

May 19, 2011

**PROVINCE INTRODUCES
NEW HOSPITALITY STRATEGY**

- - -

**Changes Would Balance Modernized Liquor Laws, Red Tape Reduction
With Safety Enhancements, Underage Drinking Initiatives: Mackintosh**

A four-pillar strategy to promote new hospitality opportunities in the province, such as brew pubs, Liquor Mart boutiques in grocery stores and the ability to bring your own wine (BYOW) to restaurants, with a crackdown on disorder and underage drinking, was unveiled today by Family Services and Consumer Affairs Minister Gord Mackintosh, minister responsible for the Liquor Control Act.

“The goal of this new strategy is to allow our province to be both socially progressive and socially responsible,” said Mackintosh. “It encourages economic development and provides Manitobans and visitors with the ability to enjoy social opportunities within a safe environment.

“We’ve built these changes on a platform of Canada’s toughest impaired driving laws. The result is a strategy that addresses the desire by Manitobans for more modern liquor laws, while enhancing safety initiatives within the hospitality industry.”

The minister said the four pillars of the new strategy are new hospitality opportunities, greater public safety and well-being, underage drinking countermeasures, and red tape reduction.

1. New hospitality opportunities

To address the changing social landscape in Manitoba and Canada, the following initiatives would enable:

- Brew pubs with off-sales and sales through the Manitoba Liquor Control Commission (MLCC) Liquor Marts to ensure business viability;
- up to 10 pilot, limited-selection MLCC Liquor Mart boutiques with a focus on Manitoba and Canadian products including up to five locations to be located within urban grocery stores;
- a voluntary BYOW program for restaurants;
- sales of coolers and ciders at select retail beer vendors;
- incentives to help develop microbreweries, wineries and micro-distilleries including reduced product markups and promotional opportunities;
- development incentives for beverage producer visitor centres including free-standing locations, reduced product markups to the producer and allowing for outdoor advertising to promote these centres;

- expansion of optional service hours to 2 a.m. for socials, charity fundraisers and weddings for consistency with licensed establishments;
- standardized Sunday night hours to 2 a.m. for cabarets and beverage rooms and 2:30 a.m. for beer vendors, unless disallowed by local bylaw;
- the MLCC to authorize exceptions to reflect unique hospitality opportunities that do not fall under the current 11 classes of licence by amending the Food to Liquor Regulation;
- Liquor Marts to sell barware, beverage publications and promotional merchandise for major sport and cultural events; and
- enhanced product information and public interaction through an upgrading of the MLCC website.

“With modern liquor control rules unfolding across Canada and world-class attractions planned for Manitoba, such as the Canadian Museum for Human Rights and the International Polar Bear Centre, our efforts will enhance Manitoba’s attractiveness as a progressive, hospitable and fun destination and a great place to live,” said Mackintosh.

2. Greater public safety and well-being

Recognizing the foundation of hospitality is to provide a safe environment, safety in licensed premises would be enhanced by the following initiatives:

- hiring three new downtown Winnipeg liquor inspectors, adding to Canada’s best inspector-to-licensed-premises ratio, and establishing a new satellite inspections office to be located on Main Street by 2012;
- introducing fines, among the toughest in Canada, for disorderly conduct;
- placing more responsibility on bar owners for disorder outside of their premises and property including the immediate vicinity;
- enabling liquor inspectors and police to immediately close a licensed premise for up to 12 hours when there is imminent risk to the public;
- setting out in law existing mandatory responsible service training for bar owners, operators, bartenders and servers;
- giving the Manitoba Liquor Control Commission (MLCC) the legal mandate to promote responsible alcohol consumption;
- strengthening a fetal alcohol spectrum disorders public awareness campaign;
- requiring the MLCC to conduct an impact analysis on the use of energy drinks as a mix with alcohol;
- enabling Liquor Marts to sell socially responsible products such as 0.5 per cent alcohol and taxi-fare cards; and
- installing portable defibrillators and providing staff training in all 50 liquor marts by early summer.

“These initiatives help to build a culture of moderation around alcohol consumption,” said Mackintosh. “Moreover, licensed premises must provide safe environments for patrons and the general public. The new initiatives proposed today supplement our strong impaired-driving strategy and realize historic new investments to address alcohol-abuse issues.”

3. Underage drinking countermeasures

The following initiatives are intended to counter underage drinking:

- instituting a false identification (ID) crackdown:
 - young adults will be required to produce a driver’s licence or identity card from Manitoba Public Insurance or alternatively two additional pieces of ID, of one which one must be photo ID, by 2012;
 - the MLCC will work with licensees to implement technologies to identify false ID such as verification scanners; and
 - providing ID to a minor would become an offence under the Liquor Control Act; and
- prohibiting possession of alcohol by a minor, not just consumption, in a licensed premise and at occasional permit events;
- automatically having every act violation involving underage drinking in a licensed premise would result in a licensing board hearing;
- registering all beer kegs to easily identify the purchaser in situations involving minors;
- having the MLCC phase in a strategy to deal with excessively high alcohol content beverages;
- enhancing awareness of Be the Influence – Manitoba’s leading-edge campaign for parent engagement and responsibility;
- providing a new school-based awareness and initiatives program through Manitoba Healthy Living, Youth and Seniors; and
- facilitating discussion between MADD Canada and school boards to promote dry grad initiatives.

“These initiatives build on the introduction last May of Canada’s highest fines for underage alcohol purchases,” said Mackintosh. “We know that children who begin drinking before the age of 15 are four times more likely to develop alcohol dependencies later in life. When we hear that 20 per cent of Grade 9 students report they got drunk at least once in the previous month, we all have our work cut out for us.”

4. Red tape reduction

A modernized act would also see the elimination of unnecessary red tape by:

- allowing convenient, online social permit applications by 2012;

- providing multi-year liquor licensing;
- supplying pro-rated liquor licence fees;
- legislating pro-rated liquor licence fees;
- streamlining the liquor licence application process;
- improving rules to reflect the shift from owner-run premises to franchises and chain outlets;
- amending the Food to Liquor Regulation to:
 - address exemptions where the ratio does not reflect the volume of liquor sold; and
 - replace the quarterly requirement for licensees to submit food to liquor reports with spot checks, complaint investigations and licensee record maintenance; and
- transferring licensing responsibility from cabinet to the MLCC for liquor stores and licensed premises in areas without municipal governments, such as northern communities and parks;
- amending the advertising regulation to allow exceptions to outdoor advertising rules to accommodate licensee promotional needs; and
- providing an MLCC Internet portal for commercial business partners to streamline business activities.

“The MLCC began the process of reducing red tape last year with the introduction of a simplified occasional permit fee structure that not only simplified the process for permit events, it provided savings to many event organizations,” said Mackintosh. “These initiatives to reduce red tape, build on these past efforts and provide greater efficiencies for licensed premises.”

BACKGROUND INFORMATION ATTACHED

MANITOBA'S NEW HOSPITALITY STRATEGY

Manitoba's new hospitality strategy is intended to modernize the Liquor Control Act, its regulations and MLCC policies. The strategy is comprised of four pillars: new hospitality opportunities, greater public safety and well-being, underage drinking countermeasures and red tape reduction.

1. New Hospitality Opportunities

- **Brew Pubs:** A brew pub is a licensed premise that manufactures beer for on-premise consumption and off-premise sales. The Liquor Control Act does not currently recognize the concept of a brew pub. Brew pubs are currently allowed through MLCC policy by combining a manufacturer's licence and an on-premise licence class, however, this type of business is restricted to retail sales on the premises with no opportunity for further sales through other retailers such as Liquor Marts. Recognizing brew pubs as an entity in legislation and creating an exemption to allow for retail sales would create an environment that facilitates economic development and investment to increase Manitoba's appeal as a tourism destination.
- **Liquor Mart Boutiques:** Manitoba currently has a mix of public and private liquor retailing with 50 Liquor Marts, 271 privately owned beer vendors, 178 privately owned liquor vendors and eight private wine stores. This initiative is intended to provide greater customer service and further modernize Manitoba's retail model. As a pilot project, the MLCC would introduce up to 10 express boutique-style stores in high-traffic areas, for example, James A. Richardson International Airport. Up to five of these stores would be located within grocery stores with a focus on locally produced products as well as Canadian wine, spirits and craft beer. A similar model exists in rural Manitoba where grocery stores and other retailers offer beverage alcohol products in their stores. The boutique stores would be staffed by MLCC employees. A pilot project would call for proposals from urban grocery stores.
- **Bring Your Own Wine:** Currently, the act requires all licensees to serve liquor that is purchased under the authority of their licence. Providing an exemption to allow patrons to bring their own unopened bottle of commercially made wine to have with a meal in a dining room would increase the licensee's flexibility to respond to customer needs. It would also recognize that some consumers prefer a specific vintage of wine or wish to celebrate a special dinner occasion with a specific wine. Only staff of the licensed premise would be authorized to open a bottle of liquor for service maintaining responsible service standards. The licensed premise would be allowed to charge a corkage fee for this service. Five provinces including Alberta and Ontario currently allow a bring-your-own-wine service.

- **Beer Vendors could Sell Coolers/Ciders:** To provide greater customer service, the MLCC would work with the Manitoba Hotel Association (MHA) to allow select beer vendors to sell coolers and ciders. Vendors would be required to meet service and retail standards in order to provide this service. The MLCC would work with the MHA in determining the selection criteria and standards.
- **Economic Development Incentives for Beverage Producers:** The success and growth of craft breweries and an interest in craft breweries in Manitoba has increased over the years. Reduced markups, marketing and promotional assistance, and additional support by regulation and policy change would help to support and promote these small businesses in Manitoba.

Other initiatives to support Manitoba beverage producers would include allowing for the development of visitor centres including free-standing locations and allowing for outdoor advertising to promote these centres.

Manitoba beverage producers include Fort Garry and Half Pints breweries in Winnipeg, Diageo Crown Royal Distillery in Gimli, Rigby Orchards fruit winery in Killarney and Boreal Bounty Products (birch wine) in Flin Flon.

- **Expanded and Standardized Hours:** Standardizing closing times for permit events to 2 a.m. would provide support for charitable and non-profit organizations and events. The additional hour could also reduce the incidents of customers moving from permit events to licensed establishments after 1 a.m.

Standardizing closing times to 2 a.m. seven days a week, excluding Easter Sunday, under all classes of licence (2:30 a.m. for retail beer vendors) would eliminate confusion caused by different hours of operation. It would also provide a level playing field for the hospitality industry and eliminate confusion caused by different hours of operation.

- **Liquor to Food Ratio Regulation Change:** Under current legislation, dining room/cocktail lounges are required to ensure liquor sales do not exceed 60 per cent of total sales. Allowing the MLCC to have authority to approve exemptions to this legislation would allow the MLCC flexibility to provide for unique hospitality opportunities that meet the specific requirements of the 11 classes of license, for example, brew pubs.
- **Expanded Merchandise:** The act currently allows the MLCC to sell liquor but no other products. Liquor Mart customer surveys indicate 78 per cent of customers asked supported or strongly supported purchasing items related to the sale of liquor such as gift boxes, bar ware and wine magazines. The change would also allow the MLCC to support significant tourism events such as Grey Cup, Folklorama and world curling through the sale of event promotional hats, T-shirts, etc.
- **Upgrading the MLCC Website:** The MLCC website is in the process of an upgrade. It will offer enhanced information on products and product pairings.

2. Greater Public Safety and Well-being

- **Inspections Enhancement:** Manitoba already has the highest ratio of liquor inspectors to number of licensed premises (one inspector for every 100 premises). However, the addition of three new liquor inspectors, as well as a satellite inspections office on Main Street, will give the MLCC an extra presence in Winnipeg's downtown area. These additional resources will allow the MLCC to increase the frequency of inspections while increasing opportunities for partnerships with police and licensees. These initiatives are expected to be in place by 2012.
- **Fines for Disorderly Conduct:** To discourage the behaviour that can result in problems within licensed premises, the MLCC will work with Manitoba Justice to increase fines for public disorder related to alcohol consumption. Currently, the fine for disorderly conduct is \$292.65. The change would see this fine increase to \$655.65 making it the highest set fines for disorderly conduct in Canada.
- **Clearer Responsibility for Bar Owners:** The Liquor Control Act currently requires licensees to ensure patrons are not disorderly in or about their premises. The current language does not clearly spell out the expectations of licensees. Problems can develop when patrons leave a licensed premise and are disorderly and/or cause damage to adjacent public and private property. The language change is intended to clarify expectations for licensees that they are responsible for the actions of patrons not only in their premises but when patrons leave the premises and are disorderly or cause damage outside the premises and in the immediate vicinity of the premise such as on the sidewalk or in a neighbouring parking lot. The change is intended to balance the expectations for licensees with the needs of the community.
- **Addressing Imminent Public Risk:** Currently, the Liquor Control Act allows the CEO of the MLCC to close a licensed premise pending a hearing before the licensing board if it is in the public interest. This change in legislation would provide greater authority for MLCC liquor inspectors and police services to act quickly to close a licensed premise for up to 12 hours when there is imminent risk to the public. The intent of this change is to address those situations where a licensee might temporarily lose control of their operations due to violence, excessive intoxication or overcrowding requiring immediate measures to reduce potential harm to patrons.
- **Responsible Service Training:** Existing responsible service training for owners, managers, bartenders, bouncers and serving personnel in licensed premises is mandatory with training standards currently outlined in regulation. Training is provided through the *Serving It Safe* program (formerly *It's Good Business*) and is administered by the Manitoba Tourism Education Council. This change would enshrine this training requirement in law to recognize the importance of permanently ensuring public safety within licensed premises.

- **MLCC Support for Responsible Consumption Programs:** Under the act, the MLCC is given direct authority to control the importation, sale and service of alcohol within Manitoba. The MLCC's mission, mandate, goals and values recognize the importance of social responsibility in reducing the harms associated with the misuse of alcohol. In 2010, the MLCC directed over \$800,000 of its operational funds to public-awareness programs on FASD, binge drinking, underage drinking, impaired driving and date-rape drug prevention. Over the years, the MLCC has become a leader among liquor jurisdictions in social responsibility programming. Surveys conducted for the MLCC have indicated public support for the corporation's involvement in these issues. The act does not require the MLCC to support or fund social responsibility programs. Amending this legislation would formally establish this mandate recognizing the importance of these programs and the work done by the MLCC to help raise public awareness about the harms associated with alcohol misuse.
- **FASD Campaign:** The MLCC has won international awards for health-awareness advertising for its FASD campaign Be With Child-Without Alcohol program. The program is well recognized throughout the province for providing women and their partners with information about the risks of alcohol consumption during pregnancy. The MLCC will continue to build awareness of the campaign and will work with other government departments to further strengthen information and awareness.
- **Sale of Socially Responsible Products:** This change would allow the MLCC to sell socially responsible alternatives within Liquor Marts such as low-alcohol beverages (0.5 per cent alcohol/volume) and taxi-fare cards.
- **Energy Drinks:** The use of non-alcoholic energy drinks as a mix has raised serious health concerns both in Canada and the U.S. The MLCC will conduct an impact analysis on the use of energy drinks mixed with alcohol.
- **Defibrillators:** To address safety of its employees and the public, the MLCC has implemented automatic external defibrillators at its head office and two high-traffic Liquor Marts (Grant Park and St. Vital Square). By early summer, defibrillators will be placed in all 50 Liquor Marts as well as the Brandon and Thompson inspection offices. Training is being made available to all staff.

3. Underage Drinking Countermeasures

- In May 2010, the government announced increased fines for anyone associated with purchasing or selling alcohol to minors. The result was that Manitoba now has some of the highest fines in Canada regarding sale and service to minors. For people who sell or buy alcohol for a minor, the fine is a minimum of \$2,000 plus costs and the minimum fine for a corporation that sells or buys alcohol for minors is \$5,000 plus costs. Minors who attempt to purchase alcohol using false identification or who are in possession of or consume alcohol face a fine of \$655.65. Licensees caught with minors consuming alcohol on their premises also face a fine of \$655.65 and are also subject to disciplinary action by the MLCC.

- **False ID Crackdown:** Preventing minors from purchasing beverage alcohol or gaining access to age-restricted premises involves addressing the use of fake and false ID. Initiatives to curb the use of fake and false ID help to round out prevention efforts.

Currently, several different types of photo identification may be requested by licensees as proof of age. Requiring consistent photo identification among licensed premises is one tool to help prevent fraudulent ID use. This initiative would require young adults attempting entry into age-restricted premises or attempting to purchase alcohol to produce identification from Manitoba Public Insurance such as a driver's licence, enhanced driver's licence, identity card, enhanced identity card or, alternatively, two additional pieces of ID, one of which would have to be photo ID. This requirement is expected to be in place by 2012. To help identify false ID, the MLCC will work with licensed premises to implement identification technology.

Currently it is an offence for a person to use false ID to purchase alcohol or enter into an age-restricted licensed premise. New changes to the act would also make it an offence for an adult to provide their identification to a minor in order to purchase alcohol or access age-restricted licensed premises. The intent of this change is to curb the lending of ID by an adult to a younger sibling or friend.

- **Possession of Alcohol by Minors:** Currently, the act restricts minors from consuming liquor in most licensed premises and permit events. (Some types of licences have an exception for consumption by minors who are in the accompaniment of a parent, guardian or spouse.) There is no provision requiring licensees to ensure minors are not in possession of alcohol. Police or liquor inspectors must observe consumption before citing a breach of the act and initiating intervention. Amending the act to restrict the possession of liquor by minors in licensed premises and permit events would clarify intent of the act and assist enforcement agencies in upholding the legislation.
- **All Act Breaches Involving Minors to Require a Board Hearing:** This initiative is intended to demonstrate to licensees the serious nature of offences involving minors and alcohol. This change would send a strong message to licensed premises that sale and service of alcohol to minors and minors in possession and/or consuming alcohol in an age-restricted premise, will not be tolerated.
- **Beer Kegs:** This preventative initiative is in response to a growing problem in the United States involving the purchase of beer kegs by adults for underage youth parties. Anyone buying a keg of beer would be required to register their identification with the retailer at time of purchase. Enforcement agencies who intervene at house parties or bush parties where illegal and/or over-consumption of alcohol has occurred could then use keg registration as a tool to identify and take action against those who supply alcohol to minors. Retailers would be required to notify purchasers of their liability at time of purchase.

- Excessively High Alcohol Product Strategy: The MLCC will review listing, product placement and the pricing of excessively high percentage alcohol products to make sure there is responsible marketing reflecting the absolute alcohol by volume to discourage over-consumption of these products.
- Enhanced Awareness of *Be the Influence*: The MLCC's *Be the Influence* program was developed in 2007 with the assistance of the Addictions Foundation of Manitoba and is based on research that shows parents have the greatest influence on their children regarding alcohol use. The program is aimed at parents and consists of an information booklet and website to help parents talk to their children about alcohol. The MLCC will work with parent councils to promote the information and is developing an awareness campaign for community centres and arenas across the province.
- New School-based Awareness and Interventions: Manitoba Healthy Living, Youth and Seniors, with funding from Health Canada, is developing an early intervention and life-skill enhancement initiative for youth with a school curriculum component for ages 11 to 13 as well as the integrated delivery of a screening, assessment, brief intervention and referral program by child-welfare and primary health-care professionals, supported by three new addiction specialists;
- Manitoba Dry Grad: The MLCC will facilitate discussions between MADD Canada and Manitoba school boards in an effort to promote dry-grad initiatives.

4. Red Tape Reduction

- Online Social Permit Applications: The MLCC will introduce a convenient, online application process by 2012.
- Multi-year Liquor Licences: Currently all liquor licences expire annually in March and all licensees (approximately 1,600) are required to submit detailed information to the MLCC and provide annual fees to renew their liquor licence. Changing the renewal date based on the anniversary date and allowing licences for longer periods (three years) will simplify the licensing process for businesses. The MLCC will continue to address issues of non-compliance by licensees and the process for addressing breaches will not change.
- Pro-rated Licence Fees: Currently liquor-licence fees have been charged by parts of the year, not on the month a business opens. Requiring in law the fees must be based on the months of operation would ensure business fairness.
- Streamlined Application Process: Under the current act, liquor-license applicants must publish notices of their application in the Manitoba Gazette and their municipality's newspaper. The MLCC also requires that a notice be posted at the premises and applications are posted on the MLCC web site. This initiative would see the elimination of the requirement for applicants to advertise in the Manitoba Gazette, resulting in a time saving of up to one month. All other forms of advertising would continue.

- **Proof of Ownership:** Currently, licensees must retain 90 per cent of the profit from the sale of liquor to demonstrate who is the owner of the premise. Changing this requirement to 80 per cent would better reflect current business practices and structures where franchises, partnerships and corporate ownership are common. Issues regarding control and ownership of licensed premises will continue to be addressed through various sections of the act requiring licensees to be the true owner of the premises.
- **Food to Liquor Ratio:** Further amendments to the Food to Liquor Regulation will give the MLCC authority to:
 - address exemptions to the current food-to-liquor ratio where the ratio does not reflect the volume of liquor sold. For example, the sale of expensive wine at high-end restaurants could exceed the value of the food sold; and
 - eliminate the requirement for licensees to submit quarterly food-to-liquor reports that provide limited or no value to the MLCC. Licensees would still be required to maintain records and the MLCC would retain the right to examine those records to ensure licensees are adhering to the requirements of their licence.
- **Licensing Responsibility for Unincorporated Areas:** Current legislation requires licensing decisions for unincorporated areas and parks to be made by cabinet. Transferring this responsibility to the MLCC would provide for a more streamlined process.
- **Advertising:** Currently, licensees are prohibited by regulation from outdoor advertising. The advertising regulation would be amended to allow exceptions to outdoor advertising rules to allow licensees outdoor promotional advertising on their premises, for example, on-site exterior signage.
- **Commercial Internet Portal:** As part of its enhanced website, the MLCC will also develop a commercial portal for business partners to help streamline business activities between suppliers and licensed premises.