

PROVINCE OF BRITISH COLUMBIA

Report of the
British Columbia Liquor
Inquiry Commission

1952



VICTORIA, B.C.
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REPORT OF THE COMMISSION

To His Honour the Lieutenant-Governor of British Columbia:

We, the undersigned Commissioners, having been appointed to inquire into the following matters, namely:—

- (1) The relevant facts relating to the distribution, sale, and consumption of spirituous, vinous, and malt liquors within the Province, with the view to determining the manner and means most acceptable to the people of the Province of implementing the sale of spirituous, vinous, and malt liquors by the glass in premises licensed for that purpose:
- (2) Such further matters as the Commissioners may consider to be incidental to the foregoing matters inquired into; and to report by the 31st day of December, 1952, what they find with reference to the matters comprised within the inquiry and to make recommendations with respect to legislation deemed necessary,—

respectfully submit to Your Honour the following report.

INTRODUCTION

Your Order in Council dated the 12th day of September, A.D. 1952, appointing us a Commission contains, among others, the following statement:—

And whereas it has been represented to His Honour's Government that the wording of the question was not clear and unambiguous and that it is deemed desirable in the public interest that the relevant facts relating to the sale, distribution and consumption of spirituous, vinous and malt liquors be made the subject of a public inquiry, and that the matter concerned is connected with the good government of the Province, and it is deemed expedient to cause inquiry to be made into and concerning the same.

Therefore, your Commissioners have based their findings and recommendations on the general premise that these shall be made in the "public interest" and shall conform to the principles of good government of the Province.

Your Commissioners gave public notice through advertisements in the press covering the entire Province that public hearings would be held in the following centres: Vancouver, Victoria, Nanaimo, Prince George, Kamloops, Penticton, and Nelson.

In all, twenty-seven public sittings of the Commission were held and approximately 200 briefs were submitted by labour-union executives, boards of trade, chambers of commerce, hotel and restaurant associations, church associations, and other organized groups, together with numerous briefs by private individuals, also a great number of submissions of a miscellaneous character, both verbal and by letter.

These briefs and submissions were in the main characterized by helpful, sane, and practical suggestions, and we are deeply grateful to all who have appeared and voluntarily expressed their views.

In addition, the brewers and distillers manufacturing and operating in a substantial way in the Province responded to our invitation to appear and at our request filed their latest financial reports. With one exception, however, they did not present any brief but willingly replied to our questions, and in this way much valuable information was elicited.

Having in mind the terms of reference above referred to, and notwithstanding the provisions contained in subsection (6) of section 23 of the "Interpretation Act," R.S.B.C. 1948, chapter 1, we urge that any new legislation founded on this report should state clearly in its preamble that such legislation is intended to set forth the

terms and conditions governing and regulating the distribution, sale, and use of alcoholic beverages in British Columbia with the distinct purpose in view of effectively controlling such distribution so as to promote in the highest possible degree the welfare, health, and morals of the people of the Province, and that such new legislation shall be liberally construed for the accomplishment of this purpose.

This suggestion can be supported by quoting section 2 of the Washington State Liquor Act:—

Purpose of Act: This entire act shall be deemed an exercise of the police power of the state, for the protection of the welfare, health, peace, morals, and safety of the people of the state, and all its provisions shall be liberally construed for the accomplishment of that purpose.

The State of Oregon uses similar language in Article 1, General Provisions, section 24-102:—

Purpose of Act: To promote temperance in the use and consumption of alcoholic beverages, and it hereby is declared that the subject matter of this Act involves in the highest degree the economic, social and moral well-being and safety of the state and all its people.

Those making representations to your Commission have time and time again emphasized the need for clear and unmistakable language in the drafting of new legislation, and a small but vocal minority have urged a "wide-open" system of distribution, trusting to competition as an adequate controlling factor. This latter and naive proposal does not appeal to the judgment of your Commission.

It would be a simple task to draft legislation for the distribution and sale of alcoholic beverages if all our citizens were self-disciplined and moderate users, but such is not the case, and this is amply supported by the incontrovertible knowledge that all civilized countries find it necessary and desirable to enact restrictive and disciplinary laws for its control.

Furthermore, it is commonly assumed that alcohol is a stimulant, whereas all scientific authorities assert that alcohol is a drug and a narcotic acting directly on the nervous system, as indicated in the briefs submitted by the Vancouver Medical Association, as follows:—

The effect of alcohol on the central nervous system is depressant.

Also, we quote from the Royal Commission on Licensing (England and Wales), page 17, section 81, under the heading "Summary"; the report has this to say:—

1. Alcohol is primarily a drug acting directly on the nervous centres.
2. The action of alcohol is essentially narcotic and not stimulant.
3. Alcohol taken in excess may exert, like any other drug, a poison action; and if taken habitually in excess may cause or contribute to a variety of diseases.
4. The use of alcohol as an aid to work, whether physical or mental, is physiologically unsound.

Your Commission has been impressed with the complexity of their task in designing a system of distribution which will meet the justifiable demands of the moderate user, and will at the same time protect immoderate individuals and society generally from the many undesirable and often very evil effects of excessive use.

The extent of alcoholism in Canada and in all countries of a similar stage of social development, and the increasing magnitude of the problem created by this disease which fastens itself on our social fabric like a malignant cancerous growth, has shocked us almost beyond words. We are convinced that the public at large do not realize either the magnitude or the increasing threat of this problem of alcoholism to our social structure. Even those more directly connected with the sale and distribution of alcohol, who one would expect should be aware, seem to be almost completely oblivious to the dangers inherent to the traffic in alcoholic drinks.

The Metropolitan Health Committee of Greater Vancouver in their brief said:—

The extent of the problem has been estimated at between six to seven percent of all males over the age of 20 years and two to three percent of all females in the same age group. In term of numbers these represent using the smaller percentage in each case, 10,000 uncontrolled

drinkers or alcoholics in Vancouver and 30,000 in the Province of British Columbia. The gravity of the problem is further emphasized by the fact that during the first six months of this year arrests for drunkenness in the City of Vancouver numbered 4,582.

Dr. Jellenik, Chairman of the International Committee on Alcohol Problems, reported in June, 1951, the following:—

U.S.A.	3,960	alcoholics per 100,000 adults in 1948
France	2,850	” ” ”
Sweden	2,580	” ” ”
Switzerland	2,385	” ” ”
Denmark	1,950	” ” ”
Chile	1,500	” ” ”

The Yale Quarterly Journal on Alcohol Problems, Vol. 13, No. 2, June, 1952, stated “that the estimated number of alcoholics with complications in the U.S.A. are: Male, 819,000; female, 144,000; total, 963,000. Estimated number with and without complications: Male, 3,276,000; female, 576,000; total, 3,852,000.”

These submissions, together with many others of a similar character, have given us deep concern. We feel that vigorous measures must be taken without delay to cope with this lamentable and tragic situation. We are making recommendations designed to that end. In support of this see the briefs of the Vancouver Medical Association, the Metropolitan Health Committee, the Vancouver Board of Trade, and The Alcohol Research Council. The union representing the brewery and distillery workers made the following statement:—

We submit that in the interests of society within our Province that Government should sponsor a Rehabilitation Centre for Alcoholics. For the more acute cases a centre should be established and be underwritten from a portion of the Provincial tax on liquor.

During the progress of the inquiry numerous references were made to France which many seem to believe had solved the social problem with its policy of open sale of alcoholic beverages. Apropos of this there has been submitted to us a copy of the London, England, “Spectator” of November 14th, 1952, containing an article we feel justified in quoting to add emphasis to our submission on this phase of the Inquiry. We quote as follows:—

Alcoholism is the most serious single social disease of France. Every year there is a wringing of hands about it in the Assembly, when the budget of the Ministry of Public Health is discussed. Before the war anyone who made public moan on the subject was considered slightly comic.

While excessive consumption of wine is the main trouble, that of spirits, especially in certain areas like Normandy, stands high. It is associated with the right of fruit-growers to have distilled for their own use a certain quantity of spirits duty-free and a further quantity at a reduced duty. These farmers are almost as numerous as the wine-growers (indeed in part identical with them). Their rights are always proclaimed as being particularly republican and as sacred as the right to vote or freedom of speech. In fact they open the way to all sorts of fraud, and a minimum estimate of loss of revenue to the State from this cause alone is ten milliard francs (\$27,900,000) a year.

To these massive voting interests in metropolitan France which make reform difficult must be added the café-keepers. According to figures published last week in the “Figaro” there are 588,000 cafés in France as compared with 49,000 bakers’ shops. That means one establishment where you can drink for every sixty-seven citizens over the age of fifteen years. This does not include the wine-merchants and grocers where drink can be bought in bottles.

Alcoholism is thus becoming one of the major challenges to the democratic method in France. It can only be dealt with by the assertion of general interest over a very broad-based particular one. One Paris doctor reports that in the 120 hospital-beds of which he has charge the number of cases of cirrhosis of the liver has risen from three in 1946 to fifty in 1952. The proportion of women to men suffering from this disease has risen from one-third to one-half. A Nice doctor treated no cases of delirium tremens in 1945, but one hundred and fifty in 1951. A Bordeaux mental specialist recently stated that, in that area of France, half the mental cases are due to alcoholism. In the recent debate on public health it was stated in the Assembly that the number of occupants of mental hospitals has gone up from 65,000 in December, 1946, to 92,000 in December, 1951.

The nation is spending 675 milliards (\$1,883,250,000) a year on drink, that is ten per cent. of the total of personal incomes and more than goes on rent. The cost to the State of looking after alcoholics is 132 milliards (\$368,280,000); whereas the drink-trade only contributed 53 milliards (\$147,870,000) to the Treasury. The loss to production is estimated at 350 milliards (\$976,500,000); the shortening of the average life of the French male at four per cent.

Gravest of all are the consequences for children. Ninety per cent. of the cases of cruelty to children are due to alcoholism. Seventy-five per cent. of juvenile offenders have alcoholic parents. There is also evidence of a less precise kind from school teachers and medical officers of the very grave handicaps of the children of alcoholic parents—very numerous in some areas.

Thus at the moment when France is triumphing over the gravest pre-war threat to her existence—that of fewer births than deaths—the health, both moral and physical, of the younger generation is being exposed to another apparently ever-increasing threat. Opinion will sooner or later make possible a concerted attack on this danger.

The references in the preceding paragraphs to alcoholism and to the very great and dangerous evils resulting from even relatively free access by the public to alcoholic beverages imperatively compel your Commissioners to urge most earnestly that:—

- (1) The commendable existing Provincial programme of education as to the nature and effect of the use of alcohol as a beverage on the individual and on society should be extended to all school grades, and that a somewhat similar educational programme for adults should be made available to adult society through the University of British Columbia and all other suitable media.
- (2) An Alcohol Research Foundation be established at the University of British Columbia similar to that set up in the State of Washington.
- (3) We recommend also that a detention rehabilitation centre be established for habitual drunkards and known alcoholics, and that all police magistrates and police authorities be instructed to commit persons convicted of "drunkenness in a public place" to such rehabilitation centre instead of to the common gaol, where such persons are known to the authorities to be "repeaters." It should be noted that such an institution would be a notable contribution toward relieving the notorious overcrowding at Oakalla. This condition of overcrowding, we are given to understand, is conducive to some considerable degree to those habits of life which make the person convicted of drunkenness a repeater. Such an establishment should not be of a type or character as may induce its inmates to consider it a pleasant place in which "to loaf" for a time, or as a holiday during inclement weather, but should, by its strict discipline and ample opportunities for healthful physical labour, be a place where full opportunity is afforded to work the alcohol out of the system of those committed. The term of committal should also be sufficient for such purpose. It is most desirable, in our opinion, that those committed should understand that they are expected and must contribute by their own efforts to the expense of rehabilitation. Such an establishment should be under the direction of personnel fully competent and trained to ensure the greatest possible progress toward the rehabilitation of those committed to its care.
- (4) The cost of these three suggestions to be defrayed in the first instance from revenue resulting directly or indirectly to the Provincial Government from the manufacture and (or) sale and (or) use of alcoholic beverages in the Province, and if, as, and when such revenues should prove insufficient for such purpose, then from the general revenues of the Provincial Government.

We will now make brief reference to existing law and regulations governing the sale and distribution of liquor within the Province, and to their enforcement. The "Government Liquor Act" visualizes "a Board known as the Liquor Control Board, consisting

of not more than three members, etc." In practice the administration of the Act has been entrusted to only one person. It is, in fact, a "one-man Board." This, we believe, is wholly wrong and has resulted in large measure in defeating the original object of the Act and the will of the Legislature.

While we do not conceive it to be our duty to delve into the reasons which underlie the obvious faulty administration, we do draw attention to certain conditions which in our opinion are inexcusable and deplorable.

For instance, section 27, subsection (12), of the Act clearly states "no person who holds a beer licence shall permit any gambling, drunkenness, or any violent, quarrelsome, riotous, or disorderly conduct to take place in or on the premises specified in his beer licence," and subsection (11): "No person apparently under the age of twenty-one years shall enter or be in the premises."

These highly important provisions in the Act have been apparently ignored. Serving of persons who enter beer-parlours in an intoxicated condition is quite common. Serving "drunken, quarrelsome, or disorderly" persons on the premises is simply routine and widespread. Control of minors is apparently left to the licensee without adequate inspection or checking, resulting in serious abuse. Another section of the Act deals more directly with this phase of the problem, namely, section 40, which reads:—

No holder of a beer licence or a veterans' club licence under this Act and no Vendor shall sell any liquor to any person apparently under the influence of liquor.

The common practice of serving alcoholic beverages to intoxicated persons is not limited to beer-parlours. Reliable information has been supplied to us that this violation of the Act is perpetrated in Government Liquor Stores by employees of the Government Liquor Control Board. This is thoroughly reprehensible. Government officials should be most meticulous in observing the law.

The will and the intention of the Legislature is clear and unmistakable. The law is mandatory, and the duty of the Liquor Control authorities is obligatory and not merely a matter of discretion. We are reluctantly forced to the conclusion that the members of the inspection staff are not unaware of the deplorable conditions that mark the day-to-day operations of the beer-parlours and Government Liquor Stores. Their method of inspection can only be characterized as grossly incompetent. If this charitable excuse cannot be accepted, the alternative seems to be the unpleasant conclusion that laxity of inspection stems from a sinister disregard of duty.

It was argued by the Chairman of the Liquor Control Board that it was not part of the duties of the inspection staff to deal with any matters appertaining to the behaviour of patrons of beer-parlours, and that this was the responsibility of the local police. On the other hand, the police claim that an officer patrolling his beat cannot enter beer-parlours to check on violations of the law.

We were not impressed by the argument of the Liquor Control Board, and more particularly so on referring to the Act and to sections 35 (3), 75, 76, 77, and 78. While it may be argued that these sections do not apply to beer-parlours, it is clear that the co-operation between the inspection staff and the local police was anticipated and expected.

We are therefore making very definite suggestions regarding a complete revision of the present inefficient system of inspection and enforcement.

Another phase of the situation as it affects the operation of beer-parlours and undoubtedly will affect the operation of outlets for sale of other beverages by the glass is in the qualification and suitability of the licensee to be so licensed. Apparently little effort has been made to check into the past records of those applying for a licence for a beer-parlour. There are those in the City of Vancouver holding a licence who have police records and unquestionably are not fitted for the purpose. It seems incredible and fantastic to assume that the inspection staff of the Liquor Control Board is unaware of

this fact. Another feature common to the present system of licensing is the requirement of the Liquor Control Board that licensees for beer-parlours should have associated with the beer-parlour certain room accommodation which they are pleased to call "hotels." Frequently this appears in actual operation to be undesirable and unjustifiable. As a matter of fact, there are certain hotels that are a credit to the communities in which they are located. On the other hand, there are a number of beer-parlours attached to rooms that can only be described as slums, and could not by any stretch of the imagination be considered suitable accommodation for the travelling public or, as such are called, "hotel accommodation." In fact, in at least one instance there is a beer-parlour in the centre of Vancouver the proprietors of which have no connection whatever with the rooms in the building, and they hold only a licence to sell beer in the beer-parlour with no other responsibility and without observance of any of the other conditions set forth in the Act and the regulations. This is well known to the inspection staff and to the Liquor Control Board.

We recommend, therefore, that any legislation covering the sale of spirituous, vinous, and malt liquor by the glass should cover the entire field of alcoholic beverages within the Province; that it should provide for the repeal of the present Government Liquor-control Act and all regulations made pursuant to it; and for the automatic cancellation of all beer-parlour and so-called "proprietary" club licences at the end of six months after the proclamation of such new legislation, and that those at present holding licences and desiring licences must make application therefor in accordance with the requirements of the new Act.

In our recommendations which will follow, we will outline the conditions under which these new licences should be issued.

Under the present law the Liquor Control Board have the administration and operation of the Vendors' stores. Numerous demands have been made for extending the selling-hours of these stores, and in some cases it is urged that the stores should be kept open all night. We are not unmindful of the desirability of serving the public with reasonable expedition and efficiency. However, with the institution of a new system of licensing which will make liquor available by the glass in a manner and to an extent that has not hitherto been known, we do not feel that there is any need for extending the selling-hours of these stores. Some have urged, a minority it is true, but they have urged that they are entitled to have access to these stores for the purchase of liquor at any time of the day or night that they choose. In other words, that the sale of liquor, a non-essential luxury, should be placed upon an entirely different and more privileged basis from that of any other commodity, be it ever so necessary, and that one wishing to purchase liquor should be entitled to efficient store service at any time or at any hour. This, we feel, is entirely unsound reasoning and not in the best interests of the public. It is not customary to provide for the sale of other articles, food, clothing, and other necessities of life at any hour of the day or night. There are limitations, and the public accept these limitations and no one suffers. There is no reason in our opinion why a liquor-store should be open all night any more than a dairy or any other establishment.

It has been brought to the attention of your Commissioners that persons entering a Government Liquor Store must pass their order through three different individuals before they receive service of the article they wish to buy. This seems to your Commission to be an unreasonably cumbersome method of handling the matter, and we are recommending that a careful review be made of the retail methods with a view of ensuring economy and efficiency in serving the public.

DISTRIBUTION OF BEER

It has been vigorously contended that beer is the least offensive of all alcoholic beverages, and that its sale and distribution should be kept separate from that of wines

and hard liquor. At present it is sold by the glass in beer-parlours, and by the carton in Government Liquor Stores, also in beer-parlours.

We recommend that:—

- (a) Beer by the glass should be sold in "public houses" licensed for that purpose only, whether associated with an hotel or not.
- (b) Such "public houses" should not have the privilege of selling beer by the carton or the bottle for off-premises consumption.
- (c) Light foods, such as sandwiches, potato chips, peanuts, and soft drinks and juices, such as ginger ale, root beer, tomato, orange, and grapefruit juice, shall be available for purchase in such "public houses."

The reason for this proposal rests in the overwhelming demand for the "working-man's club" type of beverage-room. It is contended that those who wish a quiet glass of beer should be free to "drop into a comfortable and decent" place for their refreshment. The existing beer-parlour is, as previously described, not of this type. The common minimum service is two glasses per customer and not infrequently as many as fifteen glasses served at one time to three men. This is sheer debauchery.

BREWERS' AND DISTILLERS' INTERESTS IN RETAIL OUTLETS

In the financial statements filed with the Commission by the brewers and distillers, it was disclosed that these companies, whose chief function is that of production, held indirect control over numerous hotels and beer-parlours. This method of control was held chiefly in the form of guaranteed loans made by the banks. Usually these so-called loans were far in excess of anything warranted by the physical security attached to them. Indeed, it was admitted quite frankly that no other loaning authority would grant such loans.

On pages 13 to 20 of the examination regarding the balance-sheet as of October 31st, 1952, of Western Canada Breweries Limited, the following appears:—

Q.—Now, Mr. Mackenzie, I have here these statements that you have submitted. A moment ago I asked you if these statements, and may I suggest that you and Mr. Mulholland or Mr. Campbell—

A.—Mr. Campbell, with your permission.

Q.—Yes, if any of you can answer this question as you are all in the same position. I asked the question a moment ago if these statements, which have been filed, are precisely the same as the statements presented by your auditors to your shareholders.

A.—MR. CAMPBELL: Yes, sir, they are. The only statements in which the shareholders, public shareholders, receive are the consolidated statements.

Q.—Are they the same statements as presented by your auditors to your directors?

A.—Yes, sir.

Q.—Well, I am a little surprised, because your profit and loss account is a most undisclosing statement. I have had some experience in statements and in accounting and in auditing, and I confess—now, I may be a little old fashioned and out of date, in these smart days people travel more rapidly than I was wont to do, and I may be so old fashioned that I am not, shall I say, up to date on these things—but, in my experience, it was customary for an audited report with a profit and loss account to show the gross profits, and the manner in which the directors and the management had disposed of those profits in the way of expenditures. Do you agree with me on that, or is that out of date?

A.—No, sir, I think that is good accounting methods.

Q.—All right. Then this statement that you have shows the profit from brewing operations, including dividends and from affiliated brewing and subsidiary companies, before the undernoted items, and you show a figure there of \$1,482,681.09. Then you add certain other income of \$384,843.53, making a total of \$1,867,524.62. Then you show only executive salaries, directors' fees, legal fees, interest on funded debt, provision for depreciation, provision for income tax, and that is virtually all you show in the way of expenditures.

A.—Yes, sir, that is exactly the same information we give to our shareholders on our annual statement.

Q.—Well, I would like to say this, that as far as I am concerned, it wouldn't be satisfactory to me if I were a shareholder—which I am not, but it wouldn't be satisfactory to me under these circumstances in any case.

A.—That is all that is required, sir, under the Dominion Companies Act.

Q.—Possibly. But we don't, at least I will put it this way, in my day, as auditors, we didn't limit ourselves to giving the shareholders merely the outline that the Government obliges us to file with them.

Now, that compels me to ask some questions which are not disclosed here, and which I am quite sure should be in your statement.

Now, first, by the way, before I do that, let me ask you, on your balance-sheet you show contingent liabilities of \$1,452,500. What is that?

A.—What company is that, sir?

Q.—The Western.

A.—Might I say, Mr. Chairman, that the Western Canada Breweries Limited, as a corporation, the balance-sheet you are looking at, is a holding company, and it really does not apply to the Vancouver operations.

Q.—Well now, just a minute.

A.—That is not a consolidated statement, sir; it only applies to head office operations, our Manitoba company, and our Saskatoon company.

Q.—Yes. Well, as a matter of fact, that doesn't embarrass me a particle, because all the observations I have made regarding that, which I will now lay aside for a moment, apply to the Vancouver Breweries Limited, which is your operating company here isn't it?

A.—Yes, sir.

Q.—Well, your profit and loss account there, I don't want to go over that, or shouldn't have to go over it again—statement of profit and loss and surplus. It shows just virtually the same thing.

A.—Yes, sir.

Q.—It is the same type, and all that I said about the other one applies to this one. I suppose you recognize that?

Now, then I come to another item, the same item only it is different. I may come back to that other one later. Contingent liabilities, guarantees, and then there is a note under it, "Guarantees and pledge of assets in respect of the repayment of principal, premiums and interest of the funded debt of the parent company, \$519,000."

A.—Mr. Chairman, those are two distinct amounts. First of all, the contingent liabilities, guarantees of \$519,000. They are the guarantees assumed.

Q.—What guarantees?

A.—By Vancouver Brewers.

Q.—I know. But guarantees of what?

A.—For the guarantee of notes which were signed by Vancouver Breweries as a member of Pacific Brewers Agents on hotel loans.

Q.—On hotel loans. That is what I imagined it was. These loans are made to individual licence-holders through the bank, or by the bank, on the endorsement and guarantee of the Vancouver Breweries, Coast Brewers, and the Sick Brewers. Right?

A.—Mr. Chairman, may I, would you please refer your remarks regarding these loans to the manager of Vancouver Breweries, Mr. Mulholland? He is a little more acquainted with that than I am.

Q.—Right. Is that correct, Mr. Mulholland?

A.—MR. MULHOLLAND: That is correct, sir.

Q.—Now, just at that point, I want to ask you a few questions. Among this \$519,000 of guarantees, of various hotel loans, does it include the Stanley?

A.—Yes, sir, it does.

Q.—\$30,000?

A.—That is correct.

Q.—Did you inspect those premises before you put that loan on?

A.—No, sir, that goes back quite a number of years, and it was to assist an individual who had been associated with the company for a long time. It helped him to the extent of \$30,000 to establish him in business. Since then he is deceased, and the loan has carried on through three successive proprietors.

Q.—How many?

A.—Three.

Q.—Forin was one?

A.—Bill Forin was one. And for the record, commencing January 1st, 1953, that loan will be started to be repaid.

Q.—That is the present holder?

A.—That is the present holder.

Q.—That is right. He told me that himself. This premises is not a hotel?

A.—Not in the true sense at the present time, because it is on a lease basis. I understand that the Liquor Control Board has insisted that all licensed premises must take over the rooms,

which in the past have been leased to individuals, and that is gradually being adopted; and the reason it hasn't been prior to now is because of the rent control.

Q.—Do you know these premises?

A.—Not the rooms. I know the licensed premises, which I would say are as good as any in the location in which they are situated.

Q.—You would say that?

A.—I would.

Q.—Well, I would say they are disgraceful and disgusting.

A.—In physical appearances, sir?

Q.—Physical appearances, all except a little paint on the walls which wasn't too bad.

A.—I am comparing it with others on the road, and I think it is quite comparable.

Q.—Well, possibly if you compare it with others in the neighbourhood, yes, there may be some grounds. But, frankly, I think they are terrible, and they don't comply with the law. Now, how can the Vancouver Brewers—now you gentlemen are top-hole business-men, and you rank high in the community as business-men. Now, how in the name of heaven can you lend \$30,000 on a place like that except for one reason—and that is that he uses Vancouver Brewers' beer alone, and no other, in his bulk draft beer?

A.—According to the record, sir, he uses draft beer of Vancouver Breweries alone, as all other premises do, they use one only, but they still sell all types of bottled beer.

Q.—I know. They sell all types of bottled beer, but it is an outlet?

A.—Yes, it is a physical licence, the same as many others in the area.

Q.—All right. Have you got the Haddon on your list?

A.—Yes, the Haddon is on our list, included in that amount.

Q.—How much has the Haddon got?

A.—It is listed jointly on our records as the Mills Holdings.

Q.—That is the Waldorf and the Haddon are joined together, and the licensee is Mr. Mills of the Waldorf?

A.—That is right.

Q.—He has the licence on both places. But I am speaking of the Haddon for the moment.

Have you got a loan on the Haddon?

A.—No, we haven't a loan on the Haddon as such at the present time.

Q.—But it is included in a loan on the Waldorf and the Haddon?

A.—MR. CAMPBELL: I think, Mr. Chairman, I am not sure, but I think the Waldorf loans money to the Haddon. I am not sure. I have been told.

Q.—Have you ever inspected those premises? The reason I am asking you this, I am not trying to get at it in a round-about way, but I am just asking you because—

A.—MR. MACKENZIE: May I say a word?

Q.—Excuse me for a moment, Mr. Mackenzie. These are very substantial loans that you have out, the Coast Breweries and yourself and the Sick, which is much smaller—these are large amounts on premises that no person in the lending business would ever lend such sums on, but that is your funeral. That is your business. But what I am after is the extent to which the brewing industry is tied into these private outlets, and there seems to me to be no physical or financial justification for it.

In brief, this shows that the Vancouver Breweries are guarantors to the extent of \$519,000 for loans in various amounts to hotels and beer-parlours throughout the Province.

On pages 52 to 55 of the examination regarding Sick's Breweries Limited the following appears:—

Q.—Have the Capilano Brewery or your succeeding company any interest in any of the outlets, beer-parlours, hotels?

A.—In which way do you mean, interest, sir?

Q.—Any interest whatever, financial interest.

A.—We have our association, the same as the Coast Breweries have. We belong to the Pacific Brewers Agents. We are co-signers on certain notes on certain loans to various outlets. We have no direct loans in the form of cash to any outlet anywhere in British Columbia.

Q.—But you are co-signers on that. Is that shown on your balance-sheet?

A.—It is shown as a contingent liability, sir, on the right.

Q.—\$193,382.69, contingent liability.

A.—In that contingent liability, I might add, are certain personal loans to some employees, and that sort of thing, that we have endorsed, but for a very small amount.

Q.—Yes. Are you the endorsers of certain specific notes in the bank of this group? I mean, are there certain specific notes that you have endorsed, or are you all co-signers?

A.—We are all co-signers.

Q.—They are all on all the notes?

A.—All on all the notes that are represented by that portion of contingent liabilities. We have no others.

Q.—Your \$193,382 would be—I notice contingent liabilities, guarantees and endorsements in the Coast Breweries shows as \$1,026,915.49. Now yours would be in addition to that? That is their share, is it?

A.—I don't know how they make up their balance-sheet, but ours represents what we figure we would be liable for.

Q.—Look, Mr. English, I am not trying to worry you or anything, but I do want to get the facts of this. You have a contingent liability of \$193,382. The Coast Breweries have a contingent liability of \$1,026,000 plus. Therefore, you cannot be on all the paper as co-signers. You must be on some specific paper.

A.—We are only on the paper that is co-signed through the Pacific Brewers Agents. That is what we are on. But we only show as a contingent liability that portion of the total loan, which would probably represent about \$800,000, that we feel that we are liable for, as a co-signer.

Q.—If you are co-signers, your contingent liability goes for the whole amount. All signers on a note, unless there is a specific agreement with the bank to the contrary.

A.—Quite true, but this is a matter of book-keeping as far as our head office is concerned. They suggest that we set up our contingent liability with the idea that the Vancouver Breweries and the Coast Breweries, if a hotel went defunct, would be liable for their share. So we feel that we are only liable for that proportion.

Q.—All right. Then what about this contingent liability in the Coast Breweries, which I have referred to—\$1,026,000?

A.—They may show theirs the other way, I don't know.

Q.—They admit that that is their contingent liability. What I am getting at, is yours additional to that?

A.—No, ours should be a part of that.

Q.—Well, that is hard to reconcile. Who are your auditors?

A.—Martin and Browning.

Q.—They are not the same auditors?

A.—No.

Q.—Is that the only contingent liability you have?

A.—That is the only contingent liability we have.

Q.—And you have a list of the properties that this is applicable to?

A.—Yes.

Q.—Could you supply us with that list?

A.—Yes.

Q.—I wish you would do so, please. Mr. Sharpe will receive that.

Q.—Apart from that contingent liability, you are not interested in any retail outlets?

A.—None whatsoever.

Briefly, it is admitted that the amount of \$800,000 would probably represent the loans which Coast Breweries have guaranteed on behalf of hotels and beer-parlours throughout the Province.

From this evidence, given under oath, it is clearly demonstrated that the local brewers exercise absolute control over numerous retail outlets.

These loans were for substantial sums, such as \$30,000, \$60,000, etc., for single loans. The following statement filed by the British Columbia Brewers Agents gives a list, in part, of these loans:—

REPORT OF LIQUOR INQUIRY COMMISSION

Y 13

VANCOUVER BREWERIES LIMITED
 MONTHLY REPORT TO MANAGEMENT OF LOANS GUARANTEED
 P.B.A. LOANS
 For Month Ending October 31st, 1952

Name of Account	Original Principal	Principal Owing at Date	Date of Last Payment	Amount of Last Payment	Date of Last Interest Payment
<i>Montreal Trust Company</i>					
Sydney Hotel.....		\$41,500.00	Oct. 1	\$1,000.00	Oct. 1
Astoria Hotel.....		29,500.00	Oct. 1	750.00	Oct. 1
<i>Bank of Montreal, Main and Hastings</i>					
Anverock (Unit 46) Hold.	\$7,500.00	4,459.45	Aug. 22	600.00	Aug. 22
Arlington Alberni Hotel	23,000.00	10,000.00	Oct. 15	500.00	Oct. 15
J. H. O. Bauche	15,000.00	9,000.00	Oct. 29	500.00	Oct. 29
Bellevue Hotel.....	50,000.00	31,004.34	Oct. 16	500.00	Oct. 16
Clarence (Vancouver) Ltd.	20,000.00	5,600.00	Oct. 29	600.00	Oct. 27
Fort Nelson Hotel Ltd.	15,000.00	14,500.00	Aug. 26	500.00	June 30
Grand Union Holdings Ltd.	20,000.00	5,177.62	Oct. 9	250.00	Oct. 9
Haney Hotel Limited	35,000.00	18,400.00	Oct. 15	400.00	Oct. 15
Langley Branch 21, Canadian Legion	3,000.00	1,700.00	Oct. 9	100.00	Oct. 9
John William Murray	65,000.00	38,750.00	Oct. 20	1,250.00	Oct. 20
Nanaimo Terminal Hotel	37,500.00	33,200.00	Oct. 6	350.00	Oct. 6
Nempton Hotel.....	20,000.00	14,400.00	Oct. 15	350.00	Oct. 15
Royal Holdings Limited	53,000.00	25,800.00	Oct. 27	800.00	Oct. 27
Williams Lake Hotel.....	5,000.00	3,600.00	Oct. 30	200.00	Oct. 30
Cecil Hotel.....	7,000.00	2,500.00	Oct. 27	500.00	Oct. 27
Theodore Hagblad	20,000.00	19,000.00	Oct. 2	500.00	Oct. 2
<i>Royal Bank of Canada, East End Branch</i>					
Aldergrove Hotel Co.	39,000.00	16,200.00	Oct. 30	650.00	Oct. 30
Army, Navy & Airforce No. 32	12,000.00	7,500.00	Oct. 11	500.00	Oct. 23
Charles Hotel Limited	30,000.00	26,850.00	Oct. 1	350.00	Sept. 23
Coquitlam Holdings Limited	15,000.00	11,854.17	Oct. 22	366.86	Oct. 28
K. Conrad and A. Schaal	12,000.00	4,300.00	Oct. 14	200.00	Sept. 30
J. D. Corning	10,000.00	500.00	Oct. 1	250.00	Oct. 20
C. Gallia	60,000.00	30,052.98	Oct. 1	800.00	Oct. 31
H. A. and C. Koch.....	17,000.00	8,000.00	Oct. 24	500.00	Oct. 31
Midvan Hotel Ltd.	20,000.00	18,800.00	Oct. 14	600.00	Oct. 30
McDonald Hotel Co. Ltd.	35,000.00	12,500.00	Oct. 2	1,000.00	Oct. 20
Port Alberni Canadian Legion	14,000.00	7,958.53	Oct. 31	200.00	Oct. 31
Steveston Hotel Limited	52,000.00	15,250.00	Oct. 30	1,000.00	Oct. 31
Tweedsmuir Hotel Co. Ltd.	35,000.00	20,400.00	Oct. 31	500.00	Oct. 23
Astoria Hotels Limited	36,000.00	10,000.00	Oct. 3	1,000.00	Oct. 23
Broadway Hotel Co.		18,600.00	Oct. 1	600.00	Oct. 23
Canadian Legion No. 6	15,000.00	14,249.62	No paym.		Oct. 23
Canadian Legion No. 137	4,000.00	1,690.41	Oct. 15	92.70	Sept. 23
Clover Inn Ltd.	20,000.00	11,500.00	Oct. 2	500.00	Oct. 23
Eleanore Dumas	5,000.00	1,100.00	No paym.		Aug. 23
Gateway Hotel	10,000.00	1,349.64	Oct. 8	849.08	Sept. 23
Marble Arch Hotel	15,000.00	5,745.95	Oct. 17	400.00	Sept. 23
Melbourne Hotel Ltd.	18,000.00	3,700.00	Oct. 20	500.00	Sept. 23
New Dodson Hotel Ltd.	35,000.00	16,100.00	Oct. 1	650.00	Oct. 23
J. Popovich and M. Stipac	15,000.00	300.00	Oct. 17	300.00	Sept. 23
Turf Hotel Ltd.	40,000.00	14,200.00	No paym.		Oct. 23
N. S. and D. A. Alvaro	15,000.00	8,000.00	Sept. 2	500.00	Sept. 30
<i>Royal Trust Company</i>					
Marr Hotel	30,000.00	22,500.00	Oct. 6	594.52	Oct. 6
Ladner Hotel Ltd.	60,000.00	53,865.95	Oct. 7	723.42	Oct. 7
Kingston Hotel Ltd.	15,000.00	8,000.00	Oct. 14	534.93	Oct. 14
Millham Hotel Ltd.	20,000.00	15,010.11	Oct. 22	500.00	Oct. 22
New Fountain (Vanc.) Ltd.	25,000.00	19,500.00	Oct. 7	590.42	Oct. 7
London Hotel Ltd.	20,000.00	15,500.00	Oct. 7	572.33	Oct. 7
West Hotel Holdings	30,000.00	25,200.00	Oct. 2	716.63	Oct. 2
Metropole Holdings Ltd.	25,000.00	21,400.00	Oct. 2	699.46	Oct. 2
Marine Hotel Ltd.	10,000.00	8,967.22	Oct. 31	609.42	Oct. 31
Ranch Hotel Ltd.	20,000.00	18,435.64	Oct. 30	595.81	Oct. 30
<i>Canadian Bank of Commerce, Qualicum Beach</i>					
Shady Rest	9,000.00	2,500.00	Oct. 1	250.00	Oct. 31
Total, P.B.A. loans		\$805,671.63			

VANCOUVER BREWERIES LIMITED AND SICK'S LOANS

Name of Account	Original Principal	Principal Owing at Date	Date of Last Payment	Amount of Last Payment	Date of Last Interest Payment
<i>Bank of Montreal, Main and Hastings Branch</i>			All 1952		All 1952
Cecil Holdings Ltd.....	\$20,000.00	\$12,000.00	Jan. 25	\$500.00	Jan. 25
Total, Vancouver Breweries Limited and Sick's Loans.....	-----	\$12,000.00	-----	-----	-----

ADDITIONAL VANCOUVER BREWERIES LIMITED LOANS

<i>Bank of Montreal, Main and Hastings</i>					
Stanley Holdings Ltd.....	\$38,000.00	\$30,000.00	-----	-----	Apr. 21
<i>Bank of Montreal, 500 Granville Street</i>					
Alcazar Hotel Co. Ltd.....	100,000.00	95,000.00	Oct. 3	\$1,000.00	Oct. 26
Mills Holdings Ltd.....	130,171.00	55,921.00	Oct. 16	2,500.00	Oct. 26
<i>Royal Bank of Canada, East End Branch</i>					
Robert and Patricia Mills.....	7,500.00	4,000.00	June 2	500.00	May 23
Cassidy Hotel.....	900.00	200.00	Oct. 29	200.00	Oct. 29
<i>Royal Bank of Canada, Main Branch</i>					
Stratford Hotel.....	15,000.00	10,912.84	Oct. 21	179.32	Oct. 7
Total, V.B.L. loans.....	-----	\$196,033.84	-----	-----	-----
Total, V.B.L. and Sick's loans.....	-----	12,000.00	-----	-----	-----
Total, P.B.A. loans.....	-----	805,671.63	-----	-----	-----
Total loans.....	-----	\$1,013,705.47	-----	-----	-----

CONTINGENT LIABILITY

50 per cent—V.B.L. and Sick's loans.....	\$6,000.00
100 per cent—V.B.L. loans.....	196,033.84
39.31 per cent—P.B.A. loans.....	316,709.27
	<u>\$518,743.11</u>
For company's audited balance-sheet.....	<u>\$519,000.00</u>

This practice is prohibited in many States in the United States of America and in some Provinces in Canada. The Oregon Liquor Control Act, section 24-202, reads:—

It shall be unlawful for any manufacturer or wholesaler of any alcoholic liquor, and for any officer, director or substantial stockholder of any corporate manufacturer or wholesaler of alcoholic liquor, to have any right, title, lien, claim or interest, financial or otherwise, in, upon, or to the premises, equipment, business or merchandise of any licensee of the Oregon Liquor Control Commission authorized to sell alcoholic liquors at retail.

California has a similar provision. Section 54 of the California Alcoholic Beverage Control Act, 1951, reads as follows:—

Tie-house restrictions. No manufacturer, wine grower, manufacturer's agent, rectifier, distiller, bottler, importer or wholesaler or any officer, director or agent of any such person shall

- (a) Hold the ownership, directly or indirectly, of any interest in any on-sale license;
- (b) Furnish, give or lend any money or other thing of value, directly or indirectly, to, nor guarantee the repayment of any loan or the fulfillment of any financial obligation of any person engaged in operating, owning or maintaining any on-sale premises where alcoholic beverages are sold for consumption on such premises;
- (c) Furnish, give, rent, lend or sell, directly or indirectly, any equipment, fixtures or supplies, other than alcoholic beverage directly or indirectly to any person engaged in operating, owning or maintaining any on-sale premises where alcoholic beverages are sold for consumption on such premises; provided, that this subdivision shall apply only to manufacturers, bottlers, importers or wholesalers of products of the brewing industry;
- (d) Furnish, give, lend or rent directly or indirectly to any person any decorations, paintings or signs other than signs for interior use of not to exceed in area 630

square inches for use in or about or in connection with any premises where alcoholic beverages are sold for consumption on such premises, or pay money or any thing of value for the privilege of placing or painting a sign or advertisement, or window display on or in any premises selling alcoholic beverages at retail;

- (e) Own any interest, directly or indirectly, in the business, furniture, fixtures, signs, except signs for interior use mentioned in subdivision (d) herein, refrigeration equipment or lease in or of any premises operated or maintained under any on-sale license for the sale of alcoholic beverages for consumption on the premises where sold; or own any interest directly or indirectly in realty hereafter acquired upon which such on-sale premises are maintained unless the holding of such interest is permitted in accordance with regulations of the board;
- (f) Except as permitted under Section 6 of this act or authorized by the provisions of this section hold the ownership, directly or indirectly, of any off-sale general license for any premises, nor own or control any interest directly or indirectly by stock ownership, interlocking directors, trusteeship or mortgage of the premises or fixtures covered by an off-sale general license.

Nothing in this subdivision shall prohibit any holder of a distilled spirits manufacturer's, manufacturer's agent's, rectifier's, or wholesaler's license or any officer, employee or representative of such manufacturer, manufacturer's agent, rectifier or wholesaler from acting as a trustee for any off-sale general licensee in any bankruptcy or other proceedings for the benefit of the creditors of such off-sale general licensee.

- (g) Directly or indirectly, deliver the possession of any alcoholic beverages to any on- or off-sale licensee under an agreement of consignment whereby title to such alcoholic beverages is retained by the seller or whereby such licensee receiving such alcoholic beverages has the right at any time prior to sale to relinquish possession to or return them to the original seller;
- (h) Directly or indirectly, give any licensee or any person any alcoholic beverages as free goods as a part of any sale or transaction involving alcoholic beverages;
- (i) Give secret rebates or make any secret concessions to any licensee or the employees or agents of said licensee and no licensee shall request or knowingly accept from another licensee secret rebates or secret concessions; or give or furnish, directly or indirectly, to any employee of any holder of a retail on-sale or off-sale license only anything of value for the purpose or with the intent to solicit, acquire or obtain the help or assistance of any such employee to encourage or promote either the purchase or the sale of the alcoholic beverage sold or manufactured by the licensee giving or furnishing any such thing of value, and any such employee who shall accept or acquire any such thing of value contrary to the provisions of this subdivision shall be guilty of a misdemeanor;
- (j) Wilfully or knowingly discriminate, in the same trading area, either directly or indirectly in the price of any brand of distilled spirits sold to different retail licensees purchasing under like terms and conditions;
- (k) Pay, credit, or compensate a retailer or retailers for advertising, display or distribution service in connection with the advertising and sale of distilled spirits;
- (l) Directly or indirectly, hold the ownership or any interest by stock ownership or otherwise, in any firm, corporation, partnership or business, furnishing, supplying or dealing in any office, store or restaurant furnishings or equipment, other than signs for interior use or supplies authorized to be given under this act to any person engaged in operating, owning or maintaining any on-sale premises; provided, that this subdivision shall apply only to manufacturers, bottlers, importers and wholesalers of products of the brewing industry.

Any person violating any provision of this section shall be guilty of a misdemeanor and any holder of any retail on-sale or retail off-sale license who shall solicit the violation of the provisions of this section or accept or permit to be accepted on his behalf and with his consent any of the prohibited matters, articles or acts herein designated shall be guilty of a misdemeanor; provided, however, that the provisions of this section shall not apply to any equipment, fixtures or supplies furnished, given, lent or sold prior to the passage of this act so long as such equipment, fixtures or supplies remain in the premises in which installed prior to such time, nor shall the provisions of this act apply to carbonic acid gas or tapping accessories furnished to any one on-sale licensee to a limit of not exceeding a value of five dollars (\$5) per tap in any one calendar year.

The Washington State Liquor Act, 1949, section 90, declares:—

No manufacturer or wholesaler, or person financially interested, directly or indirectly, in such business, whether resident or non-resident, shall have any financial interest, direct or indirect, in any licensed retail business, etc.

The Manitoba Liquor Control Act, section 77, subsection (2), declares any covenant between a licensee and a brewer by which "the beer manufactured by a brewer is to be sold in the hotel" is null and void.

The Ontario Liquor Licence Act, 1946, section 54, is as follows:—

No brewery, distillery or winery, or other person shall, either directly or indirectly, offer or give any financial or material inducement to any licensee or his agent or employee for the purpose of increasing the sale or distribution of any brand of liquor, whether such inducement be by way of discount, rebate, sale under the established price for products of the same or similar quantity, or by installation of equipment or other form of payment or benefit.

It is obvious from these quotations from the Liquor Control Acts of other Provinces and States that the practice by brewers and distillers of giving material or financial aid to licensees is considered as not in the public interest.

In British Columbia this financial interest of brewers and distillers in the retail outlets for beer is notoriously prevalent. Where such loans, as described above, have been made, it invariably follows that the licensee so benefited sells only the draught beer of his benefactor. There is reason to believe that the financial interest of the brewer or distiller in a licence has played no small part during many years past in the phenomenal prices at which these licences have changed hands.

A licence ought to have no asset value. It is a permit by the Government to engage in a certain prescribed type of business. The licensee becomes one of a restricted group engaged in a semi-monopolistic business. Any advantages and benefits resulting purely from the monopolistic character of the business should accrue to the grantor of the monopoly and not to the licensee. The licensee should not benefit beyond the normal trading profit of an average business. Nevertheless, these licences change hands at ridiculously high prices.

We recommend that the "Government Liquor Act" and all amendments thereto be repealed, and that new legislation be enacted:—

- (a) Stating clearly and unmistakably that any licence granted for the retail sale of spirituous, vinous, and (or) malt liquors shall have no asset value to the holder.
- (b) That any contract purporting to transfer such licence from the licensee to any other party shall be entirely null and void and unenforceable as to all its terms and conditions.
- (c) That any person, partnership, and corporation, and any servant, agent, employee, director, officer, partner, or substantial shareholder, as may be applicable, of any such person, partnership, and (or) corporation, holding a Federal licence to operate in British Columbia as a brewer or distiller shall, within one year after the passing of such new legislation, in the case of a person, partnership, and corporation, divorce himself or itself from any and all financial or material interest, direct, indirect, or contingent, whether in any licence, licensed premises, or licensee, and, in the case of a servant, agent, employee, director, officer, partner, or substantial shareholder, as may be applicable, of such person, partnership, or corporation, divorce himself or itself from such person, partnership, or corporation or from all financial or material interest, whether direct, indirect, or contingent, whether in any licence, licensed premises, or licensee.

NEW OUTLETS AND SERVICES

In the brief submitted by the Vancouver Tourist Association, attention was drawn to the substantial proportion of visitors that stop at accommodation other than hotels. In reply to a questionnaire, 39 per cent had used motels and auto courts and 18 per cent stopped at private dwellings. It was argued with some force that this type of tourist or visitor would patronize restaurants. The Tourist Association declared that one of the

most common complaints from tourists, especially American tourists, was in regard to our liquor laws. The brief proceeded to recommend as follows:—

We suggest that the interests of the Tourist Industry will best be served if some consideration is given to making liquor, wine and beer available in hotels and other places where tourists normally abide, and visit; in restaurants, in passenger trains, and in ships and airplanes operating on a regular route between fixed terminals.

It is agreed that the tourist industry is a very important and valuable part of our economy, and its requirements merit most careful consideration. The bona fide hotel that offers suitable accommodation to the traveller, such as clean, comfortable rooms with adequate sanitary arrangements, dining-room, lounge, etc., presents no problem. These hotels should be granted licences to sell beer by the glass in separate quarters in the hotel premises, and to sell all classes of intoxicating liquors with regular meals during ordinary meal-hours, and to sell liquor by the glass in a lounge when suitably equipped. This we recommend, as outlined later on in this report.

The licensing of the restaurants, however, is much more complex. One witness, representing the Victoria branch of the Canadian Restaurant Association, suggested that five or six licensed restaurants would be sufficient to service the City of Victoria, but when asked "Which six?" he gracefully declined to answer. It is obvious that "all" restaurants cannot be licensed; indeed, it would be most undesirable. To license all restaurants would create a condition where the problem of inspection and enforcement of the liquor law and regulations would become much more complex, very difficult, and which would make the control of drinking by minors of extreme difficulty. It is quite clear that if one restaurant is granted a licence in an area where there are at present several competitors, the restaurant so licensed would have an unfair advantage over his competitors. It was definitely admitted that a restaurant operating under a licence to sell liquor by the glass would probably serve better meals at lower prices, trusting to the prevailing high profits on his liquor sales to absorb the losses on meals served.

It is quite customary and a popular pastime for young people, including "teen-agers," to go to a restaurant for a snack and a cup of coffee after a ball game or a show. It is quite generally admitted that it would be most unwise to expose these young people to the allurements of indulgence in intoxicating liquor. We are forced, therefore, to the decision that the sale of liquor in any form in restaurants should be restricted to premises especially equipped for the purpose.

Your Commission can find no satisfactory reason to suggest licensing of motels or auto camps as such. The needs of patrons of this type of accommodation can, we believe, be met with reasonable satisfaction by the granting of a licence to a restaurant in the neighbourhood which complies with the standards for such restaurant licence. If no such restaurant presently exists, we feel sure that, as quickly as the demand justifies, some enterprising person will open one, and until that time, from the point of view that the moral tone and social desirability of all drinking-places should be kept at a very definitely high standard, such drinking in the motels and auto courts would be most undesirable.

We do not therefore recommend that motels and auto courts as such be granted licences.

Recreational and hunting resorts situated in remote areas are entitled to special consideration. These places cater to tourists and hunting parties as well as to holiday seekers. They usually provide adequate sleeping-quarters and dining-room service, together with attractive lounges.

We recommend that such resorts be granted licences to sell beer, wine, and liquor with meals and in their lounges, provided that children and minors are excluded from that part of the premises where liquor is being dispensed, unless accompanied by and with the consent of the parents, and provided that the accommodation generally and the dining and drinking accommodation especially satisfy in every detail the strict requirements that should be laid down generally for all such accommodation, whether urban or rural.

LAW ENFORCEMENT

It is a primary function of government to enforce the laws enacted by the Legislature. In that branch of administration having to do with the control of the sale and dispensing of liquor the officials in charge ought to exercise the most meticulous care in ensuring that the laws and regulations are observed and respected.

From evidence submitted and from personal observation, we are reluctantly forced to the very definite positive conclusion that the administration of the "Government Liquor Act" and the regulations thereunder has been characterized not only by gross carelessness, but as to inspection; also by the most callous indifference to the responsibilities appertaining to the Inspection Branch.

We are therefore recommending that a law-enforcement branch of the Inspection Department be set up, the chief duty of which shall be to ensure strict observance of the law on the premises. These law-enforcement officers shall keep in close touch and co-operate with the local police.

We recommend that it be the duty of the law-enforcement inspector to draw at once the attention of the licensee to any violation of the law observed, and that a verbal warning be given and a written report submitted to his superior. Should there be a second offence, the licensing authorities shall hold an open hearing, and if the inspector's report is confirmed, the licence to be suspended for thirty days; and on a third offence, that the licence shall be cancelled.

It has been drawn to our attention that on numerous occasions the police authorities of Vancouver have reported to the Liquor Control Board certain objectionable and suspicious activities connected with licensed clubs and beer-parlours in Vancouver without results. The same applies to reports on police records of certain persons now holding licences. Special permits have been issued direct by the Liquor Control Board after the applications have been rejected by the police. This condition is deplorable in the extreme and ought to be stopped forthwith.

We recommend that before any licence is granted or issued, the police authorities of the municipality or district shall be asked to report officially on the standing of the applicant and to file with the licensing authority a complete police record, if any, of all applicant for licences, and that no one convicted of breaches of the liquor laws of the Province or having a criminal record shall be granted a licence.

We recommend that in cases where local police authorities decline to endorse a permit, no permit be issued by the licensing authority over such police refusal to endorse until and unless the local police have had an opportunity to report fully to the licensing authority and unless the licensing authority, after receiving such local police report and hearing such other representations as they may consider necessary, are convinced that a substantial miscarriage of justice will result from a refusal to issue such permit.

The effective enforcement of the liquor laws of the Province would be facilitated if the Provincial authorities, when drafting the new legislation, would call into consultation the prosecuting and police authorities of Vancouver and Victoria and representatives of municipal authorities of the Province. Successful administration can only be achieved by the closest liaison between the Provincial Liquor Control Board and the law-enforcement officials of the Province, the cities and municipalities.

CLUBS

The "non-proprietary" bona fide type of club organized on a non-profit basis, such as golf clubs, business-men's clubs, genuine recreation clubs, and all such clubs with established limited membership, well-equipped premises and dining-room facilities, offer no serious problem and are readily amenable to ordinary regulating provisions.

The so-called "proprietary" clubs, which have been launched in recent years merely to take advantage of the "profit" feature of the liquor licences, do not perform any useful

function which in our opinion would not and could not be better performed by the non-profit, non-profit type of club under the management of the members through properly elected officers, the conduct and management of which is the responsibility of all members. Therefore, in our opinion, all licences presently in effect to such "proprietary" clubs should be cancelled, and club licences issued only to non-profit clubs incorporated under the "Societies Act." Such clubs would be required to have as members only bona fide members in possession of an annual membership, the annual membership fee to be not less than \$10. All profits from the operation of such a club must accrue generally to the benefit of the club and be used for the general improvement of its premises and of the general services which it renders. Any licence granted to such a club must be operated by the club for its convenience and benefit generally, and since the operation of the licence of such club will often be closely connected with its catering, a condition of issuing such licence should be that such club must directly control and operate all catering services which it offers. All such clubs shall maintain dining-room, lounge, or reading-room and other facilities in adequate proportion to its enrolled membership. The serving of liquor to visitors in clubs shall be limited to such numbers as it is customary to grant in clubs referred to above as "bona fide clubs."

During the Inquiry the attention of the Commission has been drawn to certain evasions of the law prevailing in some "veterans' clubs." We wish to accord to the genuine veterans' club every consideration. However, we cannot condemn too strongly as a flagrant breach of the law and utter abuse of the privilege granted a veterans' club the practice, where this occurs, of farming out, leasing, or in any way alienating from the club to some individual or group of individuals the privileges of the licence, thereby enabling such individuals to reap a private profit at the expense of the welfare of the general membership of the club.

GEOGRAPHICAL DISTRIBUTION

We have received numerous and varied suggestions by those submitting briefs regarding the sale of liquor by the glass in areas other than central or down-town locations. There is a wide diversity of opinion on the subject and much sound reasoning in support of these divergent views.

On one hand, it is urged most strongly that to license restaurants freely and other types of dispensing in suburban areas would conduce to more moderate drinking, because persons indulging would be doing so in their home environment and where they are well known. It is also argued that it would lessen the prevailing tendency to drive down town to more elaborate places of entertainment, and thus reduce traffic hazards resulting from persons driving extensively while "under the influence."

We have carefully weighed and considered all these conflicting views. As a result of our consideration, we recommend that when an application is made for the issuance of a licence of any type for the sale of intoxicating beverages by the glass, or for the establishment of an additional Vendor's store, in any district or area, whether urban, suburban, or rural, in which no licence or store is presently located, that such application be widely publicized and advertised in the press in such area, district, municipality, or community. That in cases where objections are filed with the licensing authorities, it shall be obligatory to invoke the provisions of the "Liquor-control Plebiscites Act," chapter 193 of the "Revised Statutes of British Columbia, 1948."

Where a plebiscite is held, the questions submitted shall state in clear and unmistakable language the precise type of outlet and licence where a licence is required, together with a legal description of the property and the ordinary street number or address.

We further recommend that before any licences are issued in any suburban area of any city or town, or in any municipality, it shall be mandatory for the licensing authority to notify the municipal and police authorities of the city, town, or municipality in which

the area or community is located and for which an application for a licence has been received, and to inform each of the municipal and police authorities fully as to all facts pertinent to the application known to the licensing authority.

The views or objections, if any, of any municipal or police authority to whom such application for a licence has been referred shall be given full and careful consideration by the licensing authority, and except in unusual and exceptional circumstances the objections of the municipal authorities shall be sustained and the licence refused.

Undoubtedly one of the relevancies to the object and purpose of this Inquiry which should be considered by your Commission is the very considerable volume of effort and lobbying that may be expected from those "jockeying for position" in the scramble to obtain an early licence under any new legislation. If the history of other areas into which the sale of spirituous liquor and wine by the glass has been introduced is any guide to what may be expected in the Province of British Columbia—and there is no good reason to think that history will not repeat itself—there will be a very considerable volume of applications for licences under such new legislation. Very considerable pressure for precipitate licensing action may normally be expected. Areas which have been without licensed outlets hitherto will now be the object of profit-hungry exploiters.

In addition, therefore, to proposals which we have already made, we recommend that extreme caution be exercised by the licensing authority not only when considering and passing on each application for a licence, but, which we consider equally important, on the number of licences granted. We feel so strongly on these points that we would, with due deference, urge those charged with the duty of licensing under the new legislation to undertake this work only with extreme caution, particularly during the initial period of such licensing.

We recommend that those applicants for licences who, with respect to the premises in question, are already operating licensed premises, and who have an unblemished record as regards the law, be given first consideration in the issuing of licences under any new legislation. We further recommend most strongly that any applicant for a licence where such applicant has a police record of any sort or regarding whom there is any record of a breach of any liquor law of this Province, or against whom the police local to the area for which the licence is applied adversely report, or against whom there is or has been an adverse report by the present Liquor Control Board inspection staff, be refused a licence, subject, however, to a right of appeal as provided elsewhere in this report.

We recommend and urge that a decision respecting the issuance of new licences should not be made hastily, but only after due and careful consideration. In short, we recommend strongly a "go slow" policy in the issuing of licences, particularly (a) licences for premises that have not been licensed in the immediate past and (b) licences for new licensees. We recommend that any applications for licensing person or premises in respect of whom or which no licence has hitherto been in effect shall be heard by the licensing authority at a hearing held for that purpose, such hearing to be held once per year. In cases where there is reason for relicensing premises by reason of death of licensee or sale of property or as the case may be, application shall be heard by the licensing authority at a hearing to be held for that purpose once every three months. Such hearings shall be hearings of record.

- (i) Notice of all such applications shall be filed with the licensing authority at least sixty days before the next date on which such application can be heard.
- (ii) Notice of all such applications must be given to the governing authorities local to the area in which the premises are situated in respect of which the application is made.
- (iii) Notice of the application, whether for the licensing of premises or for the licensing of a licensee, must be given to the chief officer of all police forces

- operating in the area in which the proposed licensee applies to operate a licensed premises.
- (iv) The notice required by subparagraphs (ii) and (iii) above shall be given in such form as may be prescribed by the licensing authority, but such form must be of record, must be served not less than sixty days before the date on which the application in question could next be heard, and proof of such service to be by affidavit in a form satisfactory to the licensing authority.
 - (v) Public notice of all applications, whether for the licensing of premises or the licensing of a licensee to operate a licensed premises, shall be by public advertisement in a newspaper local to the area or having reasonable coverage in the area in which the licensee will operate; such advertisement to be made not less than thirty days prior to the next date on which such application for licence could be heard.
 - (vi) All costs and expenses of such application to be a cost and expense of the applicant. The licensing authority shall make no charge for the hearing.

HOURS OF SALE

Opinions differ very sharply on the contentious subject of the hours during which licensees may sell liquor by the glass, also on the contentious subject of the hours during which Vendors' stores shall be open. We have considered carefully the various suggestions and have consulted with police authorities. We have also studied prevailing practices in other Provinces and in some States of the United States, and also those of Great Britain.

In Great Britain the prevailing rule is to close at 10 p.m. except in the London metropolitan area, where the closing-hour is extended to meet certain special cases. Restaurants and hotels, when serving liquor with regular meals, may do so until 12 midnight in London and 11 p.m. in the rest of the country. We quote subsection (1) of section 1 of the Licensing Act, 1921 (11 & 12 Geo. 5, Ch. 42), a British Act to do with the sale of liquor which we are advised is still in force (*see* Appendix A). It reads as follows:—

1. (1) The hours during which intoxicating liquor may be sold or supplied on week days in any licensed premises or club, for consumption either on or off the premises, shall be as follows, that is to say: eight hours, beginning not earlier than eleven in the morning and ending not later than ten at night, with a break of at least two hours after twelve (noon):

Provided that—

- (a) in the application of this provision to the metropolis "nine" shall be substituted for "eight," and "eleven at night" shall be substituted for "ten at night"; and
- (b) the licensing justices for any licensing district outside the metropolis may by order, if satisfied that the special requirements of the district render it desirable, make, as respects their district, either or both of the following directions:
 - (i) that this provision shall have effect as though "eight and a half" were substituted for "eight" and "half-past ten at night" were substituted for "ten at night";
 - (ii) that this provision shall have effect as though some hour specified in the order earlier than eleven, but not earlier than nine, in the morning were substituted for "eleven in the morning."

2. Subject to the foregoing provisions, the permitted hours on week days shall be such as may be fixed, in the case of licensed premises by order of the licensing justices of the licensing district, and in the case of a club in accordance with the rules of the club:

Provided that, pending any decision under this subsection, the permitted hours on week days shall be:

- (a) in the metropolis, the hours between half-past eleven in the morning and three in the afternoon, and between half-past five in the afternoon and eleven at night; and
- (b) elsewhere, the hours between half-past eleven in the morning and three in the afternoon, and between half-past five in the afternoon and ten at night.

Subsection (1) of Regulation 20 of the "Regulations made by the Board under The Liquor Licence Act, 1946," for the Province of Ontario states:—

20. (1) Liquor may be sold in licensed premises,
 - (a) being a dining lounge, dining room or lounge during the hours from 12:00 noon to 10:30 p.m.
 - (b) being a public house during the hours from 12:00 noon to 6:30 p.m. and from 8:00 p.m. to 10:30 p.m.

However, we recommend that:—

- (a) No sale of spirituous, vinous, or malt liquor be permitted by any licensee in respect of any licensed premises on Sunday, Good Friday, and Christmas Day.
- (b) "Public houses" and other premises in which the licensee is licensed to sell beer by the glass shall close not later than 11 p.m., and shall not reopen earlier than 10 a.m.
- (c) Hotels in which the licensee is licensed to sell spirituous and vinous liquors by the glass shall close that part of the premises so licensed at 11 p.m., and shall not reopen earlier than 10 a.m.
- (d) Restaurants which have been duly licensed for the purpose be permitted to serve spirituous and vinous liquors in accordance with the licence until 12 midnight, and shall not commence such sale earlier than 11.30 a.m.
- (e) Cabarets which have been duly licensed for the purpose be permitted to serve spirituous and vinous liquor by the glass until 12.30 a.m., and not commence such sale earlier than 7 p.m.

In the case of all premises licensed to sell spirituous, vinous, and malt liquors, or any one or more of them, by the glass, it should be a requirement that liquor served before the closing-hour shall not be consumed after the closing-hour appropriate to the sort of licence in effect.

We recommend that as to Government Liquor Stores, the hours during which such stores may remain open for the purpose of making sales shall continue as at present, except in a metropolitan centre, such as the City of Vancouver or City of Victoria, only one such store conveniently located in the down-town area be kept open until 11 p.m. on each of the days Monday to Saturday, inclusive, for the purpose of making sales.

We recommend that section 10 of the "Government Liquor Act," chapter 192 of the "Revised Statutes of British Columbia, 1948," be retained intact in any new legislation to provide for Government control and sale of alcoholic liquors.

We recommend as follows:—

- (1) It shall be unlawful to employ in or about any licensed premises any person not of the full age of 21 years.
- (2) It shall be unlawful for any licensee, his servant, agent, or employee, to permit anyone not of the full age of 21 years to be in or upon any premises where liquor is sold, unless accompanied by a parent or the lawful guardian of such person under the age of 21 years.
- (3) It shall be unlawful for any person to supply liquor to a person not of the full age of 21 years.

(N.B.—The word "liquor" wherever used in the foregoing paragraphs (2) and (3) shall have the definition given to it in section 2 of the "Government Liquor Act," chapter 192, R.S.B.C. 1948.)

- (4) Every licensee shall be held responsible for any and all infractions of the law committed on the premises for which the licence is issued, and in cases where the licensee occupies the premises under a lease or as a tenant, the owner of the property shall be held jointly responsible with the licensee for any infraction of the law.

- (5) It shall be unlawful for any person to cash a cheque on any licensed premises.
- (6) It shall be unlawful to sell on credit liquor by the glass.
- (7) In all cases where a licence as to premises or as to a licensee is, by reason of any breach of the legislation (including regulations) from time to time in effect controlling and regulating the sale of liquor, suspended by the licensing authority for a period exceeding thirty days or is cancelled, or where issue of a licence has been refused after due application, any party aggrieved thereby may apply for redress to the Lieutenant-Governor in Council, subject, however, to the right of the party aggrieved or of the licensing authority to have the matter reviewed by the Chief Justice of the Court of Appeal, who may appoint three Judges of that Court to hear such review, the decision of whom shall be final.

We recommend that it shall be unlawful for any person holding any position in respect of or connected with the Provincial Government, or any employee, servant, or agent thereof, or any member of the Liquor Control Board or of any other body created by any new legislation for the control and regulation of the sale of liquor, or any employee, servant, or agent of the Liquor Control Board or of any other body created by any new legislation as above mentioned, to hold or to have, directly or indirectly, any interest in any distillery, brewery, winery, or agency handling or representing any distillery, brewery, or winery, or to have or to hold, directly or indirectly, any interest in any licensed premises or licensed business for the sale of liquor.

We recommend that apart from, and in addition to, any penalties imposed in any of the regular Courts of the Province for violation of the "Government Liquor Act," or any Act replacing it, including any regulations pursuant thereto, the Liquor Control Board, or such controlling and enforcing body as may be created, exercise its power to suspend or cancel a licence. Such power of suspension or cancellation shall be mandatory in cases where the licensee, or any of his employees, servants, or agents, admits a minor to the licensed premises, or serves liquor to a minor or to anyone under the influence of liquor, or permits drunkenness, rowdyism, gambling, or disorderly conduct on the licensed premises.

We recommend that no premises for the sale of liquor shall be licensed if located near the boundary of any area that has taken advantage of any "local option" legislation to vote against the issue of licences for the sale of liquor within such area.

TYPES OF LICENCES

Later we will state in detail the qualifications which, in our opinion, should characterize each type of licence. Meantime some explanation will be appropriate as to why we reached these decisions.

First, we recommend that for the sale of each of beer, wine, and spirituous liquor a separate and distinct licence be issued, but that under certain circumstances the same person may be named as licensee for each of these commodities; that is, for beer, for wine, for spirituous liquor, as might be necessary for hotels, cabarets, resorts, and clubs which qualify as Class A. In connection with the general operation of an hotel, etc., the same person might therefore hold three separate licences, or might hold only one licence entitling the sale of beer, wine, or spirituous liquor, as the case might be, and depending on the extent to which each operator felt it advisable to provide the different sorts of beverage.

We do not look with favour on, and very definitely recommend against, the exotic, dimly lighted, voluptuous type of cocktail bar which creates a delusive impression of opulence and social distinction. Rather, we would recommend a "beverage lounge" licence.

We are recommending cancellation of the existing beer-parlour type of licence. These places do not meet the public demand for a "working-man's club" so frequently advanced during this Inquiry.

Instead, we recommend that beer by the glass be sold under a separate licence from that of wine and spirituous liquor, in premises devoted exclusively to that purpose. Hotels should provide separate areas for the dispensing and drinking of malt liquors. Licensees who are exclusively engaged in selling beer should be permitted to do so on premises devoted to that purpose only, with no fictitious requirement that a certain number of "rooms" be attached and the whole falsely designated as an "hotel."

These public houses ought to be allowed to provide musical entertainment, such as radio, gramophone, but no floor shows. They ought to be compelled to supply light food requirements, such as sandwiches, pickles, pretzels, soft drinks, fruit-juices, etc.

BREWERIES

Subsequent to the public hearings at which the brewers and distillers gave evidence, a brief was presented by Mr. George W. Norgan, who states that he is a "shareholder and a director of the United Distillers, Coast Breweries, Capital Estates, as well as having an interest in several hotels."

In his brief, Mr. Norgan seeks to justify the present system of production of intoxicating liquor in British Columbia and the relationship of the producers with licensed retail outlets.

The following is quoted from his brief:—

I feel sure, in the best interest of the Government and the industry in B.C. that there are already too many breweries here, and the damaging part of any enterprise which is overdone is that it will create a disturbing marketing problem.

He then gives the number of breweries in British Columbia as compared with other Provinces: British Columbia, 10 breweries; Alberta, 5 or 6 breweries; Saskatchewan, 3 or 4 breweries; Manitoba, 3 or 4 breweries; Ontario, 6 or 7 breweries; Quebec, 5 breweries; Washington, 5 breweries; and Oregon, 2 breweries.

Mr. Norgan concludes this section of his brief with this conclusion:—

You can readily see from this that B.C. with ten breweries is already overburdened [with breweries].

This statement, left unchallenged, might be misleading. According to evidence given under oath, "the Coast Brewers, the Vancouver Brewers, the Sick Brewers, and the Interior breweries (Ferne, Trail, Cranbrook, and Nelson) are the members of the B.C. Brewers' Association." It is disclosed in evidence that Coast Brewers and Vancouver Brewers are both holding companies, owning and controlling several subsidiary brewing companies, some of which are not now producing concerns. The following quotation will illustrate the point:—

COMMISSIONER STEVENS: Q.—Now, I notice that in your balance-sheet you have the Rainier Brewing Company, the Lucky Lager Brewing Company, the Victoria Phoenix Brewing Company, the Silver Spring Brewery Limited; these are all subsidiary, wholly owned by Coast Breweries?

MR. FIDDES: A.—Wholly owned by Coast Breweries, incorporated in 1928, twenty-four years ago.

Q.—Now, do I also understand that the Coast Breweries is a holding company?

A.—Yes.

Q.—And not an operating company?

A.—No, not an operating company. It is a holding company.

Q.—That you have no brewing premises or no production?

A.—No, just an office.

Q.—Just a holding company. And your producing companies are these that I have just read out?

A.—Yes. There are only now two companies in operation—that is the Lucky Lager Brewing Company in New Westminster and the Phoenix Brewing Company in Victoria. The other companies were merged into those two companies.

In other words—during recent years there has been a trend of amalgamation of plants and companies with the obvious purpose of bringing the brewing industry under ever-narrowing control of and by powerful financial interests.

The limited time at our disposal has not been sufficient to enable us to make a complete analysis, but from the admissions elicited it is abundantly clear that this concentration of control has not been designed primarily to promote the public interests. For instance, quoting from the evidence:—

COMMISSIONER STEVENS: Q.—B.C. Brewers' Association assessment. This appears in all of these statements, varying amounts, I shall refer to it again, \$15,095.53. What is that?

MR. FIDDES: A.—That is just for the maintenance of their premises. They have four clerks in that office.

MR. BREALEY: B.C. Brewers, he is asking about.

Q.—The B.C. Brewers' Association is just what? What is it?

MR. FIDDES: A.—We have a Dominion Brewers' Association, and we have got to pay dues to them. Then we have the Western Brewers' Association, and we have got to pay dues to them also.

Q.—What does this association do? I am speaking about British Columbia, I am not concerned about the Canadian one. What does this B.C. Brewers' Association do? What is their function?

A.—Well, just to look after the interests of the brewing industry, and to—

Q.—Sort of a fraternal society?

A.—Yes, and they get the business in the different districts for the different breweries as they are located. Then we have the Western Brewers' Association, which runs all the way west from Winnipeg, and it keeps all the brewers in their own territories in the Provinces.

Q.—Just a minute, now. That is \$15,095.53. Then I notice under Lucky Lager Brewing we have another item of \$15,095.54. It is just one cent difference between those two. That is the second one. Then you have the Phoenix Brewery, \$13,986.20, that is roughly \$45,000. Then we have the Silver Spring Breweries, \$14,042, that makes it roughly \$60,000. So that your company, the Coast Brewers, as the parent company, pays to the B.C. Brewers' Association an annual assessment of roughly \$60,000?

A.—Yes.

Q.—That is correct?

A.—Well, if it is in the statement it is correct.

Q.—That is the figures I have from your statement. And the Vancouver Brewers and the other group. Sick's Brewers, they also pay, I suppose, a similar amount? According to some information we have here, there is a 2-2-1 division of ownership. The Coast Breweries is 91, the Vancouver Breweries is 91 shares, and the Sick Breweries 45. So that would make, if it was all on that basis of the Coast Breweries \$60,000, that would make \$120,000; \$150,000 between the three groups that would be paid as an assessment to the Brewers' Association.

A.—There are the three Brewers' Associations, there is the Dominion—

Q.—I am only concerned—this is all in your audited statements to the B.C. Brewers' Association. I am not talking about the Canadian Brewers, I am talking about the B.C. Brewers' Association. Each one is here specifically mentioned.

A.—That is how it is used, at any rate. We have got to maintain the three associations, three Brewers' Associations, and then we have the office and the premises and a staff to maintain.

Q.—It is hard, Mr. Fiddes, it is rather hard to reconcile an assessment—that is your own term, I am not borrowing any language, it is your own term in your own audited statement—assessments of roughly \$150,000 a year for an association which, according to your own statement, is more or less of a fraternal character. Now, I find some difficulty in reconciling those facts. What does this association really do? What is their business? What service do they render you? What protection do they give you? What character of operation is it?

MR. BREALEY: This is based on so much on each barrel of beer, and it may vary. Last year was a big year, and that is why the assessment is high. And I presume that the B.C. Brewers' Association probably has quite a large balance now. Well, the three breweries will, if they find that balance gets to the stage where it is necessary, they will reduce the assessment on each barrel of beer and keep at that rate.

Q.—That is all right for the mechanics of how the assessment is arrived at, but what does the B.C. Brewers' Association do? What are they? We are interested in this thing from the standpoint of understanding the ramifications of the distribution system of liquor. That is what we are appointed to find out and report on, and to make recommendations on. And I fail to see any useful service that the B.C. Brewers' Association can render to the public in the distribution of this product. Now, can you enlighten me on that, or correct me if I am wrong in my assumption?

MR. FIDDES: A.—The business is just to look after the interests of the industry, and to see that each and every brewery in the Province gets the district that it is entitled to, as far as B.C. is concerned. But it is the smallest one of the lot. Then there is the Western Brewers' Association that covers all the Provinces west of Winnipeg, and it is quite an important association, because it keeps the Winnipeg brewers practically in Winnipeg, Saskatchewan brewers in Saskatchewan—

Q.—Mr. Fiddes, may I interrupt you? You have used the phrase, "keeps the Winnipeg brewer," "keeps the British Columbia brewer." Keeps them what, in line?

A.—Yes.

Q.—Does it fix the price at which the product is sold?

A.—No. It never fixes the price, but it fixes the territory that each and every brewery operates in, to see that it gets a fair show, all the way over the western territory. And then the Dominion, we have the Dominion Brewers looking after matters that would appertain to the Federal Government, because it is from the Federal Government we get all our licences.

It would appear from this and other evidence elicited from the brewers that a persistent effort is being made to limit as far as possible all competition in service. Price of beer is arranged between the Brewers' Association and the Liquor Control Board. Deliveries are made through the Hotelmen's Association, representing the beer-parlour licensees, and the Pacific Brewers Agents on an arrangement made with the Liquor Control Board.

This system may have some merit if considered apart from another very important and questionable factor. The three principal brewery combinations become liable for loans to licensees or prospective licensees as disclosed elsewhere in this report. This brings the licensee of a beer-parlour under direct control of the party making the loan, or endorsing the loan in a bank, as is customary.

So general and widespread has this practice become that in our opinion it is wholly undesirable, but when viewed in the light of ever-narrowing control of brewery interests, it constitutes a problem which ought no longer to pass unheeded.

We are therefore recommending that a complete Government-directed audit and investigation be made of the operations and interrelations of the licensed brewery and distillery companies operating in British Columbia and their connections with licensed hotel and beer-parlour operations.

SUMMARY OF RECOMMENDATIONS

We recommend:—

(1) A Board consisting of not less than three members to be named by the Government and confirmed by a majority vote of the Legislature. One member shall be named Chairman and shall hold office for ten years. A second member shall be appointed for five years, and the third member for two years. Upon expiration of the term of office of any of the three members, each succeeding member shall be appointed for a term of ten years. Each member shall devote all his time to the duties of his office as an administrator of the British Columbia Liquor-control Act, and shall be paid an annual salary to be fixed by the Lieutenant-Governor in Council, but which shall be of a standard commensurate with the abnormal character of the position, the unusual responsibilities incident thereto, and the risks involved.

Any two members shall constitute a quorum. In case of a vacancy the Lieutenant-Governor in Council may appoint a successor for the unexpired period; any member of the board to be subject to removal for inefficiency, malfeasance, or misfeasance in office, upon specific charges in writing filed with the Attorney-General of the Province, who shall submit such charges to the Chief Justice of the Court of Appeal, who, in turn, shall provide for a public hearing before three Judges of the Court of Appeal.

Each member of the Board shall be bonded in a sum of \$50,000 before entering upon the duties of his office, and to subscribe to an oath of office similar to that prescribed for senior officers of the Government.

- (2) Notwithstanding anything contained in the "Civil Service Act," the Liquor Control Board shall exercise complete control over the appointment, dismissal, and discipline of all employees engaged in the administration of the Liquor-control Act.
- (3) The Board shall report from time to time to the Lieutenant-Governor in Council through the Attorney-General, as directed.
- (4) The Board shall control the operation of all Government Liquor Vendor's stores and receive all applications for licences for the sale of any or all types of intoxicating liquors and dispose of same in a manner determined by them to be in the best public interest, and shall determine the localities within which Vendor's stores or licences may be located or granted.
- (5) We recommend that all the powers or rights of the Board be set forth clearly in the Act, and that the right to make regulations be limited to the powers granted in the Act and for the purpose of carrying out the provisions of the Act.

ENFORCEMENT

We recommend that under the authority of the Liquor Control Board there be set up an inspection and enforcement branch whose duty it would be to assure the strict enforcement of the law. Such officials must co-operate with all local police and municipal authorities.

The inspection and enforcement officers shall report in writing any violation of the law on any licensed premises, and a record of the conduct of each licensee shall be kept in the head office of the Board.

PERMITS

The granting of permits is authorized under section 11 of the "Government Liquor Act," chapter 192 of the "Revised Statutes of British Columbia, 1948." Under this section the Liquor Control Board is authorized to issue permits to druggist, physician, dentist, or veterinary, also to hospitals, homes for the aged, or for mechanical or manufacturing or scientific purposes, and, as well, wine for sacramental purposes. These are permits for recognized normal purposes. We recommend their continuance.

In clause (c) of section 11 the Board is authorized to issue a permit "in any other case where the Board deems the issuing of a permit for the purchase of liquor necessary or advisable," etc., and under this clause (c) there has developed considerable abuse, and persons granted a permit for liquor for use at a banquet or wedding or other alleged legitimate purpose have sold such liquor for profit, contrary to the intent of the Act.

We recommend that the terms of a permit of this type and the conditions upon which it may issue be clearly defined in the Act, and that the permittee be required to conform at all times strictly with the terms of the permit and the conditions on which it is issued. We particularly recommend and urge that a term of such permit and condition of its issue be that any liquor dealt with by reason of its issue shall not be resold by the permittee or by anyone on its or his behalf, and that if any such sale is made, all persons responsible for the lawful use of the permit and all persons involved in such sale, whether seller or purchaser, be subject to the penalties imposed for selling liquor without a licence.

LICENCES

We recommend the several types of licences, as follows:—

- (1) Class A hotel licence, granting the privilege to sell spirituous, vinous, and malt liquor by the glass with meals in the main dining-room during regular

and recognized meal-hours. Service of spirituous, vinous, and malt liquor by the glass in a lounge or room provided for such purpose; sale of beer and ale by the glass in quarters entirely separate from either dining-room or lounge.

Class A hotel should be defined as an hotel that caters to the travelling public to the extent of 80 per cent or more of its business.

- (2) Class B hotels to have same privilege as the Class A hotels, with the exception that no serving of spirituous, vinous, and malt liquor shall be permitted in a special room or lounge.

Class B hotel should be an hotel that caters to the travelling public to the extent of 50 per cent or more of its business.

Room service by the glass should be permitted in both Class A and B hotels to transient guests only, but no sales by the bottle, except beer.

- (3) Public-house licence and proprietary clubs to take the place of the presently designated "beer-parlour"; the public-house licence to be for the sale of beer and ale for consumption on the premises; the licensee to provide simple articles of food at reasonable prices, such as sandwiches wrapped in cellophane, pretzels, pickles, etc., also a limited variety of soft drinks and tomato and fruit juices and coffee. A moderate type of entertainment should be permitted, such as radio, gramophone, but no floor shows to be permitted. No sale of beer by the carton or bottle should be made for off-the-premises consumption.

Public-house licences should be limited because of the anticipated increase in other forms or types of retail outlets. Issue of these public-house licences should not be connected with or dependent upon rooms or dining-rooms, but should be separate places, equipped to serve beer by the glass and such light refreshments as may be allowed.

- (4) *Club Licences.*—We recommend three types of club licences:—

A—for established clubs whose major function is service and social convenience of its members, and equipped with full dining-room, lounges, recreation-rooms, etc., such as business and professional men's clubs, golf clubs, mountaineering clubs, tennis clubs, etc. No minors to be admitted to that portion of the club where liquor is served.

B—non-proprietary clubs incorporated under the "Societies Act" with bona fide regular membership paying an annual membership fee of not less than \$10 and equipped with dining-room and lounge and catering to its own membership. No visitor to be allowed to purchase liquor on his own behalf, but served only as a guest of a registered member. All profits together with all assets of the club to belong to its members. No club of this class to sub-let its catering or the sale of liquor to any person whatsoever, but to be wholly owned and controlled and operated by the members.

C—veterans' clubs which are authorized by one of the nationally recognized veterans' organizations, including the Canadian Legion and the Army, Navy and Air Force Veterans in Canada. These veterans' clubs must be organizations wholly controlled and owned by the membership, operated solely for the benefit of that membership, and profits, if any, be devoted to the improvement of the club's services and premises and the benefit of the members; sub-letting of catering in dining-room or lounge or "farming out" of the privilege of the sale of liquor to be prohibited, and if done, to result in immediate cancellation of the licence. The premises shall be equipped with dining-room, lounge, and other facilities for comfort and entertainment of its members; no visitor to be

allowed to purchase liquor on his own behalf, but to be served only as a guest of a registered member.

All clubs shall keep a complete register of members which shall at all times be available for inspection by police officers and by members of the Liquor Control Board and its inspection and enforcement staff.

A club licence of whatever sort should entitle the licensee to sell spirituous liquor and beer by the glass and wine and beer by the bottle.

- (5) *Restaurants*.—Restaurant licences to be strictly limited as to numbers and localities. To secure a licence a restaurant shall have been in regular restaurant business for at least one year and be equipped to serve full-course meals at all times; these to be licensed to serve liquor by the glass only, and beer and wine by the glass or bottle in the manner consistent and normal in such cases; mechanical or orchestral music to be allowed, but not floor shows or similar entertainment; licensed restaurants to provide facilities to serve full-course meals without liquor in a section of the premises apart from and separated from that section where liquor is being served; no lounges or bars to be permitted at which liquor is served.
- (6) *Cabarets or Night Clubs*.—Here extreme caution must be exercised to prevent abuse of the privilege. This type of licence must be limited to locations within the area of close and efficient supervision and not allowed in the outskirts of cities or towns. Liquor to be served by the glass and beer and wine by the bottle with meals and for on-the-premises consumption only.
- (7) *Resorts*.—We recommend that licences to sell beer and wine by the glass or bottle and liquor by the glass for on-the-premises consumption be issued to resorts catering to tourists, hunting or fishing parties, and holiday seekers. Such resorts must be so situated that access from them to a regularly licensed outlet for sale of liquor is not convenient.
- (8) We recommend that vessels operating on regular schedules in the coast waters of British Columbia and ocean-going vessels calling at British Columbia ports be licensed to sell liquor by the glass in dining salons and (or) lounges. Such vessels must observe the same hours while in British Columbia waters as licensed hotels.
- (9) We recommend that railway companies operating regular train service in British Columbia be licensed to serve liquor with meals on dining-cars during normal meal-hours.

In each category recommended for licensing, care shall be exercised to ensure that in each case the applicant is experienced and competent in the class of business he is operating or proposes to operate. He must be reliable and in person a substantial business-man and capable of supplying the major part of the capital required.

All licensees and their employees to be held strictly responsible for the observance of the law and all regulations passed by the Board. Any infractions of the law or regulations to be punished by suspension and (or) cancellation of the licence, in addition to any fines or imprisonment that may be imposed by local municipal or police authorities.

In granting a licence for other than club and restaurant licences, the Board shall take into consideration the number of licences at the time in existence, and shall limit the number of retail outlets for the sale of liquor in an area, municipality, town, or district to one for each 1,500 population up to 10,000 and above 10,000 not more than one for each additional 6,500.

All premises where liquor is sold for consumption shall be well lighted. No faintly luminous visibility shall be permitted.

In the opinion of your Commissioners, section 41 of the "Government Liquor Act," chapter 192 of the "Revised Statutes of British Columbia, 1948," as amended, is satis-

factory and should be strictly enforced. Many licensees advance as an excuse for serving "those apparently under the age of 21" that it is extremely difficult to judge the age of such persons or to determine when a person is under 21 years of age. This excuse is, in our opinion, without reasonable foundation. However, we recommend that it shall be obligatory on any person whose age is in question to produce to the licensee, or to any person entitled to require such production, evidence by way of a birth certificate or a certificate issued by the Liquor Control Board proving age. In any prosecution for service of liquor to a minor, serious consideration should always be given to the prosecution of the minor for purchasing, having, or consuming, or as the case may be. However, your Commissioners feel and urge that primarily the responsibility for compliance with the law regarding serving of liquor to a minor shall always be that of the licensee.

Section 36 of the "Government Liquor Act," chapter 192 of the "Revised Statutes of British Columbia, 1948," provides for issue of permits to persons "desirous of producing or manufacturing wine in the Province"; also provides for authority "to store and keep the same in specified premises," and "to sell the same to any wine company in the Province engaged in the manufacture or production of wine." Your Commissioners report that while they recognize the production of wine as an important part of the liquor question in the Province, they find that they have not had sufficient time to secure the technical knowledge to offer specific recommendations in regard thereto, and there is some doubt in their minds whether or not this is pertinent to the order of reference. However, evidence has been submitted that the public have been denied the opportunity of purchasing wines of their choice through the tendency of the Liquor Control Board to limit the stocks of imported wines. It has been alleged to your Commissioners that some Canadian wines stocked by the Liquor Control Board contain an unusually high alcoholic content, considerably in excess of reputable brands of imported wines. Any inhibitions with respect to the purchase by the Liquor Control Board of foreign wines should be only to the extent necessary to comply with Federal tariff requirements and popular demand.

The limitation of time has been an ever-present factor throughout the Inquiry. The report is admittedly incomplete and omits much that we believe ought to be the subject of investigation, elucidation, and report. We recommend, therefore, that the study of the subject-matter of this Inquiry be further pursued by a Commission set up for the purpose. Such study should include, among other matters, an analysis of the profits of the various branches of the liquor industry, regarding which much evidence has been submitted alleging excessive profits; the equity or otherwise of the present system of sharing with the municipalities the profits accruing to the Provincial Government from sale of liquor; a more exhaustive investigation into the effects of alcohol on the person and on society; and the more effective treatment of alcoholics.

H. H. STEVENS,
Chairman.

GEORGE HOME,
Commissioner.

C. SWANSON,
Commissioner.

APPENDIX A

PROVINCE OF BRITISH COLUMBIA
CANADA

W. A. McAdam, C.M.G.,
Agent-General in the United Kingdom.

British Columbia House,
1-3 Regent St.,
London, S.W. 1.

Dear Mr. Sharpe:

I have this morning received your letter of the 25th ultimo.

I have been in telephonic communication with Mr. K. P. Witney of the Licensing Department of the Home Office and read to him your enquiry. Mr. Witney points out that there is no consolidated Liquor Act and that the Liquor Laws are contained in a large number of different Statutes with the Law dealing with permitted hours chiefly contained in the Licensing Act of 1921.

Mr. Witney expressed the view that the information you seek would be largely embraced in this Act and I am therefore obtaining four copies from the Queen's Printer today and am sending these forward to you under separate cover by air mail.

I am reciting below briefly the information which Mr. Witney gave me over the telephone:

London is granted 9 hours a day, except Sundays. Such hours are set by the local Authority but must not begin before 11 a.m. and end not later than 11 p.m. with a break of two hours after noon—12 o'clock. Sundays—5 hours. Not more than two hours between noon and 3 p.m. and not more than 3 hours between 6 p.m. and 10 p.m.

Other centres are granted 8 hours daily, beginning not earlier than 11 a.m. and ending not later than 10 p.m. with a break of two hours after noon—12 o'clock. Sunday hours are similar to London with the exception that no liquor may be sold in either Wales or Monmouthshire on Sundays.

The Licensing Justices of the various local authorities fix the hours in the local areas which they administer and they may grant an extension of one half hour in certain circumstances, but which must end not later than 10:30 p.m.

I have endeavoured to give you above a summary of my talk with Mr. Witney, but I am assured by him that the Licensing Act of 1921 will provide you accurately and in the briefest form with the method and authority governing the granting of licences throughout the country.

Mr. Witney did mention to me that there was some provision in a certain area of the West End of London whereby special hours could be granted, primarily for the night clubs and one or two of the hotels, but he preferred me not to confuse the issue by endeavouring to go into detail in this regard as otherwise he said one would become deeply involved.

I have endeavoured to get the above information away to you as quickly as possible and I hope that the information I am sending will be in accordance with what the Commission desire.

Yours very truly,

(Signed) W. A. McADAM.

VICTORIA, B.C.

Printed by DON McDIARMID, Printer to the Queen's Most Excellent Majesty
1953

PROGRESS OF THE WORK

The first part of the report deals with the general situation of the work during the year. It is noted that the work has been carried out in accordance with the programme of work approved by the Council at its meeting in London in 1954. The main areas of activity have been the study of the structure and properties of the various types of polymer, and the investigation of the factors which influence the rate and mechanism of polymerization.

The work has been carried out in the following areas:

- (a) The study of the structure and properties of the various types of polymer.
- (b) The investigation of the factors which influence the rate and mechanism of polymerization.
- (c) The study of the kinetics of polymerization.
- (d) The study of the mechanism of polymerization.
- (e) The study of the effect of various factors on the rate and mechanism of polymerization.

The results of the work are discussed in the following sections:

- (a) The structure and properties of the various types of polymer.
- (b) The factors which influence the rate and mechanism of polymerization.
- (c) The kinetics of polymerization.
- (d) The mechanism of polymerization.
- (e) The effect of various factors on the rate and mechanism of polymerization.

The second part of the report deals with the results of the work during the year. It is noted that the work has been carried out in accordance with the programme of work approved by the Council at its meeting in London in 1954. The main areas of activity have been the study of the structure and properties of the various types of polymer, and the investigation of the factors which influence the rate and mechanism of polymerization.

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