoba who are quite upset with the direction that the New Democratic government is taking them.

Madam Chairperson: Mr. Rocan, your question is?

Mr. Rocan: Yes, it is a very simple question, Madam Chairperson, a very, very simple question.

Madam Chairperson: Please.

Mr. Rocan: I just want to know if there has been any consideration given to the fact, and now I expect Mr. Wright or Madam Minister to correct me here—but there apparently is a particular little rule where you may not have—and I will use the word "outlets" for the vendors—I should not say vendors—for liquor control, the hard liquor, a 20-kilometre, if memory serves me correctly, you can only have one particular individual selling off this product of ours. I know up in the Interlake, and indeed the member for Selkirk (Mr. Dewar) is agreeing with me right now, there is a major problem when it comes to storeowners, storekeepers who want to take a little corner of their little market and put up bottles of liquor to sell to the public sort of to entice the general public to use their establishments. My question is very simple. Are we giving consideration to removing that rule that is presently here in force?

Ms. McGifford: Madam Chair, I just wanted to respond briefly to Mr. Rocan's initial remarks. I wanted to assure him that I would never have accused him of launching into a diatribe. That was his word not mine. I certainly would not have used that word to describe the honourable member. I also wanted to indicate that I had suggested that my colleagues did not have the opportunity to get thorough answers. I did not use the words "favourable answers." That was also Mr. Rocan's word.

I am very interested to hear that members opposite, the opposition, are interested in working co-operatively and expediting the passage of these annual reports because, as Mr. Wright has indicated to us, that would be extremely helpful to the Manitoba Liquor Control Commission. So I thank Mr. Rocan and members opposite for their co-operation.

Now, in relation to Mr. Rocan's specific question, I believe that he is referring to the liquor vendor franchise protection zones. I am going to ask Mr. Wright to answer that question.

Mr. Wright: The liquor vendor franchise protection zone was first established by the MLCC in 1982. It is a policy designed to protect the trading area of community liquor vendors, and it relates quite directly to modern franchise practices as well. The 20-kilometre policy was ratified by our board of commissioners in October '91, again in March '97 and again in October '99. The process was also reviewed by the Manitoba Ombudsman in 1993.

The protection zone really enhances the value of the operation for the operator. It provides incentive for liquor vendors who are small-businessmen, generally grocers or pharmacies, in small towns in Manitoba. It provides incentive for them to invest in things like training, inventory, facilities, equipment and thereby, we believe, dramatically improving the service available to customers in those towns.

I should mention too that a survey that we did recently indicated that rural customers value service, product selection and good facilities more than they do distance. An acceptable distance was clearly 20-kilometres or so. The problem with removing the policy would be that it would weaken the current vendor's position. We think that approximately 80 new vendors would be created. That would mean loss of business to the existing vendors to the tune of about \$4 million or about 10 percent of their existing business.

To remove it would also essentially privatize liquor sales in rural Manitoba, with a possibility of, for example, two vendors existing in the same town, and that step could not really be taken in our view without allowing price

competition. That in turn would destroy the uniform pricing policies and practices that are required by The Liquor Control Act, which now means that people in Churchill will pay the same as those people in Melita as they do in Winnipeg.

So the 20-kilometre-protection zone has been in place for almost 20 years. That is no reason just to keep it for that reason, but we think it is an acceptable method of ensuring that those existing businesses serve the customer better than they would if there was a significant proliferation.

Madam Chairperson: Thank you. Mr. Maloway.

Floor Comment: No, I think it is—

Madam Chairperson: No, I have Mr. Maloway, Mr. Fauschou and Mr. Penner.

Mr. Maloway: Madam Chairman, I would like to ask some questions regarding the sale of the bulk wines. There is a bulk wine establishment set up in the store at Polo Park Madison Square, I think it is called, and I would like an update as to what has happened with that store in terms of sales, the acceptability of the store, and why it has not been better advertised, and whether consideration has been given to open more of those type of facilities in other liquor stores.

Mr. Wright: Let me answer the first question which I think was having to do with its level of sales. The store is meeting our expectations, quite frankly, not in quite the way we thought they would. The volume is a little lower than we thought it would be, but the average price that we are selling at is almost a dollar a litre higher than we anticipated in our business plan. The result of the two factors is we are on plan.

We believe we have advertised it as extensively as it needs to be advertised. We continue to advertise in the press. We do offer occasional bonus air miles as an attract factor to bring people to that store, but the last question I believe is: are there plans for additional outlets? At this point—no. We think Winnipeg really with the population that it has, one is probably

enough if we are going to operate it on a reasonably profitable basis.

I might add, the location was chosen primarily because it is in an area which is becoming an area where there are big-box-type discount stores, so people looking for price value will go to that area of the city. Secondly, because the shopping centre is such that parking is very easy in that people typically walk out with a case or two. We need to have parking close to the building.

Mr. Maloway: I would do not think it has been promoted very well. As a matter of fact, I found it just by accident having been in the store half a dozen times over the last couple of years, and just found out about it a couple of weeks ago. It seems to me that it is a very good idea. As a matter of fact, the cost of wine would be half the price of bottled wine but it seems to me that it is in the wrong place. It should be in Grant Park. If you were going with one I would put it in Grant Park or someplace like that, but I just think that that is something you should look at having in all of your stores, and it is a probably a positive aspect of your business that very few people know about.

* (1050)

Madam Chairperson: Thank you. I have Mr. Fauschou, Mr. Penner, Mr. Gilleshammer and Mr. Loewen.

Point of Order

Mr. Fauschou: Madam Chairperson, I would like to first off begin in regard to the past practices of standing committees. The official opposition critic has, in fact, had the opportunity to continue their line of questioning uninterrupted until the conclusion of their line of questioning.

Madam Chairperson, I know that you are new to the Legislature here. In past practice you would not have had the opportunity to do that, however, that has been the custom and prior practice of standing committees. I am wondering, before I start my line of questioning, in fact am I only going to be allowed one question and then others are going to get their

questioning, or are we going to have a committee agreement that we conform to past practices?

Madam Chairperson: Thank you. Your point is well taken. I must say that I was going on the basis of hands raised, so I have no problem if that is the past practice. So is there any other advice? Would you then like to continue?

Mr. Darren Praznik (Deputy Opposition House Leader): On the same point, if I may? As Deputy Opposition House Leader, just for clarification, the practice has been not only just the critic usually begins and has their series of questions, but where other members begin a line of questioning they are usually allowed to finish their line of questioning before another member is recognized which allows for, I think, a more pointed discussion. So it is not just the critic but it is whoever pursues a line is allowed to finish that line of questioning before another speaker moves on.

Madam Chairperson: Okay, on that, then, the advice I am receiving is it is however still necessary to raise hands so that I know in terms of who wants to. So if it is okay with you then, Mr. Fauschou, we will proceed.

On the same point, Madam Minister.

Ms. McGifford: On the same point of order, Madam Chair. It is a question and a point of clarification, but does past practice also include entertaining questions from a member of the opposition and then from a member of government and then from a member of opposition?

Floor Comment: Whoever gets recognized.

Madam Chairperson: I am advised that, yes, but must be recognized first. Are we ready to proceed then?

* * *

Mr. Fauschou: In regard to the MLCC, I think perhaps we have a number of questions, but right at the outset the minister was quoted in the January 13 Winnipeg Free Press as stating that she is going to take up the challenge of

reviewing of the MLCC operations, the first, in fact, comprehensive review that has been held in over 20 years. Before I start asking specific questions on that, I may be satisfied on a number of fronts if the minister could perhaps allude to the comprehensive review that she spoke of in the newspaper and some of the areas that she is interested in making changes.

Ms. McGifford: Yes, I can certainly address the issue. This government plans a comprehensive review of The Liquor Control Act. As you know, we appointed our board on February 28. The board will be working with the executive and management at the Liquor Control Commission to develop the process. So the basic answer to your question, Mr. Fauschou, is that the process is in the developmental stages so there is not a lot of information I can give you as to exactly what that process will be. But I can point out the need for the review of the act. I might point out that the act was originally drafted in 1923, and there were major revisions to this act in 1956 as a result of the Bracken report which, of course, was, I believe, quite historical in our province.

Currently, we have a 115-page Liquor Control Act with regulations which set out controls relating to the sale and distribution of beverage alcohol. Certainly rising consumerism has brought about changing patterns of consumption. Market research suggests that today's consumer has a different demand with regard to service and really requires or at least wishes a wider range of choices. The last major review of the act was in 1981, and since then amendments have been passed in what could perhaps be described as a hodgepodge way, so that we have a hodgepodge act. Our intention is to produce something that is clearer and more coherent. We will certainly advise you of the process as it takes root and begins its work.

Mr. Fauschou: I would like to thank the minister for undertaking this endeavour. It is in many people's minds long overdue. The changes within society that we all experience and grow into the new millennium, it is going to be one opportunity that I hope I will have personally as not only an MLA representing Portage la Prairie, but that individuals throughout society have the opportunity to participate within the process, and

that it is as encompassing and broad-ranged as possible.

If I might just then ask the question, it was stated specifically that one of the considerations not within the scope of the comprehensive review was that of the review of the actual legal age that one must achieve for consumption of spirits. Is there any change or reconsideration of that particular point?

Ms. McGifford: I did want to assure Mr. Fauschou that consultation is the hallmark of this government, and we will be consulting with the public. We will also be consulting with industry stakeholders. Our consultations will be really important in determining the changes to the act in helping to clarify and formulate that act. It certainly is not up to me to prejudge what the public has to say, so I really do not think it is in the interests of the review to respond to your question today.

Mr. Fauschou: That is the whole premise of the question. In fact, if we are going through the whole process of having the public consultations and everyone having the opportunity to make presentation, would it not be well served to re-evaluate the society's thoughts as to whether 18 is the appropriate age of consent for alcohol consumption in light of the two neighbouring provinces of Saskatchewan and Ontario that both recognize 19 as that age of consent?

Ms. McGifford: Well, Mr. Fauschou, I think if this is a concern of the public, the public will certainly make that clear in its presentations. So I look forward to hearing from the public and receiving guidance and information from the public on this particular matter.

Mr. Fauschou: I thank the minister for her willingness to hear the public's view and ask the public on the age of consent for the consumption of spirits. I look forward to the public's reaction to that.

I want to bring the discussion back to the point that was highlighted here just earlier in regard to the area which is a 20-kilometre protected zone in rural Manitoba here. It was, in fact, highlighted there that price was the main concern here. I would like to state emphatically

that in this day and age of the astute, well-informed consumer, price is not the only consideration, and for that to be the foundation to which this policy currently is premised, I feel that that is not the case.

I would like to have the commitment of your office, Madam Minister, that this be, in fact, one issue that is studied within this comprehensive review as well.

* (1100)

Ms. McGifford: Indeed, Mr. Fauschou, you have a slightly different interpretation of what Mr. Wright said than I do, because I think that Mr. Wright said one of the important aspects of the 20-kilometre franchise protection zone is so that it is possible for a business to carry a wider selection of product than that business might be able to carry if there were a proliferation of vendors so that we had two or three in a town. I did understand Mr. Wright to say, and he would certainly correct me if I am wrong, that two vendors or three vendors in a town may very well mean two or three businesses that are not doing very well, and our interest is in protecting businesses. We think it is very sad when businesses fail, and this is what I understood Mr. Wright to say.

Now, in response to your third question, or second question, and I am referring to whether this matter will come up in the review. Once again, people will make presentations as they will, and I am sure some members of the public may choose to address this particular issue. But, Mr. Fauschou, I do not know if Mr. Wright wants to add anything to what I have said, if you do not mind.

Mr. Wright: I did not mean to intend or to imply that price was the only consideration. Obviously it is not. But, as the minister has said, our customer research indicates that people are very concerned about the breadth and depth of the product selection, and we think this 20-kilometre rule helps to achieve a better mix for the customer. So our driving force in this is customer service really.

Mr. Fauschou: In that regard, people are prepared to travel to satisfy their wants and their

desires, and so certainly I think that this is one topic that should be discussed further, and I welcome the minister's openness to hear from the public on this matter.

I am wondering, in regard to the consultation process, there has developed significant inconsistencies within policies, and one glaring inconsistency is one that is brought forward by family members, consumption of spirits in the supervision of one's parents in various settings. I am bringing forward this on the premise that in one circumstance a 17-year-old can consume a glass of wine in the presence of their parents, and then in another setting they cannot, even though the parent is present.

This is significantly highlighted, if I might say, when we bring in the activity commonly known as Safe Grad where, in fact, the problem exists that a parent can provide a glass of wine to their son or daughter in any other setting other than one of an occasional permit which, in fact, the Safe Grad comes under.

So I was just wondering, is this review of this inconsistency going to be left to the major and comprehensive review, or is this an inconsistency that you intend to address prior to the completion of the review?

Ms. McGifford: No, I do not have any intention of addressing it prior to the completion of the review.

Mr. Faurchou: I will just move on. I want to say that the MLCC, I have a great deal of regard for and for the most part everything is very well run, and I want to compliment the minister in regard to the MLCC being in her charge. She has been extremely co-operative with concerns brought forward and extremely helpful, and I want to compliment her in that regard.

In her opening remarks though, one was stated that the MLCC has taken on a social responsibility and the MLCC supports numerous charities in their activities. They are headquartered though in Winnipeg, and so favour is given to charities that are located here in Winnipeg. I want to be specific in asking of their support of the United way. Is that, in fact, United Way Winnipeg or, in fact, is it United

Way throughout the province, because as one may or may not know, United Way campaigns are independent and money does not flow between different United Way organizations throughout this province? So I would like to ask where and which United Way is favoured by the MLCC.

Ms. McGifford: Thank you, Mr. Faurchou, for your compliments, but it is the Premier (Mr. Doer) that you should thank for my being in charge, but we do try to be responsive and respond to concerns from members opposite, as well as members of government. So I think it is very kind of you to acknowledge the work that we do. I think it is a compliment to my very able Special Assistant Ms. Judith Baldwin. So I did want to put that on the record.

As far as the Liquor Control Commission and its donations, I think it is a question that is best addressed by Mr. Wright.

Mr. Wright: My impression is that it is spread around the province, but I will take that point and investigate it. It is our intention to participate in the various communities in the province. We do undertake that in many other ways supporting local festivals and so on and so forth, but I do not know precisely the answer to your question. I will investigate it. My answer at the moment is that it is our policy, our approach at least to participate in the communities of the province. I will let you know.

Mr. Faurchou: I thank you for that commitment, because I know that a number of large organizations have had the impression that the United Way in Winnipeg diverts some of its resources throughout the province. That is not the case. United Ways in Brandon, Dauphin, Portage la Prairie do not see any of that large corporate donation, so if the MLCC could investigate I would certainly appreciate it.

Another situation that is changing as we in the public turn our thought patterns to remaining fit and vigorous and taking on sporting activities that will keep us in such stead, there are sports facilities throughout the province that are looking to have licensing, and I am wondering too whether or not the MLCC is going to look at

that. Currently there is only one sports facility with a license I understand, but I would like that confirmed.

Is there a policy going to be designed that recognizes not just the sports facility and the lifestyle but, in fact, that larger and smaller communities essentially have different levels of demand. We could not expect to have a sports facility of a magnitude licence in Winnipeg that would have to have that same magnitude of operation in a smaller community such as Winkler or—excuse me, not Winkler. Winkler is not a community that has spirits available—but, say, Portage la Prairie. I just wondered if that definition or distinction would be part of that discussion as well.

Ms. McGifford: Just to clarify your question, Mr. Faurshou, then, I understand you to be asking whether the Manitoba Liquor Control Commission is considering or would consider licensing sports facilities in smaller communities and offer liquor licences. Your point is that usually a judgment here is made in terms of size, not of community but presumably the numbers who attend that sports facility or who are present at that sports facility.

* (1110)

Mr. Faurshou: If I may be perhaps a little more specific. The MLCC has, in fact, been very co-operative and very helpful in regard to a situation. The example being, and it is of public knowledge, that there are sports facility guidelines in place. The MLCC insofar as if one was looking to go to a simulated golf facility here in Winnipeg that facility could be licensed, and one is, but the minimum amount of simulators is five. Well, a small community, to invest in these very costly simulators, does not have the population base in which to draw upon. It effectively excludes their ability to qualify under this existing licensing. I believe that "policy" would be the right term.

Ms. McGifford: I believe Mr. Wright and I did discuss this very issue, and I believe that Mr. Wright might offer an answer.

Mr. Wright: In the annual report you will see that we have licensed 132 sports facilities in the province. The specific one that is being asked about does have a dining room licence rather than a sports facility licence. The rule about three versus five simulated golf machines is really designed to be a bit of a barrier to entry so that we do not have these kinds of facilities on every corner. You put in one machine and you get a liquor licence, and you really operate as a bar.

It is always a difficult call because it is essentially a judgment call. But as you know, we are working with the owner of that facility closely. He does, as I say, have a dining room licence which is not precisely the kind of thing he wants at this moment but, as I say, we are working with him trying to develop and help him develop his business. Indications are that it is going well, and perhaps he may be able to afford to invest in a couple of other machines at some point.

Mr. Faurshou: I do want to compliment the commission in regard to working with—and the minister. It has been greatly appreciated by the new entrepreneur in Portage la Prairie on this front. I do want to mention, as well, the MLCC's address of the retirement allowances and Workers Compensation which was effectively an unfunded liability that was in existence and then drawn out in remarks by the Auditor and which has been addressed in the 1999 report. There has been some very good moves in that regard.

I believe that the overall reports that have been put forward here is a testament to good management, and I would like to extend a word of welcome to Carmen and wish her the very best in her endeavours as chairperson of the board of commissioners. I think that the overall review of the MLCC is one that the residents of Manitoba will welcome and participate extensively in. I am very much looking forward to it.

So with those remarks, I conclude my session and the floor, and I would like to yield to other members of the committee.

Madam Chairperson: I have Mr. Penner, Mr. Gilleshammer, Mr. Loewen and Mr. Jennissen. Mr. Penner, please.

Mr. Jack Penner (Emerson): Thank you very much, Madam Chairman. I want to just very briefly touch on what was said here before about the number of reports that are on the table here. I think the Manitoba Liquor Commission reports are not the only corporation that have more than one year of reports left on the table.

I want to indicate that having chaired some of these committees from time to time that the filibustering that went on by the opposition parties without relevance to the actual operations of the various corporations that we are dealing with gave the—and I think Mr. Maloway, or the member for Elmwood, I should say, is well aware. I think we only need read Hansard of last July's meetings. Yes, I think we only need read Hansard to clarify the clear attempt to filibuster the debate around the committee to delay the passage of the reports.

I think the record needs to clearly show that those of us who were in government at the time were somewhat disappointed that the corporations were not given an opportune ability, and the government was not given an opportune ability, to pass the reports and thereby delaying this. I am glad to see that the minister has been able to have been influential enough to convince her colleagues in caucus that it was time that we get on with the business of running government corporations as businesses and pass the reports. Therefore we, as a caucus that had previously governed, are quite prepared to pass in a very orderly manner these reports because we believe that corporations should be able to govern and operate as a business.

So, therefore, I just want to add to that that we have been most impressed—

Point of Order

Mr. Maloway: A point of order.

Madam Chairperson: I have a point of order, Mr. Penner.

Mr. Maloway: Madam Chairperson, a point of order. This statement is coming from a member whose government did not call the committee for over two years.

Floor Comment: What is your point? Do you have a point of order?

Mr. Maloway: May 22, 1997, the Liquor Commission's annual reports were discussed, and they were not discussed again for two years till July 13, 1999.

Floor Comment: Is this a point of order, Madam Chair, or is this a statement?

Madam Chairperson: On the point of order, I believe this matter is a dispute rather than a point of order. Mr. Penner, would you continue, please.

* * *

Mr. Jack Penner: Thank you very much. I think you ruled correctly. I think the member for Elmwood (Mr. Maloway) wants to get into a debate. I did not say this because of debate. I think that the government of the day recognized there was no ability for them to bring reports before this committee to ensure passage, and that is why government delayed even calling the committee to consider because they knew there was no point to it.

Now, I want to commend the Liquor Control Commission and all their staff as to how they have dealt with the operation. I think they have done an exemplary job, and I think most of us on this side of the table agree with that. I think that we could not have asked for better staff that had a better understanding of the operation of the commission. I think there are a number of areas that we should debate, but I think, as the minister has indicated, that she is going to do a public consultation, and I think that will give us adequate time to debate some of the issues of all of the operations that are based on policy.

But from an economic standpoint and from an operational standpoint, I think we have a tremendous staff. I think we have a good executive committee that has done a marvellous job. I commend the previous board that was there for the tremendous job that they have done in trying to establish and set policy for the operation of the commission then. So we thank all of you for that.

Madam Chairperson: Mr. Penner, Madam Minister would like to respond.

Ms. McGifford: Thank you, Mr. Penner. On behalf of the staff, executive and management of MLCC, I would like to thank you for your compliments and accept them on behalf of those individuals.

I am very pleased to hear that—at least I infer from what you have said Mr. Penner—there will be no filibustering from you and your members, and that we will be passing these reports expeditiously. So we thank you for your co-operation.

* (1120)

Mr. Harold Gilleshammer (Minnedosa): A question on the financial statement for 1999, statement of income, net profit payable to the Province of Manitoba was \$151,710,000. Is that actual?

Mr. Wright: Yes, it is.

Madam Chairperson: Further, Mr. Gilleshammer.

Mr. Gilleshammer: Can you tell me what the commitment was for net profit for current year?

Mr. Wright: I am sorry, do you mean for the fiscal year ended 1999, Mr. Gilleshammer?

Mr. Gilleshammer: For the current year, what was the commitment to general revenues from the MLCC?

Mr. Wright: The commitment for this fiscal year was 152, and it looks like we will be in at about 155, with a few days left in our fiscal year, but all I have is to the end of February to go by.

Mr. Gilleshammer: Is there in the statements here any interprovincial comparison of prices?

Mr. Wright: Not in the statement per se, but we do monitor prices on a quarterly basis, and our target is always for Manitoba to be in the middle or on the low side when compared to other provinces. I have our latest survey which—we should be having one out shortly, but it

would indicate that in most cases we are fulfilling that goal.

We look at it and pick off certain popular products, including spirits, some wines and some beers and generally speaking we are in sixth place or lower in terms of our comparison to other provinces and territories.

Mr. Gilleshammer: Could we have that report tabled, please.

Madam Chairperson: Is that agreed? [agreed]

Mr. Gilleshammer: Recent price increases have been a result of supplier increases that are passed through the MLCC, I believe. When was the last time there was a tax increase on spirits?

Mr. Wright: Before my time is the answer, but it would appear some time in the '80s, probably mid-'80s.

Mr. Gilleshammer: To the minister, is there any contemplation of increased taxes on liquor in the near future?

Ms. McGifford: It has not been discussed.

Madam Chairperson: Further, Mr. Gilleshammer.

Mr. Gilleshammer: Given that revenue to government is increasing year over year, and, in fact, in the current year you are looking at probably a \$3-million increase, it would seem to me that the best control of prices to keep us in the lower echelons is simply to pass along supplier increases and not create new taxes there. I am wondering if the minister would agree.

Ms. McGifford: Well, I thank Mr. Gilleshammer for his advice. At this point I do not know if Mr. Wright wants to add anything to what I have said.

Mr. Wright: No, thank you.

Mr. Gilleshammer: On the question of vendors versus stores, your report indicates there are far more vendors out there, so we have a largely privatized system in rural Manitoba. Does the

minister have a policy on conversions of stores to vendors?

Ms. McGifford: Mr. Gilleshammer, our policy is to retain the Manitoba Liquor Control Commission's stores.

Mr. Gilleshammer: In the last number of years, there have been some conversions, and I believe the commission had a policy on that. You are saying at this time that policy is now going to be changed.

Ms. McGifford: Mr. Gilleshammer, Mr. Wright informs me that when a Manitoba Liquor Control Commission outlet appears not to be doing very well financially, we might consider conversion.

Floor Comment: That is your policy.

Ms. McGifford: Pursuant to that, I did not say that was the policy, I said that that was something that the Liquor Commission may consider.

Mr. Gilleshammer: So the minister is saying the policy that the commission has been adhering to in the past, she does not anticipate a change.

Ms. McGifford: I did not say that, Mr. Gilleshammer. I think that you are reading into what I said. I simply said that at this point the Liquor Control Commission advises me that when an outlet owned by the Manitoba Liquor Control Commission appears not to be profitable, we may consider conversion.

Mr. Gilleshammer: On the question of wine stores, from your report, sales of wine have been increasing over the last number of years and the sale of spirits is stationary. I think this reflects society. Does the minister plan to increase the number of private wine stores? Particularly, given we do not have any in rural Manitoba, would she consider increasing or putting out a call for proposals in the near future?

Ms. McGifford: Mr. Gilleshammer, I could be corrected, but my understanding is the sales of spirits in Manitoba are also increasing and that the sales of wine are increasing and, in fact, that

the sales of beer are decreasing. Mr. Wright may want to correct me, but basically that is my understanding. Mr. Wright?

Mr. Wright: That is correct, Madam Minister.

Point of Order

Mr. John Loewen (Fort Whyte): The annual report dated 1999 specifically states that the sale of spirits is decreased from 6.4 million litres in volume to 6.3 million. So is there something that is not in the report?

Madam Chairperson: Thank you for your point of order. It is on the facts.

* * *

Mr. Wright: I guess I was speaking to current numbers rather than numbers that would be recorded in these annual reports. Spirits at best kind of fluctuates around flat, up and down a little bit year over year. Mr. Gilleshammer is quite correct that the growth in wine is clearly pronounced and is regular year over year as is the growth in certain other product categories that we may have, such as wine coolers, ciders, some imported specialty beers.

Madam Chairperson: Thank you for the information. Mr. Loewen, just for yours, I am advised that was not a point of order but a dispute of facts, for those of us who are learning.

Floor Comment: I am sorry about that.

Madam Chairperson: That is okay.

Mr. Gilleshammer: The important thing is his facts were right. Given that there is an increased desire on the part of the public to access wines and higher quality wines and given that in western Manitoba, in particular a city like Brandon, we do not have a private wine store, would the minister contemplate a request for proposals in the Brandon area in the next year?

Ms. McGifford: Thank you for the question, and the answer is no.

Madam Chairperson: Further, Mr. Gilleshammer.

Mr. Gilleshammer: Let me just clarify. Is she saying that under no circumstances would she contemplate a private wine store in Brandon?

Ms. McGifford: I am saying that this government does not intend to open more private wine stores.

* (1130)

Mr. Gilleshammer: Given that there are a number of successful wine stores in the city of Winnipeg, it would seem to me that what the minister is saying is that she is going to deprive citizens in the western part of the province from accessing private wine stores, and I am wondering why we have this type of treatment.

Ms. McGifford: Rather than that Mr. Gilleshammer, I encourage citizens in the western part of the province to purchase their wines at the Manitoba Liquor Control Commission outlets that are there for them to purchase spirits, wines, beer, et cetera.

Madam Chairperson: Further, Mr. Gilleshammer.

Mr. Gilleshammer: Can the minister indicate whether she is going to allow the existing wine stores to exist in their current environment?

Ms. McGifford: Mr. Gilleshammer, I think as the former minister for the Manitoba Liquor Control Commission, you probably know that the operating agreements renew automatically for five years, and this government would not violate the operating agreements.

Mr. Gilleshammer: I take it from the minister's comments that she sees the end of those operating agreements as the time when the sun is going to set on them, and they will no longer exist. Can she confirm that?

Ms. McGifford: I said that we are honouring the operating agreements. Five years is five years. I am not certain where we will be at the end of five years.

Madam Chairperson: Further.

Mr. Gilleshammer: Thank you.

Madam Chairperson: Okay, I have Mr. Loewen, Mr. Jennissen and Mr. Maloway.

Mr. Loewen: My question is to the minister. I certainly appreciate the glowing report which she has given to this committee to start it off. I guess my question would be, in the normal course of business, if things are going as well as she has indicated in her report, were there other reasons besides rewarding political loyalties and political patronage that caused her to make a change in the board?

Ms. McGifford: Well, Mr. Loewen, a board member of the Manitoba Liquor Control Commission came to me and said they wished to resign.

Madam Chairperson: Further, Mr. Loewen.

Mr. Loewen: Yes, I am wondering, Mr. Wright, given the statistics in your report which in 1999 clearly indicate that the increase in coolers and wine sales have increased dramatically over the course of the last five years, as we indicated before, wine sales going up by 600 million litres annually, cooler sales by 800 million litres annually over 1995 figures, and, in fact, spirit consumption dropping by—as you mentioned, relatively flat but certainly down by 100,000 litres from 1995.

I am wondering, would you reflect on your position regarding the viability of more outlets in rural Manitoba because I think certainly these numbers reflect the fact that the additional line outlets that have been opened up in the city of Winnipeg certainly have increased and played a significant factor in the increase in the amount of wine that has been sold and consumed.

I think it seems obvious to me that in this case, in fact, by opening more outlets and allowing the public more opportunity and providing some competition in the industry that the private operators have been able to have a dramatic effect on the increases in wine consumption within this province, which I do not think is unusual. Would you like to reflect on that, please?

Ms. McGifford: You did begin, Mr. Loewen, by addressing the question to Mr. Wright, but I

think your question really boils down to the one asked by your colleague, Mr. Gilleshammer, and that is does this government intend to open any more specialty wine stores, and the answer is no.

Madam Chairperson: Further, Mr. Loewen.

Mr. Loewen: That was not my question at all, Madam Minister.

Ms. McGifford: I am sorry.

Mr. Loewen: My question really regarded, as referred back to Mr. Wright's own statements where he indicated that the feeling of the Liquor Control Commission was that by opening more outlets in rural Manitoba they would, in fact, put some existing outlets in possible jeopardy because of a decrease in sales where in Winnipeg I think it would be obvious from looking at the figures that the exact opposite trend is, in fact, taking place. I can only assume that given the government's stated policy of opening five new casinos that the government also understand that there are industries where increased opportunity will lead to increased consumption.

So I guess I would question Mr. Wright on the premise that opening more outlets in rural Manitoba to provide better service in particular areas would be detrimental to existing outlets when, in fact, the numbers, according to their 1999 annual report with regard to wine, clearly indicate the opposite.

Ms. McGifford: I believe then the question is Mr. Wright's.

Mr. Wright: The pattern of sales that we are experiencing in Manitoba is really reflected nationally, so there is nothing necessarily peculiar about the patterns of growth although what we see is that Manitobans are clearly individualistic in several respects. For example, I think Manitobans are probably—they are—the highest per capita consumers of spirits in Canada and the lowest per capita consumers of beer, as an example. The patterns though of wine consumption growth are reflected in other jurisdictions as well. We still though, with respect to wine consumption, are considerably lower than the provinces of Quebec, Ontario and

British Columbia. I suppose nationally we would track toward their level of consumption eventually.

The matter of whether or not more stores would add to increased consumption is a question we often ask ourselves and, as a matter of fact, have a study underway now of the city of Winnipeg which will, I think, help us answer those kinds of questions in rural Manitoba eventually as well. That is, if you want a stark contrast here, I suppose one could say that if we were totally geared to efficiency we could open four big box stores in Winnipeg and serve the public, or we can operate more than the 23 that we have today.

That is the essence of the issue. We are taking a look at that right now but concentrating on the city of Winnipeg first because it is simpler for us to do that first.

Mr. Loewen: With respect to that, Mr. Wright, I would disagree. It is not really a city of Winnipeg issue; the issue here is providing a satisfactory level of service to people in rural Manitoba that they are asking for. I would urge you, as part of your review, to look at that situation with perhaps a fresh look. As you indicated in your statement, it is a policy that was put in place 20 years ago. Times have certainly changed. And certainly when you raise the issue of Quebec, one only has to look at the availability of wine in terms of where it could be purchased in Quebec and have a clear understanding of why the consumption of wine in Quebec would be substantially higher than that in Manitoba.

Another question. Mr. Wright, I wonder if you could comment regarding the policy of the Manitoba Liquor Commission. As we know, the Liquor Control Commission does in essence act as the wholesaler of product for the private wine stores, and I am wondering if it is a practice of the Manitoba Liquor Control Commission in any way to review the volume of sales, particularly with individual brands that are taking place at the private wine stores with the eye to adding them to the inventory of the stores that are controlled by the Liquor Control Commission.

Ms. McGifford: I just wanted to respond to Mr. Loewen because he seemed to be implying some dissatisfaction in rural areas with the services and work of the Manitoba Liquor Control Commission, and yet what I have been hearing this morning from the official critic for the opposition and from several other gentlemen at the table is a series of compliments. Perhaps you should talk to your colleagues and they can assure you that the Manitoba Liquor Control Commission service in rural Manitoba is stellar and people appear to be very pleased with it.

Having said that, I know that Mr. Wright is very anxious to answer your question.

* (1140)

Point of Order

Madam Chairperson: Is this a point of order, Mr. Penner?

Mr. Jack Penner: On a point of clarification on comment made—

Madam Chairperson: I believe that it is only a point of order. I will put you down on the speakers' list.

Mr. Jack Penner: —and a point of order.

Madam Chairperson: Now your point of order, please.

Mr. Jack Penner: I think the Chairperson needs to very clearly reflect on what was said and how things were said, and I think the minister needs to be careful how she interprets what was said. We said we thought the operation—

Madam Chairperson: I believe this is no point of order.

Mr. Jack Penner: This is a point of order because it has everything to do—

Madam Chairperson: I will let you finish then.

Mr. Jack Penner: —with how the committee operates and is perceived, and that is the Chairperson's prerogative to ensure that

comments are listened to carefully. So I would suggest that in an operational sense as far as the committee is concerned we need to very carefully assess what was said and how it was said in regard to what we believe that the operation of the commission—and the staff have done an exemplary job under the terms of the conditions of operation—we believe also that in rural Manitoba there is a severe lack of recognition of the distances that people have to travel in order to be served—

Madam Chairperson: Thank you, Mr. Penner. I would rule that it is not a point of order. It is a dispute of the facts.

I have a second point of order from Mr. Fauschou.

Mr. Fauschou: In regard to comments made by the honourable minister, I believe the points made that were in a complimentary fashion were broad ranging. However my line of questioning involving the 20-kilometre exclusion rule that is currently in place was, in fact, not included within that order of compliment, and I would like that to be clarified at this point.

Madam Chairperson: With the very able advice I am getting—[interjection] The minister, on the point of order which we have not ruled on yet.

Ms. McGifford: I have a point of order, Madam Chair.

Madam Chairperson: The minister on a point of order, which we have not ruled on yet.

Ms. McGifford: On the same point of order, if members opposite were not satisfied with the terms and conditions under which the Manitoba Liquor Control Commission operated, I am surprised they did not change them when they were in government.

Madam Chairperson: On this matter then, with the very able advice and the half-day training I have received, this is not a point of order but you have had a chance to vent a bit.

* * *

Madam Chairperson: Mr. Loewen, were you finished then? Oh, Mr. Wright, you were going to respond to Mr. Loewen.

Mr. Wright: The answer is no. I think what you were asking was do we track sales of individual wines at individual wine stores with a view to taking them away from the wine stores as an exclusive product, and we do not do that as a matter of practice. There are occasions when that does happen though, and it only happens with the complete agreement of the wine stores involved and is usually instituted by the supplier who realizes that if he can be the representative in 45 stores rather than one, it is a better deal for him.

Madam Chairperson: Mr. Loewen, anything further?

Mr. Loewen: Just by a point of clarification, I apologize to the minister. I will try and make my points a little more concise. But just for clarification, again she has completely missed the point of my statement which is not to say anything negative at all about the service that is being provided from the existing outlets but is to say that as part of their policy review I think it would be advisable for the Manitoba Liquor Control Commission to look very carefully at what has happened with regard to the increased sale in wines as a result of further outlets being opened in the city of Winnipeg.

Perhaps in a fair minded and open review, the Liquor Control Commission might arrive at the conclusion that perhaps the addition of more vendors' outlets in strategic locations in rural Manitoba will not only provide better service to the public but it will result in increased sales which, provided that the organization remains to operate efficiently, will provide increased net revenue and increased flow of funds to the provincial coffers.

I also have a question.

Madam Chairperson: Did you want to ask that now?

Mr. Loewen: I was just clarifying that. Yes, I would like the opportunity to ask a further question of the minister. It is unfortunate that I have noticed that the newly appointed chair of the organization has had to leave prior to the end of the committee. Again, I apologize, being new to this process, the fact that she did not have a

microphone in front of her, I am not really sure whether it was intended that we not ask questions of her or what the process is.

In any event, had she chosen to remain to stay, naturally I would have been inclined to ask her, as an incoming chair of a significant organization that has revenue in excess of \$350 million, in fact approaching \$400 million and employs over 500 full-time employee equivalents which quite likely translates into close to 1,000 staff members—I am not sure of the exact number there—that in her new role as chair of the organization and as part of the role of a chair of any organization of this size, I would certainly be interested in hearing what her vision and direction would be in working with the executives of the organization. As I say, unfortunately she is not here, so I am wondering perhaps if I could pose that question to the minister?

Ms. McGifford: I did want to make a response to Mr. Loewen's preliminary comments in which he addressed what he thought was my misinterpretation of his remarks from the previous question. But just to cut it short, I did want to assure him that the Manitoba Liquor Control Commission is dedicated to quality service, dedicated to fairness, and I can assure you that they will leave no stone unturned in their dedication to the public good.

So having clarified, I hope, that point and I think assured the member that we both have the same goals in mind, I did want to make reference to the appointment of Ms. Neufeld, who, of course, is pre-eminently qualified to do this work, a proven business person who has won awards for her business acumen and skills. I want to tell the member that I think I would be out of turn to speak for Ms. Neufeld, so, no, I do not want to second-guess what her vision is. I do not think that would be appropriate.

Madam Chairperson: Thank you, Madam Minister. Further, Mr. Loewen.

Mr. Loewen: Well, thank you, Madam Minister. I will not attempt to clarify the clarification of the clarification, but I do appreciate the minister's attempt.

I guess, you know, as this committee is going to reconvene perhaps it would not be inappropriate to have it reconvene at a time when the new chairperson of the organization could make herself available to the committee to delve into those matters. I think it is very unfortunate that when these committees are scheduled, and we are reviewing I believe four reports here and already we are seeing that two of the chairs are unable to attend, so perhaps in future—but I guess I have another question to the minister and that is: can you tell this committee when the five agreements that you referred to in your response to Mr. Gilleshammer's question do expire?

Ms. McGifford: There are two sets of agreements, a set of agreements that was signed in late 1994. Those agreements expire on March 31, 2000, so in the very near future. The second set of agreements, which were signed in I believe 1999, will expire in 2004, again March 31.

Mr. Loewen: Given the minister's already reluctance to share with us what the policy of the new government will be at the end of the expiry of these agreements, certainly she must realize the investment that individuals who signed agreements in good faith with the government have made of a capital nature, not to mention a personal nature. I am sure if Ms. Neufeld was still here she would be able to explain ably the psychological investment in starting a small business, and certainly these individuals have every right to be dealt with fairly by the government. So my question to the minister is: given that we are close to the expiry of these agreements, will she assure this committee that she will extend those agreements for a further five years?

Ms. McGifford: I thought I had assured Mr. Gilleshammer that, of course, we would extend the operating agreements, and, in fact, we are in the process of doing that work. The operating agreements are automatically renewed for five years. [interjection] No, I did assure Mr. Gilleshammer of this. What I did not tell you in response to the last question is the second set of agreements, which will expire in 2005, will again automatically renew for an additional five-year period. After that, according to the

operating agreement, the agreements can be renewed on a yearly basis, and so at that time we will deal with those situations.

Yes, I am sure Ms. Neufeld would have and will have many things to tell us about operating business.

* (1150)

Madam Chairperson: Thank you, Madam Minister. Question, Mr. Loewen?

Mr. Loewen: Thanks for your response, Madam Minister. I appreciate the fact that you have clarified that point because certainly on checking with my colleague Mr. Gilleshammer, neither of us got from your response the fact that you were committed to extending them for a further five years, so we certainly appreciate that. And having said that, I have no further questions.

Madam Chairperson: I have Mr. Jennissen, Mr. Maloway and Mr. Schuler.

Mr. Gerard Jennissen (Flin Flon): Madam Chair, I will pose a very brief question in view of the time. This relates to a specific issue in Cranberry Portage. Mr. Streamer, who runs a liquor vendor in Cranberry Portage, liquor outlet, argues, and I think quite powerfully, that he cannot hang on to his market share if he is competing with liquor marts in Flin Flon and The Pas and other large places that have incentives such as air miles and so on. He feels that his market share is going down every year. I am just wondering if someone would comment on that because I am certainly not an expert on it, but I do know he is concerned, and I wonder if Mr. Wright perhaps has a view on this.

Mr. Wright: It is true that the liquor marts do issue air miles to encourage loyalty and as a way of enhancing our service to the customers. The company who owns this air miles program will only allow it to be used by viable chains, so that is why you see people like Shell, Safeway, The Bay and so forth with air miles. It is not available to single outlets such as the liquor outlet in Cranberry Portage.

Mr. Jennissen: Just one quick comment. Using the argument Mr. Streamer used, and I think it is a valid argument and it puts him at a disadvantage. We are trying to create a level playing field. It now appears then that the larger outlets, let us say in Flin Flon or The Pas, have an advantage over a small business in Cranberry Portage, in this case a hardware store that also sells liquor, puts him at a disadvantage. I wonder if there is some way of addressing it, either make the playing field level for everybody. Look at some positive changes.

Ms. McGifford: Thank you for your suggestion, Mr. Jennissen. I am sure that this individual will be making a presentation when we review the act.

Mr. Maloway: I am really pleased to see that the members opposite are concerned about the private wine stores. I only wish they were as concerned when the previous government set up the rules to select the applicants for these stores. As we all know, it turned into quite a mess. I can tell you that that is essentially the reason why the previous government did not call the committee for over two years because they were hiding from the opposition at the time the fact that they were favouring their friends in the selection of these wine stores. That is the reason they took two years in which to call the meeting. So when the members opposite talk about patronage and so on, they ought to look back to the decisions they made in the granting of these wine stores. They ought to look back to the decisions they made in giving Cubby Barrett a liquor licence.

Point of Order

Madam Chairperson: A point of order is raised. State your point, please.

Mr. Praznik: Madam Chairperson, if the member for Elmwood, Mr. Maloway, is going to—

Madam Chairperson: Sorry, Mr. Praznik, state your point, please.

Mr. Praznik: Yes, my point is if the member for Elmwood is going to put on the record accusations about impropriety in the selection of

applicants for those stores, then I would ask him to put his proof on the table that impropriety did exist. All he is offering is innuendo which smears individual citizens, and he does so under the protection of the immunity of members of this House. If he believes that, he should go say it out in the hallway to the media and be able to be challenged in court. If he has evidence, let us see it.

Madam Chairperson: I would rule then that this is a dispute of the facts, not a point of order.

* * *

Madam Chairperson: Do you wish to continue, Mr. Maloway?

Mr. Maloway: The member simply has to read Hansard from the previous meeting that we had July 13, 1999. The member knows full well that Gordon MacFarlane who was the chief financial officer for the Conservative Party, the official agent for the minister in charge of the Liquor Commission, sat on the selection committee for the selection of the wine stores, and we know that there was a process that was embarrassing to the government and because of that the government refused to call the committee for over two years.

He also knows that in the case of the liquor licence for the hotel in Cross Lake, the previous owners could not get a licence. Mr. Cubby Barrett bought the hotel and, bingo, the licence was approved.

We wanted to ask questions about that, and the previous government sat out there in the weeds for over two years refusing to call the committee after we had asked for committee hearings over and over and over again. Now, having said that, Madam Chairperson, I believe there is a—

Point of Order

Madam Chairperson: Please state your point of order, Mr. Praznik.

Mr. Praznik: Again, the member makes certain accusations, and he does so by way of innuendo. If he has evidence, he has now the opportunity to

question. If he has evidence, then he should bring it forward rather than smear individuals with innuendo.

Madam Chairperson: Yes, I would rule that again that is a dispute of facts, not a point of order. Do you have anything further, Mr. Maloway?

* * *

Mr. Maloway: Thank you, Madam Chairperson. I have many questions to ask, but given the time at two minutes to twelve and the agreement of the committee to pass the reports, I would think we should do that now.

Madam Chairperson: Okay, I have Mr. Schuler next with 30 seconds remaining.

Mr. Ron Schuler (Springfield): Could the minister tell this committee of Ms. Carmen Neufeld's qualifications for being appointed chairperson of the board.

Ms. McGifford: Thank you, Mr. Schuler, for your question. I think I have already indicated Ms. Carmen Neufeld's qualifications. She is an established business person. She owns her own business. She has planned conventions, meetings—

Madam Chairperson: Order, please. The hour being twelve, as previously agreed, committee rise.

COMMITTEE ROSE AT: 12 p.m.