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SPECIAL COMMITTEE ON FOOD PRICES **HEARINGS**

Tuesday, September 22, 1981

Chairman: Doug Graham, M.L.A.

SPECIAL COMMITTEE ON FOOD PRICES

CHAIRMAN: Doug Graham, M.L.A.

MEMBERS: Peter Hanson, M.L.A.

Tony Penikett, M.L.A.

Missy Follwell

Clerk to Committee

Wynne Krangle

Committee Researcher

EXPERT WITNESSES: (Transcribed)

Kalus Hoenisch, Comptroller, Hougen's Limited

Don Sweet, Assistant General Manager, Hougen's Limited

Dean Flemming, Manager, Faro Grocery Store, Hougen's Limited

Jo-Ann Gates, Concerned citizen

Dr. D. Dimitroff, Programs Medical Officer, Yukon Region

Mary Wright, Dietitian, Whitehorse General Hospital

WITNESSES: (Not Transcribed)

Katie L'Heureux, Concerned citizen

Joyce Van Bibber, Concerned citizen

Frank & Ingrid Wilcox, Owner/Operators, Lubbock Valley Greenhouses

Irwin Armstrong, Consumer

Bill Drury, President, Yukon Livestock & Agricultural Association

Fred & Kathleen Wymark, Concerned citizens

Walter & Elsie Bonar, Concerned citizens

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Mr. Chairman: I will call the Committee hearings to order.

First of all, I would like to introduce our witnesses from Hougen's Limited. We have Klaus Hoenisch, the Comptroller, Don Sweet, Assistant General Manager, and Dean Flemming, who is the store manager from Faro grocery store. Good afternoon, gentlemen, we are happy to have you here.

I will take this opportunity to introduce the Members of the Committee. We have Swede Hanson, the MLA for Mayo, on my right, on my left, Mr. Tony Penikett, the MLA for Whitehorse West. My name is Doug Graham, I am from Porter Creek West.

Gentlemen, as a result of a meeting we had in Faro, where roughly 50 or more people showed up, we have a number of questions which we would like to put to you concerning the operation in Faro. We have questions not only of pricing, but of certain policies of the store. We have had several comments made by consumers in Faro that the store was not up to snuff as far as cleanliness, and things like this.

Mr. Hanson: The first thing that was brought up was the story that Hougen's freight was subsidized by Cyprus Anvil.

Mr. Hoenisch: This is correct. To move grocery items only, not other merchandise, from Whitehorse to Faro, this portion of the freight is paid for by Anvil, not to move food from either Vancouver or Edmonton to Whitehorse. We either buy it in Whitehorse, and, of course, we buy it at Whitehorse local prices, or we bring at our own cost to here, but the portion from here to Faro is paid for by Anvil Mines under an agreement that Hougen's has to sell at Whitehorse prices. The Mine, for the past eleven years, has monitored our pricing and has given us their food basket comparison. Occasionally, we have been slightly over and then we would have to adjust it to get it right. It is usually because we brought the merchandise in from Outside and the market changes quite fast, so we did not know quite what the Whitehorse level was and it might have been, occasionally, slightly up.

On quite a number of occasions we have been down and then we are kind of caught with our pants down. Nobody ever complained, of course, when the price was down, but it actually happens when we have been down quite frequently.

Mr. Hanson: The population, I gather from what we were told, is roughly 2,300 people in the Faro area in the summertime. Is that correct?

Mr. Hoenisch: Yes, I would guess.

Mr. Hanson: What is the size of your grocery department in that store in Faro?

Mr. Hoenisch: The total area is 8,635, of which we use about, how much for sundries now?

Mr. Flemming: About 6,200 square feet for the grocery store.

Mr. Hanson: Roughly how many products do you carry in that 6,200 square feet? 2,000? 1,200?

Mr. Flemming: I do not know, an awful lot.

Mr. Hanson: An awful lot of choice. That is one of the complaints: there was not much choice.

Mr. Chairman: What percentage of the market would you say you had in Faro? As we understand it, there are a few people in Faro who ship from Whitehorse in bulk order. They either ordered from one of the stores here or from Kelly Douglas. As well, there is F&B Market, which I understand has a small percentage of the market. What kind of percentage do you think you have?

Mr. Flemming: I would say about 90 percent.

Mr. Chairman: Ninety percent of the market. That coincides basically with what we were told in Faro.

Mr. Hanson: You are still under that freight subsidy program?

Mr. Hoenisch: With Cyprus Anvil, yes.

Mr. Hanson: Still.

Mr. Chairman: So the change in ownership did not make any difference to your store operation.

Mr. Hoenisch: I do not think it ever will because the management philosophy of Cyprus Anvil did not change with their corporate relationship. At least that is what we were told.

Mr. Hanson: You were supplied, in the main, by Kelly Douglas in Whitehorse.

Mr. Flemming: We buy the bulk of our groceries from Kelly's, yes.

Mr. Hoenisch: May I interject? We had, on two occasions, dropped Kelly Douglas and went to Horne & Pitfield in Edmonton, but did come back to Kelly Douglas. We found that, in the short run, it is beneficial to buy directly from Edmonton, but, as the mix of merchandise changes, you will find yourself all of a sudden having to pay a very high freight factor on a very low mark-up on basic food items, potatoes or items like this, where in the total mix it was found to be beneficial to draw from here.

Mr. Chairman: How often did you try the other route, Horne & Pitfield?

Mr. Hoenisch: We dealt once going close to a full year, and then we used it again for a short period and they had not changed.

Of course, you have to make your commitments for volume to get a reasonable truck rate and then you find yourself loading the truck with fire wood logs, and things like this, just to get the freight volume.

You have to always understand that we have a relatively small market in Faro with a very sophisticated clientele who want the selection they have experienced in Edmonton, Vancouver, or any major centre. Yet, in groceries, your money is made by the velocity of your turnover and if you have to keep a sophisticated selection you will not get your turnover because the demand for crab legs is once every two weeks, for example.

Mr. Penikett: Mr. Hoenisch, I would like to welcome you here, too, as well as everybody else.

I was fascinated to hear that this freight subsidy is still continuing because the people in Faro do not seem to think it is. There is obviously a rumour in Faro to the effect that the new management have changed this.

I wonder if you could just describe for us in a little more detail the nature of the subsidy? Do they rebate your freight costs from Whitehorse on a certain range of items? Do they rebate your freight costs up to a certain maximum dollar value, or how does it work?

Mr. Hoenisch: If it is shipped only from Whitehorse to Faro, we submit the bill of lading and we get the Anvil preferred rate for White Pass if we choose — and we do ship with others for reason of speed — we will only get the rebate which Anvil has contracted with White Pass to move up there, that is the amount which we get back.

Mr. Penikett: You get a rebate of the difference between the commercial rate and the Anvil preferred rate?

Mr. Hoenisch: Right.

Mr. Penikett: How much, in rough percentage terms, does that reduce the freight costs on the total volume there?

Mr. Hoenisch: I have never worked that out.

Mr. Penikett: In global terms, is it one percent, ten percent?

Mr. Hoenisch: No. I would roughly say that it is about three and a half percent. That is something I will check.

Mr. Penikett: So that would reduce the cost of getting the food there by three percent.

Mr. Hoenisch: I do not think you say it right. This is a normal increase which would be justified to charge more in Faro that is not materialized, so that the price should be at the same level at Whitehorse because the extra three percent cost of moving it to Faro is not added on.

Mr. Penikett: Let me understand that. Your assertion is that the prices in the Hougen's store in Faro are the same as food prices in Whitehorse?

Mr. Hoenisch: Exactly the same as in Super Valu. We only compare with Super Valu.

Mr. Penikett: Hougen's store in Faro is the same as at Super Valu.

Mr. Hoenisch: The same price as Super Valu in Whitehorse.

Mr. Penikett: So the rebate, then, covers the total cost of freighting the food from Whitehorse to Faro.

Mr. Hoenisch: Whatever we had to pay extra to move it up there, so there is no gain one way or the other.

Mr. Penikett: There is no ceiling on that programme?

Mr. Hoenisch: If I may \$3,000 freight to White Pass for moving food from Whitehorse to Faro, I get \$3,000 back from Cyprus Anvil.

Mr. Flemming: It goes on a weight factor of so many pounds. If we ship bread from here to Faro, we get, say, 3.9 cents on a hundredweight, but if you ship bread and it costs you \$69.00, a rough guess, we get about \$18.00 back from that. There are some things we lose on because of the weight factor.

Mr. Penikett: There were a number of questions raised in connection with the store there. Let me go back to the first one. We are operating from notes here; if we had to, I suppose we could play you tapes — it would be less clear.

There was, I think, a good cross section of people at the meeting. They were largely women with families at the meeting; I do not know if that is the consumer spending pattern in that town. We did not really hear from the single men who eat in the bunkhouses and we did not really hear from the men on the jobs.

We heard this from them and we asked them to confirm it. There was not a single person in that room who believed the prices in Faro were the same as they were at Super Valu in Whitehorse. Just to give you some sample quotes, a number of people said, "It is definitely cheaper to shop in Whitehorse than Faro"; that "A number of people get together and order from Whitehorse and have their goods sent to Faro by Frontier Freight Lines. Some of them actually buy at Super Valu and have it shipped up.

This was not statistical, but the prevailing feeling there was that groceries in Faro cost 30 percent more — that is the number we were given by a number of people. Now, that is a round figure so it is not scientific.

They talked about bulk ordering and it costing them about \$12.00 to send 100 pounds on Frontier Freight Lines. A lot of people talked about getting canned goods from Super A in Whitehorse because of the 12 percent case lot discount there.

There seems to be a dispute about facts here. I would like to ask you is if you have any sort of price list or something that we can use as a check?

Mr. Hoenisch: I would like to first of all point out that earlier this year there was a survey publicized by a consumer group who found Faro prices below Whitehorse. It was early this year and somebody must have—

Mr. Penikett: Which group was that?

Mr. Hoenisch: Either national or a Whitehorse consumer group. I know it was because we discussed it at lengths. It was earlier this year, six, seven months ago, eight months ago.

Mr. Penikett: Was this the Consumers Association?

Mr. Hoenisch: Right. This information could be easy to find out.

Mr. Penikett: It was not the Economic Research and Planning Unit of the government?

Mr. Hoenisch: I do not think so.

Mr. Penikett: It would be the Consumers Association, Whitehorse Branch?

Mr. Hoenisch: That is what I believe it was. I did not make a note of it, and I will dig into it and find out where the document is.

Secondly, I would like you to check the records of Cyprus Anvil, if you wish, to find out how often they monitor our prices and how we compare. I would even go as far as bringing our own employees as witnesses who know that we get the price list from Whitehorse and we price accordingly. Am I not right?

Mr. Penikett: Could I just ask you about that? What you do in terms of setting prices at the Faro store is you check the Super Valu prices and then price accordingly, or how do you do

it?

Mr. Flemming: It comes out of the computer at Kelly Douglas, which is set.

Mr. Penikett: Kelly Douglas gives you, what, a suggested retail price?

Mr. Flemming: It is the retail price that is computed into it to equal the price.

Mr. Penikett: And they give you the retail prices at the Super Valu store and that is what you set the prices at at the Faro store.

Mr. Flemming: Right.

Mr. Chairman: I see that you have given us price lists here and, for all intents and purposes, it is exactly the same as Super Valu in Whitehorse or even slightly lower than Riverdale Market, perhaps.

A lady brought five different examples of canned goods the evening we were in Faro, where she had two different prices on two cans bought in your store the same day. Aqua Fresh toothpaste was one. Corn Niblets was another, where she had one can that was 91 cents and one can that was 97 cents, bought the same day in your store. The other was Libby's fruit cocktail, and this is the one that really surprised me, she had one can at \$1.25 and another can \$2.29, both bought in your store the same day. I think the other was ginger — it was a spice, anyway; one price was \$2.10 and the other was 98 cents. That is a fairly substantial price difference. The other was Libby's spaghetti with tomato and cheese sauce, 19 ounce, \$1.08 and \$1.17, again, bought the same day.

What effect does that kind of thing have on a price list such as this. If the people dig to the back of the shelf and take the lower priced stuff, what effect is this going to have on their food bill? How do you explain that kind of stuff?

Mr. Flemming: In the instance of the fruit cocktail, I believe, definitely that is a mistake. We are only human, we make mistakes as well as anybody else.

Mr. Chairman: Yes.

Mr. Flemming: But when it jumps something like that, there is definitely a mistake on it. If the woman has seen something like that she should bring it to us and say, "Look it, here is the problem."

Mr. Penikett: It is fairly dramatic, of course, when you have a member of the community plunk down a number of cans in front of you and say, "Look at that", and that is the first place that that happened to us. You mentioned a food basket done by Cyprus Anvil in order to check and monitor the continuation. Do you know anything about this food basket? How many items there are in it?

Mr. Hoenisch: I have a list here. It is quite a substantial list, usually about two typewritten pages, done by Anvil staff.

Mr. Penikett: Would you have any objection making those available to us?

Mr. Hoenisch: If I can find one. I hope the Mine still has one.

Mr. Penikett: If we were to ask Cyprus Anvil, would you have any objection?

Mr. Hoenisch: I have no objection.

Mr. Penikett: We will certainly request that, Mr. Chairman.

I want to pursue this matter of price differences. At the very least, I would say you have got a public relations problem there; we had a roomful of people telling us — and I am sure they would have been prepared to swear on a stack of Bibles if we asked them (we did not) — that they think your prices are higher.

We have a list here and I do not know who prepared it. It is a list of a number of items with price comparisons. Can you give me some idea of why that impression would be created? These are people who shop in Whitehorse fairly frequently, a number of whom go to the expense of coming to Whitehorse in order to shop because they claim prices are higher.

Mr. Hoenisch: I would like to first make a general statement that, except for the past year and a half, Hougen's was

the only food outlet in Faro. There is no way, any place in this country or the world, where the sole monopolist, so to speak, would not be criticized, no matter how honestly he tried to serve the interest of his clients. I am talking now as an accountant and I will tell you that I have, over the years, complained that the mark-up for the volume is not high enough; that you cannot sustain Whitehorse prices, even with the freight subsidy, because the market is too limited and the sophistication of the clientele who want a wide selection.

However, Hougen's has strived at all times to do this very thing, to sacrifice a certain amount of justified profits to fulfill their agreement with the mining organization who wanted their employees to live the standard they could enjoy in Whitehorse. We have done everything that we could.

Regardless, whenever I went out to Faro, and I used to go out more frequently than now, four or five times a year, every time there was a complaint just waiting for me. Very often the same type of complaint was brought out again because mistakes were made. An item for \$1.00 was printed as \$2.00 by who knows what mistake or even stupidity of a staff member, but this item was brought out over and over and over again. Once you had the reputation in the minds of certain people, it is so darn difficult to change it.

I would categorically deny that at any time there was a company policy or anything else but very strict instructions to the staff to maintain Whitehorse prices.

Mr. Penikett: Let me ask you about your point of view as an accountant. You talked about the mark-ups there being insufficient for the volumes in the store.

The store is fairly large, as you described it, in terms of area. It is comparable with the Super A in Whitehorse, with, I would guess, a smaller market. Would you have a problem there, from that point of view, in having more store capacity than you really need for the community?

Mr. Hoenisch: No, but, again, if you ask the people of Faro, they would most likely tell you that if we carry five brands of coffee that they want six, and that we have not got the selection they actually want. Even soap, I do not know how many soaps you carry right now, but there was always some extra item where I was told, "I could always buy this in Vancouver, why can't I buy it in Faro?"

Every item requires display space, so from the statistics, we are not getting the production per square foot that we should, but considering the type of service we want to supply out there, the store is just about right.

I would like to leave it to my manager.

Mr. Sweet: We have done some preliminary work on finding additional space for the sundry market in Faro.

Mr. Penikett: Could you define what you mean by sundry, just for the record?

Mr. Sweet: The clothing, the hard goods and the hardware, this type of thing.

Sometime down the road, if the retail space becomes available, and, if space becomes available, to put somebody out there to run the place, it may be possible for us to expand the grocery selection in the store by moving our sundries to another location and thereby serving them better, whether it be with more specialized areas in the store, a bakery and this type of thing.

A lot depends on the market and how it develops out there.

Mr. Penikett: Let me ask you a couple of questions, Mr. Hoenisch, to go back to the accounting problem, as you put it.

You are certainly experienced with the kind of numbers that operate for a retail store in Whitehorse, even though it is not a food store. Given what you have said about the volume there, are your square foot costs much higher in Faro than they are in Whitehorse?

Mr. Hoenisch: You are talking about the occupancy costs now. The occupancy costs, to me, are running somewhere between one-half to three-quarters of one percent of volume higher than what they should. So there is another drain on the very limited grocery mark-up. I think you gentlemen are pret-

ty well aware of what percentage when you talk basic foods.

Out there, you are always faced with an extra staff cost because it is not normal that a grocery store operator has to subsidize housing. We have three housing units out there which we subsidize because it goes with it. You are not going to attract good staff out there unless you are very competitive with your remuneration, always in line, not with factors in Whitehorse, but with the fairly generous payroll policies of Cyprus Anvil.

So, you have an increased cost there. We will use Super A, for example, I do not think they have, or can afford, this type of welfare package that we have for our staff out there. These are all extra costs which do come off the top.

Mr. Penikett: Let me ask you a little bit more about the costs and your volumes. We talked about the numbers being 2,300 for the community. There are obviously a fair number of people in Faro who live in bunkhouses and who eat in Rene's camps, morning, noon and night who probably would not buy very much food. Presumably your principal market there would be the families. Would that be correct?

Mr. Flemming: Right.

Mr. Penikett: Your principal market, therefore, would be much smaller than 2,300 people. Would that be true?

Mr. Flemming: Yes.

Mr. Penikett: How much smaller than the 2,300 would it be?

Mr. Flemming: Well, there are 488 kids out of that 2,300 people, to start with.

Mr. Penikett: Assuming two parents per kid, you are talking about less than 1,500 people?

Mr. Sweet: Roughly in there. It could be anywhere from 1,200 to 1,500.

Mr. Penikett: So you are really talking about a market of half the size of half the town.

Mr. Flemming: Roughly, yes.

Mr. Penikett: You are talking about a store which is of the same size as the one in Porter Creek. That would seem to explain some of your higher unit costs.

You said you have to supply three employee houses.

Mr. Hoenisch: We have three housing units; two of them are trailer units that are owned by Hougen's Limited, and one is a maisonnette which we rent from Cyprus Anvil at a higher cost than we rent it to our staff.

Mr. Penikett: Apart from that maisonnette, has Cyprus Anvil ever assisted you otherwise in terms of housing employees?

Mr. Hoenisch: Originally, in 1969, when we opened up, we had two maisonnettes. We lost them both and since we could not secure adequate housing, we got one back, so we have one. Originally, we had two units for one year, and then we were supposed to acquire our own facilities. The economics of the situation did not warrant the investment — there was no land available at this time anyway, so we got one unit back. We had to then buy a trailer which we moved up there and later on, five or six years ago, we bought a second trailer.

Mr. Penikett: How many staff do you have?

Mr. Flemming: Thirteen.

Mr. Penikett: Most of them would be spouses of employees who are already housed by the mining company. Would that be correct?

Mr. Flemming: Primarily, yes.

Mr. Penikett: Does the company provide any assistance, in terms of operating the store, any subsidies on energy costs?

Mr. Hoenisch: Absolutely nothing.

Mr. Chairman: That includes both the housing units and the store?

Mr. Hoenisch: Nothing. We get charged for the housing units, for the oil that they use, the power that they use; they bill it all to us.

Mr. Chairman: And the same holds true for the store.

Mr. Hoenisch: In the store we pay the rent, which is inclusive. The rent factor, to me, is slightly high to what the retail

grocery industry suggests is a rent factor to a given volume.

Mr. Penikett: Let me go back to that question, again. Mr. Hoenisch, you will be very well aware of the kind of industry standards, in terms of the normal percentages for labour costs and energy costs and rent costs and those kind of things. Are you above on those factors in Faro?

Mr. Hoenisch: Considerably.

Mr. Penikett: Which ones are you most significantly above the industry standards?

Mr. Hoenisch: The most significant is the productivity of the employees, which is governed by the market volume possible. You have to hire a butcher and he can only cut efficiently for four hours because that is all that the market offers. He still wants his eight hour pay cheque. He just cuts slower and he waits.

Mr. Penikett: You have got thirteen employees there and I would guess, from what you have told us, that you have probably got approximately \$2 million volume — I do not know if that is a fair guess or not. That would seem to be a fair number of employees for that kind of volume.

Mr. Hoenisch: I do not know where you got the volume, but I do not think we should talk volumes. I agree with you, though, that the staff costs for the volume we do is excessive. Naturally, we have tried to work with fewer people, but they are unionized out there and you are governed by certain restrictive guidelines. I would not want to blame the union for the problem, I do not mean it that way, but the fact that you have to operate within certain terms of references, which are very rigidly applied, leaves you less room to maneuver than if you were, say, a family operated organization.

Mr. Penikett: I should apologize for throwing numbers around; the guesses were based on what other stores in the Territory told us about volumes and population and so forth. You will allow me to speculate.

Let me ask you about one other thing. We started off by talking, Mr. Hoenisch, about the difference in the way some of your customers see your store and the way you see it here. We just did a quick check here and the Consumers' Association that operates in Whitehorse do not remember the survey you referred to. Perhaps you might check that out for us and find out who it was. There was a group, apparently, in Faro, but they do not function anymore; apparently, it was not the government group either.

Let me ask you, given some fairly sharp differences of opinion about the facts as regards prices between your customers that we met last week and you gentlemen here today, and given that you are no longer a monopoly — you talked about the problems of being a monopoly — do you plan to try and do anything to persuade your public there of your point of view or are you going to suffer these slings and arrows?

Mr. Hoenisch: It is obvious that any businessman must, if he intends to survive in a market area, project an image which the public is accepting and then patronizing the establishment. We have honestly welcomed the competition in Faro because it did give us the excuse to say to a customer, "If you think we do not do a good job, then, by all means, go to our competitor."

We have sometimes failed, maybe for business reasons, to extend promotions in Whitehorse to the Faro branch for the simple reason that the promotion itself was forced upon us by competitive reasons, itself a losing proposition. The feeling of the businessman is that if I have to sell something at cost to counteract my competitor here, I do not necessarily have to repeat the same promotion some place else.

This is where the policy has backfired into a bad image and we have changed the policy. Whatever is available in our store in Whitehorse is available in the store in Faro, on the shelves. It was always available by mail order. If a customer in Faro sees a promotion on, let us say, cigarettes, which we have promoted in our store here, to order cigarettes here. It was not always available. It may not have been as convenient as going down and picking it up. We have now, for some months, a policy established that whatever is offered in the Whitehorse store

will be available at the branches, which includes Watson Lake.

Mr. Penikett: Mr. Hoenisch, I just have one last general question for you. Last week, we met some people in Faro who expressed some, let me understate it, considerable dissatisfaction with the store regarding prices and a number of other things. You have told us a number of things today to indicate that the store is not exactly a gold mine, from your point of view. Why are you in business in Faro?

Mr. Hoenisch: First of all, I do not want to tell you a sob story here. We have not lost money in Faro on a to-date basis, but we had two, I think even three years with actual operational losses. The total, over the period, is not great, but even the profit years — and if I have to, I am even willing to give audited financial statements by a Vancouver auditor, to which anyone who has worked in the retail industry will say, "Well, you made some profit, yes, but it is not very hot, is it?", which does not come out.

Now you would say, "Why don't you get rid of the damn place, then?" Well, first, if you are in business, you always hope that your next year is going to be better, you sharpen your pencil, you economize, you try to be smarter.

Mr. Chairman: I would accept your offer. If you want your audited statements given to the Committee on a confidential basis, we have accepted others on that basis, knowing, in a competitive market that you do not want those figures bandied around in the public. We have, up to date, kept it confidential and we would accept your offer; we would appreciate that. It gives us something very concrete that we can tell people.

There was another problem in the Faro store that seemed to be a very real concern among the people whom we talked to. That was regarding the condition of the store.

We heard comments: everything from the place is filthy; the milk was sour; the coolers often were not working, that the store floor had not been swept, it seemed, for a few days at a time.

Perhaps you can tell me if this is true or not, was the store, at one time, investigated by, I believe it was somebody from Health or Environment Canada, and were you, in fact, taken before the court?

Mr. Sweet: We were taken before the court on a situation that had to do with signing for emergency exits. It had nothing to do with the health aspect.

Mr. Hoenisch: And the railing on the back--

Mr. Chairman: As we understood it, it was something to do with a health factor in the store. That is not correct?

Mr. Sweet: No.

Mr. Chairman: Okay, that is very reassuring.

Mr. Hoenisch: It was all public in the paper.

Mr. Sweet: If I may make a comment, I have been in the Territory a short time and I go into Faro and I look at the store and I see, yes, the floor, is sometimes not as clean as I would like to see it, but when I look at the street and the situation outside the store and where the material on the floor is coming from, it is little wonder that the store gets in the mess it is. There is an awful lot of traffic in the store. I will say the traffic, this year, has improved over what it was last year, so we must be doing something better than we were before even with the increased competition. It is the mess in the exterior area, which really has nothing to do with Hougens's, that material from the street, be it mud, or gravel, or sand, and so on, is tracked into the store on a daily basis. Therefore, the bottom shelves and certain counters do get dusty. I have seen the staff clean them. I have put a fair amount of pressure on Mr. Flemming to make sure it stays clean.

As a matter of fact, next week, he is hiring a maintenance person to do nothing but clean his floors, and so on, and keep it in a condition which we hope will be better in the future. The plain fact of the matter is that you have a certain amount of environmental problems that you do not have in Fort St. John, necessarily, or Vancouver, where you have paved streets with paved curbs and gutters and a proper paved sidewalk, instead of one that is all beaten to smithereens by I-do-not-know-what.

The sidewalk itself is a proper mess and the street is just about as bad, which does track into the store.

Mr. Chairman: I am pleased to hear that you are hiring somebody on a fulltime basis, because we did tour your store, as well —

Mr. Sweet: It is on a contract.

Mr. Chairman: That is excellent, because we were in the store ourselves and our personal observation was — I believe we got there on Tuesday morning or Tuesday afternoon, and just from what I have seen from shopping in Whitehorse, comparatively speaking, it was in pretty bad shape. It is a personal opinion.

Mr. Sweet: I think Riverdale Market, where Riverdale has got a nice paved —

Mr. Chairman: I do not live in Riverdale.

Mr. Sweet: It has got a nice paved store front there where cars come up and park. Cars come up and park in front of our place in Faro and they step out into the mud on the street and walk directly into the store and carry it right along with them. The next person turns that mud to powder and the powder flies all over the place.

Mr. Chairman: I do a lot of shopping in Super A in Porter Creek and they have much the same problem; they do not have paved streets, they do not have a paved parking lot.

Mr. Sweet: I have been in Porter Creek and their floor is not the greatest in the world, either.

Mr. Hoenisch: They do not have the mill dust which Faro has.

Mr. Chairman: I guess we are also talking, though, about the coolers. I know the produce shelf and the coolers, where the milk was kept and cheese and things like this, were — Well, we had a lot of complaints about it. I think some of the complaints were justified. I guess it is reassuring to us to know that you have let a contract on that basis, because I think it will help some of the things that we observed there.

Mr. Sweet: Regardless of what you may have heard, we do care.

Mr. Chairman: Oh, I do not doubt that.

Mr. Sweet: We do care what happens down there and we do care what happens in the store.

Mr. Hoenisch: You mentioned the state of repair of the cooler and other equipment. I think it would be appropriate to mention maintenance problems in this regard. I have basically cried over repair bills I had to pay when we had to bring a technician from Whitehorse to do a relatively simple repair job on a unit in Faro, where he starts charging the moment he leaves his place here. He waited an hour at the airport because he is late, he flies up, he misses the next plane to come down and all the time you are paying \$40.00 an hour for this man.

I had a breakdown in January, to repair two registers it cost me \$1,500. To me, it was the fault of NCPC's generator which blew up, but they refused to take the responsibility. We finally had to pay that bill because they would not pay for it.

Mr. Sweet: It was an act of God.

Mr. Hoenisch: This is just one of the examples of the problems of operating in a remote area, which Faro basically is.

Mr. Penikett: Can I go back, just for a second, Mr. Hoenisch, to the thing about the freight subsidy. I am puzzled by the fact that the people in Faro seem to believe that it has ended. Has it gone through any changes recently, at all?

Mr. Hoenisch: It is not ended, it is going to end.

Mr. Penikett: Nothing has changed in that regard at all.

Mr. Hoenisch: It has not changed yet. It is going to change.

Mr. Penikett: It is going to change. Well, perhaps that is where the rumour emanates. In what way is it going to change?

Mr. Hoenisch: It is coming off in two stages. Half of it is coming off at the end of this month and the other half is in January.

Mr. Flemming: The first of January.

Mr. Penikett: Would you be at liberty, then, to raise your prices to whatever you deem appropriate?

Mr. Hoenisch: We will still try to operate within

Whitehorse prices — we cannot make a commitment — if the volume sufficiently increases. I would like to use the opportunity to add in front of your Committee, because I think all the other factors have been brought up, except maybe the importance of volume.

If the volume increases and the town increases, then possibly the existing competition, and maybe another competition could come in, there would be enough incentive to hold the prices. It is possible, but I would not guarantee that the prices, without a freight subsidy, can be held.

Mr. Penikett: Let me ask you one last question on this point. Does your competitor in Faro get the freight subsidy, too?

Mr. Hoenisch: Not to my knowledge.

Mr. Penikett: Someone from Faro asked this and I wondered how that competitor was able to be competitive in regard to prices without receiving that subsidy?

Mr. Hoenisch: First of all, I believe he is a family operator. We are a corporation and, where the operator might be quite happy, to use a figure now, for a manager to operate and come up at the end of the year with a profit of \$30,000. Hougens Limited would say, "I have not made one nickel because this amount of money is the minimum I have to pay to a manager." Okay? So, he has an edge right there.

Mr. Penikett: So families are more efficient than corporations?

Mr. Hoenisch: No, that is not true.

If this man now says, "I have to charge myself a salary of \$30,000, because that is what I could earn if I worked for Anvil", then he would say, "Well, I only worked for wages because I did not make a dollar profit."

Mr. Hanson: There is one last question that I must ask. We are running into it in all the communities in Yukon. Businesses being supplied by Kelly Douglas can be half short an order, or even a third short on an order. Do you have that problem in Faro?

Mr. Flemming: Shortages? Oh, yes. We run at about 13 percent.

Mr. Chairman: That high?

Mr. Flemming: Yes.

Mr. Chairman: When you do back order — you say 13 percent of your stock, how quickly do they fill those orders?

Mr. Flemming: If they have got it, they will send it out Saturday morning. I have really never sat down to figure out what percentage we really get out of it.

Mr. Chairman: I guess one of the reasons I asked the question is because we understand that it is a problem for operating the business, too, because with an empty shelf you do not have any volume sales at all. I should not generalize, but I guess, generally speaking, we have found that the smaller the store the greater the number of shortages you usually experience.

Mr. Sweet: I do not imagine Kelly Douglas would be happy with that situation, either, if they are short-changed from Vancouver. They probably have the same problem as we do.

Mr. Chairman: That is right.

Mr. Hanson: Another problem from Faro that people were quite upset about was with the condition of produce that is put out for sale in your store. I do not know if it is true or not. I live in a small community and we always say that when it comes off the shelf down here it is sent to Mayo and Dawson City. Maybe you are on the same freight line as we are; it is pretty old by the time we get it.

Another thing that was brought up: not only is the produce in terrible shape, but we were told the mark-up is 60 percent.

Mr. Flemming: The mark-up is not 60 percent, but, generally, the quality of produce coming out of Kelly's, for where we are in Yukon, when they can get it out of BC, is fairly good quality. In the spring or the fall when you are going further south to California and that, you are looking at an awful lot of distance to carry it. By the time it gets here to Whitehorse, I do not know, I have not really been in the stores here, I imagine it is a fair quality. It is handled two more times before it gets to us, in and out of refrigeration, stuff like that can break it down

very easily. You leave something like lettuce out for a four hour period and there is not much left of it.

Basically, I would say Kelly's does send us good quality produce. We do get some bad stuff, the same as the rest of them. They are not perfect by any means, either, but I do not think that we have bad produce.

Mr. Hanson: Just old.

Mr. Penikett: I just have one last question for Mr. Hoenisch. He talked about his previous visits there and you seemed to indicate that people were not welcoming you with palm branches when you walked into Faro and occasionally there had been some rude words said about Hougen's. I want to tell you frankly that we were quite struck by the level of, not anger, but I think — annoyance?

Mr. Chairman: Concern.

Mr. Penikett: Okay, concern. The level of concern was quite high. Let me put it in context, because we had been to most of the other fair sized communities in the Territory and, admittedly, Faro is different, but we did not have any other meetings like that. There was, I think, nowhere where the customers were so unhappy with the retailer.

Do you plan any kind of meetings again? I remember Mr. Hougen went there one time.

Mr. Hoenisch: He went a few times, definitely. When Mr. Norrie was General Manager, he held meetings. I had one meeting, at least — one for sure — when I was out there.

I think this type of communication has to continue; it is always invited. Yesterday Mr. Sweet and I had a lady from Faro and we, again, asked her to please let us know, it is the only way we can monitor and correct things. As far as I am concerned, we should continue doing it that way. Our own staff out there is the best ambassador we can have. These are not secret — there are official instructions to our staff what to do, how to do handle the public, and that is all that we can do.

I know that it is difficult up there and, for some reason, we are not only compared to Whitehorse, they compare us with Vancouver or any other major centre. I have said, "For goodness sake, why don't you compare us with Tahsis, BC, or Lacombe, Alberta, or something, for a change, because there is much more the type of community there." But no, because they happen to be coming from a major centre, they expect, in Faro, to find the same selection.

Mr. Penikett: Are you prepared to commit yourselves to having a public meeting in Faro soon? Just, if you would like any free advice —

Mr. Hoenisch: I definitely want one, yes. I would commit here to have that meeting and I will try to get Mr. Hougen himself to come. Rolf Hougen is definitely a very capable speaker who can relate facts to the public better than most likely any of us.

Mr. Sweet: In the meantime, if they want to call me at any time, they are completely welcome to.

Mr. Penikett: If you would like to give us your phone number, they might take you up on that.

Mr. Sweet: 667-4222. My name is Don Sweet and I will be glad to listen to their problems and complaints.

Mr. Penikett: Mr. McLellan told us the same thing.

Mr. Hoenisch: Yesterday a fellow from Coopers Lybrand was in — I think you are all aware of the accounting firm — published a letter to cash managers. We automatically get this thing, and they talked about retailing and they put down that, at today's interest cost, if you manage to reduce your inventory on the shelves for only two days, on a volume of one million dollars — they are talking in bigger figures here — it will equal a net profit, right there, of \$1,000. So, two days' turnover of the inventory will translate into \$1,000 of additional net profit, which again means, in order to get the same profit, you would have to increase the volume by over \$75,000.

I mention this only to drive home the point of how costly it is for a businessman to keep an inventory longer than absolutely necessary. You have the inventory because you want to satisfy a sophisticated demand of your clientele. You are talking big

money when we talk over-stocking in order to satisfy the wishes of the clientele.

Mr. Penikett: Basically you want a lot more people to move to Faro.

Mr. Hoenisch: That is exactly what we want in the entire Territory. Many of our problems would be overcome if we could just enlarge the basis of our market.

Mr. Chairman: Gentlemen, those are all of the questions we have. Like Mr. Penikett said, if you would like a little bit of free advice from us, go to Faro and have a public meeting. I think it would make the people there happy. It also gives us another reason for existing. If something does change in Faro that is to the better, we will take the credit for it.

Mr. Hoenisch: To repeat my suggestion, and I would like to ask you to see me in my office in Hougen's — I have to leave right after the meeting for Edmonton, but I will be back next week — and I will see what I can dig out for you.

Mr. Chairman: Thank you for coming. We really appreciate it. Mr. Flemming, you have had to travel from Faro; we appreciate that. We appreciate the price lists as well.

We will definitely see you next week for the financial data because it will help.

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Excerpt from the evidence of Jo-Ann Gates

Mr. Penikett: Thank you very much. That was an excellently presented brief.

I receive the Agriculture Canada Reports and I looked at the one I received in the mail this morning, as a matter of fact. The first thing that struck me was the normal seasonal reduction in prices between July and August, which is observable everywhere else in Canada, did not happen here. Based on your experience in these surveys, do you have any tentative explanations for that?

Ms Gates: I think the news release did explain it very slightly and very generally. I have copies of the news releases from 1977 up to the present time. I compared Whitehorse prices with Edmonton, Vancouver and the national average by putting them on a graph. I am not a statistician, but from the lines that I drew, Whitehorse prices fluctuate with the rest of Canada, Edmonton and Vancouver. They were higher but their cycles were identical.

I cannot explain the recent —

Mr. Penikett: I thought perhaps it might be a function of the fact that locally grown produce really is not of sufficient quality here to make any difference to our prices.

Mr. Chairman: Or quantity.

Ms Gates: I have the figures here and it would take me awhile to compare the price change over the past couple of years.

Mr. Chairman: How does your survey compare with the survey done by YTG? Have you noticed, over the past years, how it compares? August, 1981 is the latest one and there is somewhere in the neighbourhood of a 24 percent difference between Edmonton and Whitehorse. That compares generally with YTG's findings.

Ms Gates: Compared to ERPU's survey?

Mr. Chairman: Yes.

Ms Gates: I do not know; I have not kept track of it.

Mr. Penikett: They are measuring slightly different things, too, which makes it difficult to compare.

Ms Gates: Our food basket is slightly different, yes.

Mr. Chairman: How many items are there in your food basket?

Ms Gates: There are 100 items. The basket is outlined in here.

Mr. Penikett: How long have you been doing the surveys?

Ms Gates: Since April, 1979.

Mr. Penikett: And you have releases going back to April, 1977?

Ms Gates: Yes.

Mr. Penikett: If we wished to call on that research here, we would be able to.

Ms Gates: Yes.

Mr. Penikett: You raised a question, and I was not sure of the point you were making, about discounts and rebates. You stated it as a concern and you did not want to see the kind of concentration that appears to be taking place in the newspaper industry. I fear that there are some people who say it is already taking place in the food industry.

I know that there was a royal commission in Ontario not too long ago on the discounts and rebates in the food industry and I am not sure I know quite well enough what the conclusions of it were. It may have been that they were inconclusive. As I understand it, the law in this country is that they are only permissible to the extent that they are related to volume. Does that square with your understanding?

Ms Gates: I do not know. That was a question I raised.

Mr. Penikett: My source for saying that is the Batten Report, which is 10 years old. I understand that the BC Commission report by the legislative committee there seemed to indicate that there were a number of other practices that had to do with special placement of items but they were said to be informal arrangements between local store managers and sellers, some of which may not have been entirely proper. There may have been some financial understanding there that had nothing to do with the chain.

Could you elaborate on exactly how you see the problem in terms of concentration in Yukon? Obviously the potential for a monopoly is not as bad as we once thought it was from the figures we were given.

Ms Gates: I would like to see a more competitive market, but I also understand that the population does not warrant more competition. Thinking of the food industry at a national and international level, I was concerned how many people really do control the food industry in Canada at the very top. Is there legislation? I do not know. That is what I am asking, and have legislators thought of that already? Instead of the newspaper business now asking someone to disown what they already have, let us act now before the fact happens.

Mr. Penikett: Part of the problem with Kelly Douglas is that is owned by a company, still basically privately held, which is really a Canadian multi-national. It is enormous, because its branches are in the United States, South Africa and all over the world. I recall that there was a previous public hearing at which some of the presidents of some of the subsidiaries quite literally did not know who owned them. That is a fairly astounding revelation, but nobody had told them and they had no way of finding out.

The problem for us, of course, is that as a territorial jurisdiction, there is probably absolutely no possibility that that is a realm that we can even venture into. We might ask the questions but whether we can do anything about it is probably a pretty big constitutional question at least.

Ms Gates: As long as the question is raised.

Mr. Penikett: With the appropriate authorities, as they say.

Mr. Chairman: From your presentation, I get the impression that what you would like to see us do is not only make recommendations to our Territorial Legislature, but in turn, forward those recommendations to the federal legislators to inform them of our concerns as well. From what little I know about the justice department, some of the things you are talking about, I do not think are within the Yukon's jurisdiction to legislate, even within our own boundaries.

Mr. Penikett: But they are a concern here.

Mr. Chairman: We talked several times about our concern that Kelly Douglas is owned by George Weston which owns, in the main, the farms in California, the farms in Mexico where the produce is coming to us from. We have no way of controll-

ing that, as you probably realize, but it is still a concern of ours. When we are talking about the poor quality of produce in the Territory, you are talking to a company that has no intention of changing the area where they get the produce because they own it. You can see our problems.

Ms Gates: Yes.

Mr. Penikett: I have no further questions; I just want to thank you for the brief.

Mr. Chairman: It was very interesting.

Mr. Penikett: The other information that you offered, I think would be very useful.

Mr. Chairman: I was interested in your comment regarding consumer skills through education, especially being aware of the BC experiment. I also now understand that BC is doing experiments with teaching children about financial management as well as food management. In fact I think financial management started before food management. Do you think it would be a good idea to introduce that type of course into the Yukon education curriculum?

Ms Gates: A consumers' fundamentals course? Yes, definitely.

Mr. Penikett: Let me ask you, as a home economist, when I was in highschool there was a time allotted where the boys went down to Shop and the girls went to Home Economics. We did not have a clue what they did in that class; I do not think they had a clue what we did in ours — I barely had a clue what I did in my class.

Is Home Economics alive as a subject in the curriculum?

Mr. Chairman: Definitely. Did you not know that boys take Home Economics? I took Home Economics in Grade 11. It is an interesting course; you should take it.

Mr. Penikett: You have not shown much evidence of having passed it, Mr. Chairman.

Let me ask: is that something you see as supplemental to the Home Economics programme or do you see it in addition or do you see it as a related subject? From what I understood, part of Home Economics was teaching the kinds of skills —

Ms Gates: It is incorporated into the Home Economics curriculum, but, as well, I think a course on its own is needed. Home Economics is not compulsory.

Mr. Penikett: Just from what you know about the BC thing, give me some idea of what kinds of things would be dealt with in the class.

Ms Gates: Not only matters relating to food; it would be all consumer goods and services that are bought. I think money management would be top priority.

Mr. Penikett: Credit, banking, all of those things.

Ms Gates: Use of credit.

Mr. Chairman: I believe that was the first course to be taught in the schools in BC. Since then they have expanded to take in a lot of different parts of the consumer education.

Mr. Penikett: You talked about the resistance of adults to new ideas and to this kind of education. If we had compulsory education for adults in Yukon and you were giving a class for consumers who had been convicted of wasteful spending or whatever, what kinds of things would you have to say? What kinds of things would you teach your average citizen, your neighbours that you see shopping?

Ms Gates: First of all, to be reasonable, and not to ask for fresh strawberries in January that are squeezed into a plastic container, wrapped in plastic with an elastic band for which you are charged \$2.69. Then the consumer screams.

Mr. Penikett: What do you think that does to other food prices? Do you think that has a negative impact on food prices overall?

Ms Gates: I would think so. I am paying for the strawberries that one consumer has asked for. I do not want them.

Mr. Chairman: So what you are saying is: the variety of things that are available in a store, we are all paying for.

Ms Gates: Right.

Mr. Penikett: What other things would you teach?

Ms Gates: Perhaps to even voice complaints. A consumer

does not always have to be an antagonist. I think if you work and communicate with industry, you will get much more accomplished than being an antagonist.

Mr. Penikett: Do you complain?

Ms Gates: Yes.

Mr. Penikett: What kind of a reception do you get from the stores where you complain?

Ms Gates: Very good. I will give you an example: when Tri-Milk went off the shelf last summer, I started asking my usual questions why and the dairy managers were shrugging their shoulders. I shoved the problem on to the Consumers Association, but they were not writing letters too quickly, either, at that time. So I wrote to someone in Edmonton, and did not get an answer; I wrote my second letter and said that if he did not take my problem seriously, could he pass my letter on to someone who would; I simply questioned, "Where was Tri-Milk?"

I, after the postal strike, got a letter from the Director of Marketing from Palm Dairies in Calgary. He reassured me that Tri-Milk was being produced in a UHT container and they were doing their very best to serve northern customers and, the day I got my letter, Tri-Milk was on the shelf again.

Mr. Penikett: That is interesting, because I wrote to Palm Dairies about Tri-Milk, too, and I got a letter back in a week.

Ms Gates: Did you?

Mr. Penikett: Let me ask if you have got any other general advice that you would give consumers, besides those things. You talked about realistic expectations, but also to complain. Would you have a rule number three?

Ms Gates: There are many. I do not know what to list next, because the list is quite extensive, even to shop comparatively, as I mentioned in the first paragraph.

Mr. Penikett: Let me ask you one last question. How large is your family?

Ms Gates: Four.

Mr. Penikett: You shop for all four?

Ms Gates: Yes.

Mr. Penikett: How much do you spend on food every month?

Ms Gates: I average \$20 less than the Agriculture Canada Whitehorse figure, a week; \$20 less a week than Agriculture Canada estimates.

Mr. Penikett: So you are spending \$88 a week, roughly.

Ms Gates: Right.

Mr. Penikett: How do you do that?

Ms Gates: I am a conscientious consumer.

Mr. Penikett: Do you avoid some expensive items that the average family does buy?

Ms Gates: Yes. I do not work outside the home; I can therefore prepare foods that require a long preparation time. I do not buy many convenience foods. I shop specials only, stock, buy in bulk when it is advantageous.

Mr. Penikett: Those are the basic ways you save?

Ms Gates: Plus many others; this is why I feel consumer education is important, because it can be done.

Mr. Chairman: One of the interesting things that I heard in some of the communities outside of Whitehorse, when we talked about consumer education — because that was one of the programs that we started (strictly non-partisan, Mr. Penikett) when I was Minister of Consumer and Corporate Affairs — was the consumer education thing. We found that people outside of the City of Whitehorse were saying, "It is useless to us because we have only got one place to shop anyway." What would be your answer to something like that?

Ms Gates: No, it is not, only in the fact that they cannot shop comparatively. They can still chose between one brand and another, whether they are going to buy a standard canned tomato to throw into their chili sauce or a choice canned tomato to throw into their chili sauce.

Mr. Chairman: Do you shop No-Name brands?

Ms Gates: Very seldom. I have tried; I prefer to wait for my brand to go on special.

Mr. Chairman: What do you do with your coupons? Do you take your coupons in, too?

Ms Gates: Yes, I do, but I only use the coupons for the products that I normally purchase, but I do use them.

Mr. Chairman: I have been kind of wondering, because I ask a lot of people that. I feel like an idiot every time I take my coupons in and nobody else does and the people in the line are looking at me. I am just kind of curious if other people besides me do it.

Mr. Penikett: What bothers me about the coupons is that there are coupons in things that I do buy for things that I never want.

Mr. Chairman: That is right; it always happens.

Ms Gates: Like candy in eggs.

Mr. Chairman: Thank you very much, Ms Gates, we really appreciate it.

Mr. Chairman: It is our pleasure now to welcome Dr. Dimitroff, the Programs Medical Officer, Yukon Region, and Mary Wright, the Dietitian for Whitehorse General Hospital to these Committee hearings.

I guess I should outline basically how we decided to invite you. We had some concerns expressed in several Yukon communities about diet, first of all, and then, in a couple of communities, we also had some concern expressed about health standards in some of the retail outlets for food and food products in the Territory. Consequently, we felt that we should invite you and find out exactly what the system is and who does the health checks for Medical Services and if we have any results of those checks.

Mr. Penikett: Let me, if I may, Dr. Dimitroff, give you a couple of examples of specific complaints we have heard and then ask you if you could give me some idea of how they would be dealt with in the system; that is mainly to educate us, for the record.

Last week, in Faro, we heard that, from time to time, one of the two stores there was filthy, that coolers had milk leaking from them, that the smell was bad and that, occasionally, someone had phoned someone in Whitehorse and complained. An inspector subsequently arrived on the scene but, because of some problem with advance notice or something, by the time the inspector arrived, the problem had been dealt with and no longer existed.

The other case is that someone approached me a couple of days ago and mentioned that in one of the stores in Whitehorse they had seen some lobster on sale; they had looked at the price; the price was \$9.00 a pound and they had contemplated going to the bank and taking out a loan in order to buy some. They then looked at the label and noticed that all the lobster was, in fact, dated as having been packed a year before, and it was not one date so it was not an error; it was July and August from the previous year. They had made a complaint; I am not quite sure who they phoned but they phoned someone in the federal government, and they were told that there was nothing improper about that, as such, only if the food had something wrong with it would there be any cause for the government to act.

I do not know whether I have given you enough information there, but, in those two examples, could you tell me how the health system would operate in those cases?

Dr. Dimitroff: The health system, particularly with regard to health inspections for retail outlets — and this includes the storage for the warehouses for the wholesalers — is a well-defined one. It resembles those in the provinces; in the Territory, of course, it is run by the federal government.

There are three environmental health officers who have a variety of duties, but amongst them are health inspectors and they can enforce the *Public Health Ordinance* of the Yukon Territorial Government. They are also officers under Agriculture Canada; they also are able to enforce rules under other federal acts and jurisdictions.

When a complaint is received, it is important that the public knows, I suppose, where they must call and this is the federal government. It is Number 2 Hospital Road, and we have well outlined procedures.

Responses to public complaints are taken very seriously and we try to act on them as rapidly as possible. In doing so, files of complaints are built up over the years. People or organizations who are better equipped, either by managerial expertise or good attitudes or professionalism, become known. Those that are less so, possibly due to inexperience, new businesses, also become known.

We see our function as being primarily educational, rather than regulatory and punitive. This is the attitude that we go into, so it is an educational process, particularly with people who are newly in business.

When a complaint is received, naturally it has to be verified. People complain often for the wrong reasons; they may not have gotten the kind of service they wanted. It is often important to be very specific about the kind of complaint. Samples of the food are very important if we are to follow up.

Let me just outline the kind of procedure that a health officer would go through when he inspects a food store, recognizing that these inspections are often incomplete, that they are in-process, that there may have been a number of previous inspections, that there are improvements in progress. The inspector would inform the store manager or person in charge that he wished to make the inspection; I think that is necessary. The building structure is inspected. They look for water damage, state of the walls, floors, ceilings, painted surfaces, the staff washrooms, lunchrooms, locker room. The food display area, is it clean and tidy? Is the food being rotated? In other words - dating. Is the older food at the front of the shelf with the newer stock towards the back? How fast is that rotation taking place? Are the proper temperatures being maintained in refrigeration units? Are the units clean? Again, is the food being rotated or out of date? Are the meat products government inspected? This is particularly important up here because of the presence of game meats.

In the butcher section, if any: are the cutting surfaces clean, free of cracks? Is the meat processing equipment clean? How is the meat being handled and maintained? How are the people dressed, hairstyles, shoes? Are the employees smoking in the butcher area? The bakery: overall cleanliness, the kinds of apparel, inspection of machines, checking of the dry goods material; the sugar, the flour. They look for insect investigation. Again, are the employees smoking?

They go through this entire thing for each of the different areas.

The garbage area: what is the state of garbage storage? Is there evidence of rodent or insect investigation? Is the area regularly cleaned to reduce odors?

So, there is a very well laid out procedure; reports are made. I act as Chief Medical Officer of Health for the Yukon Territory, as well as my federal appointment, and I see all of these.

The inspectors, then, if they find deficiencies, make recommendations, if the deficiencies are of a minor nature. If they are of a more serious nature, they try to set a plan of rehabilitation. They have to give the manager time; sometimes the replacement of capital equipment, repairs are often costly.

If there is an immediate and dangerous situation in which the public is threatened, the officers have the authority to close the establishment, and will. That does not happen very often because most people are quite cooperative, especially if they find that the officer is determined to carry out his duties.

Mr. Penikett: That is very helpful.

Let me ask you a question. You suggest that the inspectors have some kind of routine schedule whereby they would go around to the stores. Is their workload sufficiently great that it would prohibit them doing a spot check on request? Say someone called from Dawson City and said, "We have got a problem here and it would warrant your investigation."

Dr. Dimitroff: That comes in as a complaint and the inves-

tigation would then be honoured and attempts be made to go up.

You made mention of the Faro situation. I would rather not tell you the name of the store, I think, because there is a certain amount of confidential trust that has to go between our department and the retailer.

This has been a complaint, at least over the four or five years that I have been here here. Each time the inspector goes up there, he finds everything acceptable — not perfect, but acceptable. He has a discussion with the manager. There is discussion of the dissatisfactions of the community, the possibility of pre-warnings or all of these things, and nothing ever comes of it, because when the inspector goes up there, everything is fine and acceptable.

Mr. Penikett: Why is prior notice necessary? You said that prior notice was necessary. Is it a courtesy?

Dr. Dimitroff: Just a courtesy. We can make spot checks and walk in. In fact, in the Faro situation, spot checks were made; there were no prior notices given in those cases.

Mr. Penikett: Let me ask you about the other example that I gave regarding the lobster. What is the law on something like that?

Dr. Dimitroff: There is no law with regard to how long a food can be stored. If it is properly handled, if it is stored correctly, the duration is practically limitless. As long as the food is in good shape, how can you incriminate it? If the lobster came out of that one year storage and was still tasty, had good quality, its odor was acceptably and, recognizing that it would not be as good as fresh — it is frozen and therefore there will be a gradual deterioration — but there was not a public health risk, then there is nothing within the *Public Health Ordinance* that we can use to say that the food is unacceptable.

The consumer can say, "I don't like it", and he can go and complain to the manager and he can say, "I want my money back." because it was unacceptable from an aesthetic point of view. We find that often people do not like what they buy, from an aesthetic point of view, and they try to get Public Health people to act on their behalf to back up their complaint.

The Public Health will act when there is a risk to the public of disease.

Mr. Chairman: Let me ask you one question here. When you go in and do an inspection, such as the case that we have been talking about, your inspector files a report with you.

Dr. Dimitroff: Yes.

Mr. Chairman: Is that report made public, or any parts thereof?

Dr. Dimitroff: It is not made public.

Mr. Chairman: So, if I have filed that complaint, I have no way of knowing the results of your check?

Dr. Dimitroff: Well, hopefully, you would know by the response of the person who is being inspected. Hopefully, they would clean up their act to everybody's satisfaction.

Mr. Penikett: Or if the store was closed, you would notice that.

Dr. Dimitroff: Yes. If something serious, like an epidemic, or a number of people should become sick, or there was a risk to a greater number of people from a situation and the public welfare was at stake, of course, it would be made public, because then it would be a hazard to keep that confidential.

The reason for a certain amount of confidentiality, and it is not absolute, is that the storekeeper or retailer or wholesaler have trust in us, in that when we find minor transgressions, we give them the chance to clean it up. As I say, most of them do a good job, most of them are quite professional. It is to their benefit to do this. It is only the marginal operations that you usually find in trouble all the time, because why should you hassle city hall? Why get into trouble with it? It is just wasted effort and wasted time to be hassled by inspectors.

Mr. Penikett: You mentioned fish and game and, obviously, there are a number of communities where the quantity of fish and wild meat consumed is quite large. In what way does your impact extend to monitoring that?

Dr. Dimitroff: Well, the only way we can monitor it is whether it is for sale or not. If it is for sale, then it has to be government inspected.

There is no agricultural inspector available here, but meat that is going to be cut in a butcher shop that is not government inspected can be cut, but they have to clean it between government inspected meats and non-government inspected.

In other words, if you want to cut the moose up on a butcher's band saw, there has to be a complete cleaning of it in between, because the wild meat is subject to parasites and everything else. Most of us eat the meat, anyway, and quite safely, but it is for our own personal use.

Mr. Penikett: What about fish?

Dr. Dimitroff: The same is true of fish, I think. Fish also have parasites and, if it is not government inspected, then it should not be offered for commercial sale.

Mr. Penikett: A fair amount of Yukon fish, I suspect, ends up in restaurants, though, that is probably not inspected?

Dr. Dimitroff: Probably not.

Mr. Chairman: We spent some time in Old Crow and we heard from a long-time resident of Old Crow who said that he used to take 100 caribou a year and now he is only taking 20. You do not have anybody up there during the time when the caribou are being shot in, say, Old Crow, inspecting the 250-some caribou that were shot there this year, or 300?

Dr. Dimitroff: No, we would not. It is outside our area of authority. These people are shooting the caribou and they are using it in a traditional village way and feeding the people themselves.

Mr. Chairman: You do not have anything to do with that at all.

Dr. Dimitroff: No, none whatsoever. The Games people would probably be up there watching the number of animals that are harvested and I am sure that they are taking samples of meat and looking at it for their own purposes.

Mr. Chairman: I have a question: your inspectors are also under the *Agricultural Canada Act*?

Dr. Dimitroff: They are, recognizing that they are very limited because they do not have the facilities and they do not have the wherewithal to approve meats locally.

Mr. Chairman: Let us talk about produce, then. Produce coming from California comes through the border between Vancouver and Seattle, with some coming directly to Yukon. Is that inspected by an Agriculture Canada person in Vancouver?

Dr. Dimitroff: Yes.

Mr. Chairman: Or does it come here first?

Dr. Dimitroff: No, it would be inspected down south.

Mr. Chairman: It would be.

Dr. Dimitroff: Yes.

Mr. Chairman: What kind of authority do those people have?

Dr. Dimitroff: I think it is considerable. When you transmit any kind of food produce over an international border, there is very stringent rules in place, much more stringent than we could ever apply up here because of our lack of manpower. I think it is unnecessary. Once it is across the border, I am sure most of it is probably okay.

When the people bring it up here, there is just a very small procedure in place. They have to get a business license from the City if they want to sell it on the street, so before the City gives them a business license, they notify our health inspectors and our health inspectors try to keep up and watch what kind of installation they have.

When they are selling fruit and vegetables, really, the health hazards are minimal, if they are selling it from their truck. If the truck has been refrigerated, the quality of the fruits and vegetables is usually very good and there is very little hazard to the public.

Mr. Penikett: Dr. Dimitroff, in a number of large cities that I know of, a lot of the areas you have discussed are of interest to local boards of health. From my slight acquaintance with such

boards in the Territory, they do not appear to play a big role in that way. What is the difference here?

The Board of Health that I am familiar with is the City of Whitehorse Board of Health, and it is an advisory board. Some of the boards down south have a direct authority that is granted to them. All we can do is advise city council on what we perceive to be health problems. The City can accept or ignore or defer or do whatever it wants with our advice. We have found the City to be quite responsive, as long as it is not something too far out of line with the northern philosophy, which is: "the less regulation the better"; "if it is going to cost any money we do not want to hear about it"; "business first".

We have often found that a business licence used to be given very easily and very quickly, without thought. As long as they paid their dues, they could have the business licence. I think that is still the way people work in the north, trying not to interfere with the workings of commerce.

Mr. Penikett: I asked the question less in connection with my experience in Whitehorse, but in Faro, when some of the issues we were previously discussing came up, there was some confusion in the audience about the role of the Board of Health. In fact, there were a couple of members present and they were not too sure what their responsibilities were.

You said they were advisory. Do they, to your knowledge, receive complaints of the kind we were talking about and then pass them on?

Dr. Dimitroff: They can, but I do not think a Board of Health is primarily a complaint receiving body. I think it then becomes a department of health and that should be what we were doing. If they do receive complaints in the course of what their business might be, they should pass them on to us.

Mr. Penikett: That is basically what we wanted to get straight.

You may recall that earlier this year our researcher wrote to you in connection with the question of nutrition, generally, and you were kind enough to reply to our letter on June 4 of this year. The question we were asking arose from a comment in Beryl Plumtre's final report of the Food Prices Review Board in 1975, which noted, and I think I am quoting fairly accurately, "Serious nutritional deficiencies in a number of northern communities", the north being defined as, I think, the Northwest Territories and Yukon.

I cannot remember the specifics of those nutritional deficiencies, but the comment did not surprise me in view of my observation of some stores, particularly in the eastern Arctic, where we had small stores with rows and rows and rows of pop and chips and cookies and that kind of food. It seemed the only kind of food available, commercially, for the people in those communities. From our observations last week, that is not as serious a problem, by any stretch of the imagination, in Yukon. As well, I understand the Hudson Bay has changed their practices quite a bit in the Northwest Territories.

Would you like to elaborate on the answer you gave in your letter about the situation in Yukon?

Dr. Dimitroff: Yes. Like yourself, I have had experience in the Arctic, dating back to 1970, and my experiences were very much as you describe.

The eastern and western Arctic are a little different than Yukon. Yukon has better communication; it resembles more a northern Alberta, northern BC, Saskatchewan type of community rather than an Arctic community. With exception, perhaps, of Old Crow, there is road transportation everywhere.

The question that was directed to me was: was there any nutritional deficiencies or diseases presently in Yukon and could these be related to high food prices? We made a telephone survey — we already had our own impressions, and we asked if there were any outright nutritional diseases, perhaps the kind that are found in Third World countries. Certainly, the answer has to be: no, there are not.

Nutritional deficiency is very difficult to define. It is a grey area between what we say is a "healthy person - well fed" and

outright nutritional disease. Most of the deficiencies that do exist in Yukon — and they are considerable — are, in our estimation, due to ignorance of good food habits, alcoholism, old age, the kinds of things that interfere with a person's ability to make judgments on which foods they should buy, so they are not eating too many candies, too many junk foods.

I think these do lead to nutritional deficiencies, but they do not lead to outright nutritional disease or overt symptoms and signs. Things have to go very far before that happens. You have to be in almost a prison camp situation and be deprived for a couple of years.

As I said, such things as alcoholism and poor buying habits are the main culprits here. Old age, old people often cannot get out of their houses, they do not have the money, perhaps.

One thing I did mention in my letter, and it was more an opinion than a factual statement, is that I felt the cost of food in Yukon is high — higher, perhaps, than down south — and I thought it was an economic hardship to some people. I do not know the exact percentage, but I have heard many times where young families say they could not settle in the north because of the high cost of living, of which high food prices is certainly a large proportion.

My own family, although I earn a good wage, is large — four children, two adults. We find that food prices are a very large percentage of our income. That is only personal.

Mr. Penikett: Could I just pursue a couple of comments, then, Dr. Dimitroff, on the problem of ignorance, as you describe it. We were both using an eastern Arctic example, where there are no available options it does not matter how well informed you are; if the stuff is not there to be had, you cannot get it.

You mention junk food and candy. Earlier today we had a previous witness suggest to us that there was a need for some program of education of consumer fundamentals in the schools. Beyond that, would you have anything to suggest to us as a remedy, keeping in mind the overall problem we are interested in, which is the problem of price?

Dr. Dimitroff: Yes, I think price and good nutrition should be considered together. I think that we have to recognize the economics of what is happening in the world, the high energy costs, but I think people can get good nutrition if they have the proper information and a proper choice.

Education is a large part of the remedy and the federal government has been involved in the teaching of infant feeding practices, which, at least, will get the children started properly. Feeding and nutrition for expectant mothers - Mary Wright has been involved in this. We think that probably there should be a nutritionist to advise the government, either the Yukon or the federal government. We are currently suffering person-year constraints but we have been asking for a nutritionist to be available to help us plan programmes.

I should not say that programmes do not exist; they do exist through our public health and health education. Also, the alcohol treatment and education is, in a sense, a nutritional, in a negative sense — alcohol is not nutritional, but the treatment of alcoholics leads to, hopefully, better eating habits among people who may have alcohol problems. So, a large amount of effort is being expended in that direction already.

Mr. Chairman: Tell me, are there any programs that you are running in schools anywhere in the Territory in cooperation with, say, Mary and the Department of Education?

Ms Wright: How it has worked in the past is that I will get a request from, usually, individual teachers. I am in the community schools on each of my road trips, either talking with the teachers en masse, or actually instructing the classes themselves.

As I say, it is usually within Whitehorse, at least, because my main job is as a dietitian at the hospital; it is not a programme, as yet.

Mr. Penikett: Can you tell me something about the infant feeding practices? Can you tell me something about how that programme is delivered?

Dr. Dimitroff: A few years back we were very concerned that there was a multiplicity of infant formulas, a decline in the percentage of mothers breastfeeding. We commissioned Dr. Asante, who is a visiting pediatrician, to do a study on infant feeding practices in Yukon, with recommendations to standardize formula feeding in the hospitals, and to improve breastfeeding practices. This was, I guess, about four years ago and this has tremendously improved and it is part of our public health teaching through the public health nurses.

There is encouragement for mothers to breastfeed their infants at the hospitals and certainly to breastfeed after they leave. So, this one is well in hand and we are pleased with the results.

Mr. Penikett: Let me ask you one last question on this general subject. We had noticed that in a couple of communities in the Northwest Territories some kind of school breakfast, school lunch programmes had been developed. From a health point of view, have you observed any place in Yukon where there would appear to be a need for — let me put it that way — a school milk or school lunch programme of any kind to supplement the diets of the kids?

Dr. Dimitroff: I would think in some of the Indian settlements, where the three-meals-a-day concept has not really taken hold and children are coming to school, often without a meal, it might be helpful for them to have a hot lunch. I am thinking of communities like Upper Liard and Lower Post; those are the two that come to mind.

I would like to see local initiative devise something along that line, a local leadership to do that, but I do not think it is an answer to any big problem. It would ensure that the children are getting at least one good meal a day.

Mr. Penikett: But you see no widespread demand or need for it, from a health point of view.

Dr. Dimitroff: No, I do not. What I would like to see is the schools take their pop machines out and provide, perhaps, milk and fruit rather than candy and Coca Cola or pops. We find that in the schools here. We have talked to the Department of Education about it, but there seems to be a reluctance to remove those machines.

Mr. Penikett: Is it perhaps the vendor that is the problem?

Mr. Chairman: I was kind of curious about that. In fact, I was going to ask a question because it did hit the news a while ago. I understand you were giving some concerted effort to having those machines removed. Is that correct?

Dr. Dimitroff: Yes, I think it would be a good place to have milk or juices of various kinds, or fruits available. Perhaps it is the student demand, I do not know.

Ms Wright: It would be such a step in the right direction to even convince some of the food outlets within town and within the Territory to just, rather than keeping gum and candy and chocolate bars by the check-out where you have got the time and you have got the kids waiting — you know, everybody knows why it is there and why it is such a ploy —

Mr. Chairman: What you are saying is that, at some point in time, good marketing practices should take a back seat to good nutrition.

Ms Wright: It is the same as Macdonalds doing their fresh fruit commercials. I have seen them. That is surely a response to consumer demand.

Mr. Penikett: I do not mind the store putting things at my eye level, but when they are putting it at the eye level of my six-year old, I find things going in the basket I did not put there.

Ms Wright: Right, it comes as a surprise.

Dr. Dimitroff: One of the difficulties of trying to educate people in consumer buying practices is that there are so many behavioural scientists involved in circumventing what you are trying to teach. They are always two steps ahead of you, and you find that no matter how well informed you are, you still become an impulse buyer.

Mr. Chairman: Thank you very much, we appreciate you taking the time to visit with us. If we have any other questions, we will definitely write to you.

Adjourned

