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Mercredi 4 octobre 2006

**Standing committee on
government agencies**

Agency Review:
Liquor Control Board of Ontario

**Comité permanent des
organismes gouvernementaux**

Examen des organismes
gouvernementaux :
Régie des alcools de l'Ontario

Chair: Tim Hudak
Clerk: Tonia Grannum

Président : Tim Hudak
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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON
GOVERNMENT AGENCIES

Wednesday 4 October 2006

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES
ORGANISMES GOUVERNEMENTAUX

Mercredi 4 octobre 2006

The committee met at 1004 in room 151.

ELECTION OF VICE-CHAIR

The Chair (Mr. Tim Hudak): Good morning, members of the committee. Welcome to the regular meeting of the standing committee on government agencies, Wednesday, October 4, 2006, a special day today for a number of reasons.

First, I want to welcome Ms. Cheri DiNovo, the new member for Parkdale–High Park, to the committee. Welcome. In fact, she is off to a very strong and impressive start, because Mr. Bisson shared with me the other day that he has opened up the position of Vice-Chair on this committee. So I will do this formally.

Honourable members, may I have the names for the election of a Vice-Chair, given Mr. Bisson will no longer be serving as Vice-Chair of this particular committee?

Mr. Gilles Bisson (Timmins–James Bay): I would move Madam DiNovo. I'll try, anyway, just to get the discussion going.

Ms. Monique M. Smith (Nipissing): You can't. I move that Ms. DiNovo be named Vice-Chair of the committee.

The Chair: Ms. Smith moves that Ms. DiNovo become the Vice-Chair of the standing committee. Are there any other nominations? Seeing none, I declare nominations closed.

Ms. DiNovo, congratulations.

Ms. Cheri DiNovo (Parkdale–High Park): Thank you very much.

The Chair: She is now the Vice-Chair of the standing committee, muscling aside veteran Gilles Bisson in a matter of two weeks' time.

Mr. Bisson: Damn. I've been muscled by this woman twice this week.

The Chair: Exactly.

APPOINTMENT OF SUBCOMMITTEE

The Chair: That means we also need to appoint a subcommittee on committee business. Mr. Bisson had formerly served on the subcommittee. I don't have a particular motion.

Ms. Smith: I move that a subcommittee on committee business be appointed to meet from time to time at the call of the Chair or at the request of any member thereof

to consider and report to the committee on the business of the committee;

That the subcommittee be composed of the following members: the Chair as Chair, Mr. Parsons, Mr. Tascona, and Ms. DiNovo; and

That the presence of all members of the subcommittee is necessary to constitute a meeting.

I was going to throw your name in, Laurie, but I thought that might offend somebody.

The Chair: The motion is on the floor. Any discussion on the subcommittee motion? Seeing no discussion, all in favour? Opposed, if any? It is carried.

Ms. DiNovo, welcome to the subcommittee. The subcommittee does have a rite of initiation, of which we will spare you the details at this point in time, just to forewarn you. I'm sure your colleagues have told you all about it. If not, be prepared.

Any opening comments, by the way?

Ms. DiNovo: None. It's a delight. I look forward to this work, and thank you, Gilles.

The Chair: Outstanding.

SUBCOMMITTEE REPORT

The Chair: The third item of business is the report of the subcommittee on committee business dated September 28, 2006. Members should have that before them.

Ms. Smith: I move adoption of the subcommittee report.

The Chair: Ms. Smith moves the adoption of the subcommittee report on government agencies of September 28, 2006.

There are no selections of the official opposition party on that. The third party has Suzanne Gilbert, intended appointment to the Child and Family Services Review Board/Custody Review Board. The government has no selections.

Any comment on this? Any debate? Seeing none, all in favour? Opposed, if any? It is carried.

AGENCY REVIEW

LIQUOR CONTROL BOARD OF ONTARIO

The Chair: Having dispensed with the routine work and, of course, welcoming our new Vice-Chair to her position, I will now proceed with item 4 on the agenda, which is report writing on agency review.

This committee has not completed an agency review, I think, since at least about 10 years ago, so we're treading on relatively new or renewed territory. The subcommittee did discuss format before. We're not bound by a motion or anything on how we'll move forward, but what I'm going to suggest as Chair is that we begin with the LCBO and work through the LCBO report until we have completed that report. Then we will go to the Ontario Lottery and Gaming Corp., and Hydro One will be our third.

I don't anticipate getting through all three today. I think we'll be fortunate if we get through one. We'll just schedule other meetings as time comes forward to complete these reports. I think, Madam Clerk, we have until the end of November to submit the reports to the Legislative Assembly of Ontario.

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I want to thank Carrie and Larry—meet Cheri, by the way. Carrie and Larry have been working very hard on these reports, with input from the presenters and input from committee members, directly and through their questions, to come up with this report that we have before us today. I'm going to have Carrie or Larry summarize each section, and then, when we get to the boxed area which has a suggested recommendation, we'll enter into discussion about that area.

My goal as Chair is to try to come up with a report that is a consensus report of all members of the committee. That may or may not be the reality—we may have a minority report; we may not—but that's what I intend to try to achieve at the end of the day. So, again, I'll have the research staff describe each section, and then we'll stop the discussion when we hit one of the recommendations. You'll see on page 3 the first one: "Implement a deposit-return system for all LCBO containers."

Are we okay with the procedure, then, folks, and we go until noon? I don't have any other business on the agenda today. Okay. So we will begin. I think we can dispense with the introduction, which is pretty basic, about who appeared before the committee, and proceed with issues at the bottom of page 1 on the LCBO report.

Ms. Smith: Just so I'm clear, this is just a draft of the issues, right? I mean, we have no note or evidence that was put forward by the LCBO. This seems to be just mostly criticisms and presentations by others. So the entire morning session seems to have evaporated, and I'm hoping that the next draft will have an outline of what the LCBO did present and some of the more positive aspects of what they're doing. Some of it's incorporated in it, but when you start off with, "The LCBO has been criticized," as your first substantive paragraph, it shows a certain tone that I don't think this committee necessarily wants to adopt. So I hope we would have a more fulsome brief at the beginning.

The Chair: The subcommittee had decided that we would do a narrow focus; instead of just doing a repeat of everything that we heard, to focus on specific issues and give advice back to the assembly and I guess then, indirectly, to the ministers responsible for the salient issues.

You can see with the LCBO that what the subcommittee decided we would concentrate on was the deposit return that the Environmental Commissioner had brought forward; agency stores, domestic production and social responsibility tend to be the ones that had the greatest deal of discussion. So it's not meant to be a comprehensive review.

As I say, we heard from the LCBO and these groups, and here are the areas where the committee had some recommendations. This was, again, done through the subcommittee to determine those areas that we would concentrate on in this report.

Ms. Smith: But the report as it now stands just seems to be more or less a litany of the recommendations that various presenters made. There's no real evidence of what the LCBO put forward in the beginning. So I would just ask that, in our introduction and beginning of the report, we actually outline some of the things that they discussed before we get into some of the recommendations.

Mr. Bisson: I hear what you're saying, Madam Smith. I see both arguments, actually. If you want to flesh it out a bit more, that's fine, but it sets out that there has been criticism in regard to not having recycling. Research—I look on page 2—basically says, "and this is what the LCBO said about that," and what they maintain as the reasons as laid out in the report.

I think the important part of this at the end is what we recommend as a committee. So I see that as, "Here are the arguments made by the presenter; here's what the agency said in response to that," and the committee is then going to have to deal with what we want to recommend to the Legislature as a result of what we heard. We may recommend nothing; we may recommend something. So I don't know how you get around not giving the opportunity in the report to reflect what people said. I agree with you that we have to also reflect what the LCBO said, but it seems to me that that's being done.

The Chair: Any further discussion?

Ms. Smith: I think we have a different philosophy on report writing, and I think it would better reflect what happened at the committee if we did have some kind of introductory comments about the LCBO.

The Chair: Okay. Let's proceed as I had indicated. I'm going to work with the front bench here to try and find a way to address the issue. They've suggested perhaps we could have a stand-alone section that summarizes the LCBO's points that would be part of our report but not part of our recommendations per se.

Mr. Bisson: —change the word "criticize" to something else if that's an issue. There's an easier way to do it.

The Chair: Aside from addressing the particular recommendations that the committee is going to make, I was hoping to try to avoid some of the nitpicking on language. If we need to, we can.

Let's proceed with getting to the recommendations of the committee. While we're doing that, we'll try to come up with some suggestions to address Ms. Smith's point,

which could include a summary of the LCBO presentation at the beginning of our report, as part of the introduction.

Ms. Smith: At the risk of being argumentative—I'm not being argumentative—can I just ask, then, that if we have language changes in the body, we maybe get those to the researcher, and in the next draft we could do some “track changes” so that others could see what we've recommended as opposed to debating every word along the way.

The Chair: Sure. That sounds good. We'll send them through the clerk, and the clerk will make sure the researchers get them. I appreciate that point. That will help us address those, if some members have concerns over a specific use of language or context, as opposed to debating them right here.

Carrie, are you going to start? Larry?

Ms. Carrie Hull: I'll start.

The Chair: We'll move forward with “Issues: Recycling, bottle return and Tetra Paks.”

Ms. Hull: I'm primarily looking at pages 2 and 3 right now. As we've just discussed, the LCBO has been criticized for its failure to implement a bottle return system. This is where consumers pay a small deposit for their purchase and then receive the rebate when they return the empty, just as occurs at the Beer Store right now. The LCBO has consistently argued, and it did argue the day they were here, that it would be impractical to implement such a program. In particular, many of its suppliers are foreign and they would not be able to take advantage of the returned bottles anyway. The LCBO has also argued that it has a bottle recovery rate of 64%, which is comparable to the rate that British Columbia attains, even though it does have a bottle return program. In other words, the LCBO is saying that it gets the same results as British Columbia does with its bottle return program. So the LCBO argues that it should still use the municipal blue box program.

It's also introduced alternative packaging, such as the aseptic containers, which are also called Tetra Paks. These packages, the LCBO argues, are environmentally friendly, much lighter than the glass bottles and are reducing the burden on municipal recycling programs by getting these heavy bottles out of the system.

We saw Mr. Miller, the Environmental Commissioner, make a presentation that day. He has long argued that the LCBO should implement a bottle return program. He's also somewhat concerned about the use of Tetra Paks.

I don't know if you recall, but we had a PowerPoint presentation that day, and on page 2—I'm looking at this “hierarchy of recycling” diagram—according to Mr. Miller, a system that can return and refill the most containers practical is the ideal recycling system. As we go down this hierarchy, there are less recommended forms of recycling. The second-best system is one where a cleaned container, the bottle in this case, is remade into a new container, say, the glass is remade into another glass container. Third in this system is where the material is used as something else. Typically, it can be used as

insulation or it can be used to help build roads. This is sometimes called down-cycling, because it's argued that the material is used for something that is inferior to what the original container was. Lastly is when the material is just lost to landfill—if it hasn't been able to be reused at all through our recycling program.

If we turn to page 3 now, according to the Environmental Commissioner, the LCBO's glass recycling system does not refill any bottles, as we know; 20% of the LCBO's glass bottles are remade into a similar container; approximately just less than 48% are down-cycled, and that means, as I said, they're used in something like landfill or aggregate; and lastly, 32% are lost to landfill.

Similarly, on the right-hand side, we can also see that the Tetra Pak numbers are fairly low on the hierarchy: 75% are lost to landfill, and between 13% to 25%, according to the Environmental Commissioner, are recovered and down-cycled or used in an inferior form of product.

The Environmental Commissioner responds to the LCBO's claim that it has a glass recovery rate of 64% by saying that, yes, that might be true, but that 64% is on the low part of this hierarchy. It's at the bottom half of the table, in other words. Similarly for the Tetra Paks, none of the Tetra Paks are at the top part of the hierarchy, as this table shows.

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He's also interjected some comments into the environmental merits of the Tetra Pak. He said that his office is basically undecided on this issue. He said that there's not very much research and that they don't have an opinion on whether Tetra Paks are indeed environmentally preferable to glass bottles.

The first recommendation we have here is a recommendation that was made by the Environmental Commissioner. He said, “Implement a deposit-return system for all LCBO containers.”

Mr. Bisson: I just have a question on that point: When we say “deposit-return,” we're talking about recycling into a bin? What's he actually saying?

Ms. Hull: Oh, sorry. “Bottle return” and “deposit-return” are sometimes used interchangeably. “Deposit-return” or “bottle return” means where you pay a small amount when you buy the product, and then when you return the empty, you get the—

Mr. Bisson: And it would go back to the manufacturer for reuse.

Ms. Hull: Yes.

Mr. Bisson: Okay. Got you.

The Chair: I don't think the Environmental Commissioner, to my recollection, got into particular mechanisms, whether it would be at the LCBO itself, the Beer Store, a depot system, what have you. He just made a general recommendation—am I right?—that there should be some form of deposit-return system for LCBO containers.

Ms. Hull: That's correct

The Chair: All right. We'll pause at that point. Carrie, thank you very much.

So one recommendation for consideration to the committee is to implement a deposit-return system for all LCBO containers, and that came from the Environmental Commissioner.

Ms. Smith: I'd just like to comment on a couple of things in the background, if I could. I'd like the chart that's included to be distinctly noted that it's the Environmental Commissioner's. I would also like to just note that the LCBO did note that aseptic beverage alcohol containers, which are part of their reduce strategy, have only existed for the past few years and so no data exists. He did acknowledge that there wasn't a lot of data around Tetra Paks, but the LCBO did note that because they've only been used for a couple of years, they didn't have data either. As well, the LCBO noted that the children's juice boxes, which do use the aseptic containers, have not been recycled through the blue box system historically because the schools haven't adopted them. So we haven't got a real sense of what the environmental impact is through the use of the aseptic Tetra Paks.

I personally thought the Environmental Commissioner's knowledge on the Tetra Pak issue was minimal at best, and I didn't think it was particularly helpful. So I'd just like that noted. I don't think it necessarily reflects the science that's out there.

Mr. Bisson: What you're saying is kind of what he says in the report.

Ms. Smith: Pardon me?

Mr. Bisson: In the report, the Environmental Commissioner basically says on the Tetra Paks, "We're not falling on one side or another, because we don't have enough evidence." It kind of says that. If you want to clarify it a bit in the report, that's fine by me, but it seems to me it's said.

As far as the recommendation on deposit-return by the commissioner, what are people feeling on that?

The Chair: Mr. Bisson, you're happy with that recommendation—

Mr. Bisson: I'm asking where people are at with it.

The Chair: Any comments on—

Ms. Smith: The government's already indicated that they're looking at that plan, so we're fine with that recommendation.

The Chair: Any comments?

Ms. Scott: I think Carrie's done a good job summarizing. If Ms. Smith wants it put in the box that "the Environmental Commissioner recommends," I don't have a problem with that. It is from the Environmental Commissioner. It's pretty clear. He did talk about the Tetra Paks. He's got statistics somewhere. He said that—I agree with Mr. Bisson—they have minimal information, but they're starting to get it. It's been out there. There is a figure there: 13% to 25%.

Mr. Bisson: I would say that it would probably make more sense—I guess there are two things. One thing is that the Environmental Commissioner recommended this as one of the things we should do. I think at one point in

the report we've got to indicate in our recommendations that particular point, and that's what I was wondering. Are you okay with it as a recommendation of this committee, or did you want to just keep it as a recommendation from the Environmental Commissioner? I think it has to come from us, and I think I heard Monique say yes.

The Chair: If you could make a clarification, that was my impression, that that would be one of the recommendations of the committee in the report.

Mr. Bisson: Yes, we're fine.

Ms. Smith: Yes, we're fine with it being a recommendation of the committee. I just wanted those other points noted or included.

The Chair: Yes, noted for sure. I think definitely make sure that the source of that graph is the Environmental Commissioner.

I heard your other concerns about language: I do think this is a fair summary of what the Environmental Commissioner said. As indicated, I think we can come up with some mechanism to give the LCBO's point of view on some of these things in an introductory package or some sort of background material so that the counterpoint you brought forward is there. It's pretty clear in the report that the Environmental Commissioner commented that the Tetra Paks are still uncertain. I don't think he's saying that he has a great deal of information on them and the environmental impacts or benefits.

I'm fine with the change in the description of the graph.

Ms. Smith: Perhaps I can just provide the researcher with one line on that change, on children's juice boxes and the lack of knowledge on that, which we can add in as part of the evidence we heard.

The Chair: Okay. Go ahead and submit that.

Ms. Smith: We can take a look at it in the next round.

The Chair: Yes. We can have it as a discussion point to add in that paragraph. Anything else on that first section?

Ms. DiNovo: Not having been privy to the lead-up to this, just a question about the Ontario producers: Did we have some insight from them as to how many would reuse the bottles and how many of the foreign bottles—I see one of the LCBO's objections is that many of its suppliers are foreign. What would the percentage be that would not be recycled and what would the percentage be that would be, and what is the input from our Ontario producers? If somebody could enlighten me—

Ms. Smith: We don't really have that information. It wasn't presented to the committee. The evidence was that the majority of the suppliers of the LCBO were foreign; not many, but the majority. It's hard to know, I think, what the take-up would be until a program is proposed.

The Chair: I think the reality is that we had a limited number of presenters who either came forward or sent in submissions, and if they sent submissions through the clerk, all the members would have received them, as well as research. Research has done their best to distil the data they received to put in the report. I'm very wary of then

trying to get a second batch of information. I think we should concentrate on what we heard at the committee. I think what you say is valuable, but I think for the purposes of this report writing, we should just concentrate on the data that we did receive through the committee process and that the Environmental Commissioner has brought forward. I'm a little bit wary about going out and sourcing other groups that had not come forward to comment. I just think that would take us a long period of time, and they didn't appear. For example, the Wine Council of Ontario did not appear before this committee to give their input. They had their opportunity; I don't think we should give them a further opportunity to input on the report if they didn't choose to do so the first time.

We'll move to the second section.

Ms. Hull: I'm still on page 3. I don't know if there is anything we need to talk about on the bottom half of page 3. There is just some follow-up on what the commissioner suggested, that Ontario producers could re-use the bottles, while foreign bottles could be melted down. He talked about the potential ways of funding the deposit-return/bottle return system.

On the top of page 4 now, this is, again, a commissioner recommendation that the LCBO be designated as a prescribed agency under Ontario's Environmental Bill of Rights. What that would mean, which I have just below that, is that the LCBO's policies would be subject to review and comment by the public and the public would also be able to file applications for a request for a review of policies that have an environmental impact.

The Chair: Okay. We'll pause at that point. There's a bit of a summary on the bottom of page 3, as Carrie said, and then the point before the committee. Does the committee wish to adopt the commissioner's recommendation that the LCBO be a prescribed agency under Ontario's Environmental Bill of Rights? Open for discussion.

Ms. Scott: I'm open for that adoption. I think that was made clear. It was under the purview of Management Board before, and then when it got moved over to—was it consumer and corporate business? I'm sorry, whatever ministry it was—

The Chair: Public infrastructure renewal.

Ms. Scott: Now it is, which makes it not under the purview of the Environmental Bill of Rights. But the ministry it was with before, I believe it was economic development—

Ms. Smith: It was an economic development report.

Ms. Scott: Was it?

Ms. Smith: Yes.

The Chair: I guess the point is, certain ministries are within the scope of the Environmental Commissioner and the EBR; public infrastructure renewal is not. Therefore the LCBO is currently outside of the Environmental Commissioner's purview or the EBR.

Ms. Scott: So yes, I'm agreeing with that recommendation.

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Ms. Smith: Before we agree to that, I'd like some more information on when it has been and when it hasn't

been under the environmental review and what the implications of that are.

I also want to go back to page 3, where we talked about the various ways that we could introduce a deposit-return system. At the bottom of page 3: "The new system could potentially be financed...." Could we start that sentence with, "According to the commissioner"? Those were his ideas, not the committee's.

Mr. Bisson: But we also talked about that. The commissioner certainly did raise that in his presentation, but that was some of the discussion we had ourselves in regards to how it would be funded. I forget who the hell raised the question in regards to the \$5 million. It seems to me it was raised—

Ms. Smith: I'm sorry, who had that discussion?

Mr. Bisson: The committee. This was obviously a recommendation by the commissioner on how to pay, but some of these things are also the same things that we talked about.

The Chair: Let's do one issue at a time, just for organizational sake. Ms. Smith is asking to stand down recommendation 2 pending further information on when the LCBO has been under different ministries and what that means for the Environmental Commissioner's ability to review their operations or postings on the EBR. So we could get some more background information, which I don't think we have.

Mr. Bisson: Carrie, are you able to respond at all at this point? It's pretty straightforward to me.

Ms. Hull: To be honest, I don't recall when it was subject to review or if it has been.

Ms. Scott: But it's asking to be subject to review now, so we're just saying we agree that it should be subject to the review of the Environmental Bill of Rights.

Mr. Bisson: As are most other agencies or ministries.

Ms. Smith: I've asked for some background information.

Mr. Bisson: We're just putting on the record that it's fairly clear that it gives the commissioner the ability to review their policies when it affects issues that impact the environment. That's something we do as a matter of course for most—well, pretty well all—ministries and I would think most agencies as well.

The Chair: I tell you what, we'll stand down this recommendation. Research will get a response to Ms. Smith's inquiry and we'll e-mail it out to members of the committee, so that next time we revisit that section of the report, we'll have some clarity.

Ms. Smith, you had some concerns with the system recommendations on the bottom of page 3?

Ms. Smith: No, not concerns. I'd just like to note that at the beginning of the sentence, "The new system could potentially be financed," we say, "According to the commissioner."

Mr. Bisson: My problem is, I also think that's one of the ways you can do it; it's not just the commissioner. As a committee member, or former committee member, who did the hearings, I agree with that: That is one of the ways you can finance that. It's not just the commis-

sioner's view; that's what I'm saying. It's also my view that it's a way it could be done.

Ms. Smith: Then perhaps we could say, "According to the commissioner and Mr. Bisson."

The Chair: You're saying that for the paragraph that reads, "The new system could potentially be financed from the following sources," you want something like, "According to the Environmental Commissioner."

Ms. Smith: That's the evidence we heard.

The Chair: You could bring forward a recommendation to do so, right? But I think it's accurate to say that these three bullet points were from his report, because they were very clearly part of his PowerPoint presentation.

Anything else as we move past recommendation 2? Seeing none, carried.

Ms. Hull: We're moving on to the next issue, "Agency stores." We're in the middle of page 4.

Mr. Bisson: No, you have one more.

Ms. Hull: Sorry. All right, this issue came up in the general discussion around recycling at the LCBO. This is a committee discussion, not something from the Environmental Commissioner. The LCBO was asked why it does not have blue boxes directly at its retail stores, so that customers could bring their bottles directly to the store to have them recycled. The LCBO at the time indicated that it would explore this option. So I've just written:

"The committee may wish to make the following recommendation:

"3. Make blue boxes available at LCBO retail outlets."

Mr. Bisson: I'm fine with that.

The Chair: Any other comments on the blue box recommendation? Terrific. Thank you. Then we will adopt that as one of our recommendations.

Mr. Bisson: I only wonder one thing, though, just in passing: Would that be inconsistent? If you had a bottle return system, it becomes a little bit of a bottleneck about where you put the blue box. Do you know what I mean? You're coming in with your 50-cent refundable bottle, and there's a recycling box outside. Somewhere inside the store you have to have a way to capture the bottle to get your 50 cents. They'd have to do it like the brewery does. So one negates the other. If they go the way of deposit return, the actual blue box isn't a blue box anymore; it's one or the other. So it's a bit inconsistent. That's the only point I'd make.

The Chair: Do you want us to alter the recommendation to reflect that or just go ahead and leave it as is?

Mr. Bisson: I'm just saying, there are two different ways of doing it. If you have a bottle return system, then that captures the glass or whatever kind of containers that are brought back, and that's fine. If you don't do the bottle return thing, then the other option is, you have a blue box at the store. I don't see how you do both of those at the same time. You can't implement both. You've got to implement one or the other. That's all I'm saying.

The Chair: Nonetheless, are you happy with this recommendation?

Mr. Bisson: I'm fine with the recommendation. I'm just saying, do we want to put it in the report? There are two different ways of doing it, which we would identify in the report. Then, I guess it comes down to, do we have one that we favour over the other? Quite frankly, it seems to me that the bottle return is the way to go. It's just food for thought. Just go back and think about it, because you can't have them both at the same time. That's all I'm saying.

The Chair: We get the point, but we don't know what system is actually going to be—how this will operate has been announced for February 2007.

Mr. Bisson: It comes down to whatever the committee wants to do as far as its recommendation—if we favour one over the other.

Ms. DiNovo: I was thinking the same thing, but I was wondering if the intent behind this was to have this as kind of an interim measure and/or that maybe the Tetra Paks and other things that can't be refilled and reused would go into the blue box; that that would be a way of encouraging people to recycle everything, including packaging that wasn't part of the other process. I don't know, so I was just looking for clarification.

The Chair: Why don't we keep this recommendation? We can have an asterisk to say that the committee may want to give further advice when they understand the details of what the deposit-return system is going to look like in the province of Ontario. I'll just leave it at that.

Mr. Bisson: Sure.

The Chair: Ms. Smith, are you okay with that?

Ms. Smith: I'm fine with that.

Mr. Bisson: It's so easy to get along with you.

The Chair: So we have now completed the first section, on "Recycling, bottle return and Tetra Paks."

"Agency stores." Carrie.

Ms. Hull: Now we're at the bottom half of page 4. This deals primarily with the issue of agency stores, largely as presented by OPSEU, the Ontario Public Service Employees' Union. The argument has been that the LCBO is engaged in a covert form of privatization through the expansion of the agency store network. According to OPSEU, the number of agency stores has more than doubled, from 82 to 194, while sales during this time have increased from \$17 million to \$78 million. One of the arguments that OPSEU made before us was that the expansion of agency stores is a threat to the social responsibility mandate of the LCBO.

Ms. Smith: Chair, I'd just like to interrupt there before we read all of this into the record yet again. When we asked for specifics, the OPSEU presentation was unsubstantiated. There was no evidence given to back any of these allegations. I think it's inappropriate that we would be repeating the entire testimony of OPSEU, which had no foundation or basis of evidence that they were able to provide us. We can highlight some of their concerns, but I think that this is inappropriate. When we asked them specifically for evidence of incidents where any of this occurred, they were unable to give it to us. That's my point on that.

Mr. Bisson: I disagree. I think there is evidence out there, and some of it was presented to the committee. I guess the question becomes, how do we want to structure the report? Do we want the report to reflect what we heard or do we want it to reflect what we want to say?

Mr. Milloy: When they asked about underage youth, all they said was it was just anecdotal. The guy admitted that he had no evidence.

Ms. Smith: He had no specific evidence. Unless you can point out to us something that I missed in the transcript, they had no specific evidence. They were asked about it specifically. We asked them to provide us with incidents; they had none. So I just think that it's inappropriate for us to be even discussing this. They had no evidence to back their accusations.

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Mr. Bisson: In the first paragraph, you're going to tell me that's not true? We did go from 82 stores to 194 in that time period.

Ms. Smith: Certainly the LCBO spoke to the number of agency stores that are available, that are providing service to remote communities like yours and mine, Mr. Bisson. I don't think either of us disagrees with the presence of agency stores in our communities. But to say that the LCBO has engaged in a covert form of privatization is strictly OPSEU-speak and I don't think necessarily reflects—

Mr. Bisson: The question I guess I'm posing is, you can either have the report reflect what you heard from the individuals—and if that's the case, then we're correct in writing it this way—or we take the information that was presented and we put it in our own words. As I see this report written the way it is, we're saying, "Here's what we were told, here's what the LCBO had to say in response to some of it and, at the end of it, we're going to make recommendations." So I'm fine with the way it is.

Ms. Smith: I guess a compromise would be that we can reflect some of the views of OPSEU without going into some of the specific allegations that they made that they had no basis to make and that they provided no evidence for.

The Chair: I think the goal of the report is to reflect what we heard and then to determine if the committee makes recommendations based on what we heard or not. I want to err on the side of reflecting what was said. I appreciate Ms. Smith's point that maybe some of this is extraneous. I wonder if we could try—not here at the table—to reach some compromise language that summarizes OPSEU's concerns without going into some of the detail that Ms. Smith or other members of the committee may have.

I don't want to get into a sort of rebuttal thing here where, "OPSEU said this but some members of the committee said that." Maybe there's a way of distilling these four or five paragraphs into two or three that reflect OPSEU's main concerns without causing committee members to feel a concern to rebut. Does that sound fine?

Ms. Smith: I'm fine with that.

Ms. Hull: Can I just interject for a second? This document was never meant to be a report. We were asked

to come up with recommendations and we asked the committee to help us provide recommendations. We were left with the task of extracting recommendations from what happened that day. So we're very happy to make any changes that you recommend. At the moment, I see this as a summary to help you to make your recommendations.

The Chair: So we will try to work outside of committee on the language in these six paragraphs describing OPSEU's input so that we won't have to worry about rebuttal arguments.

Why don't we move on to recommendation 4, which deals with moratorium and legislative review?

Ms. Hull: Would you me to read the recommendations?

The Chair: Go ahead.

Ms. Hull: These are very clearly OPSEU's recommendations.

"Moratorium and legislative review

"(4) Declare an immediate moratorium on all future agency store openings—including those announced on May 15, 2006—pending a thorough public review of the agency store program. This public review should:

—include public hearings in communities served by LCBO stores and by private agency stores; and

—focus specifically on the implications of the agency store program for public health and community safety, the LCBO's social responsibility mandate, and the LCBO's future as Ontario's public alcohol retailer."

The Chair: We'll stop at recommendation 4. Discussion on this particular recommendation as a committee recommendation?

Mr. Bisson: I'm fine with the moratorium.

Ms. Smith: We don't support the moratorium. We don't support recommendation 4 at all.

Ms. Scott: Chair, I can't agree with this recommendation from the committee at all, the recommendation of an immediate moratorium on all future agency stores.

The Chair: I'm not hearing consensus support. Maybe we can put this to a vote or I'll just scratch it off because there's not obviously consensus to support it. I don't think any changes of language, based on what I'm hearing from other members, are going to make it more appealing.

Mr. Bisson: I think the positions are fairly far apart. It's an issue that I know has been raised in my constituency because, as Monique, we have agency stores in the smaller communities where basically there are no other options for the people living there. I don't think that's the argument. We understand that if you're living in a community that's far away from a major centre and you want some service in your community, the practical way is to do an agency store.

But I think what we need to have is some sort of process to determine how that decision is made, what constitutes the conditions by which an agency store would be created. I don't see what's wrong with having—because all you've got now is a public notice in the paper. Everybody probably would have got lately

from the LCBO the renewal of contracts. I know we did in my riding. Basically all of the agency stores that have come to the end of their contracts, they're reposted again. It seems to me that you have to have some kind of a process that basically gives some rationale as to where an agency store should be established if it's a new one. I don't think that's unreasonable.

The Chair: We have another seven recommendations stemming from the agency stores section. Some of those, Mr. Bisson, do get to your point in terms of public consultations and how they are determined, or at least they could be modified to do that. So why don't we move on to some of the other recommendations here, and we'll scratch off number 4? I hear what you're saying. I think we'll get to it momentarily, about how agency store locations are determined.

Mr. Bisson: All right. Well, we may have to bring something in on our own afterwards. We'll see what happens.

The Chair: Yes. Number 5.

Ms. Hull: "5. Prevent existing agency stores from maintaining hours of operation that exceed those of neighbouring LCBO stores."

Ms. Smith: Chair, we don't have a big problem with that, although I would note to the members that in those areas where our tourism is an important industry and in our smaller communities, the variations on hours do allow for people to—if they can't get to the one in my community in Powassan, then they can drive 20 minutes. But if they really need to get there, they can get to another one for different hours. It's just a convenience question, but we don't have a big problem with this.

Mr. Bisson: Yes, and one of the problems too is even the LCBO stores themselves are not all open the same hours, as we well know. I've got three or four of them in my riding—well, probably more than that. Some of them have different hours. I'm not quite sure how you do that.

Ms. Smith: I believe that the decision on the hours of opening is based on—

Mr. Bisson: Is it the nearest store?

Ms. Smith: No, business practices and determination by the individual stores that these are the appropriate opening times.

Mr. Bisson: No, I understand that. But from the perspective of recommendation 5, I'm just wondering what hours it would use. For example, the main store in Timmins is open until 9 or 10 o'clock at night. Another store, let's say in Smooth Rock Falls, is probably only open until 6. So the agency store on Highway 11 should open until what time? That's all I'm saying; that's a bit problematic.

I agree with the recommendation that we have to have some sort of synchronization between the hours of agency stores and a retail store that's owned by the LCBO, but we need a little clarification on how they do it. Is it based on the nearest store to that community or something?

The Chair: Let me give you a suggestion on that. They do have what they would call—I don't know what

they call them—their "mother stores" or some term that they use, right? The store that they actually receive their shipment from.

Ms. Smith: Their supplier store, yes.

The Chair: Yes, which tends to be a neighbouring store of a certain size. So if you want, you can modify it to—now, am I using the right term? Does anybody know what they usually call it? "Supplying store"? We could actually find out what that term is and put in a placeholder.

Mr. Bisson: I should have read it, but I don't have my glasses. I didn't catch in the recommendation that it actually says "those of neighbouring LCBO stores." I'm fine. All of that to say that I should have read it in the first place. Sorry about that.

The Chair: Now, we have two options on the floor. We could accept that, then, as written, or Ms. Smith had talked about tourism purposes. Do you want to say "although exemptions may be granted for tourism purposes," add that in?

Ms. Smith: Well, maybe we can be a bit more broad than "tourism." I mean, there are different reasons in different areas. It's hard to reflect the variety of reasons across the province. I don't know. I just think it's a bit restrictive to put this kind of—in my community—and I think Laurie's got some too, right?—the agency stores are important for our communities. I don't want to see us restricting their ability to do business.

Ms. Scott: What exists right now? Why did this recommendation come forward? I can't remember the background. They said that there were some problems?

Ms. Hull: If you look at the top of page 5, which I stopped reading: "Agency stores are permitted to operate a maximum of 83 hours per week and may also remain open on public holidays." According to OPSEU, "Many LCBO stores have been restricted to 56 hours per week, and some have been ordered to close one day per week between September and May."

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Ms. Scott: I agree with Monique. In the rural areas, the agency stores keep some of my small businesses alive so they can keep going, so to offer them flexibility is what we need to do. But if they can work with their supplier stores—I know we're on 5, but recommendation 6 seems to say they're monitored by the closest regular LCBO store. Is there some type of working relationship with the main store? However we can put the most flexibility in in 5, I think—so I think maybe we could reword it.

Ms. Smith: Could we maybe recommend that we reword the language to see if there's something we can come up with next time and maybe have another discussion about it at the next meeting? I think we're all concerned about it.

Ms. Scott: I think we're all in the same spot.

The Chair: Okay. Based on that input, we will try to reword what sounds like a combination of 5 and 6, the relationship with the closest or neighbouring store. There seems to be some committee support for restricting

agency store hours, but there needs to be a degree of flexibility for local circumstances; for example, tourism purposes and distances. So we will—

Ms. Hull: Well—

The Chair: Carrie, go ahead.

Ms. Hull: I actually hadn't read 6 yet, so I'll just read that aloud.

“(6) Ensure that all agency stores are supplied and monitored by the closest regular LCBO store.”

Ms. Smith: Can I just say that we had evidence from the LCBO that indicated that all agency stores are monitored by the local LCBO stores. It's acknowledged somewhat in the report a little bit earlier. In some cases, agency stores also purchase from the closest regular LCBO store. So I'm not recommending this recommendation.

The Chair: Number 6?

Ms. Smith: I think it's already happening.

The Chair: Let's be clear. So we will table recommendation 5 to try to find a bit more flexible language that reflects the principle but also allows for some local flexibility for reasons like tourism purposes. So we'll stick with recommendation 6 for a second here.

“(6) Ensure that all agency stores are supplied and monitored by the closest regular LCBO store.”

Ms. Smith has just said that is actually the case, from what the LCBO had presented. Any other comments on 6?

Mr. Bisson: Just one second.

The Chair: No problem.

Mr. Peter Kormos (Niagara Centre): He was distracted, Chair.

Mr. Bisson: Yes, somebody came in here and distracted me.

The Chair: Are you in this class, Mr. Kormos?

Mr. Kormos: I'm not sure.

Mr. Bisson: Wasn't it the contention of OPSEU that it wasn't the case? I don't know if that's actually the case.

The Chair: I thought it was the case that the LCBO actually did monitor and they had a relationship with the closest store.

Mr. Bisson: No, I think their argument was that they're now starting to source the shipments of alcohol through the central warehouse. Some of these agency stores used to be supplied by the store in the neighbouring community. I think what they were trying to get at is they should both get their alcohol from and be monitored by the store from the nearest community.

The Chair: We have an option here. We could check with the LCBO to see if this is the case or not.

Mr. Bisson: Let's find out.

The Chair: Do you want to say, if it is, that they maintain that policy?

Ms. Smith: No. We just don't need that recommendation. If that's the practice, we don't need the recommendation.

The Chair: All right. We will stand down 6, pending whether that is the actual policy or not.

“(7) Replace existing agency stores with regular LCBO stores where the current or projected agency store sales volumes meet the minimum level to sustain an LCBO-run outlet.”

Mr. Bisson: I like that one.

The Chair: Mr. Bisson likes that one.

Ms. Smith: I think that's the practice now.

Mr. Bisson: So it stays; good.

The Chair: Ms. Scott, any comments on this one?

Ms. Scott: I think it exists now too. I don't hear any difference. Do we make a recommendation on something that already exists again? That goes back to our—

The Chair: I think it can. I'm not convinced that that actually is the policy. Maybe they do.

Ms. Hull: I think the LCBO indicated that they had converted one agency store into a regular store over its history.

Ms. Smith: Actually, I don't think it was over its history. It was in the last five years, and there were others that they were considering right now, I think was their evidence.

The Chair: So we'll keep it in?

Mr. Bisson: That's fine. That's okay like that.

The Chair: Okay. We will keep that one in.

“(8) Replace existing agency stores with LCBO-run and staffed outlets—including ‘kiosk stores’ located within an existing retail outlet, and/or other viable retail models—in areas deemed to be underserved but not able to sustain a stand-alone LCBO outlet.”

So replacing existing agency stores, which are privately run, with LCBO-run and -staffed outlets like kiosk stores.

Ms. Smith: We can't support this.

Ms. Scott: I can't support that, either.

Mr. Bisson: You guys are real party-poopers.

The Chair: Number 8 does not have a consensus, so I am going to strike out number 8. It will not be a recommendation of the committee.

Mr. Bisson: Be clear: It's not a consensus. I think it should stay in.

The Chair: Fair enough. Mr. Bisson is supportive of number 8, but because we don't have consensus of the committee, I am scratching out number 8.

Ms. Hull: We're on page 6 now. These are OPSEU's recommendations.

“If, following the public review, it is decided that the agency store program is to continue, OPSEU made the following recommendations:

“Transparency”—

Mr. Bisson: Can I go back to the previous one? That's all stores? I'm working without my glasses here.

The Chair: Which one, I'm sorry?

Mr. Bisson: Oh, number 8 was all stores. I'm sorry. Okay. I understand. Not a problem. I don't want to close down all the agency stores. I thought they were talking about the big stores, the ones that are really busy.

Ms. Smith: Welcome back. Excellent.

Mr. Bisson: When you're working without glasses, it's a bit of a problem.

Ms. Smith: Bring them.

The Chair: It was a larger store with heavy volumes, not the smaller ones.

Mr. Bisson: That's right.

The Chair: That's made that clear, but we're not going ahead with number 8, then.

Mr. Hull: Again, these are the recommendations OPSEU has made.

"If, following the public review, it is decided that the agency store program is to continue....

"9. Introduce regulations requiring prior public notification in the local media, public hearings and approval by a vote of the local municipal council for both (i) the selection of any future agency store host community and (ii) the approval of any individual store operator."

The Chair: The committee has already rejected the notion of a public review, right? That was bullet point 4 that we scratched out. But we could say "on a go-forward basis for any new agency stores," and then we can deal with these next items. So we'll start with number 9, as Carrie just read, which is a local supportive host.

Ms. Smith: For the record, I believe the LCBO did indicate that municipalities are consulted prior to ads even being placed.

The Chair: I don't think there's a vote. This has a specific language around the vote of the local municipal council. So I think this goes a step farther.

Ms. Smith: I wouldn't support this recommendation.

The Chair: Other comments?

Mr. Bisson: I can understand the impracticality of trying to undo what's already there. So we're not going there.

The Chair: This would be on a go-forward basis.

Mr. Bisson: It's a go-forward basis. I guess part of the thing is it's a question about—there should be a transparent process about how we make the decision. Is it an agency store or is it a regular LCBO outlet? You'll understand, Monique, as well as I do, in many cases in small towns you can't go to a regular store. There's just not enough volume. That we understand and don't have a problem with.

Ms. Smith: That's not what this is about, though.

Mr. Bisson: What I'm saying is that somewhere in here, what I would be in favour of, there should be some sort of recommendation that says, "Here's the process by which there's going to be a decision made as to whether a new agency store needs to be opened up." Some of this is already done. We already publicize in the papers. I think the only thing we need to have is some sort of mechanism so the public can have its say as to what, at the end of the day, that particular community wants. If the numbers warrant having a regular store, why not? So if there's some way of getting at that, I don't see the problem with that.

Ms. Smith: This recommendation actually requires the municipal council to approve an individual—

The Chair: You're trying to develop some sort of consultation mechanism.

Mr. Bisson: All I'm saying is, it's not this. What I'm saying is that I think we need to have some sort of

recommendation about how a new agency store is created, and we need to have some sort of mechanism. We already post in the papers. We know that already, right? Municipal councils are consulted—they're told about it; there's no question about that—but there's no mechanism other than that. There's no mechanism for the public to find out. All I'm wondering is if we can come up with something that says, "Here's the mechanism by which the decision will be made."

The Chair: So we're rejecting recommendation 9, which—

Mr. Bisson: With the caveat that we need to come up with something.

Ms. Smith: We can ask the researchers to provide us with an outline of what it is they do now, because there is an ad placed in the paper. People do have an opportunity for input. I think the process is transparent. So I'm not sure that we need to make a recommendation on this, but maybe we can get the information of what actually occurs now, and then we can look at it again.

Mr. Bisson: Just specifically, because what my concern would be is that we don't want to be opening up an agency store where, quite frankly, a regular store could be opened. That's what we're trying to get at here. There are a lot of communities that I agree are so small that the agency store is the only option, because a regular store couldn't survive there. But if you do have one that should be a regular store and somehow or other is being shoved toward the agency store model, there needs to be some mechanism by which the public has a say.

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The Chair: Why don't we, then, ascertain the current consultation policy? We'll come back with it and the committee can then decide if they think that is satisfactory or if it should be enhanced. As far as number 9 goes, we'll reject the voting aspect.

Mr. Bisson: Yes, and understanding that I well know that that wouldn't have been passed by the government or the opposition, so I'm trying to find some other compromise way of dealing with this.

The Chair: Recognized. So we will come back to the committee with the current LCBO consultation policy, and then the committee can decide if they will recommend an enhancement to that consultation policy.

Mr. Bisson: I just have one other thing on that point. There's this whole issue of the regular policy right now. In 10, they were recommending "within 15 kilometres." I'd like to know for sure what the actual policy of the LCBO is? What are their criteria for creating an agency store? Is it "not any closer than so many kilometres"—all of that stuff?

The Chair: We're moving on to number 10, which deals with the distance, which Mr. Bisson was just speaking about. Carrie, go ahead with number 10.

Ms. Hull: "(10) Ensure that no new agency store location will be considered unless it is demonstrated that:

"—there is no existing LCBO outlet within 15 kilometres of the proposed agency store location;

"—the proposed host community cannot be served through an existing LCBO store;

“—current and future demand is not sufficient to sustain either a regular ‘stand-alone’ LCBO store or an LCBO-operated kiosk; and

“—the approval of an agency store will have no serious negative impact on other area businesses or put them at a significant competitive disadvantage.”

The Chair: Any comments on this recommendation?

Ms. Smith: The current policy is 10 kilometres, and that’s based on a detailed market analysis. We don’t believe there’s any reason to change that, and I don’t believe that there was really any argument put forward to change that. That’s just on point 1. If we can agree to change it to 10 kilometres, then we’re okay with point 1.

The Chair: What about the other three points? Are there any that scream out at you, that you don’t like?

Mr. Lou Rinaldi (Northumberland): I just wonder if you could bring forward for the next meeting the policy and procedure on how they establish and how they capture to review all this at the same time. I think the whole box—

Mr. Bisson: I’m being quiet here because I thought that’s what I recommended at the beginning.

The Chair: I’m sorry; I didn’t realize that.

Mr. Bisson: I was saying to take this in one comprehensive recommendation—

Interjection.

The Chair: All right, fine. We will stand down this whole box, pending getting clarification from the LCBO on what their current policy is. For number 9, as we’ve said, we’re going to—

Mr. Bisson: We’ll just deal with 9, 10 and 11 all at once.

The Chair: Exactly. We will get clarification from the LCBO as to what the current policy is, we will look at OPSEU’s recommendations and our own views, and then determine if it needs to be enhanced, weakened, clarified, whatever. So, another day.

Carrie, it’s yours to continue—at the bottom of page 6.

Ms. Hull: The bottom of page 6 is the LCBO’s response to OPSEU’s recommendations, and some of these we’ve already touched on.

The LCBO says it does not locate agency stores less than 10 kilometres from an existing LCBO outlet. As we’ve discussed in committee, the LCBO and committee members have argued that agency stores may help to preserve a fragile business district in a small community. The argument is that with the LCBO store taking away from the agency store, these small communities could lose some of this business traffic.

The LCBO has also argued that agency stores almost always buy their alcohol from the local LCBO.

Lastly, the LCBO officials argued that the risk of a private operator losing their licence is so great to their business that it is very unlikely that they would sell alcohol to minors or intoxicated people.

Mr. Bisson: Were there any stats available, as far as the agency stores’ refusal rates? I don’t think there were.

The Chair: I don’t recall that being brought forward. The LCBO did for the LCBO stores’ stats.

Ms. Smith: Yes.

Mr. Bisson: Does that come up later, under social responsibility? We’ll deal with it then. It probably does, eh?

The Chair: We will ascertain whether there are any statistics for the agency stores. We have a concluding recommendation, number 12.

Ms. Hull: “In a community where an agency store has a high volume of sales, open an LCBO outlet in order to determine whether this would be a good general policy.” And let me just qualify that this was a committee-made recommendation.

Mr. Joseph N. Tascona (Barrie–Simcoe–Bradford): I recall from the testimony that we did get from the LCBO that they had a situation where there was an agency store and it did so well that they decided to put in an LCBO store. That’s what I recall. This recommendation doesn’t make any sense because I think it really has to be up to the LCBO to determine whether there is a good business case to do that. It’s an open-ended thing saying, “Open one up and see if this is a good general policy.” You’ve got to have some business case behind it. So I don’t really think that recommendation makes any sense, and based on what the LCBO is doing, it sounds like they look at that already. So that’s just my comment on it.

The Chair: Further comments on number 12?

Ms. Smith: Well, I think it’s also reflected in recommendation 7, which I can’t remember if we approved or didn’t, but—

Mr. Tascona: Probably not.

Interjection: You said you were okay with that.

Ms. Smith: Yeah, I think we said we were okay with that because if they reach minimum levels—

The Chair: This seems to suggest that a pilot store be opened and then closed down if it doesn’t have the volume, which—

Ms. Smith: It doesn’t make any sense.

The Chair: I think 7 is a better recommendation than 12. So we’ll keep on with 7 and we will scratch out number 12. Now, are there any further—

Mr. Bisson: Can I just ask a question? Is the reason you put that there because that would actually be a recommendation of ours where the other ones were basically, “Here’s what OPSEU said”? Is that why you put that there?

Ms. Hull: That is the main reason, but it was also, as Mr. Hudak just said, a test case scenario rather than replacing all agency stores with LCBO stores when sales volume warrants.

Ms. Smith: I think it was based on what you wanted, Gilles.

Mr. Bisson: No, no, I just want to be clear why she put it there, that’s all.

The Chair: Are there any other comments? We have some interesting work for research to perform for the next time we address this issue. Any other comments under “Agency stores”? Any other comments on that section? Seeing none, we’ll move on to “Domestic small producers.”

Mr. Bisson: I'm a domestic small producer.

Interjection: I bet you are.

Mr. Bisson: Twenty-four cases this fall.

The Chair: Would you consider yourself a small consumer as well?

Interjections.

Mr. Bisson: Twenty-four cases of grapes—I crush it and make my own wine.

The Chair: All right. The floor is Carrie's. Order.

Ms. Hull: We had two deputations that day from domestic small producers. The first was from the Grape Growers of Ontario, the second from Ontario Craft Brewers. The Grape Growers of Ontario expressed approval of LCBO programs promoting Ontario wines, and you may recall that they repeatedly defended these programs by saying that each vine planted in Ontario generates \$13 in tax for the province. The CEO of the Grape Growers indicated that they have several outstanding issues that they claim prevent Ontario wines from improving their market positions. First of all, many small VQA wineries do not have access to the LCBO because they need to have a certain number of cases available for sale. The LCBO grants shelf space based on market share, giving Ontario wines an extra 4% in order to promote them. Furthermore, there are approximately 290 off-site winery retail store licences available in Ontario, the majority of which are owned by Vincor and Andrés. Small wineries are unable to benefit from these stores, which sell their own products. The CEO also highlighted the misconception that Ontario wine is 100% Ontario-grown, when it is often blended. As a consequence of this presentation, the Grape Growers of Ontario made the following recommendations. Now I'm on page 8, recommendation 13: "Grant more shelf space to 100% Ontario wine."

The Chair: So a simple, general recommendation. No specifics on—

Mr. Tascona: What's 100% Ontario wine?

The Chair: To be clear from the presentation—

Mr. Tascona: What is it?

The Chair: The meaning here is that these are Ontario products which are made up of 100% Ontario-grown grapes commonly. VQA, for example, is a 100% Ontario product.

Mr. Tascona: I would support that.

The Chair: The concern that Ms. Zimmerman brought forward was that there are blends that take up shelf space that could have as low as 5%—was it, on the last agreement?—Ontario content and 95% brought in from Chile and what have you. So her recommendation was to increase shelf space to 100% Ontario wine.

Mr. Tascona: I can support that.

The Chair: Adopted. We're on a roll. All right.

Ms. Hull: Recommendation 14: "More fairly distribute off-site winery retail store licences."

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Mr. Bisson: So I take it, in order to open one of those stores, like at the grocery store—what do they call them?—a kiosk, a boutique, you need a licence.

The Chair: Yeah. I can—

Mr. Bisson: No, do you need a licence? I wasn't aware.

The Chair: Yes. There were a number of licences that were distributed up until 1993 and basically have really been frozen since then. They've been captured over time by Vincor and Andrés, largely. Those that you will see in your grocery stores usually belong to Vincor or Andrés. Some will be Colio, for example. They are existing licences and they are transportable. They could move it from the Loblaws to the Sobeys, but they belong to those companies. If you open up a winery in the province of Ontario, you're allowed one single licence, and that's at the site of the winery itself, the retail licence.

Ms. Zimmerman's point was that the large producers have an unfair market advantage because they're in grocery stores, whereas the small producers are only at the winery site, be it in Niagara, Prince Edward county, Pelee Island etc.

Mr. Bisson: For what reason do we not allow them to have more than once licence so that if they are able—I'm a winery that makes X amount of wine, and I can make a deal with the Loblaws down the street or in the community next door and put a kiosk in. Is there a reason why I would not be issued a licence? Is there a rational reason why?

Ms. Hull: Trade agreements. I think that the number of licences has been frozen as a consequence of trade agreements. Isn't that the case?

Mr. Bisson: Okay. Go ahead, Monique.

Ms. Smith: The language of this recommendation is somewhat loaded, so I think we need to change the language and maybe ask for a review of the distribution of off-site winery retail store licences so that we can look at how it's being done. But before I actually say that we'll totally back that, I'd also like some background information as to how it is done, just to confirm—not that I doubt your knowledge base on this, Chair, but just so we can confirm. Why is there a limit on one for the small, was it frozen in 1993 and what is the distribution now? How many are out there since 1993?

The Chair: The total, the aggregate number? Yeah, it's eye-opening. Absolutely. Why don't we try to get some more information on the current structure and the reasons for the restriction since 1993?

Mr. Bisson: Just a question to research: You're saying it was because of trade agreements?

Ms. Hull: I believe that's the case. At least, that's the reason that I've seen offered in the literature.

Mr. Bisson: I need more information on that.

The Chair: Okay. Can we add to that too, motive? I think Ms. Zimmerman's motive here was to help the small and medium VQA producers, to give more opportunity to the small and medium VQA producers. Research staff can verify that was the motive behind it, but I think that was why she wanted a review of the licences, because the small VQA producers are limited to their winery only, while the large, often-blended products have massive distribution ability because they have the

existing licences. I think we should have a motive why the Grape Growers had recommended this examination. So we're shifting away from the command of redistribution, and Ms. Smith has proposed a study. We'll get some more detail as to how we got to this point in time. It should be an interesting discussion.

Ms. DiNovo: I'm kind of jumping ahead to 16, but again, this goes back to the agency versus the LCBO outlet. I'm wondering about the LCBO's input on the more fairly distributed off-site winery retail store licences. What does that mean? How many? What would the LCBO's role be in that? What they have to say to it would be something of interest, I think, because recommendation 16 specifically talks about the LCBO, yet this one doesn't.

The Chair: All right. As part of the information gathering, we can ask the LCBO if they have any opinion on the existing distribution of licences for wine retail. Very good. So, standing that down for some clarification information.

Number 15.

Ms. Hull: "Increase consumers' understanding of the nature of VQA wine and Ontario-grown wine, with the assistance of legislative changes to the Wine Content and Labelling Act."

The Chair: You might want to refer back on this too. The Wine Content and Labelling Act determines how much domestic product you would have in a bottle of wine before it can be called a Canadian product. For example, if you go to the LCBO and you see something called "cellared in Canada," under the recent agreement, it could have as low as only 5% Ontario grape product. VQA is 100% Ontario grape product. Some consumers will know that. Grape growers would argue that the vast majority would not, that if they saw a product called "cellared in Canada," they would assume that was 100% Canadian product. In fact, it's not.

Mr. Bisson: What kind of changes would you have to do to the act? Better labelling? I'm just trying to figure out where you would go with this. Not that I'm opposed, but I'm trying to figure out how you make that happen.

The Chair: We have two options here. We could do what we've been doing and get more information on the Wine Content and Labelling Act and get into the specifics. We could also have a more general recommendation that the LCBO should simply increase consumers' understanding of VQA wine versus "cellared in Canada" wines. We could probably phrase it a bit better, but try to develop an understanding among consumers what products are 100% domestic product and what products contain blended products.

Ms. Smith: I'm fine with that.

Mr. Tascona: Whatever you think, Mr. Chairman, to promote the wine industry I'm supporting.

The Chair: Thank you. There you go. We'll go with the motive behind this. I don't think we need to get specific, because I think that will take us a lot of time on legislative changes. But we'll recommend that the gov-

ernment make efforts to increase consumers' understanding of VQA wine versus blended wine.

Ms. Scott: I totally agree, and the agricultural industry too, because they think they're buying Canadian products and they're not. It's to do with labelling. If we want people to shop more for products that are produced in Ontario or Canada, we've got to change a lot of our labelling laws, and this is a step in that direction. Because I think I'm buying an Ontario product and I'm not, really. It's the same with the ice cream. The butter oils are imported from the States. There are only 14 dairies that actually have 100% Canadian content in ice cream. It's a similar thing about labelling problems that we're having. People aren't able to identify what's grown in Ontario and in Canada.

The Chair: I appreciate the point. Do you want to get some feedback on the Wine Content and Labelling Act itself?

Mr. Bisson: I don't think it's a bad idea just so that we understand it.

Ms. Smith: I think if we get the background information on the act and we find out what we're doing around education for VQA now, then we can come up with a recommendation that we think reflects what they wanted but is a realistic, tangible recommendation.

The Chair: Right. So we'll have a general recommendation in terms of increasing understanding between what's domestic product fully and what is not, and the committee can also consider specific changes to the Wine Content and Labelling Act, if it so chooses.

Recommendation 16.

Ms. Hull: "(16) Create a specific VQA division within the LCBO, and develop VQA-only stores under the auspices of the LCBO."

Ms. Smith: We did hear some information about VQA within the LCBO, and I thought that they had specific staff who are VQA specialists. Also, there are some stores that seem to specialize in VQA. I don't know if they're considered designated VQA stores. Maybe before we push forward with this, again, we could ask for a little bit more information around what the LCBO does with VQA now, just so we have a better sense of what they're doing now and what we can recommend moving forward.

Ms. Hull: If I could just interject, in the background document I think I have several pages on the LCBO's VQA programs. As we state at the beginning of this draft summary, that information will all be included at the beginning of any final report documents. But you might want it more specifically attached to this section.

Ms. Smith: If we could just get some bullet points for our next meeting so we know what's there now, and then we can see if there's anything we think we should be moving forward with. That would be helpful.

The Chair: These are two specific recommendations, so I think that's actually broken up into 16 and 17: a VQA division within the LCBO, and then "develop VQA-only stores under the auspices of the LCBO," is a very specific policy. I'm sure it would be very welcome

by the Grape Growers and domestic wineries, but I think it's a substantive change, so it should have a stand-alone recommendation.

Mr. Bisson: We're going to deal with this a little bit under the Craft Brewers, but I think we heard the same thing—correct me if I'm wrong—from the people in the wine industry, and that is, trying to get shelf space in order to get your product on the shelves. Isn't that an issue for the wine people as well?

The Chair: Absolutely.

Mr. Bisson: It seems to me that maybe that's one of the things we need to get at, because, as I understand it, it's fairly difficult to get shelf space to be able to showcase your product. It seems to me that we need to have something about that in the recommendations as well for winery.

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Ms. Hull: Would you like to amend recommendation 13 or open that up again?

Mr. Bisson: I was going to raise it then but I didn't, because I knew we were coming to it later. Does the committee want to take the position that it's only going to be for those products that are 100% Canadian grape? What do you do if you've got, in some cases, one that's a blend, where it's 80% Canadian with 20% American Zinfandel grape or whatever? I don't know. Is there a con to doing that? The product is made here and most of the grape comes from here.

The Chair: The Wine Council of Ontario didn't come before us. The Grape Growers, though, are very strong on their position here in the presentation that the emphasis should be on 100% Ontario product. They are concerned about blends.

Mr. Bisson: You know your industry more than I do. I'm just asking, by saying 100% only, that that's the only way you get extra shelf space, is that a problem for the wine industry? I don't know. You would know, Tim.

The Chair: I think to characterize it, some of the larger producers that do the blends would begrudge that policy, because they want the shelf space for their products, and then you'll have some of the small VQA producers who will say, "No. We need more shelf space here." I think number 13, though, says, "Grant more shelf space to 100% Ontario wine." It doesn't really say to take it away from the blends, right? So I think that is a position that won't create any kind of controversy in the domestic industry. You might have imports that would be upset about that.

Mr. Bisson: So there's no red flag with you, that's what you're saying.

The Chair: Absolutely not.

Mr. Bisson: You know your area. I'll defer to the Chair.

The Chair: We're getting some recommendations back on the LCBO's policies around VQA. What do you want to do with number 16, "Create a specific VQA division within the LCBO"?

Ms. Smith: This is where I recommended that we get more information about what it is we're doing now, and

that we come back and talk about what it is on both sides—what it is we do now about divisions, whether or not we have specific stores and if they're designated that way, and then what we could do and recommend from there.

The Chair: And 17 in the same way: "Develop VQA-only stores under the auspices of the LCBO."

Ms. DiNovo: I would agree with Ms. Smith. My understanding is that there are VQA divisions within the LCBO currently, so I would be very interested in what that is.

Just a general comment about 13, 14 and 15 versus 16: They seem very vague, and I just wonder if there maybe has been some consultation with the Grape Growers about what it means to grant more shelf space. How much more shelf space? What does it mean to "more fairly distribute off-site winery retail store licences"? How many? What does "increase consumers' understanding" actually mean in terms of specifics that would satisfy them? What are they looking for here? So I would be interested in the stakeholders' response here. Maybe, again, you've been privy to it and I wasn't.

Ms. Smith: Just to comment on that, I recognize what Ms. DiNovo is saying, although I don't think we want to get terribly specific, because the more specific we get, the more directive we are. The LCBO does have to deal with all of its stakeholders. I don't think it's the position of this committee to be making business-oriented decisions. I think a general policy overview is our mandate. I just caution on that. I'm not saying it's wrong; I'm just saying let's be cautious.

The Chair: The way I'd like to proceed, as I indicated earlier, is that some of the groups that had the chance to come before the committee did not make any submissions whatsoever. I think we should probably stick with the information that we have before us. If we get into too many specifics in terms of how much more shelf space etc., we might find ourselves arguing about smaller differences than the general principle. I grant an exception to the LCBO, because we need some clarification on their existing policy. So I think we can go back to them for more information for the committee's background, but I'm loathe to go back to different stakeholder groups for specifics. I think Ms. Zimmerman was very clear on the general principles, that they want more shelf space for 100% Ontario wine and the distribution of retail store licences. I'm not going to go back and ask for specifics on the numbers. I prefer that this report just be principle-based.

We're going to come back with 14, 15, 16 and 17. But we got 13 through. Good.

"Ontario Craft Brewers."

Ms. Hull: The president of the Ontario Craft Brewers generally approved of the services provided by the LCBO to small breweries. The committee learned that sales of OCB products have grown between 30% and 50% in the last year. This is, in part, because, as the LCBO also acknowledged, consumers are increasingly demanding premium products.

As was the case with the Grape Growers of Ontario, though, the president of the Ontario Craft Brewers expressed concern about the LCBO's shelving policy, which awards product shelf space based on sales volume. The brewers argued that it's fairly easy for them to get a new product onto the shelf, but it's hard to keep that position. That is because the LCBO awards the shelf space based on sales volume. The Craft Brewers argued that they don't have the advertising budget of the large brewers that might permit them to attract customers very quickly. They also just had a general comment that a growth-based shelf space policy might improve the position of microbrewers, particularly in the early stages of a product's launch.

The Craft Brewers also contended that the LCBO demands fairly high service fees. The Craft Brewers said that this is, in large part, merited because of the LCBO's premium retailer status. These service fees include a tax component. However, that means that it costs microbrewers about \$5 extra per case of beer to sell their products at the LCBO as opposed to their own brewers' store. Given the already small margins of these products, these service fees can be onerous.

As a consequence of these comments, the craft brewers made the following recommendations—the first is presently numbered 17: “Implement a growth-based shelf space policy.”

Ms. Smith: First off, on the narrative, we don't have anything here from the LCBO. They actually told us about a very detailed program that they have with the Craft Brewers and about how they work with local breweries and try to carry their product in local stores and local agency stores and that they try to deal with the Craft Brewers on the volume that they can provide them. So some of the limitation on how much space they give is because they can't provide them with a great deal of product because they're small brewers. There was a lot of information given by the LCBO on that and none of it is included here, so I'd like to see some of that included.

As well, just on the “premium retailer” term, I don't know if that was what the microbreweries called them or if that's what we're determining they are, but I'd like to see if that's an actual term of business.

Demanding higher service fees: I assume the microbreweries actually told us that. I just want to make it clear that they aren't charged any more than any other brewery. That \$5 extra that they claim they're paying per case of beer is compared to what they would be charged to sell through the Beer Store, not compared to any other brewery or any other product that's in the store.

The Chair: That's sort of a general concern. We'll try to find a way to remedy it in the LCBO's side of the story, as part of our presentation. We can also confirm the \$5 issue. I think we can find ways to phrase it to address those concerns.

Anything more on recommendation number 17?

Ms. Smith: Given what the LCBO said about their programs around craft breweries, I think that basically they do have a growth-based policy.

Mr. Bisson: I don't remember the case that the brewers made, but I thought part of the problem was how long you stay on the shelf. First of all, getting on the shelf is the issue. How long you stay on the shelf is based on your sales. That's what they were arguing. So when we're saying, “Implement a growth-based shelf policy,” I take it that we're talking about how you get on the shelf initially, right?

Ms. Hull: No. From my understanding of LCBO literature as well, the LCBO does welcome new product, particularly from these small brewers, so they are given initial shelf space. But once you've been granted the shelf space, keeping that position depends on sales volume, not sales growth.

Mr. Bisson: The argument was that they don't get a long enough time on the shelf. They're not able to increase their sales because it's like, “I try the beer once and I tell my friend, and then my friend comes by and the beer is gone.” So I think what they were trying to get at was to extend the amount of time that the beer ends up on the shelf so that you have a fairer chance of developing the market. I agree with Monique that they are already implementing a growth-based shelf space policy, as far as allowing them to get on. The bigger issue seems to be giving them enough time to give exposure to their product. That's one of the things that we need to deal with.

Ms. Smith: I don't have a problem with 17. I have more of a problem with 18, so I'll let 17 go.

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The Chair: Other comments? Monsieur Bisson, are you okay with just going ahead with 17, then?

Mr. Bisson: Well, I'm not sure it encompasses the other issue—that's what I'm saying—and that there's a way of doing that. When you say, “Implement a growth-based shelf space policy,” what does that mean? Does that mean to say we're recommending to the LCBO that they give them a longer amount of time on the shelf to expose their product so they can increase their sales, or are we just saying, “We're going to make more shelf space available in order to get your beer on, but it's going to be on for a limited amount of time, and if you don't increase your sales, it's off and somebody else comes on”? We're right back to where we started from.

Mr. Tascona: I think that's number 18, Gilles.

Mr. Bisson: I'm not sure it's 18, no.

Mr. Tascona: I think it encompasses it.

The Chair: To Gilles's point, I think it's the former. I think the microbrewers wanted more time on the shelf to allow their product to sell, that the current turn policy is too tight.

Mr. Bisson: I'm saying we need to get at the time issue. That's all I'm saying.

Mr. Tascona: Yeah, but that's what 18 is about.

Mr. Bisson: Well, “Employ every possible means to carry, display and promote craft brewery products” doesn't do anything about time.

Mr. Tascona: It does. I think it's broad enough to encompass—

Ms. Smith: It's broad enough to encompass just about anything.

The Chair: I wonder if we could just simply modify 17 to hit Monsieur Bisson's point: "Implement a growth-based shelf space policy which allows craft brewers"—

Mr. Bisson:—"a sufficient amount of time to get exposure." That actually could replace 18. I wouldn't be bad with that, because it gets to what they said. What they basically said was, "We don't have so much of a problem getting our beer on the shelf," if I remember correctly. The bigger issue is leaving it there long enough to get the exposure in order to get the customers to stay on the shelf and expand their space on the shelf. It can't stay on long enough to build a market. That was their problem.

Mr. Tascona: Yeah, but how long, in terms of safety, too, do you allow a beer to be on the shelf?

Mr. Bisson: Well, that is a very good point.

Mr. Tascona: Because if the product's not moving, that's a major issue.

Ms. Hull: I don't think the LCBO has problems selling 50 bottles of beer. I think it's a question of restocking the same beer a number of times in order to give the product a chance to grow.

Mr. Bisson: Chair, if I may, what I'm recommending is a hybrid of 17 and 18, one recommendation that would replace 17 and 18, that says, "We recommend that a growth-based shelf policy be developed that includes a sufficient amount of time to get into the market." I'd be all right. That would encompass both as far as I'm concerned.

The Chair: So we're getting the gist of it, right? We're trying to get at the turn issue. The Craft Brewers were concerned that the turns were too tight, and therefore their products were not given sufficient time to capture market. So why don't we work on the exact phrasing of that? We'll come back. It seems like we have a consensus on the general point—right?—which is to give craft breweries a bit more time to develop their market—

Mr. Bisson: And within the proper shelf time, as Mr. Tascona has properly pointed out. We're not going to put that in, but I appreciate his comments.

The Chair: I don't think that will be an issue. So we'll try to get the proper language around that, but it seems like we have a consensus around allowing more time on the shelves.

Mr. Tascona: It's not an issue in Welland.

The Chair: "18. Employ every possible means to carry, display and promote craft brewery products." This is a very general recommendation: "every possible means."

Mr. Bisson: No, no, but my recommendation—

Mr. Tascona: We did that. We're on 19.

Mr. Bisson: We're saying we're going to redo 17 and 18 to encompass what we talked about, and it covers both.

Ms. Smith: Just so that policy folks know, we were going to recommend "enhanced measures to carry, display and promote." We don't have a problem with the

general gist of it, but the "every possible means" could get extreme.

The Chair: So why don't we do that: "enhanced measures to carry, display and promote craft brewery products"?

Mr. Tascona: That sounds good.

The Chair: It's a nice, happy apple pie with craft brewery and some nice Ontario cheese.

Ms. Smith: That's why we're here.

The Chair: Good. So we're happy on 18. We will say "enhanced measures to carry, display and promote craft brewery products." We will come back with some language around the specific growth-based shelf space issue.

"19. Give microbrewers a rebate on their service fees, perhaps scaled to sales volumes." Carrie, do you have some background on that one?

Mr. Hull: The presentation wasn't that detailed. It was basically the claim that it cost microbrewers an extra \$5 per case of beer to sell their products through the LCBO. They've argued that they have quite small margins as small producers and that this is an onerous charge. This is according to the Ontario Craft Brewers. That's the only information that we've really been given on that.

The Chair: Any comments on 19?

Ms. Smith: I just don't want to get involved in the day-to-day management of running the LCBO. Through 17 and 18 we're talking about enhancing, and how we can display and promote. I think the LCBO is already doing a great job in assisting our craft brewers. I just think that this is really delving into the day-to-day operations. Also, there's a question of competition, and I don't want to get into competition law because it's way too tedious. But when we're looking at favouring one sector of breweries, favouring some breweries over others, I think they're day-to-day operations.

The Chair: I'm hearing a no on 19 from Ms. Smith. Any other comments on 19?

Mr. Bisson: Yes. I'm probably going to take a bit of a different approach. First of all, I think we all agree that we want to enhance the opportunities to develop our microbrewery industry. I think we're all there. The issue is, when they sell their product through Brewers Retail, it's pretty hard to get the showcasing of their product, because those Brewers Retail showcase their own product—Labatt or whatever—right? The argument was, "We see the LCBO as a good way to market our product. The problem, however, is that we're not making enough money doing it." So if you increase your shelf space, you're on the shelf longer and you sell more beer, at the end of the day, if you're not making as much money as you can to keep your doors open, it doesn't resolve their problem. Their problem is that they're not making enough money per case sold.

I think it would probably be a good thing to get a little bit more information on that, at the very least, so we understand what the economics of it are and why it is there's a \$5 difference between the LCBO markup and

the markup at the Brewers Retail. If the Brewers Retail can do it for \$5 less, why can't the LCBO?

The Chair: There's no problem with bringing some information back on the \$5 point. I'm not hearing support for 19, however. That's a very specific recommendation. Let me throw this out there: Is there any support for a general notion that the LCBO should reduce its fees on microbrewers to help enhance their market share?

Mr. Bisson: My problem is this, and I guess I didn't explain it well enough: I'm not clear on what profit microbrewers make in selling their product through the LCBO as compared to Brewers Retail. What is, for example, their service fee? Is that a rental charge for putting their beer on the shelf? I don't understand how that works. What I would like to have is something that gives us a clearer understanding about what the charges are and what the profit is versus doing it through the Brewers Retail, so we can take a look at it and say, "Do we want to make a recommendation?" It seems to me, if you increase your sales and you're still not making money, you're not any further ahead.

The Chair: We don't need to belabour this point. I tell you what, why don't we come back to committee with an indication of the fees that are charged to microbrewers to have their products on the shelves of the LCBO versus the Brewers Retail and versus their own retail stores?

Mr. Bisson: And what's their average markup per 24 based on the LCBO versus Brewers Retail?

The Chair: The LCBO should produce that quite easily in terms of how they set their fees for microbrewers, right? Some will be based on price and some will be based on volume, I would think. So why don't we come back, and if the committee feels like making any more recommendations in that area, we will. I don't see any harm in getting that information.

Let me be clear, microbrewers can sell their product in three places: They can sell it through the LCBO, through the Beer Store or they're each allowed to sell it at their own store; they have one licence each at their manufacturing site. So we'll bring that back, and then we can decide if we want to recommend that those fees go up, go down, stay the same, or that there's no recommendation.

"Social responsibility."

Ms. Hull: LCBO officials provided the committee with details about the organization's social responsibility programs and partnerships. The LCBO maintains a successful challenge and refusal program and also forges partnerships with organizations such as MADD, with which it develops advertising campaigns. The LCBO indicated to us that it measures the success of these campaigns by asking focus group participants whether they would exercise greater care with respect to consuming alcohol after viewing the ads, and the LCBO has indicated that it always gets a very positive response to their ads following this method.

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The committee questioned LCBO officials about the organization's monitoring of drinking and driving deaths

and injuries and other alcohol-related deaths and illnesses. Officials at the LCBO revealed that it obtains these data from other organizations and employs them in developing social responsibility programs. The officials agreed that trends in alcohol-related deaths and injuries would be the best measure of the effectiveness of their programs. However, the board was unable to provide information about these trends at the time.

Since then, we've received some information from the LCBO. I think it was from a youth program regarding drugs and alcohol and just sort of general social agency information about drug and alcohol statistics.

The committee may wish to make the following recommendation, and this was raised in the context of the committee's own discussions. This is recommendation 20: "Measure the effectiveness of LCBO social responsibility programs by explicitly correlating them to trends related to drinking and driving deaths and injuries and other alcohol-related deaths and illnesses."

The Chair: Comments on number 20?

Ms. Smith: I assume we're going to take out the line that they were unable to provide us with information, and we'll do a bit of a summary of what information they did provide us?

The Chair: Sure. We can summarize the LCBO's response and add that to their report at that point.

Ms. Smith: Otherwise, I don't have a problem with the recommendation. I'm just asking for more information.

Mr. Bisson: I don't have a problem either. I'm just trying to figure out how you do that.

Ms. Smith: It's not an easy task.

The Chair: And demand that they report back in two weeks' time.

Ms. Smith: They'll have a bit of a problem with the second part.

The Chair: All right. Ms. Smith's point will include the LCBO's response, where footnote 6 is. So we'll have the updated statistics in our report.

Any other comments on 20? It looks like it's supported. Very good. Number 20 will go through as a committee recommendation.

Ms. Hull: Also, in the context of the committee's own discussion, LCBO officials were asked about their co-operation with the Ontario Provincial Police and First Nations' police services in order to address the issue of bootlegging LCBO alcohol into dry communities. Individuals are known to purchase extremely large quantities of alcohol at LCBO outlets for resale in these communities. The LCBO admitted that this was a long-standing problem and that it was actively involved in discussions aimed at its resolution. While legislative options are being considered, the LCBO was unable to propose solutions at this time.

The committee may wish to make the following recommendation: "21. Move more quickly to resolve the long-standing problem of the sale of large quantities of alcohol to known bootleggers, in partnership with the

Ontario Provincial Police and First Nations' police services."

The Chair: Comments on number 21?

Mr. Bisson: I'm just mulling that over. "Move more quickly"; I don't know.

The Chair: I would take out "move more quickly to resolve" and say, "Address the long-standing problem."

Mr. Bisson: The issue I raised with them is that if somebody drives up to the front of the liquor store with a pickup truck and says, "Give me 15 cases of whisky"—or 25 cases of beer—that's a pretty good indication that that's not for individual consumption, unless they have a permit and they're going to a dance and that kind of stuff.

That's the problem. They know who the known bootleggers are. They're buying large amounts of alcohol, and it seems to me that part of the social responsibility of the LCBO should be, "Hang on a second. Where are you going with 20 cases of whisky? You don't have a permit to go and hold a dance." It should trigger something by the salespeople, like the clerk at the counter, and it seems to me they should institute some sort of policy that deals with that.

The Chair: There seems to be an acknowledgement by the LCBO that this is a long-standing problem.

Mr. Bisson: That means that it's never been dealt with.

The Chair: A fair point. I think it seems obvious too that there are no easy solutions.

Mr. Bisson: I understand that there are issues of privacy, and you can't refuse to sell somebody alcohol because they're asking for three bottles versus two. I understand all that. But it seems to me that part of the solution is that we need to have the LCBO work more closely with NAPS or the OPP, depending on the case, and with the local communities, because we know who the bootleggers are. There needs to be a mechanism to involve the police authorities in order to have the proper resources to monitor the activities of the individuals and catch them in the act. That's how you deal with the bootleggers.

The other side of it is—and I've seen it—that they walk into the store, and the pickup truck is there and it's being hauled out. There's a winter road that only runs two and a half months a year. Somebody drives up with a pickup truck and asks for bottles and bottles of mickeys of whisky, and you know that's not for a party; that's for bootlegging. It seems to me that should at least trigger the LCBO calling the police, saying, "Just so you know, truck licence number came by to pick up X number of cases of whisky. You may want to watch this guy." There's got to be some sort of mechanism like that. I don't know how you get at that with your recommendations.

Ms. Smith: How about we revise it to read "move to develop a strategy to resolve the long-standing problem in conjunction with," and we've got the OPP and the First Nations' police services?

Mr. Bisson: The LCBO outlet, the First Nations, yes.

The Chair: Happy with that? So it was "move to develop a strategy."

Mr. Bisson: And in fairness to the LCBO, for the record, they did offer to meet any time with the individuals who are interested in that in those communities or wherever. That's something we're actually working to set up.

Ms. Smith: And they have been actively engaged in discussions. They did say that.

The Chair: Why don't we say—I don't know if you guys want to put in a time frame; probably not. It would be a longer debate, but why not? Our resolution will simply be, "The LCBO should develop a strategy to address the long-standing problem" all the way down to "police services" with the current language. So "develop a strategy to address the long-standing problem" etc.

Mr. Bisson: I would want it to include—I didn't read all of it, unfortunately. Oh, it does say First Nations.

The Chair: Yeah, it says OPP and First Nations' police services at the end. Sound good? Very good. Done.

Carrie?

Ms. Hull: We also heard from Mothers Against Drunk Driving, and the CEO of that organization stressed the organization's continued support for the LCBO as a government-controlled alcohol monopoly, citing a World Health Organization study indicating that government monopolies are a key means for controlling alcohol-related harms. MADD also stressed that a public monopoly is able to dedicate a specific percentage of its budget to social responsibility.

MADD made the following recommendation that the committee may wish to consider whether it would like to adopt it as its own:

"22. Increase the percentage of the LCBO's budget devoted to social responsibility, approximately \$2.5 million at present."

For your information, that's less than 1% of net sales, probably about 0.5% of net sales.

The Chair: So there's a general recommendation there, which is simply an increase from the existing level. Members may want to consider giving a specific percentage. So if Carrie's numbers are accurate, 1% would be approximately \$5 million, so doubling. Comments on 22?

Ms. Smith: I don't think we should prescribe anything. If we want to recommend that they increase, we can. I think \$2.5 million is a pretty substantial investment for any charitable organization in the province. Certainly they do a great job, and I'm very supportive of MADD. I'm fine with this recommendation as it's written.

The Chair: Other comments? It will move forward. Ms. DiNovo?

Ms. DiNovo: Just one. Again, here we have a very specific recommendation. In light of Ms. Smith's comments on the last challenge, that recommendations weren't specific enough and that we didn't want to teach the LCBO how to run its own business, I'm just wondering if the language could be loosened up around this; in

other words, a recommendation and perhaps not a specific amount, reflecting this committee's response to other requests to tighten up the language.

Ms. Smith: Sorry, I assumed that the \$2.5 million is what they're getting now, right?

Ms. DiNovo: Oh, it is?

Ms. Smith: So that's why "increase" is fairly general. It's just a nod that we think they're doing great work.

The Chair: So we'll leave the specific total general and we'll just suggest they increase it beyond the \$2.5 million that we understand they're doing now.

Ms. DiNovo: Okay. Thank you, Mr. Chair.

The Chair: Thank you. Okay.

"Board issues."

Ms. Smith: We're fine with recommendation 23.

Mr. Bisson: I'm not so sure I'm fine with it, and it's a little bit my fault. I want to go back and talk to my people, so can we just stand that one down?

The Chair: Absolutely. That should be quick to address. If you want to consult with your caucus members, that's fine.

Mr. Bisson: I just want to get a check.

The Chair: Okay. We'll stand down 23.

"Miscellaneous" is just a summary of other points. We don't have any specific recommendations that come out of that last section, right?

Ms. Hull: This is because there were no recommendations made during the LCBO's presentation of its material. If the committee wishes to draft some recommendations—

The Chair: Here's my view: No more. I had hoped we would concentrate in three areas. I think we really have four in terms of "Small domestic producers," "Social responsibility," "Agency stores" and "Recycling." That's pretty broad, so I don't think we need to get into recommendations surrounding miscellaneous topics. Is there agreement on that?

We're getting close to noon, so I'm going to end our discussion at this point.

First, let me say thanks to the committee members, because this is the first instance in over a decade, so obviously it's going to be a bit of a cumbersome process. I want to thank the clerk and the research team as well for their preparation materials and their own research in these areas.

If members have suggestions—we don't need to do it at committee right now, but offline to me, around the chamber or in the assembly—to make this a smoother process, I'm looking forward to that as well. We do have

our marching orders in terms of reports and additional information to bring back to committee as we consider the LCBO.

I'm planning that we will continue with report writing next Wednesday at 10 a.m. We don't have any scheduled interviews.

Mr. Bisson: Just to be clear, we're going to move to the next agency, to give them time to do this?

The Chair: That would be my view, that we would give research time to consult with the LCBO and give members a fulsome response. So we will proceed with the OLGC. If you have advice for me on the procedure that we follow and if we need to enhance it, I'm willing to hear it outside of committee. I don't need it now.

Ms. Smith: I was actually going to recommend that we proceed to the end of the LCBO, but I understand that it's Thanksgiving weekend and there's a lot of work for our researcher to do, so I'm happy with doing the OLGC next Wednesday.

The Chair: So we agree. We'll start Wednesday at 10 a.m.

Mr. Tascona: We've got the OLGC and then we've got Hydro One—I'm just trying to recall the timelines.

The Chair: The end of November.

Mr. Tascona: The end of November for all three.

The Chair: We've got plenty of time.

Ms. Smith: Perhaps I could recommend that next week we do OLGC, and then the following time we meet we do the final draft of LCBO and OLGC, and then we concentrate on Hydro One. I'm just thinking that if we wait too long to come back to LCBO, we won't necessarily remember what we talked about today.

Mr. Bisson: I agree.

Mr. Tascona: I think we've got to keep something current here. That's my concern.

The Chair: As I said, we do have the holiday weekend and research has a lot of material to follow up on, so we will proceed with the OLGC and then our next item will be back at LCBO/OLGC.

Mr. Bisson: Obviously, if research wants to poll us on something or wants to ask for clarification on this particular report, we can do that at the next meeting.

The Chair: Absolutely.

Again, to be clear, we will start at 10 o'clock next Wednesday with the OLGC, and then we will come back to both LCBO and OLGC and complete those reports before proceeding with Hydro One.

Folks, we are adjourned.

The committee adjourned at 1152.

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Also taking part / Autres participants et participantes

Mr. Gilles Bisson (Timmins–James Bay / Timmins–Baie James ND)

Clerk / Greffière

Ms. Tonia Grannum

Staff / Personnel

Mr. Larry Johnston and Ms. Carrie Hull, research officers,
Research and Information Services