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## 38th PARLIAMENT, 1st SESSION

### Standing Committee on Health

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Wednesday, March 9, 2005



#### 1535



*The Chair (Ms. Bonnie Brown (Oakville, Lib.))*



*Mr. Jan Westcott (President and Chief Executive Officer, Association of Canadian Distillers)*



#### 1540



*The Chair*



*Mr. John Sleeman (Chairman and Chief Executive Officer, Sleeman Breweries Limited, Brewers Association of Canada)*



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*Mr. John Sleeman*



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*Ms. Teresa Cascioli (President and Chief Executive Officer, Lakeport Beverage Corporation, Brewers Association of Canada)*



#### 1555



*Mr. John Sleeman*



*The Chair*



*Ms. Laura Urtnowski (President, Association des micro-brasseries du Québec)*



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**1600**



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*Ms. Laura Urtnowski*



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*The Chair*



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**1630**



*Mr. Jan Westcott*



*Mr. Steven Fletcher*



*Mr. Jan Westcott*

**1635**



*Mr. Steven Fletcher*



*Mr. Jan Westcott*



*Mr. Steven Fletcher*



*Mr. Jan Westcott*



*Mr. Steven Fletcher*



*Mr. Jan Westcott*

**1640**



*The Chair*



*Mr. Réal Ménard (Hochelaga, BQ)*



*Mr. Frédérick Tremblay*



*Mr. Réal Ménard*



*Mr. Howard Collins*



*Mr. Réal Ménard*



*Mr. Howard Collins*



*Mr. Réal Ménard*



*Mr. John Sleeman*



**1645**



*Mr. Réal Ménard*



*Mr. Norman Beal (President and Chief Executive Officer, Peninsula Ridge Estates Winery, Canadian Vintners Association)*



*The Chair*



*Mr. Réal Ménard*



*The Chair*



*Mr. Michael Savage (Dartmouth—Cole Harbour, Lib.)*



*Mr. John Sleeman*



*Mr. Michael Savage*



*Ms. Teresa Cascioli*



*Mr. Jan Westcott*



**1650**



*The Chair*



*Mr. Michael Savage*



*Mr. Norman Beal*



*The Chair*



*Ms. Jean Crowder (Nanaimo—Cowichan, NDP)*



**1655**



*Mr. Howard Collins*



*Ms. Jean Crowder*



*The Chair*



*Ms. Jean Crowder*



*Mr. John Sleeman*



*Ms. Laura Urtnowski*



*Ms. Teresa Cascioli*



*The Chair*



*Ms. Ruby Dhalla (Brampton—Springdale, Lib.)*

**1700**



*Ms. Teresa Cascioli*



*Ms. Ruby Dhalla*



*Ms. Teresa Cascioli*



*Ms. Ruby Dhalla*



*Ms. Teresa Cascioli*



*Mr. Frédérick Tremblay*



*Mr. John Sleeman*



*Ms. Ruby Dhalla*



*Mr. John Sleeman*



*Ms. Ruby Dhalla*



*Mr. Howard Collins*



*Ms. Teresa Cascioli*



*Ms. Ruby Dhalla*



*Mr. Howard Collins*



*The Chair*



*Mr. Justin Raymond*

**1705**



*The Chair*



*Mr. Justin Raymond*



*The Chair*



*Mr. James Lunney (Nanaimo—Alberni, CPC)*



*Mr. Jan Westcott*



*Mr. James Lunney*



*The Chair*



*Hon. Brenda Chamberlain (Guelph, Lib.)*

**1710**



*Mr. Frédérick Tremblay*



*Hon. Brenda Chamberlain*



*Mr. Norman Beal*



*Hon. Brenda Chamberlain*



*Mr. Norman Beal*



*Hon. Brenda Chamberlain*



*Mr. John Sleeman*



*Hon. Brenda Chamberlain*



*Ms. Teresa Cascioli*



*Hon. Brenda Chamberlain*



*Ms. Laura Urtnowski*



*Hon. Brenda Chamberlain*



*Ms. Laura Urtnowski*



*Mr. Howard Collins*



*The Chair*



*Hon. Brenda Chamberlain*



*The Chair*



*Mr. Howard Collins*



*Mr. John Sleeman*



*Hon. Brenda Chamberlain*



*Mr. Howard Collins*



**1715**



*Hon. Brenda Chamberlain*



*The Chair*



*Ms. Nicole Demers (Laval, BQ)*



*Ms. Vicki Bas*



*Ms. Nicole Demers*



*Ms. Vicki Bas*



*Ms. Nicole Demers*



*Mr. Justin Raymond*



*Ms. Nicole Demers*



*The Chair*



*Mr. Alan Tonks (York South—Weston)*



*Mr. Howard Collins*



**1720**



*Mr. Alan Tonks*



*Mr. John Sleeman*



*The Chair*



*Mr. Alan Tonks*



*The Chair*




*Mr. Colin Carrie (Oshawa, CPC)*



*Mr. Howard Collins*



*Mr. Colin Carrie*

 **1725**



*Mr. Howard Collins*



*Mr. Colin Carrie*



*Ms. Laura Urtnowski*



*Mr. Colin Carrie*



*Ms. Laura Urtnowski*



*Mr. Howard Collins*



*Mr. Colin Carrie*



*Ms. Teresa Cascioli*



*Mr. Colin Carrie*



*Ms. Teresa Cascioli*



*Ms. Laura Urtnowski*



*Mr. Colin Carrie*



*The Chair*

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CANADA

## Standing Committee on Health

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NUMBER 025



1st SESSION



38th PARLIAMENT

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## EVIDENCE

Wednesday, March 9, 2005

*[Recorded by Electronic Apparatus]*

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 (1535)*[English]*

**The Chair (Ms. Bonnie Brown (Oakville, Lib.)):** Good afternoon, ladies and gentlemen. It's my pleasure to welcome you to the 25th meeting of the Standing Committee on Health, a meeting dedicated to the order of reference of Bill C-206, an act to amend the Food and Drugs Act (warning labels regarding the consumption of alcohol).

Before we begin, may I say we have some very distinguished visitors observing our meeting. In the room we have the delegation from the Chuvash Republic of the Russian Federation, Mr. Sergei Gaplikov, the Premier and chair of their cabinet; Ms. Nina Souslonova, the Minister of Health--

**Some hon. members:** Hear, hear!

**The Chair:** --and Mr. Peter Krasnov, the chief of the President's administration and the Minister of Culture.

**Some hon. members:** Hear, hear!

**The Chair:** They are here as part of a ministerial study tour on restructuring health care in the Chuvash Republic and will be observing our meeting today.

May I say, on behalf of all members and guests, welcome to our international friends.

Moving forward, we will go back to our order of reference, and we have several witnesses. Our first set is from the Association of Canadian Distillers, and from that body we have Mr. Jan Westcott, the president and chief executive officer, and C.J. Hélie, the executive vice-president.

Mr. Westcott, if you'd like, please begin.



**Mr. Jan Westcott (President and Chief Executive Officer, Association of Canadian Distillers):** Thank you very much, Madam Chair.

On behalf of the Canadian distilled spirits industry, we appreciate the opportunity to comment on Bill C-206, an act to amend the Food and Drugs Act.

Distilled spirits products are a source of enjoyment for many adult consumers across the country and indeed around the world. Moreover, the sales of our products generate very significant revenues for provincial governments, farmers, large, medium, and small businesses, the broader hospitality industry, and of course the federal government.

While economics are important, equally important is the industry's long-standing commitment to the promotion of responsible and moderate consumption of its products. The spirits industry works in partnership with leaders in their respective fields to help educate and inform consumers about the potential benefits as well as the risks associated with making the choice to drink. The issue before the committee today, mandatory warning labels on beverage alcohol products sold in Canada, is extremely complex, with a lot of emotive overtones.

Let's start with the basics. What do we know about alcohol use and abuse? We know that over 80% of adult Canadians enjoy at least an occasional glass of beer, wine, or spirits. We know the vast majority do so in a moderate and responsible manner. We also know that moderate consumption can provide significant health benefits to many. We know too, however,



that alcohol can be misused or abused, including by driving while impaired or when pregnant.

The progress made in Canada on eliminating impaired drivers on the roads and highways has been remarkable. We have witnessed firsthand a social revolution of quite unique proportions. According to the Canada Safety Council, police checks over the holiday season find less than 1% of all drivers have a blood alcohol concentration or BAC of 0.05% or higher. Statistics Canada indicates a greater than 65% decrease in the rate of impaired driving criminal charges between 1981 and 2003. Canada's Traffic Injury Research Foundation estimates that 86% of all impaired driving trips are accounted for by a scant 3% of drivers. So indeed there has been tremendous progress made over the last two decades with the general socially responsible majority.

In fact, the primary outstanding problem today is the so-called hard-core drinking driver and recidivist who continues to get behind the wheel even after numerous convictions. Experts are convinced that this minority of incorrigible, recalcitrant, high-risk drivers is not influenced through education measures, but instead requires more direct intervention techniques.

Second is the tragedy that is commonly referred to as fetal alcohol syndrome or FAS. Health Canada research indicates a very high level of FAS awareness among both men and women. While there's no demonstrated safe level of consumption during pregnancy, researchers Hankin and Sokol found that approximately 3% to 4% of women use alcohol at risk levels for FAS and FAE. We also know that most diagnosed patients are from mothers who participated in binge drinking while pregnant, often in conjunction with heavy smoking as well as illicit substance use.

More than 50% of all pregnancies in North America are unplanned. Many mothers of FAS children go on to have further FAS children. Biological FAS mothers tend to be overrepresented in low-income, low-literacy, poly-drug-abuser, single-mother, abusive relationship, mental health issue, and first nation populations. Our view again is that warning labels are unlikely to have any measurable effect on the women at greatest risk.

The first practical question to ask is whether warning labels as proposed would be technically feasible, and the answer is yes. The Canadian spirits industry exports nearly half a billion dollars of spirits annually to over 150 countries around the world, and over a dozen of them, about 10%, require some form of mandatory health warning labels.

Given the more than 15 years of direct practical experience with such warning labels in the United States, the evidence is clear. Research study after research study has concluded that there is no measurable positive impact on behaviour stemming from the introduction of warning labels. Some contend that warning labels may provide a certain level of additional protection against frivolous litigation at significant savings, perhaps, to an already overloaded justice system.

While we're not trade lawyers, various of our international colleagues have raised a number of issues dealing with the proposed bill in relation to Canada's international trade obligations, particularly under the WTO's technical barriers to trade agreement. Should the committee and Parliament decide in their wisdom to proceed with additional mandatory label information, it would appear in our strong view that it's incumbent to include a balanced message.

By that I mean any mandatory message should include both the risks of misuse of the product as well as the benefits inherent in responsible consumption. Only by providing full and complete information can we really empower consumers and citizens to make informed decisions. We must also be careful not to demonize beverage alcohol products or the 18 million adult Canadians who enjoy our products responsibly and in moderation. To do so would be a great disservice to those who use these products properly and would put at risk the credibility of any initiative in the eyes of Canadians.

There are also a host of very technical questions that need to be addressed before converting the concept of the current bill into a practical, working regulation, including the actual wording of a balanced message; appropriate message attribution; placement flexibility; phase-in; a process to reflect the input of our major international trading partners; and finally, a mechanism to review the need for labels, if in fact that's established, as Canadian society continues to change and develop.

That said, should the decision be made to proceed with this proposal, the spirits industry looks forward to working with Health Canada to address these important and critical implementation issues.

Thank you.

  (1540)



**The Chair:** Thank you, Mr. Westcott.

We'll move to the Brewers Association of Canada, which is represented today by Mr. Howard Collins, its president; Mr. John Sleeman, the chairman and CEO of Sleeman Breweries Limited; and Ms. Teresa Cascioli, president and chief executive officer of Lakeport Beverage Corporation. I'm not sure which of you is going to present, but whoever it is now has the floor.



**Mr. John Sleeman (Chairman and Chief Executive Officer, Sleeman Breweries Limited, Brewers Association of Canada):**  
Thank you, Madam Chair and members, for the opportunity to appear before you today.

My name is John Sleeman. I am the chair and CEO of Sleeman Breweries Limited and have been a member of the Brewers Association of Canada since I opened our first brewery back in Guelph in 1987.

I would also like to take this opportunity to thank you, Ms. Brown and the other committee members, for your understanding when I had to reschedule my appearance before the committee last week.

I am joined at the table, as you mentioned, by Howard Collins, who is the executive VP of the Brewers Association of Canada; Teresa Cascioli, president and CEO of Lakeport Beverage Corporation, who represents the microbrewers in Ontario and Atlantic Canada; and Laura Urtnowski, who represents the small brewers of Quebec.

The Brewers Association represents 16 companies, large and small, with brewing facilities across the country. Sales by these companies account for more than 97% of all domestic beer sold in Canada.

I appeared before this committee nine years ago to discuss warning labels. The only thing that has changed on this issue since then is the increase in our programs targeted at issues such as FASD.

A key role of the Brewers Association is to evolve, manage, and coordinate programs and activities aimed at promoting the responsible consumption of beer. The association and the member companies voluntarily commit significant financial and other resources to reducing the misuse of alcohol, through programs that actively inform and encourage changes in societal attitudes and behaviours. Over the past two decades, the value of such company and association programs has amounted to over \$120 million.

Our industry's programs are multi-faceted and science-based. We focus on targeted programs in partnership with medical, health, and driving safety experts, as well as clinicians, academia, and young people. We consult with such professionals on the objectives, focus, and efficacy of all of our programs. Our key target groups have been youth, women of child-bearing age, and drivers of motorized vehicles. Our brief will give you an idea of the scope and focus of our activities. These endeavours have provided us with considerable experience and expertise on how to communicate and influence consumers at risk.

We're here today to comment on Bill C-206. Let me say at the outset that I, and all the members of the BAC, understand and sympathize with the motives that have caused Mr. Szabo to press for warning label legislation over the past several years. We share his goal of reducing alcohol misuse. However, the available research suggests that warning labels have no impact on behaviour, and in Canada at least, the level of public awareness of the risks identified in the warning is practically universal. As a whole, Canadians are responsible consumers of alcoholic beverages. So let's take a look at the bill and what it hopes to achieve.

One of the targets is drivers. Partnership programs by governments, police, interest groups, and the brewing industry led to a 65% decline in the rate of impaired driving charges in Canada over the past two decades. Much more aggressive and unconventional interventions are needed to achieve further meaningful gains to reach the hard core who still drink and drive. These people tend to be repeat offenders, who obviously know the risks but are incapable of changing behaviour on their own. A label would not influence them. Our research and that of others indicates that there is virtually no adult or youth of driving age unaware that drinking and driving is socially unacceptable, and more to the point, carries legislated and administrative penalties.

A second target of the bill is women who are pregnant or thinking of becoming pregnant. The experts tell us that the primary risk factors for delivering a child with FASD are consumption of alcohol at high levels, in combination with other health and lifestyle factors such as malnutrition and the use of other drugs. A label would not improve awareness of risk. Surveys show that awareness remains high. New research just completed states that 99% of Canadian females of child-bearing age are aware of the advisability of abstinence during pregnancy. Experts say that the remaining 1% are difficult to reach because of such problems as illiteracy, language barriers, and issues related to socio-economic status.



The third target is the general population, signalling that any drinking can be harmful. That message is clearly wrong. Changing the Food and Drugs Act to say that any consumption of alcohol is harmful, given the burden of evidence to the contrary, would be irresponsible. Countless studies confirm that responsible consumption of alcohol significantly reduces the risk of coronary heart disease and mortality, in some studies by as much as one-third. The brewing industry takes seriously its role in promoting the responsible consumption of its products.

I would like to ask Howard Collins to outline some of our initiatives, particularly on FASD.



**Mr. Howard Collins (President, Brewers Association of Canada):** Thank you, John.

The brief and accompanying materials provided to committee members outline the range of programs sponsored by the Brewers Association, so I'll just highlight a few of them. We'll have the accompanying materials delivered to your offices, rather than having you haul the brick away with you.

One of our primary programs on fetal alcohol syndrome is a national alcohol and substance abuse help line that we fund through the Hospital for Sick Children in Toronto. It's a bilingual service that offers medical advice to women, their families, and health care providers. Some 30,000 calls a year are handled by this service.

Five years ago, we agreed to fund the annual Fetal Alcohol Canadian Expertise conference. We've held it now in each of the four western provinces. We're coming across the country with it. When it first started there were 30 people at the conference. Last year in Saskatoon we brought together 220 researchers, medical practitioners, people from FAS groups, local groups, and non-governmental organizations. It gives them the opportunity to come together to consider the most recent research on FAS, best practices, and how to deal with this problem, and sends them away with information they can use in their everyday activities.

We are also a founding partner of the FAS resource centre at the Canadian Centre on Substance Abuse, and last year we agreed to fund an online consultation service for that federal agency.

Targeting Canada's youth is another area of focus. Behaviour modification using a social norms approach is now being tested at 10 colleges and universities across the country, with funding from the brewers of Canada. That's a \$1 million grant over a three-year period. The work is being carried out by Student Life Education. We have no part in guiding that research; it is at arm's length.

We believe these are programs that, targeted to those most at risk, offer a better chance of success. As I say, there are a lot of programs in the materials. We'll be happy to answer questions when you have them.



**Mr. John Sleeman:** As a brewer, I support these activities by the association. I know that we regularly review the work being done and seek to find new initiatives that can make a difference.

Last summer, for example, the association began exploring the potential for a foundation that might include federal and provincial government participation to provide support for community groups dealing with FASD. We have been encouraged by the reaction this proposal has received from some in provincial governments in the west. We believe that such interventions, in partnership with others, make more sense than the regulatory solution offered by the bill. We remain ready to explore with governments or other groups the proposal for a foundation, or other initiatives that offer an opportunity for success.

Now let me turn to the consequences of imposing this legislation. For government, additional compliance and enforcement resources will become necessary, or the primary focus of the Canadian Food Inspection Agency, i.e. food safety, will be compromised. Bear in mind that this measure would not solely impact domestic producers of alcoholic beverages. At last count there were over 800 brands of foreign beers coming into Canada. Given our experience in the past with trade, there may well be questions and challenges that such legislation conflicts with our international trade and other legal obligations.

For the brewers, as I indicated earlier, this industry comprises companies both large and small. The size of the proposed label, in combination with bilingualism requirements, suggests that labeling costs would increase by about \$10 million a year

for the domestic brewing industry alone. At Sleeman, we estimate that cost to be \$4.6 million in capital equipment and \$1 million each year in ongoing costs. The problem will be even more difficult for the microbrewers, and I'll ask Ms. Cascioli to describe some of the issues they face.



**Ms. Teresa Cascioli (President and Chief Executive Officer, Lakeport Beverage Corporation, Brewers Association of Canada):** Thank you, John.

Hello, my name is Teresa Cascioli. I am the president, CEO, and owner of Lakeport Brewing Corporation, the largest privately held brewery in Ontario. Please note that even while I boast about my company's size, it is small by national and international standards. In fact, I have the added privilege of representing Ontario's small brewers on the board of the Brewers Association of Canada.

Five years ago I purchased a company under bankruptcy protection. Today it is the third-largest supplier of take-home beer in Ontario. Our pricing strategies, coupled with our grassroots marketing approach, sustain my company's profitability. It should be pointed out that profitability in the small brewers segment is very vulnerable. In my company's case, new government interventions, such as those proposed by this bill, could undo just about everything I've done over the past five years.

Based in Hamilton, Ontario, Lakeport employs some 200 people, the majority of whom are members of the Teamster's Union. Lakeport has 10 proprietary beer brands that accommodate a variety of taste profiles to suit the beer consumer. As with virtually all small Canadian brewers, our revenues are derived from the sale of beer in our own market. We do not export to the U.S. or any other country; as such, warning labels would be something new.

I believe in the importance of dealing with problems associated with fetal alcohol syndrome. It is my belief, both as a woman and as a business person, that the legislation being proposed does not deal with any of those issues. What will the small print on a label do to reinforce the seriousness of the issue to pregnant women? Absolutely nothing. In fact, it is my belief that trying to place tiny words on a label is just a way for politicians to be able to say that they did something about the issue and to wash their hands of it all. If you're serious about FAS, then as elected members of Parliament you need to deal with the real issue and not simply penalize small brewers like Lakeport because you think that by doing this it can't hurt. Well, it can and will hurt.

Lakeport and many other small brewers will have to spend approximately \$2 million to purchase, install, and commission a back-label unit. Not many of us use back labels. Additionally, the cost of the label, glue, and maintenance will add approximately 45¢ to the cost of each case. For us as a value-priced beer producer, 45¢ will not be absorbed by the consumer. Margins are already small. Even if the tiny wording were placed on existing labels, each brewer would have to re-engineer their label graphics at a cost of approximately \$22,000 per brand, as well as the cost of disposing of the existing label inventories.

Paul Szabo's crusade on this issue has garnered a great deal of attention over the past little while. I applaud him for his tenacity and his desire to deal with a very important issue. However, we cannot fall into the trap of supporting this bill simply because we want to support the crusade of one MP who means well. This legislation will do nothing to address FAS. It will, to a greater degree, hurt small brewers like Lakeport.

Ontario jobs are at stake. The economic engines that fuel this province will be in jeopardy. Small brewers cannot afford to spend money on things that do absolutely nothing to solve problems.

The brewers in the U.S. don't have the same tax structure as we have in Ontario. Beer sold in the U.S. is not priced as it is here in Ontario. For me as a value producer, the greatest frustration will not be the cost that Lakeport will have to incur, but the fact that for millions I will do nothing to help prevent FAS in Ontario.

We want to work with the government in a collaborative effort to find the right structure to deal with FAS.

Thank you.





**Mr. John Sleeman:** Our brief provides great detail on the breadth and scope of our activities aimed at encouraging responsible consumption and providing experts with the tools they need to help those most at risk. We contend that it would be unfortunate for the federal government to decide that warning labels are the way industry should deal with the population at risk, particularly given the lack of evidence that they work.

Health Canada has only just launched consultations on the development of a national framework for an alcohol policy. Meetings are being held across the country with stakeholders to develop a clear picture on the issues at hand, the programs in place, and the best practices to deal with the issues. This bill supercedes those consultations and undermines that process.

I fail to understand why we need to proceed immediately without awaiting the results of those consultations. In the normal course, food and drug labelling requirements are set out in regulation, not the act. The regulatory versus legislative approach affords government and shareholders greater flexibility to amend and deal with such technical considerations as transition and timing.

In conclusion, the brewers share the goal of reducing the incidence of alcohol misuse. We actively promote responsible behaviours through direct programming and through our partnerships with other groups, such as Motherisk. We look for opportunities where we can invest in initiatives that offer some hope of making a difference.

We do not believe that warning labels will contribute to changing the attitudes or behaviours. Therefore, as brewers we ask that this bill not proceed and that government seek more effective ways to reduce misuse in consultation with all stakeholders.

Thank you.



**The Chair:** Thank you Mr. Sleeman, Mr. Collins, and Ms. Cascioli.

Our next group is the Association des micro-brasseries du Québec, represented by its president, Laura Urtnowski, and Mr. Frédéric Tremblay, the president of the microbrewery of Charlevoix.

Ms. Urtnowski.

[Translation]



**Ms. Laura Urtnowski (President, Association des micro-brasseries du Québec):** I want to start by thanking the committee for inviting us here to share our views with members.

My name is Laura Urtnowski and I'm the President of Brasseurs du Nord, a microbrewery located in Blainville. I founded this company with my spouse 17 years ago and today, ours is the second largest microbrewery in Quebec. I am also the President of the Association des micro-brasseries du Québec.



**Mr. Frédéric Tremblay (President, Micro-brasserie Charlevoix, Association des micro-brasseries du Québec):** Good afternoon. My name is Frédéric Tremblay and I'm the President of Micro-brasserie Charlevoix.

In 1998, my wife and I left Montreal. I walked away from a career as an engineer to start up a small microbrewery in Baie-Saint-Paul, which has a population of 5,000. I did so for the love of beer and also armed with the conviction that beer was more than just another beverage and deserved its rightful place in the field of fine food and dining.

I'd like to congratulate Mr. Szabo on his campaign to fight alcohol abuse. This is a subject near and dear to our hearts, an area in which Quebec microbreweries have invested considerable time and energy. The opportunity arose several weeks ago to discuss this initiative subject briefly with Mr. Szabo. This fight is important to us. However, the approach that he has chosen to take, namely mandatory labelling, is not one that we view in a positive light.



(1600)



**Ms. Laura Urtnowski:** Like the presenters before us, we believe that warning labels are ineffective and that resources could be put to better use elsewhere. Furthermore, a number of studies have shown that moderate consumption of alcohol may even be beneficial to people's health. I will leave it to others to delve into that area further.

I do want to focus more specifically on how microbreweries would be impacted by the passage of this bill. Before the late 1980s, the only choice available to consumers was industrial beers that all tasted more or less the same. Since the launch of microbreweries, consumers have had the opportunity to discover different beers with distinctive tastes brewed with premium, natural ingredients. These are beers to be savoured, not merely drunk.

Microbreweries must constantly work hard to educate the public about the different styles of beer available, about the ingredients they use and about the art of beer brewing and tasting. This education effort is in line with the slogan adopted by one of our microbreweries: Drink less, drink better. Today, microbrewers have taken their place alongside local cheese factories, fine meat producers, bakeries, chocolate makers and others as makers of high-quality products and industries that spur employment.

The proposed warning labels would create a negative image, much like the labels on cigarette packages, and give the impression that beer is hazardous to people's health. In the meantime, we're trying to attach an upscale image to a product that helps shape our identity and culture.



**Mr. Frédérick Tremblay:** In concrete terms, let me tell you what this means for breweries such as ours. Laura and I own two breweries, mine being the smallest. We currently do our labelling by hand. We receive rolls of labels and my spouse, who has a very keen eye, applies them by hand to the bottles. Obviously we'd like to have a machine to do this job because despite her keen eye, I'm sure there are other more interesting things that she would rather be doing. However, we have neither the money to buy a labelling machine, given our output, nor the requisite space. In the case of a small brewery such as ours, space per square foot is very expensive indeed. We provide a brief description of our products on our labels which gives us some exposure and helps the consumer to choose which product he wants to imbibe.

Some breweries such as Boréal apply a back label to their product. They too must set their product apart from all of the other beers sold in grocery and convenience stores. We've been asked to alter the message on our bottles. Usually, we encourage people to drink in moderation. We don't tell them bluntly to drink carefully or not at all. Rather, we advise them to consume our product at mealtime or with food. We present our product as one that people consume wisely.

We have here an example of a modified label in small print that would basically replace the Brasseurs du Nord label. Let me show you how it would look on our bottle. Right now, we do not have the equipment to produce this type of label. The actual size of the label is comparable to the one currently applied to our bottles. However, this would mean considerably more manual work for my spouse, who already does a great deal. Of course we would like to have a labelling machine. We've already received one quote, which you will find in our file. In the case of a brewery of the magnitude of Boréal, we're talking about \$300,000 for this type of equipment. For a brewery operating on a scale like ours, a labelling machine would cost \$35,000 or \$40,000. Last week, after eight years in business, we purchased our first delivery van, a used vehicle, for \$20,000. My Toyota Echo will now get a bit of a rest. That gives you some idea of our business expenses. We waited eight years before buying a delivery van and now, there's talk of forcing us to buy a \$30,000 labelling machine, when our brewery produces a mere 500 hectolitres of beer per year.



(1605)



**Ms. Laura Urtnowski:** The alcoholic beverage industry is already highly regulated. Our businesses must comply with standards and meet conditions tailored to our major competitors. Their enormous output ensures that they achieve economies of scale and operate with more leeway than we do. We pay the same excise taxes as the large breweries. Once again, we were snubbed in the last budget. A small brewer already pays substantially more per case of beer produced to comply with existing regulations. The proposed mandatory labelling scheme would only distort these costs even more and

further weaken the position of microbreweries vis-à-vis the industry giants.

We recommend that the bill be amended and that emphasis be placed, not on labelling but on the development of a comprehensive Canadian policy based on a broad intervention strategy. The focus should be on education and on making people aware of the importance of drinking responsibly, on seeking the cooperation of brewers and stakeholders in the community, on targeting those who either abuse or are at risk of abusing alcohol, and on mitigating the damage caused by alcohol abuse. A label alone cannot accomplish all of these objectives.

A similar policy is already in place in Quebec. Section 19 of Quebec's Alcohol, Racing and Gaming Commission's Regulation respecting promotion, advertising and educational programs relating to alcoholic beverages reads as follows:

Manufacturers shall, individually or as a group, implement educational programs relating to alcoholic beverages.

The programs may take the form of

- (1) funding to an organization engaged in medical research into treatments aimed at helping persons suffering from problems related to the consumption of alcoholic beverages;
- (2) funding to a support and rehabilitation centre for persons suffering from problems related to the consumption of alcoholic beverages; or
- (3) publicity informing consumers of alcoholic beverages of the benefits of responsible consumption without referring to any brand of alcoholic beverage in particular, or participation in an organization that funds such publicity.

The Association des micro-brasseries du Québec has scheduled a meeting on this topic for Monday. We have received a very clear mandate to defend our proposal. We have also consulted with our fellow brewers in Ontario and British Columbia and they've endorsed our position. I have here a letter to that effect from the Ontario Small Brewers' Association.

Summing up, the cost of complying with mandatory labelling would deal a crushing blow to small breweries and the outcome of this action is by no means certain. We're proposing that a policy be implemented where the focus would be on mobilizing members of the industry and forging a healthy partnership between manufacturers, governments and communities and all stakeholders working to promote the responsible consumption of our fine product.

Thank you.

[English]



**The Chair:** Thank you, Ms. Urtnowski and Mr. Tremblay.

Today the Canadian Vintners Association is represented by Ms. Vicki Bas, the director of research; and Mr. Norman Beal, who is the president and CEO of Peninsula Ridge Estates Winery.

Ms. Bas.



**Ms. Vicki Bas (Director of Research, Canadian Vintners Association):** Thank you, Madam Chair. On behalf of Norman Beal, president and CEO of Peninsula Ridge Estates Winery, and myself, I would like to thank you for the opportunity to appear before you this afternoon.

First of all, I would like to pass on the regrets of our president, Mr. William Ross, and our board chair, Mr. Bruce Walker, for not being able to attend today. Both of these gentlemen are currently overseas participating in meetings to discuss trade issues relating to the global wine industry.

As some of you may know, the CVA is the national industry association representing 39 small and medium-sized businesses and associations located in three provinces. Collectively we represent over 90% of Canada's production and exports of grape-based wine.

Canadian winemakers take the issue of fetal alcohol spectrum disorder very seriously. We have been working with governments and non-governmental organizations for a number of years to build public awareness of this problem. Furthermore, we have backed up our words with concrete action. To demonstrate our commitment to this, our association has

devoted our entire social responsibility budget to educating women about FAS and the dangers of abusive alcohol consumption while pregnant. For the past two years we have been supporting the Canadian Centre for Substance Abuse's FAS information program. This, we believe, is an effective program since it provides a targeted, effective means of informing the public. On the other hand, government-imposed warning labels, while well intentioned, are neither targeted nor effective.

Supporters of mandatory labelling have made many arguments in their favour. The problem with all of them is that they are not backed up by concrete evidence that proves their effectiveness. Ultimately, they siphon scarce resources away from other more effective initiatives.

We have looked at outside studies and data from a variety of different jurisdictions currently using warning labels, particularly from the United States. What we found is that they have little or no effect on this problem. For example, they did not reduce the incident of FAS in the U.S. The perception of risk was unchanged after they were mandated. The number of women who consumed alcohol while pregnant actually increased after the labels were introduced.

In Canada, the limited amount of labelling already in place in the Northwest Territories and the Yukon has never been properly assessed. We do know, however, that the incidence of alcohol abuse has not decreased during this time. In Ontario, Sandy's Law has mandated point-of-sale FAS warning signs. The effectiveness of these existing warning signs should be tested before more are implemented. Our industry views this matter as a scattershot approach and one that does not target the population that is most at risk. In fact, we already know that over 85% of the population drinks responsibly or abstains; 88% of all impaired driving trips are accounted for by 3% of drivers. Over 92% of the population is aware of the serious developmental risks faced by the unborn children of mothers who consume alcohol while pregnant. Moreover, women who are the heaviest and most long-term drinkers showed the least amount of change in drinking behaviour once they became pregnant.

Our principal concern with this piece of legislation is that it will do nothing to achieve its noble objectives. We already know much about this problem. We now need to focus our efforts and resources on helping that small high-risk segment of the population. As public policy-makers in your own right, you are undoubtedly aware that, to be credible, legislation and regulation must be effective. In fact, your own Treasury Board Secretariat clearly states this in its own guidelines. Ironically, many consumers would never see these labels if this bill were to pass. Presumably, U-vin wines, homemade wines, and restaurant- and bar-served products will remain unaffected by this legislation if passed.

By far the majority of consumers drinking in licensed establishments or homes will not see the labels. Only at the retail level will the labels be seen. We would argue that more enforcement of existing legislation is required, not the introduction of ineffective initiatives.

  (1610)

We've been asked several times what the costs to our industry will be if this bill is implemented. The first cost that came to mind is not monetary; it is the fact that you're not giving the public all of the information. We would suggest that in order for the public to be completely informed it should receive all of the information. I am speaking of the fact that the moderate consumption of wine has significant health benefits, including protecting against coronary artery disease and contributing to the reduction of certain forms of cancer, to name but a few. Furthermore, a daily glass of wine is a recommended part of the healthy Mediterranean diet.

Scientific and health policy arguments aside, we would be remiss if we did not raise the issue of cost, a major factor of concern to our membership. One of the appeals of this proposal is that there is no impact on public funds. However, there is a very real cost, and it's one that will have to be borne by our members. Imposition of warning labels will inevitably create larger labels, which will be significantly larger than those of our American counterparts as the warning will have to be in two official languages and not one. Our industry is already a highly taxed jurisdiction, with 70% of our products' retail value already going to government.

Finally, we would like to propose our suggestion. You may be aware that the Canadian Centre on Substance Abuse, in conjunction with Health Canada, has launched a process to develop a comprehensive national alcohol strategy. The purpose of this initiative is to bring together experts from government, non-government, and industry to identify effective, empirically proven methods to shape a new, forthcoming alcohol policy for Canada. In particular, problems associated with alcohol abuse will also be addressed by this blue-ribbon group, as will possible solutions. This forum will undoubtedly include a discussion of warning labels as a possible solution.

As a participant in this working group, we expect that these round table discussions will include a meaningful assessment



of remedial measures to combat the abuse of alcohol and that the group will choose the most science-based and effective tools to get the job done.

With this in mind, Madam Chair, we urge the committee to consider the important work currently being undertaken for Health Canada's national alcohol strategy and not to pre-empt this important work currently being performed by leading experts in the field. Therefore, we respectfully recommend that this committee defer further consideration of this proposed legislation until CCSA has, in its process, had a chance to study this matter further and make recommendations as to the advisability of legislating health warning labels on beverage alcohol. If, after careful analysis and research are complete, the findings are that warning labels will reach their intended audience and will prove effective in reducing FAS, the CVA will support this policy move and will work to help establish an effective regulatory process in this regard.

Thank you for your time and consideration. We would be happy to answer any questions you may have.



(1615)



**The Chair:** Thank you, Ms. Bas.

We'll now go to the representative of a firm called TAXIGUY, Inc., Mr. Justin Raymond, the president.

Mr. Raymond.



**Mr. Justin Raymond (President, TAXIGUY Inc.):** Thank you very much.

Thank you very much for inviting TAXIGUY, Inc. to comment on Bill C-206.

My name is Justin Raymond, and I am the president and founder of TAXIGUY, the national leader in drinking and driving prevention tools since 1998.

I am here today to provide an overview of why warning labels are not the answer to the alcohol-related problems we face in Canada today. I am here today to demonstrate how the brewing industry and their individual members have moved past the times of ineffective, generic, and already well-known awareness messages to more targeted, action-based programs with measurable results.

I am here today to demonstrate how important it is for the federal government, Health Canada, and this health committee to understand that the alcohol industry is committed to expanding programs and budgets to advance responsible use programming. They are willing to work with Health Canada and the federal government in developing a plan that is powerfully effective and not a stick in the wheels of progress.

I am here today to tell you the story of TAXIGUY, Inc. and what we have accomplished over the past seven years.

Please keep in mind that this entire program was sponsored by Molson Canada, completely separate from the funding channelled by Molson Canada to the Brewers of Canada for their own targeted programs.

To start, I'd like to give you the mission of TAXIGUY. We shoot to provide Canadian businesses and consumers with a variety of easy-to-use action tools to help facilitate the act of arranging and paying for quality taxicab service anywhere in Canada in an effort to significantly reduce the incidence of impaired driving. We started our mission because our research found that 88% of Canadians did not have a phone number committed to memory for taxicab service in their home town, let alone every single city and town across the country.

Enter 1-888-TAXIGUY, one phone number for cab service anywhere in the country. We have 700 cities and towns underneath our telecommunications infrastructure umbrella. We have over 425 network partner taxicab companies. We have 20,000 independent taxicabs operating under our network, and we have facilitated over one million rides to date.

Our infrastructure permits anybody to use any type of phone. You also don't need a quarter at a pay phone. There is no phone book required anymore. It's very reliable telecommunications technology. It has been seven years now, and there hasn't been one second of downtime. The infrastructure, as you can see in the handout, is very comprehensive. This is the largest automatic number-identifying routing infrastructure in Canada, and it's dedicated to reducing impaired driving on all of

the streets right across the country.

On the call volume slide, you can see a systematic growth in our success. We have an 80% year-over-year growth in people who use our phone number to facilitate taxicab rides. By 2008 we estimate that five million rides will be facilitated through this unique and powerful demonstration of responsible use programming.

From awareness to action. When I knocked on the door of Mothers Against Drunk Driving back in 1997, Andrew Murie, the national executive director, suggested that I speak to Howard Collins and Sandy Morrison at the Brewers of Canada. I followed that suggestion and sat down with Howard and Sandy. I told them my vision of how I saw the entire industry being able to move from the traditional, generic, everyday message of “don't drink and drive”, which goes in one ear and out the other because everybody knows it, to providing an action tool. People know you can't drink and drive. What people need to know is what their options are.

TAXIGUY was recently deemed best practices in responsible use programming when compared to the Coors U.S.A. programs in the recent Coors-Molson merger.

MADD Canada understands the power of action tools as they have recently started working with a cellular phone national taxicab service developed by a company I co-founded in 2000. The TAXIGUY smart call program, which I'll introduce shortly, has been identified as a breakthrough risk mitigation program by the Insurance Bureau of Canada and the Ontario Restaurant Hotel and Motel Association.

The smart call program is an alcohol liability risk mitigation program for Canada's hospitality industry. There is proven success, as we have had major adoption by restaurant chains right across the country to implement proactive behaviour modification signage, which you will find inside your portfolio that I handed out. This program was designed due to a lack of effort at the government level.



The Alcohol and Gaming Commission of Ontario, in their house policy guidelines to responsible service that are handed out to every single licensed establishment in Ontario or everyone who receives a licence to serve alcohol, says that in order to have a complete house alcohol policy, you must have each of the specifications followed or you must follow each of the requirements inside of this document. Number 6, “Adopt a safe transportation plan”, includes:

- Identify and rank transportation options.
- Confirm necessary arrangements with outside companies.
- Advertise your program.

We turned that call for action into a program that bars and restaurants can pick up for \$29 a month. Several hundred have already picked up the program because they care about their patrons and they want to fill the void that is alcohol liability. They want to do everything they can to demonstrate an enhanced duty of care for their patrons and make sure they're following procedures. This is voluntary, and they do it because they care about the health of their patrons.

The second program I'd like to draw your attention to is TAXI DOLLARS. TAXI DOLLARS was developed by us and tested on university campuses, in partnership with Molson Canada, for two years. These neat little vouchers are accepted in 500 cities and towns and are equivalent to cash for taxicab service. The unique thing about them is that they can only be used for taxicab service. Parents buy them for their children when they go to university and college. Instead of giving them cash, which they could spend on something else, they give them some taxi dollars so that they always have dedicated cab fare in their wallets to get home safely.

Keep in mind that all of these programs would not have been developed if it weren't for Molson Canada, the Brewers Association of Canada, and, most importantly at the beginning of the whole road, MADD Canada's introduction to the Brewers Association. Businesses and corporations across the country purchase these taxi dollars because they understand their commitment to corporate social responsibility. Nobody takes drinking and driving lightly in this country, but we've moved past the point of generic messages.

On the next page, I want to demonstrate how we work together with our program. TAXIGUY has developed a very powerful and unique tool. Again, it has moved programming from awareness to action tools, and we share these action tools with

various organizations at government levels and with not-for-profit charities across the country. I personally sit on the board of the Ontario Community Council on Impaired Driving, and we happily provide all the services and tools we can to make sure that when drinking and driving is an issue, a solution or an action tool is available.

We share information with stakeholders across the country through an electronic newsletter. We have had a very strong response from people on all sides of the equation. We're always working to share information and provide new avenues for our tools so that we can, again, eliminate impaired driving wherever it is.

We have received many awards and accolades for what we've done over the past seven years. We have evolved the industry's viewpoint that it's not okay to just provide a message, it's now expected to provide an action tool. TAXIGUY was selected by Prentice Hall publications and featured on the front cover as the comprehensive case study on 12,000 university and college marketing textbooks that students are now studying across the country. This is what happens when forward-thinking leaders in the alcohol industry back and support programs such as TAXIGUY. It makes its way into the programs and curricula of universities and colleges across the country.

If anybody would like a copy of that textbook, it can be arranged.

**An hon. member:** Bravo!

**Mr. Justin Raymond:** "Socially Responsible" is on the second-last page. A 2002 Conference Board of Canada poll revealed that 77% of Canadians are most likely to invest in, 81% to purchase from, and 79% to work for companies that they view as socially responsible.

In conclusion, in the majority of the literature that I have read on the topic of warning labels, I have been amazed at how it is almost always positioned as government versus the alcohol industry or as a good versus evil situation. I ask everyone here to ask why this is the case when the alcohol industry is a willing and powerful advocate of responsible use messaging. They are supporters of new initiatives and new research. They have invested millions upon millions of dollars in proactive program development in health, FAS, and drinking and driving. TAXIGUY was born from such an investment and would not be around without it, leaving millions of Canadians to find another way home.

  (1625)

Forcing warning labels is not the answer. It has not been effective in the United States and it does not promise any change in Canada. All that can be guaranteed from such a mandate is allocation of precious funds to warning labels, thereby taking funds away from effective targeted programs such as TAXIGUY, disruption of the natural progression and evolution of corporate social responsibility, and closed doors to investment in new programs, thereby eliminating opportunities for new, effective approaches to the problems related to alcohol misuse, such as TAXIGUY.

I implore the health committee to view this as an opportunity to implement effective strategies: study the implications, study the current landscape, explore the alternatives, and—paramount to all of this—work with and not against the alcohol industry to co-develop a national plan that ensures effectiveness over the years ahead. There's a willingness on the alcohol industry side. Is there a willingness on your side?

Thank you for your time.



**The Chair:** Thank you very much, Mr. Raymond.

Ladies and gentlemen, we'll now move to the question and answer section. I would ask the witnesses, who have had a chance to get their messages across, to try to be as succinct as possible in answering the questions, so that the members can get in as many questions as they possibly can in their time limit.

The first speaker will be Mr. Fletcher for the Conservatives, who will have ten minutes. Subsequent members will only have five minutes, and that is the total of their time for questions and your answers. You can see that within five minutes it's very difficult if the first answer is three and a half minutes long, and some of them will have a series of questions. So go as quickly as possible, please.

We'll begin now with Mr. Fletcher.

Mr. Fletcher, the floor is yours.



**Mr. Steven Fletcher (Charleswood—St. James—Assiniboia, CPC):** Thank you, Madam Chair.

First of all, I thank all of you for coming and making this very informative presentation. In particular I was heartened by Madame Bas' comments about a wider strategy and then buying into whatever that strategy is. I think that shows a lot of goodwill.

I also take note of the comments about regulation versus legislation, which is an important detail, and also about the tax structure. If this were another committee, perhaps we'd have more time to talk about that. I think what I would like to ask is some specific questions about the bill, since that's what we're here to talk about.

Mr. Westcott, when you first spoke you talked about the fact that if labels were to be introduced, we should have a balanced approach, that the benefits of alcohol should be included on such labels. Then when I heard Mr. Sleeman speak, the suggestion was that labels have no effect at all. So I wonder, if they have no effect, why anyone would want to put the benefits on the bottle.



**Mr. Jan Westcott:** Our philosophy in our industry is to stand with the consumer. You can call him a consumer, you can call him a citizen, you can call him a voter, you can call him whatever you want. We know that if we stand with the consumer, we're going to do well in all cases, because we're identifying what the consumer is looking for, what's in the consumer's best interest. I've been in the beverage alcohol business a long time, and through whatever guise I've been in in the beer, wine, or spirits industry, the reality is we're smart enough to know—and it's taken some time—that if our consumer is not doing well we're not going to be doing well. We need to be thinking and working about how to do this, and I think everybody has spoken to that today.

There's no question that there are risks associated with our products, absolutely. We've been saying that. We all work very hard to point those risks out to people and to mitigate them. The fact is, increasingly as society is becoming more sophisticated we're also understanding that there are significant benefits from moderate consumption, whether it's of beer, wine, or spirits. The early research on heart disease has been there, but increasingly we're seeing positive effects on populations, particularly on diseases and conditions associated with aging.

From our perspective, if we're going to look at this, why are we trying to pick out one particular type of information? If we want people to be informed, if we want them to understand what these products are about, let's give them all of the information. That's the point I would make.



**Mr. Steven Fletcher:** On the issue of whether the labels aren't effective and whether we're going to provide all the information and suggest that they are effective, the comment on the image—if it affects the image—does suggest that the labels are having some sort of effect. What that effect is, I guess we don't know per se.

I'll go back to Mr. Westcott again, to your comments about the health benefits. What struck me with Mr. Szabo's bill is that he didn't talk about the health effects per se for the individual. He was talking about the effects alcohol could have on innocent third parties, be it someone who's a victim of a drunk driver or an unborn child. I don't know whether that was deliberate by Mr. Szabo or not, but it's similar to perhaps the second-hand smoking argument. If someone wants to smoke and kill himself, that's fine, but it's much different when you're dealing with someone else's health.

I wonder if you have any comment about that perspective.



**Mr. Jan Westcott:** I guess it comes back to the efficacy of what's being proposed. As I said before, there is no compelling research that says they make a difference in behaviours, and at the end of the day, what we're really trying to get to is people's behaviours, not generalized ideas. What do people do when they're drinking and around drinking? How do we shape

those behaviours? There just isn't, frankly, any literature or any studies out there that say these make a significant difference.

As I said, if we're going to put information in front of consumers to try to affect their behaviours, I guess what we're saying is let's put all of the information in front of consumers in a meaningful way. We're doing it now on a whole series of products. We're putting nutritional labelling on food products. We're doing things. And let's be honest, the Government of Canada, Health Canada, has said they're going to stand by the science. So let's stand by the science. Let's let science be our guide in these things and look at empirical evidence. In the case of warning labels maybe it's because the messaging is too one-sided. Maybe it's because we're not giving consumers enough information or balanced information or all the information they're looking at that they haven't been affected. Maybe if we took a different approach and said, let's share all of the information—the good and the bad—with the risks and the benefits, maybe they would be more effective.

  (1635)



**Mr. Steven Fletcher:** If the Health Canada program proceeds and they find that labelling is not effective, I assume you'd have no problem with that. But what if they do find that as part of a larger strategy labelling is effective? Would you have a complaint at that point? Would you resist legislation at that point?



**Mr. Jan Westcott:** If we can tell a balanced story to the consumer and it's meaningful to the consumer, I don't think anyone would have a complaint about that.



**Mr. Steven Fletcher:** The issue again comes back to a balanced approach, yes, but again there are negative health effects to third parties, or if people are going to act irresponsibly, at least there is one more level of prevention. That would be the argument that I would imagine some people would say. As was suggested, does it make the politician feel better? Well, maybe. If it saves one life, is it worth it? That's the argument. We've already established that labelling does have some sort of effect; otherwise you wouldn't be concerned about the image of the product or the balanced approach argument.

I wonder if you could comment on that, Mr. Westcott.



**Mr. Jan Westcott:** Let's be candid. A substantial portion of our products are exported to the United States—something in the order of between 70% and 80%. In the United States our products carry health warning labels. We do not see a significant change in societal behaviour in the United States versus Canada on these issues. In fact, Canada, in many respects, leads other countries in terms of the progress that we're making against things such as drinking and driving, FAS, and other issues arising from alcohol abuse. The point I'm making is that this whole debate has been shaped around warning, warning. I think it's information that we're trying to provide to people so that they can make informed decisions. It may be warning, but it may also give them all of the information.



**Mr. Steven Fletcher:** I appreciate the frankness. Of course, the argument could be that there may be no measurable effect in the decline, but maybe it would be worse if the labels weren't there, and I don't know how you can prove a negative. That's the argument I'm sure we, as politicians, are going to hear.

I have one last issue. The ACD website states: "The ACD cooperates with governments, their agencies, and their stakeholders in the beverage alcohol industry to develop policies and practices which will lead to mutual benefit to governments, manufacturers and consumers of spirits products." Does this suggest that any policy initiative showing benefit only to consumers would not be supported by the ACD?



**Mr. Jan Westcott:** No. We work with government on a whole series of things. We just finished a long consultation with the Government of Canada, Health Canada, on ingredient labelling. We just finished a long consultation and are making

progress on allergen labelling. From an industry point of view, we take the position these things may be good for our customers, and therefore it's in our interest to do this.

So we participate with government on a whole range of things, not things that are simply.... In a lot of these things, the industry looks at the government and says if you want to do that, you have to explain to us what you're trying to do. But lots of things the government is trying to do aren't industry initiated, or aren't necessarily of benefit to the industry, across a whole range of issues, so I think it would be misleading and somewhat unfair to say the industry only works with government on things of advantage to the industry. That's absolutely not the case.

  (1640)



**The Chair:** Thank you, Mr. Westcott, and thank you, Mr. Fletcher.

We'll move now to Mr. Ménard.

[*Translation*]



**Mr. Réal Ménard (Hochelaga, BQ):** My question is for Mr. Collins, Mr. Tremblay or Laura.

Let's assume for starters that mandatory labelling is not the right solution in terms of prevention and education. There is considerable evidence that labelling does not affect people's behaviour. Let's admit as much, as lawmakers.

How much do you contribute to organizations involved in prevention, education and awareness programs? In your opinion, what do you feel a reasonable contribution on your part would be? What would you like to see in a bill? What matters to the Bloc is that ultimately, alcohol education, prevention and awareness programs are in place, not the actual labelling scheme as such. If labels are not the way to go, we're prepared to consider other options. However, what kind of social effort should we expect from you? Can you tell us what you are currently doing in this area?

I'd like either Mr. Tremblay or Laura to answer first, followed by Mr. Collins.



**Mr. Frédérick Tremblay:** In terms of the amount of money we spend on efforts in this area, our numbers won't be as impressive as those quoted by Mr. Collins. However, I can tell you that microbreweries do spend money on these types of programs. As microbreweries, our mission is also to educate people.

You talk about outcomes. Getting back to Mr. Fletcher's second last question, some people maintain that if even one life is spared, then it's well worth the effort. That's true, but if 25 or 30 lives can be spared for the same amount of money and with effective strategies in place, then in my view, that's even better. If we assume that 85 per cent of the people drink responsibly, that means that we're wasting \$850,000 of every million spent on these programs.

How much should we be spending in this area? I'll leave it to the people with the more impressive figures to answer that question.



**Mr. Réal Ménard:** What can we expect of you by way of a contribution to this effort?

[*English*]



**Mr. Howard Collins:** You had asked about what legislation we would need. My view is if you have an industry doing these kinds of programs now for some decades, and doing it on a voluntary basis, why would you want to legislate to put the regulations in place? If it's being done already, why would you want to--

[*Translation*]



**Mr. Réal Ménard:** How much does your association contribute? Can you give us some idea? I'm not interested in the names of organizations, but rather in the percentage of your net earnings that you spend on awareness, prevention and education programs. You don't have to name names. What matters is the results, not the medium. Last year, for example, what percentage of their profits did members of your association contribute? Don't be shy, this information will stay between us.

[English]



**Mr. Howard Collins:** It's just between you and me here, yes.

I don't have the percentage of revenue. What we have spent is \$120 million over 20 years. If you look at some of the programs that we've been doing, the student life education program is \$1 million over three years; and if you look at Motherisk, that's been a commitment of \$750,000 over five years.

But I don't have a total industry number that I could give to you.

[Translation]



**Mr. Réal Ménard:** I believe Mr. Sleeman was the one who said that if the bill is adopted, it will cost \$10 million annually to national brewers to modify their equipment in order to implement this provision. Could you elaborate on that statement?

[English]



**Mr. John Sleeman:** I can certainly speak on behalf of Sleeman, what it's going to cost us. Teresa mentioned what it's going to cost the small brewers.

Technically, what is required is more paper, more glue, and different packaging. In most breweries' cases, they would have to install equipment, because they don't presently have the equipment.

In Sleeman's case, we have no space on the bottle to put this label, so we would have to rejig the bottles, throw out the ones we have, and bring in a new float of bottles that we could position to put a back label on. Unlike some bottles, it matters where the label goes on ours. If we have it spinning down and the label comes on the front of the bottle, it's not going to work. There are capital costs associated.

Unfortunately, as Teresa mentioned, in this pricing environment, it may not be possible to pass those prices on to the consumer.



[Translation]



**Mr. Réal Ménard:** Could either Ms. Bas or Mr. Beal elaborate further on the costs associated with this labelling scheme? Please answer quickly, as the Chair will soon be cutting me off.

[English]



**Mr. Norman Beal (President and Chief Executive Officer, Peninsula Ridge Estates Winery, Canadian Vintners Association):** There's going to be variance across the industry similar to with the brewers. The small wineries, which certainly represent the largest number or 90% of our wine producers—similar to Mr. Tremblay's—won't be able to afford the equipment

costs that will be required to put additional labelling on bottles. For the larger wine producers, again, there's going to be a lot of rejigging and more paper, as Mr. Sleeman said. There are estimates that the total cost is somewhere in the several million dollars, for sure.



**The Chair:** Mr. Ménard, you were very disciplined today; you were only 40 seconds over.

[Translation]



**Mr. Réal Ménard:** When the subject is beer, Madam Chair, you can be quite witty.

[English]



**The Chair:** Next, we'll have Mr. Savage.



**Mr. Michael Savage (Dartmouth—Cole Harbour, Lib.):** Thank you, Madam Chair, and welcome, to our presenters today. Thank you for coming. I found the presentations very helpful.

The issue for me, as someone who comes from a background of being very involved, through the Heart and Stroke Foundation, in pushing for labelling on cigarettes.... But I see some very significant differences between cigarettes and beverage alcohol. The single issue for me is, do they work to reduce fetal alcohol syndrome and do they work to reduce drunk driving?

I mentioned at the last meeting, when my colleague introduced this bill, that my sister has adopted a fetal alcohol syndrome baby. I know the challenges that come from that.

We're all opposed to fetal alcohol and we want to do whatever we can to reduce it. Can we reduce it by labels? I must admit that I've seen nothing yet that indicates to me that we can. My concern then is, if we do bring in this bill, what will be the repercussions in the industry?

I wonder if each of you could tell me specifically, will it mean that some of these programs you've been involved in will be lost?



**Mr. John Sleeman:** Perhaps I can speak on behalf of the brewers.

Bluntly, we hope that through discussion we can avoid this bill passing. As such, we have not gone through a list of programs to determine which ones will be cut off.

But obviously, as is the case with many levels of government today, there are only limited funds. To those who say we should save one more life, my retort is, if we put labels on and have to cancel programs that are more far-reaching and perhaps are saving 50 lives, perhaps we're doing ourselves and our citizens in this country a disservice. Have we identified programs that will get cut? No. Will there be ones? Most probably there will, because there are only so many dollars to go around.



**Mr. Michael Savage:** Does anybody else want to take a crack at that?



**Ms. Teresa Cascioli:** This is about survival. It's not about the programs that will be cut; it's about the jobs that will be cut.



On behalf of the Teamsters Union at my plant, I would like to know how many members endorsing this bill smoke cigarettes. Do those labels really work? If there are members who endorse this bill and who do smoke cigarettes, that's the answer--they don't work.



**Mr. Jan Westcott:** What I'd like to put in front of people is that I think John is right. I think we're not at the choices stage.

We were invited some time ago by Health Canada to participate in the creation of a comprehensive strategy to look at drugs and alcohol in Canada and what we do on a targeted basis. This is not 25 years ago. We've all learned a great deal. We all understand the don't drink and drive stuff, don't drink while you're pregnant. We've been there; that's done. Now we're looking at what problem areas are left. In drinking and driving, we know it's the hard-core drinkers, so what specific things do we need to do to address that?

Here, we're all involved, and the industry has spent a lot of time. We've spent a lot of our effort coming to talk to not just Health Canada, not just CCSA, but also to a lot of the other groups that are involved in this issue--interest groups, addiction groups. We spent several days with everybody together. And I have to tell you, in all of those consultations, by the end of those two days, warning labels were never mentioned. We might get there as one of the things we have to do to hit some of those problem areas that we're not picking up yet, but we're not there. So I think we're kind of putting the cart ahead of the horse a little bit.

Yes, you're right, there are only so many dollars. Mr. Ménard asked a question about the dollars. Let's be very honest here. In my business, every time we sell a bottle of whiskey, a bottle of rum, a bottle of vodka, one of our products, our guys get 18¢ on the dollar. You all know where most of the rest of it goes. So we're working hard to address these problems in the context that we live in, which government sets in a very strong way, and we all share in that. Spirits happens to be at the deepest cut. Let's keep that in mind.



(1650)



**The Chair:** We have forty seconds.



**Mr. Michael Savage:** Okay. I'm going to let you have a crack at that.

The one thing I want to say is that there's a lot of information from the Brewers Association about research. I think a lot of it was done on the United States. I'd like to see some more detail on that. We have just the highlights here. We've had a lot of paper, but I wouldn't mind just a little bit more. I'll let the other people have a crack at that other question.

Thank you.



**Mr. Norman Beal:** The wine industry, as you know, is very much grounded in agriculture. The majority of the capital expenditures that are made in the wine industry are for the vineyard. Great wine comes from a great grape, which is grown in the vineyard.

I was almost late for our meeting today because, as you may know, there were a thousand tractors heading to Queen's Park today, and as I was driving to Toronto airport, I got stuck in that mess. That's because farmers right now aren't making any money. I can tell you if there are added increases in costs to the wine industry, to the manufacturers of wine, those will have to trickle down to the agricultural sector. They have to come from somewhere.

I want to echo a sentiment that was made earlier: 83% of the price of a bottle of wine that I sell in the Liquor Control Board of Ontario goes back to government. I get to keep 17%. So if we're talking about increased cost, that has to come from somewhere.



**The Chair:** Thank you, Mr. Savage. We'll now go to Ms. Crowder.



**Ms. Jean Crowder (Nanaimo—Cowichan, NDP):** Thank you for your presentation.

I think some of you have spoken to the challenges that we as politicians face in terms of balancing economics with consumer and public safety. Just as quick comment, although there are no public funds involved directly around this initiative, there are significant public funds involved in things like health care, education, and the criminal justice system that are directly related to alcohol consumption. So significant public funds are accounted for elsewhere.

I think part of the challenge we're facing is that, just as we've heard some very eloquent presentations today, we also have significant amounts of information from places like the Public Health Agency that say pregnant mothers have a great deal of confusion about the safety of small amounts of alcohol and whether any amount of alcohol can be consumed when women are pregnant.

One of our general points of information when this bill came out was that beverage alcohol is the only consumer product that can harm you if misused that does not warn the consumers of that fact.

Motherisk indicated that warning labels are an effective way of changing the culture of drinking, similar to the change in attitudes toward smoking or drinking and driving, and that in the implementation of the alcohol warning label, nothing can be lost, only gained.

There's a study done by Eric Single, a PhD, and a whole bunch of other PhDs, and they talk about the fact that, "However, alcohol-related mortality frequently involves relatively young people, whereas the benefits apply mainly to older adults...." They're talking about the potential loss of life and productivity of young people, who are impacted in greater numbers.

From the Canadian Medical Association: "...the Canadian Medical Association wants to go on record as supporting the intent of this legislation to inform the public of the hazards of drinking and driving, and of the potential harm consumption of alcoholic beverages may cause women who are or may become pregnant."

From the Betty Ford Center: "These findings also demonstrate that the alcohol industry has an inherent conflict of interest between public health and industry profits."

I have more. This is just an example of the challenges that we as politicians face in terms of trying to balance. The industry needs to continue to make a profit and contribute to the economy and tax revenue. Many of the public's concerns are that they see labelling as one part. Somebody talked about an overall strategy. I think I've heard constantly in debate that many of us see labelling as part of an overall strategy. It's not the only answer. Arguably, just as you can quote studies that say there has been no impact, I can quote studies that say there is an impact. It depends on which science you want to use.

As part of an overall strategy, I'm challenged to see why we wouldn't consider all these other people who are saying they want to see labels. Many of them are people who have been impacted by alcohol, whether it's children, mothers, daughters, fathers, or whatever.

I don't know if somebody wants to comment on how we might balance other people's needs.



**Mr. Howard Collins:** Maybe I could start, Ms. Crowder.

In terms of the folks you were talking about, such as Eric Single, Eric was at the round table, the stakeholder's group that we talked about earlier, where we were trying to come to grips with a national framework for an alcohol policy.

When you look at what has been happening, it seems to me, frankly, that where we are now is that we're not looking at labels as part of an overall policy. What we're saying is, let's legislate this solution now, then carry on with the round table discussions so that we can determine what the problem is, and then look at what the best practices are. Frankly, I think it's the cart before the horse.



**Ms. Jean Crowder:** Thank you.

Do I have time left?



**The Chair:** Make it a very quick question, Ms. Crowder.



**Ms. Jean Crowder:** Going back to a comment that Mr. Fletcher made, I think this is a bit of a challenge in the sense that clearly labelling works, otherwise people wouldn't spend so much marketing and making sure they had the right label. We know from some of the things that came from the States that, in part, the suggestion is that some of the labelling may not have been effective because it was not well placed, or it was invisible, or whatever.

I wonder if you have a comment about that, because the labelling does obviously work, or you wouldn't bother putting fancy labels on all your bottles.



**Mr. John Sleeman:** Sorry, Laura, do you want to answer?



**Ms. Laura Urtnowski:** I just want to say that I already have a back label, and this wouldn't cost me very much at all in terms of money to change my back label to another one. I'm here for the principle and to tell you that I would rather have a 30-second spot on TV to advertise my product, and you can take off my back label for that.

I'm just saying what is effective and what is not. I am a marketing person; I have to market my product. If I could pay for a TV ad, that would be way more effective to us--something like Éduc'alcool would do for drinking and driving, and other things.



**Ms. Teresa Cascioli:** I think what this issue has raised for me, as a smaller brewer, is our response to you and our continuing education of you in defence of us when you're presented with those things. So this voluminous amount of information that we're going to send you will hopefully give you a balanced answer to some of the challenges you face when Betty Ford, who's, quite frankly, conflicted with respect to treatment, etc., poses some of those questions.

The reality is that if jobs are lost, there will be increased drinking in Hamilton anyway.



**The Chair:** Thank you very much.

Thank you, Ms. Crowder.

We'll now go to Ms. Dhalla.



**Ms. Ruby Dhalla (Brampton—Springdale, Lib.):** Thank you, Madam Chair.

Once again, just to echo my other colleagues, it's a pleasure to hear many of the presentations that provide us with insight into this issue.

As Ms. Crowder said, it's an issue that is complex in nature, and there are obviously people on both sides of the argument. I personally have some issues in regard to the warning labels and cost-effectiveness.

We've talked about the effectiveness of labels, but as a taxpayer and as a politician, I think you always want the best bang for your buck. We have to, I think, take into consideration the amount of money that's going to be spent on labelling and the effectiveness it's going to provide to the consumer.

Perhaps, speaking from an industry perspective, Lakeport, Mr. Tremblay, and Sleeman can provide me and my other colleagues with an exact figure of what it would cost. I believe it was Teresa who mentioned that implementation of this legislation would cost in the range of \$22,000 per brand and add 45¢ per bottle. I believe Mr. Sleeman mentioned that the cost was going to be in the range of \$4.6 million in capital expenditure. Mr. Tremblay stated that it would be in the range of \$30,000. Perhaps Mr. Collins, as the head of the Brewers Association, or the individual manufacturers themselves can provide our committee with an exact estimate of what it would cost to implement this warning label if the legislation were passed.

Secondly, could you tell us if research has been done in terms of the cost-effectiveness of adding it to the label that exists with the breweries at the moment?

  (1700)



**Ms. Teresa Cascioli:** With respect to Lakeport, we don't have a back label to begin with, so there is a capital cost for actually installing the unit, which is \$2 million. That would have to be financed. I would have to find a bank to be able to support that expenditure, and they too will ask about the effectiveness and the return on investment. It's difficult to sell a \$2-million investment to a bank when you're going to tell them your sales aren't necessarily going to increase.

So first and foremost, there's a \$2-million capital expenditure.

Secondly, all labels would have to be acquired; glue would have to be expended. So in addition to the \$2 million it would be 45¢ more a case just to apply a label to the back. If it were deemed that the label in the front were to be changed, every brand would have to have a \$22,000 expenditure just to change the existing label, because graphic plates and dyes would have to be changed.

In addition to that, any advertising, any trademark implications, all other ancillary support mechanisms around the label itself would have to be reapplied to the Canadian Food Inspection Agency and through the legal channels, which would add approximately another \$100,000.



**Ms. Ruby Dhalla:** Is that 45¢ per case or per bottle?



**Ms. Teresa Cascioli:** Per case.



**Ms. Ruby Dhalla:** How many bottles do you have in a case?



**Ms. Teresa Cascioli:** There are 24 bottles in a case.



**Mr. Frédérick Tremblay:** The amounts would be the same for me, you know. In my case it's 15¢ a label that I pay, and I make 15¢ profit per bottle. So if I had to add a second label, well, I'd better sell my brewery and start cultiver des pâquerettes.



**Mr. John Sleeman:** In anticipation of this question, I've had our people give me the information.

From Sleeman's perspective, we'd have approximately \$850,000 a year in increased cost for packaging, which would be back

labels on the industry standard bottle, the Sleeman bottles, plus glue. We'd have \$150,000 a year to sort the bottles that would have to be destroyed. We would have \$3.4 million in losses from throwing away those bottles and having to replace them with bottles that could fit on the labeller. We have five breweries in Canada, and four of them have labellers. At \$300,000 per brewery per labeller, we would have to spend four times \$300,000, which is \$1.2 million.

That's how we get to \$4.6 million in capital costs and \$1 million a year in running costs.



**Ms. Ruby Dhalla:** Does anyone else want to comment and give us some figures?

Would you mind, Mr. Sleeman, tabling that after the committee meeting is finished?



**Mr. John Sleeman:** If you don't mind it being scribbled on, I'd be happy to.



**Ms. Ruby Dhalla:** That would be wonderful.

Does Mr. Beal or Ms. Bas want to comment? Do they have those figures? You don't.

For Mr. Collins, you mentioned you weren't sure what amount of money was spent by the individual breweries on marketing, prevention, and proactive sorts of approaches to preventing some of the conditions caused by the consumption of alcohol. How is it mandated what a brewery spends on these types of programs? Do you have any control over that?



**Mr. Howard Collins:** The control tends to work in the other direction, when you work for an association. Basically, each year I go forward with programs on responsible drinking to a board of directors, the board approves the budget, and we go from there.



**Ms. Teresa Cascioli:** As a member of the board of the Brewers Association of Canada, and as a member brewer, perhaps I can clarify something.

As individual brewers we spend money on programs, but we are assessed a fee by the Brewers Association of Canada every month. That goes to Howard. He puts it in the bank and assesses the programs, as part of the board, and we as a group fund those programs. It's a much more effective bang for your buck if we can establish what those programs are and pay the association to handle them.

Individually, for example, Lakeport always promotes "don't drink and drive". We also have a program for date rape. We have coasters that we've distributed throughout the universities to educate people about those things. So individually we can do things, but we really pay an assessment fee every month to the brewers, and they handle the bigger programs for us.



**Ms. Ruby Dhalla:** I know my time is up, so I have just one last question for Mr. Collins.

What is the budget for marketing?



**Mr. Howard Collins:** Last year it was \$1.3 million.



**The Chair:** Thank you, Ms. Dhalla.



**Mr. Justin Raymond:** Can I just quickly comment?

The money put into our program does not come from the Brewers Association of Canada.



**The Chair:** Yes, we know that. It comes from Molson--



**Mr. Justin Raymond:** Yes, it's from Molson and Labatt.



**The Chair:** Thank you, Ms. Dhalla.

We'll now go to Mr. Lunney, followed by Ms. Chamberlain.



**Mr. James Lunney (Nanaimo—Alberni, CPC):** Thank you, Madam Chair.

I'm pleased that everyone here seems to recognize the intent of Mr. Szabo's bill. Of course he's concerned, and we all recognize the deep concern for people affected by fetal alcohol syndrome, and the terrible costs to those families, these children, and society related to this particular problem.

Certainly the products you produce are enjoyed by a large segment of society, including most of the members around the table, I suspect. Some of your brands are ones we personally might even prefer.

With respect to the TAXIGUY situation, that's the first I've heard of it. I really applaud it. It deals with one aspect of the concern--certainly drunk driving. I think it's a great program, but it certainly doesn't address the other half of the problem we're considering today, which is fetal alcohol syndrome.

I really applaud all the partnerships. I had no idea you were as active as you are in other partnerships with a whole range of agencies, trying to find solutions for over-consumption, which is not confined to the young. In dealing with the fetal alcohol syndrome, our problem here is young women particularly, and of course with literacy, aboriginal groups, and for some reason, Quebec. I applaud the programs I see here--youth alcohol education program, and Éduc'alcool in Quebec, and some of the programs that try to target these young and very vulnerable people.

I guess the concern here is that over-consumption leaves young women extremely vulnerable to getting pregnant in the first place. There are those who are well aware of that and therefore use it.... Of course, someone mentioned date rape drugs and so on, and anti-date rape concerns. They're related to over-consumption, but it's the young women who are so vulnerable.

For all of your expertise in this, because you have been thinking about it, how can we drive that message home to these very vulnerable young women in a more effective manner? I think that's really the root of the issue we're trying to get at here.



**Mr. Jan Westcott:** Without offending anybody, there's a certain amount of naiveté here. We've all been working with all kinds of groups for many years. The brewers and we ourselves fund sophisticated health groups such as CCSA or Motherisk at Toronto General Hospital and the Hospital for Sick Children. We've had a long history of working with a group known as BACCHUS Canada, which goes onto university and college campuses. We've developed programs to talk to young women about drinking and sexual activity. We pioneered, when I worked for the brewers, the whole date rape thing. Come on, guys, there's been a lot of stuff going on, and you're kind of picking one thing out of the air.

Let me share one experience we had five years ago. We sponsored an FAS conference in Newfoundland. We had all of the health community, education, and public health community at this—C.J. and I, with 350 non-beverage-alcohol people. They made us sit in the front of the room, and it was a pretty interesting conference. We took a bit of a risk sponsoring this and weren't sure what was going to happen. We had Gideon Koren; he came down. Actually, the conference people brought him in as the featured speaker because he's one of the foremost experts in Canada on this. One of the shocking things he told people at that conference was that he had done some research, and in Newfoundland in an average year nine significantly FAS children were born—every year, in Newfoundland. That's pretty terrible. But do you want to know the thing that amazed me? Four of the nine, year in, year out, are people's second and third FAS children.

Warning labels aren't going to make any difference. Lots of the things we're trying to do aren't going to make any difference. There have to be some tremendously focused programs and interventions to get at that. It's an extremely complex program. We're all trying to figure out what it is, along with Health Canada, along with a lot of the FAS groups, and the people who are working in this area.

In a sense, the thing that disturbs me a little bit—and people have said it—is that warning labels distract everybody from these critical things we're all trying to do. We've been there for a long time, and we're very sincere about it. I have kids; I have a family. I challenge anybody to say that your interest in this is any greater than mine, just because I happen to be in the business.



**Mr. James Lunney:** Thank you, Madam Chair. Most of my questions have been asked by others already.



**The Chair:** Thank you, Mr. Lunney.

Mrs. Chamberlain.



**Hon. Brenda Chamberlain (Guelph, Lib.):** I have some questions I'm hopeful I can get some fairly quick answers to, although they're not easy answers.

I want to ask whoever is willing to answer, will there be job losses or closures if warning labels are implemented?



**Mr. Frédéric Tremblay:** If there are, they're probably going to come from the small brewers, because we don't have the possibility to invest a lot of money. As you probably know, we don't have a lot of money, and when we go to the bank we have to prove that something is going to happen out of it.

It would be really sad, because the small brewers are in direct contact with the clients. We are the people who are providing some education. When I have tastings in my small village, I often have people tell me, your beer is good, but I'm not going to get drunk on it: “Je ne veux pas prendre une brosse avec ça.” I'm very happy about that.



**Hon. Brenda Chamberlain:** Would anybody else like to comment?



**Mr. Norman Beal:** I would like to comment on this as well.

As you know, the Canadian wine industry is a somewhat young industry in terms of the growth it has seen from some of our smaller players. As I mentioned earlier, it's an agriculturally based—



**Hon. Brenda Chamberlain:** I want you to make your answers succinct, if you can, because I have questions I want to get to.



**Mr. Norman Beal:** I guess the point I'm trying to make is that yes, you will see some of our small wineries go out of business. It's a hugely competitive international market for us. Many of the countries that compete against us in our own market in Canada are heavily subsidized, and many of those competitors, by the way, do not have to provide back labels in their own domestic markets.



**Hon. Brenda Chamberlain:** Thank you.

Is there anybody else?



**Mr. John Sleeman:** I can't speak on behalf of Molson and Labatt and the large brewers, although there have been job losses already at those companies because the environment is so competitive. From Sleeman's perspective, I doubt that we would close the brewery, but we would certainly look at employment levels.



**Hon. Brenda Chamberlain:** Thank you.

Teresa?



**Ms. Teresa Cascioli:** It's the same with Lakeport.



**Hon. Brenda Chamberlain:** My next question is, is it likely that programs such as FAS and some of the other things that you're supporting—Motherisk and a number of programs—could be cut? Is that possible if this goes ahead?



**Ms. Laura Urtnowski:** I would like to say that for the Quebec program, which is mandatory at this point, I'm sure warning labels would be accepted as an educational program by the Quebec government; therefore we might see that we no longer would be obliged to fund a lot of programs that are presently funded in Quebec, because we would have a warning label, which would be our program.



**Hon. Brenda Chamberlain:** The government would pick up the cost.



**Ms. Laura Urtnowski:** We don't have to give the Quebec government...but the Quebec government makes it mandatory for us to have an educational program, as I mentioned earlier, for which the label would then qualify.



**Mr. Howard Collins:** The issue for me is that there's only so much money in the bucket. If you go in to talk to business people about diverting resources into labels.... It's going to have an effect when I go in to ask for funding for programs, no question.





**The Chair:** Could I ask how much money is in that bucket?



**Hon. Brenda Chamberlain:** That's on your time, not on my five minutes.



**The Chair:** But we didn't get the real goods.



**Mr. Howard Collins:** We're talking about the entire industry bucket.



**Mr. John Sleeman:** It's very hard to know what all the industry spends put together. In Sleeman's case, for instance, we spend money independently on public service announcements, encouraging people--particularly at Christmas and times like that--not to drink and drive. That isn't even included in the association budget, but it would be millions of dollars annually for the brewers.



**Hon. Brenda Chamberlain:** Earlier in your comments you spoke about a foundation. I want to explore that a little bit. What is it? What does it have the potential to do? And again, if labels were proceeded with, is there potential to hurt that particular foundation?



**Mr. Howard Collins:** The idea of a foundation came out of the FAS conferences I talked about earlier, when the FAS researchers from around the country get together and talk about what programs are in place, what the best practices are, and how they go about dealing with the FAS issue. As I mentioned earlier, we're involved in programs with Motherisk, with CCSA. We were looking to see what else could be done. One of the areas we focused on was community groups--a lot of community groups looking for support, and with really no place to go.

We began discussions with the provinces in the west and such--where we were with the conference--and have encouraging signs from some of those western provinces that maybe we could cooperate on putting together a foundation. There would be funding from provincial governments and federal governments--if we could attract their interest--as well as industry.

Again, it would be modelled on the arm's-length programs we've done elsewhere; independent boards would decide how that money would be distributed to the community groups. Those discussions took place through the fall; frankly, we've been focused on the labels now, and haven't done a lot with it since.



**Hon. Brenda Chamberlain:** Blair Dickerson--a lady who, I believe, worked for you at one point--has done a tremendous amount of work in the city of Guelph. She worked with FAS relentlessly, and I would have a real problem to think that program might go for a warning label. I would be very, very doubtful that it would be a better use of dollars.

Thank you.



**The Chair:** Thank you, Mrs. Chamberlain.

I will now go to Madame Demers.

[Translation]



**Ms. Nicole Demers (Laval, BQ):** Thank you, Madam Chair.

Thank you for coming here today. My question is for Ms. Bas.

You stated earlier that before passing legislation, we should perhaps await the results of a study that is currently being conducted by colleagues and experts at Health Canada.

When is this study expected to be concluded? Is fetal alcohol syndrome also being examined? Should this study normally result in a comprehensive strategy respecting alcohol consumption?

[English]



**Ms. Vicki Bas:** Madame Demers, I don't think I can answer that fully for you. I think Health Canada and Canadian Centre on Substance Abuse officials could better answer that question, because they are in control of the timeline. I would hope they would be serious in furthering it as quickly as possible, but giving it, as well, science-based study and enough time for all the evidence to come forth.

[Translation]



**Ms. Nicole Demers:** How many meetings have you held since the process was first initiated?

[English]



**Ms. Vicki Bas:** The money was funded by Health Canada, or by the Minister of Health, in 2003. Since that time, I believe there was a year of cross-consultations across the country. I know we participated in 2004, in October and November, and now it is going to the latter stages. At first we had an overall strategy, and now we're going into the more definite components--such as fetal alcohol syndrome, such as alcohol, such as youth, etc.

[Translation]



**Ms. Nicole Demers:** Thank you.

Mr. Raymond, how much money does Molson invest in your program on an annual basis?

[English]



**Mr. Justin Raymond:** Approximately \$200,000. I run the business principally based on that sponsorship funding. We also receive a small amount of funding from restaurants and bars that participate in our Smart Call program across the country. It brings in a smaller amount of revenue but is substantially important in moving our business forward.

[Translation]



**Ms. Nicole Demers:** Thank you.

Thank you, Madam Chair.

[English]



**The Chair:** Thank you, Madame.

Mr. Tonks.



**Mr. Alan Tonks (York South—Weston):** Thank you, Madam Chair.

First of all, I'd like to echo the comments made by Mr. Lunney that we are very appreciative of the seriousness with which the industry is taking fetal alcohol syndrome, alcoholism, drunk driving, and so on. The industry is taking them very seriously in a proactive way, and on behalf of all the members of the committee in terms of any questions they or I may ask, I wouldn't want anything to detract from that essential message.

I'd like to concentrate on those proactive programs that Mr. Sleeman had been referring to. There's just one bit of a conflict—and I have two questions, so I'd like you to answer very quickly.

There seems to be a discrepancy in testimony that you've given. You referred to \$100 million being put into those kinds of programs over the past twenty years, but then I have other testimony, if you will, that \$100 million had been put in over the past ten years. Can you just clarify which it is? Just how much is being put in, to the best of your knowledge?



**Mr. Howard Collins:** The numbers were \$100 million over ten years and \$120 million over twenty years. It was a lot of money initially when we first got into these programs, into start-ups.



(1720)



**Mr. Alan Tonks:** Okay.

Mr. Raymond and others have referred to the paradigm of reacting with respect to these kinds of social issues, meaning alcoholism and medical implications with respect to fetal alcohol syndrome. I think TAXIGUY characterized it as a somewhat behind-the-times paradigm. That means it isn't in keeping with really essentially dealing with the real issues in targeting by going right to the medical society if it's fetal alcohol syndrome or to examination rooms with posters and remedial programs, therapy programs, to deal with that small percentage of people who either have that particular risk during pregnancy or those who are in therapeutic programs through Alcoholics Anonymous or others dealing with that specific issue.

There's that approach and then there's the general tobacco approach, which we have seen. I'm going to describe it as tobacco being absolutely injurious to your health, of course, no question about it. We have warning labels on tobacco packaging, and it has been indicated—and I'm sure my colleague who has put forward the bill would agree—that there have to be other factors, in that the warning itself won't really make the difference.

I would like your reaction to this. The tobacco paradigm is warning labels followed by a series of other steps: the declaring of lifestyle advertising as illegal and the declaring of support for cultural and sports organizations and even educational activities as absolutely illegal. Do you see your industry as similar to that, and do you see that as the kind of paradigm that fits into the long-term strategic planning that you think would be effective for your industry?



**Mr. John Sleeman:** On behalf of the brewers, I think we have one basic problem. Tobacco kills people, but beverage alcohol doesn't unless it's misused. Whether you use or abuse tobacco, it's bad for you.

We want to make sure that consumers of our products get the kind of warning they need about its misuse. We think labels will not deliver that. We certainly hope the Canadian government and the provincial governments don't see fit to start restricting a company or a group of companies that they see fit to tax very highly and whose products have proven health

benefits, by preventing them from advertising their products and acting as responsible Canadian corporate citizens. We wouldn't want to see it go down the road of tobacco, because we don't think we're the same as tobacco.



**The Chair:** Thank you, Mr. Tonks.



**Mr. Alan Tonks:** Thank you very much.



**The Chair:** I think we can fit in Mr. Carrie, but before I do that, there are other members here who will not have a chance because we have to go to vote very shortly. That's what these bells are about. So I must ask you, if we submitted questions to you that we believe were unasked, would you commit to sending us your answers?

Thank you very much. I see nodding around the table. The committee and I will talk about how we will facilitate that.

Mr. Carrie, last speaker.



**Mr. Colin Carrie (Oshawa, CPC):** Speed questions.

On page 7 of the brewers' proposal here, they spoke about an Ipsos-Reid survey, and I was glad to hear that 99% of women are aware of the problems with drinking alcohol, but I was wondering, did they ask anything else? Did they actually ask women, or has anybody asked women, what they think the best strategies would be to prevent fetal alcohol syndrome? Were there more things with this survey?



**Mr. Howard Collins:** Those questions were asked, and the answer was that 53% were looking for an education program through doctors to talk about fetal alcohol syndrome, 28% were looking at television and advertising campaigns, and something like less than one in six would favour a warning label. The majority look for medical advice.



**Mr. Colin Carrie:** I notice that you're partnering with government and I was wondering, are there partnerships now with the medical association and other things, and who pays for these programs? Is it solely on your plate?



(1725)



**Mr. Howard Collins:** The partnership we did with Health Canada was a joint program with the College of Family Physicians of Canada to develop the alcohol risk assessment and intervention program, which did include a component on FAS. And what it did was give doctors the materials they needed, the skills they needed, to be able to spot at an early stage those who would have a problem with alcohol.



**Mr. Colin Carrie:** My next question is about the Northwest Territories and the Yukon. They've had the labelling program for some time now. Mr. Szabo actually showed us that they put it on at point of sale; they just put the little label on. And I see, Mr. Tremblay, that the label we want to put on seems to be much larger. I was wondering, who pays the cost of that labelling at the point of sale? Do you have to pick up that cost too?



**Ms. Laura Urtnowski:** I spoke with the people in the Northwest Territories, and in the case of beer, that label doesn't really

go on the individual bottle, it goes on the cardboard.



**Mr. Colin Carrie:** Oh, it does?



**Ms. Laura Urtnowski:** Yes.



**Mr. Howard Collins:** The cost was picked up by the liquor board and therefore the territorial government.



**Mr. Colin Carrie:** I'm concerned, hearing about the smaller breweries. Certainly we don't want anybody to lose their businesses. Would that be a better solution for you, if those labels were put on at point of sale, that type of situation?



**Ms. Teresa Cascioli:** The Ontario government is a little bit different. We pay for absolutely everything that's done, whether it's the end aisle, top shelf, or bottom shelf. Anything that's manually handled by the LCBO is paid for by us. So if you can get around that, good luck.



**Mr. Colin Carrie:** So basically, that's not a real solution right now?



**Ms. Teresa Cascioli:** Right now we pay for all of that.



**Ms. Laura Urtnowski:** And in Quebec it's the small corner dépanneurs that would have to do it.



**Mr. Colin Carrie:** Okay, that's everything.

Thank you very much.



**The Chair:** I want to thank you very much on behalf of the members. I apologize for the departing, but they are now sprinting down the centre hall because we have, I think, three minutes to get there. So thank you very much.

I want to remind my colleagues who are still here to tell the other people on the opposition side that tomorrow morning it's at a quarter to 11, not 11 o'clock, and it is in 209 West Block. You will have a notice, but the main thing to remember is that you should be there at a quarter to. We have some committee business to discuss before we get to the witnesses.

This meeting is adjourned.

