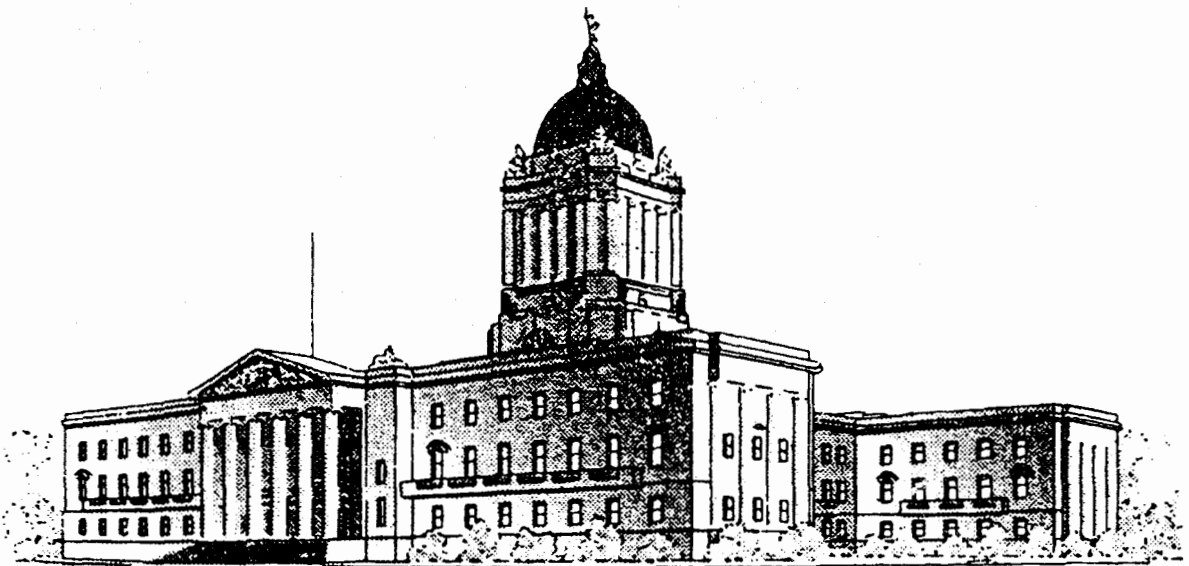




MANITOBAN

Third Session - Thirty-Seventh Legislature
of the
Legislative Assembly of Manitoba
Standing Committee
on
Economic Development

Chairperson
Mr. Doug Martindale
Constituency of Burrows



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MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Seventh Legislature

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LEGISLATIVE ASSEMBLY OF MANITOBA

THE STANDING COMMITTEE ON ECONOMIC DEVELOPMENT

Monday, December 3, 2001

TIME — 10 a.m.

LOCATION — Winnipeg, Manitoba

CHAIRPERSON — Mr. Doug Martindale (Burrows)

VICE-CHAIRPERSON — Mr. Harry Schellenberg (Rossmere)

ATTENDANCE - 11 — QUORUM - 6

Members of the Committee present:

Hon. Ms. McGifford, Hon. Mr. Smith

Messrs. Cummings, Derkach, Dewar, Maguire, Maloway, Martindale, Penner (Steinbach), Schellenberg, Struthers

MATTERS UNDER DISCUSSION:

The Annual Reports of Manitoba Lotteries Corporation for the years ended March 31, 2000, and March 31, 2001.

Clerk Assistant (Mr. Rick Yarish): Good morning. Will the Standing Committee on Economic Development please come to order. Our first order of business is the election of a Chairperson. Are there any nominations?

Mr. Gregory Dewar (Selkirk): I nominate Mr. Martindale.

Clerk Assistant: Mr. Martindale has been nominated. Are there any further nominations? Seeing none, Mr. Martindale is appointed Chair. Mr. Martindale, would you please take the Chair.

Mr. Chairperson: Our next order of business is the election of a Vice-Chairperson. Are there any nominations?

Mr. Dewar: I nominate Mr. Schellenberg.

Mr. Chairperson: Mr. Schellenberg has been nominated. Are there any other nominations? Seeing none, Mr. Schellenberg is appointed the Vice-Chairperson.

This morning the committee has before it the annual reports of the Manitoba Lotteries Corporation for the years ending March 31, 2000, and March 31, 2001.

Prior to the consideration of these reports, are there any suggestions from committee members as to how long we should sit this morning?

Mr. Stan Struthers (Dauphin-Roblin): I would suggest that we adjourn at 12 noon today.

Mr. Chairperson: It has been suggested 12 noon. Are there any other suggestions. Is that agreed? *[Agreed]* We will adjourn at 12 noon.

Are there any suggestions from the committee as to how we should deal with these reports; that is, separately or together?

Mr. Leonard Derkach (Russell): Mr. Chair, my suggestion would be that we deal with them separately.

Mr. Chairperson: It has been suggested we deal with them separately. What is the will of the committee? *[Agreed]* We will deal with them separately.

We will now proceed with consideration of the report for the year 1999-2000. I would ask the honourable minister responsible for the Lotteries Corporation to please introduce the officials in attendance.

Hon. Diane McGifford (Minister charged with the administration of The Manitoba Lotteries Corporation Act): Present with me today is Ms. Beverly Suek, who is the Chair of

the Manitoba Lotteries Commission. Seated next to her is Mr. Peter Hak, who is the Senior Vice-President and Chief Operating Officer. Seated beside me is Mr. Winston Hodgins, Acting President and Chief Executive Officer.

Mr. Chairperson: Does the minister have an opening statement?

Ms. McGifford: Yes, I do, Mr. Chair.

Mr. Chairperson: Please proceed.

Ms. McGifford: Good morning, I—

Mr. Chairperson: Oh, excuse me. Mr. Derkach would like the floor.

Mr. Derkach: Just to ask a question for clarification, Mr. Chair. We called the Clerk's office on Friday to ask what report we would be dealing with this morning, and we were instructed that this morning we would be dealing with the 2000-2001 Annual Report of Manitoba Lotteries.

I just wanted some clarification as to whether or not there was miscommunication or whether the Clerk's office just did not know.

Mr. Chairperson: I am told that it was probably miscommunication because on the notice of the meeting both reports are listed.

Mr. Derkach: Then I just want to register that, because we did call to specifically find out which report we would be dealing with this morning, and that is when we were told that this morning we would be dealing with the 2000-2001 annual report.

Ms. McGifford: I thought we had just decided a couple of minutes ago that we were going to deal with two reports and we were going to deal with them separately, but your information was when you had phoned the Clerk's office, you had been led to believe it was only dealing with the one report.

Mr. Derkach: Well, in the interest of being prepared for the report, Mr. Chair, the reason we had called was to ensure that we were ready for whichever report was going to be called this

morning. That is when we were informed that this morning we would be dealing with the 2000-2001.

No difficulty in dealing with both reports separately. It was just a matter of getting instruction as to what we would be dealing with this morning.

Mr. Chairperson: Mr. Derkach, would it be okay if we pass on this concern to the Clerk to deal with?

Mr. Derkach: Because we were given that information, I simply want to ask the committee whether or not it matters which report we deal with first and whether there is some reason to deal with the 1999 report before the 2001, simply because we were given that information, and we were asked to prepare for the 2001 report.

Mr. Chairperson: Are there suggestions as to which report we should deal with first?

Ms. McGifford: Well, it would seem logical to deal with the 1999-2000 report before we dealt with the other one. I do not think we here are greatly concerned whether we deal with the 2000-2001 first. It just seems to me illogical, but I suppose we can live with a little illogicality.

Mr. Chairperson: What is the will of the committee?

Mr. Smith: I would agree with the minister that it seems logical that we would deal by year, starting with '99, 2000, 2001.

Mr. Chairperson: Is it agreed that we start with '99-2000 annual report?

Mr. Derkach: Would it be in agreement with the committee then for us to deal, rather than separately, with both reports, given that we were given some miscommunication with regard to the intent this morning?

Ms. McGifford: We are very pleased to deal with the 2000-2001 report. We think it is illogical, but we are willing to do it if that would suit the purposes of the member opposite.

Mr. Derkach: For clarification, though, Madam Minister, my question is whether or not the committee would agree to dealing with them both together, and then we can move them through.

Mr. Chairperson: I understand the committee had already agreed to deal with them separately. Does the committee wish to change its mind?

Ms. McGifford: I thought there was a request to deal with them separately from members opposite, and then suddenly there is a request to deal with them together. Are we sure we have decided now we would like to deal with them together?

Mr. Derkach: Just for clarification, the only reason that we had indicated that we would deal with them separately was because of the information that we had received, for no other reason than that. If there is a will to deal with them separately, fine. If not, we can deal with them together. I am not going to get hung up on procedure. We can proceed either way.

Ms. McGifford: We, I agree, are already wrangling about procedures unnecessarily. We are happy to deal with them together.

Mr. Chairperson: So, as previously agreed, we deal with them separately. Is it agreed that we start with the '99-2000 report? *[Agreed]*

Ms. McGifford: I do have an opening statement, as I indicated. Let me start by saying good morning and telling people that I certainly welcome the opportunity to speak to you today on the annual reports of the Manitoba Lotteries Corporation for the fiscal years ending 2000 and 2001. Before doing so, I would like to introduce my staff. I have already done that, so we can forgo that.

For the year 2000-2001, the corporation recorded a net income of \$238.5 million, an increase of \$8.4 million or 3 percent over the '99-2000 fiscal year. The increase in net income is attributable to net revenue increases in lottery products and the first full fiscal year operation of the redeveloped casinos of Winnipeg.

Manitoba's casinos are attractive destination locations offering live entertainment, full-service restaurants and special attractions. I am pleased to report that last year over 1300 group tours visited Manitoba's two casinos, generating almost \$37 million in annual economic activity for Manitoba.

For the 1999-2000 fiscal year, the corporation recorded a net income of \$238 million. This increase of \$4.9 million or 2.2 percent over the previous year was primarily a result of increased net revenue in lottery and video lottery terminal operations.

* (10:10)

All revenue generated through MLC's gaming-related entertainment is returned to the Province to create long-term, social and economic benefits for all Manitobans. These funds support priority social programs such as health care, education and social and community services.

It is of interest to note that some of the revenue generated by VLTs has a direct and positive impact on Manitoba's municipalities. This year, Manitoba communities are sharing \$17.6 million in VLT net revenues to assist with local development initiatives. Our government allocates a further 25 percent of VLT net revenues to community economic development through its Rural Economic Development Initiatives, sometimes known as REDI, and Urban Economic Initiatives, sometimes known as UEDI.

The corporation has faced many challenges since this committee met last. I wish to take this opportunity to commend the approximately 2000 employees of the corporation who met these challenges, while, at the same time, ensuring the best possible services to its customers and to the people of Manitoba. The success of the corporation would not be possible without their hard work and dedication.

I would like to take a few moments to briefly update you on some of the actions being taken to address the challenges before the corporation. First of all, the Provincial Auditor's report.

The Provincial Auditor's report on his investigation of MLC was released in May 2000. Since that date, the corporation has vigorously pursued the challenges required to address the inadequate policies and practices identified in the report and to restore public confidence in the level of accountability practised at the corporation.

The cornerstone of the gaming industry is founded on integrity and accountability. I am pleased to report the corporation has established firm and comprehensive corporate policies and organizational enhancements that strengthen MLC's accountability for expenditures. The corporation has attempted to restore public confidence in the level of accountability practised through a number of very important initiatives. For example, a decision was made to have the internal auditor report directly to the audit committee of the board of directors. This was done to ensure a reporting relationship that provided the corporation's internal auditor with independence to conduct his audit projects.

In his report, the Provincial Auditor also recommended that the board of MLC arrange for a post-expansion review of casino operations, and consider the impact of all capital expenditures and long-term debt on the future cash flows and profit levels of the corporation. Therefore, a strategy has been developed for MLC to pay off its debt on significant capital projects such as enhancement to McPhillips Street Station and Club Regent casinos. Also, as part of this review, MLC re-examined the capital expenditures related to the casino consolidation/expansion project. The MLC concluded that, with all project costs included, the project expenditures to March 31, 2001, totalled approximately \$145 million. The reason that the total cost is greater than the original reported amount of \$112.5 million is that there were items not initially identified by MLC included in the first report.

On April 21, 2001, the Provincial Auditor tabled a report in the Legislature recognizing the improvements in the corporation's financial management practices. In the report, Mr. Singleton stated, and I quote him: "We are very pleased with the significant progress the

corporation has made in addressing the issues raised in our original report."

Human resource review: A review into Human Resources practices and employee issues within the corporation was also initiated by the board of directors and conducted by P. Colleen Suche, Q.C. The review examined issues such as staff morale, equity and fairness in the workplace, harassment prevention, internal communication and conflict resolution processes. This review was completed in May 2000 and consisted of 74 recommendations. Significant progress has been made with respect to the 74 recommendations in the Suche report. All 74 have been addressed, with less than 10 percent not fully completed but nearing completion.

Business function review: In the fall of 2000, a business function review was undertaken with consultation from management and employees to improve operations within the corporation. Comments from employees were focused on management structure and responsibilities, internal communication and ways to create a more efficient and effective work environment. MLC executive and the business function review committee incorporated these ideas and concepts into a new corporate organizational structure designed to clarify roles, responsibilities and accountability, improve leadership in management positions, provide more empowerment for managers and staff, improve internal communications, centralize reporting relationships for support functions.

Management realignment was completed in June 2001, with emphasis on the casino operations. With this new management structure in place, these objectives can now be realized.

Strategic plan: This year the Manitoba Lotteries Corporation implemented a strategic plan process, a process which involved the participation of 150 employees at all levels of the corporation, including the board and executive. With their input, a strategic plan was created, a plan that will chart the direction for the MLC over the next three to five years and determine how MLC will conduct its business and define its relationships with customers, employees and the people of Manitoba.

This strategic plan concentrates on best practices within the corporation with all employees working together in establishing a corporate philosophy of one company, one vision, refining the MLC corporate culture into a cohesive, unified corporation which works as a team in pursuit of its vision for the future.

The MLC strategic plan was unveiled to all employees of the MLC at information sessions on November 5 and 6 at both casinos. I do understand this met with great success, and that both of these meetings were extremely well attended. Out of the strategic planning process, a business planning process has been implemented which will evolve into the corporation's budgeting process. The corporation will be reviewing the progress on the plans on a regular basis, making certain that their goals of operating on sound business principles and their focus on fiscal accountability and enhanced efficiencies are maintained.

Responsible gaming: As a government, we acknowledge that while gaming is entertainment for most people, unfortunately there are some people who are adversely affected. In 2000-2001 the MLC provided \$1.66 million in funding to the Addictions Foundation of Manitoba for its gambling treatment, education and prevention programs. I am pleased to report that funding for this fiscal year has increased with MLC providing \$1.75 million in funding to the AFM. Currently Manitoba ranks third in per-capita funding across Canada for gambling addiction programs.

As part of its mandate to provide high-quality gaming products and services in a socially responsible manner, the MLC had also supplemented its current responsible gaming initiatives with a multimedia awareness campaign entitled *Keep It a Game*. The campaign commenced in November 2000. The ads were designed to inform the audience that if gambling is becoming more than just a game for themselves or anyone they know, they should contact the AFM's problem gambling help line.

I am pleased to report that the corporation has developed a policy and strategy on responsible gaming. This policy and strategy is a comprehensive document which outlines the

MLC's commitment to minimizing the social impacts of gaming while carrying out its mandate to manage and operate gaming within the province. It emphasizes its strategy, and there are guidelines for staff. It is believed to be the first of its kind developed in Canada.

This policy and strategy includes the installation of clocks at MLC casinos, and these clocks have been placed in the gaming areas at both casinos; increased awareness of the AFM Problem Gambling Helpline number and services through advertising, publications and printed materials; implementation of maximum betting limits on all table games and slot machines; introduction of problem gambling awareness training for MLC staff and lottery ticket retailers; the creation of a responsible gaming officer position at MLC; and the establishment of a responsible gaming committee within MLC. This committee would ensure that the guidelines are maintained and research on future initiatives in this area continues.

* (10:20)

I am pleased to report that the corporation has developed a policy and strategy on responsible gaming. This policy and strategy is a comprehensive document which outlines MLC's commitment to minimizing the social impacts of gaming while carrying out its mandate to manage and operate gaming within the province.

First Nations casinos: I am pleased to bring to the attention of members of this committee that on September 7, 2001, my colleague, the Honourable Steve Ashton, Minister charged with the administration of The Gaming Control Act, announced that the Province had reached agreement with the Aseneskak Casino Limited Partnership to establish a First Nations casino at the Opasquiak Cree Nation. Since then, agreements were also signed on October 11 with Brokenhead River Casino Resort to establish a casino at Brokenhead Ojibway First Nation.

These agreements came about as a result of negotiations between the proposed First Nations operators and the Province of Manitoba, including representatives from Manitoba Lotteries commission, the Manitoba Gaming

Control Commission, and respective counsel. Two agreements, the Comprehensive Provincial Framework Agreement between the Province and the operator, and the Conduct and Management Agreement between MLC and operator, establish the regulatory and operational requirements for the proposed casino developments.

The Minister charged with the administration of The Gaming Control Act is charged with the overall responsibility on behalf of our Government with the implementation and administration of the Comprehensive Provincial Framework Agreement. Key responsibilities that will be accomplished by the Manitoba Gaming Control Commission include ensuring all conditions precedent have been met, including all regulatory requirements; ensuring transparency, accountability and auditability of the project; ensuring regulatory controls are in place pertaining to employees, suppliers and technical integrity. In this regard, it should be noted that the new casino developments will adhere to the same regulatory requirements that apply to the Manitoba Lotteries Corporation.

With respect to the Conduct and Management Agreement, MLC's responsibilities include final decision-making authority as to all casino gaming activity, either electronic or table, including the mix and the number of games; the location, layout and rules of the games; determining the gaming odds, betting limits and prize payouts; the hours of operation; control of the net win until the revenue is distributed as required by the agreement; ownership of the gaming equipment and supplies; directing security and surveillance; and auditing, inspecting and monitoring the casino gaming.

The MLC has established a First Nations gaming division that is responsible for the direct day-to-day working relationships with the First Nation casino operators. With respect to responsible gaming initiatives, I am pleased to indicate that the Aseneskak Casino Limited will be setting aside additional funds to ensure that responsible gaming initiatives are developed.

In closing, I wish to take this opportunity to thank the board of directors and all staff for their endless efforts and patience to effect changes at the Manitoba Lotteries commission. Staff and

board together have ensured that the corporation continues to meet its commitment to provide high-quality gaming products and services with a framework of integrity and social responsibility while offering a fair, equitable and respectful workplace. I am confident that the people of Manitoba will regain their trust and confidence in the corporation, and, of course, we are open to questions.

Mr. Chairperson: I thank the minister for her report. Does the critic from the Official Opposition wish to make an opening statement?

Mr. Derkach: I do have a short statement, and that will be followed by some questions that I have for the minister. Let me begin by saying that, although we have had gaming in our province for some time, there has always been some debate in the public's mind about whether or not the presence of gaming has overtaken what the intention of gaming was when gaming was introduced into the province of Manitoba.

The people right through this entire province today are still debating and are concerned about the direction that gaming has taken in the province of Manitoba. Of course, we are not alone in the game. Other jurisdictions, whether it is south of the border or provinces on either side of us, there is a presence of gambling within these jurisdictions. We seem to follow suit to introduce gaming into our communities, into our society, and we continue to expand it.

I guess that is one of the issues that concerns me and concerns our side of the House and, I think, concerns many Manitobans in this province, is just the almost insatiable appetite there seems to be for gambling by the present government. I say that understanding that, when we were in government, we did in fact expand the gaming program in the province. I look at you, Mr. Chair, and I look at some of the comments that you have made in the past with respect to gaming. You must be in a very uncomfortable position now, not only as Chair of this committee, but indeed as a member of the Government who has dramatically increased the gaming in this province.

The gaming revenues are an important part of revenue for the Province, but they cannot be

seen as the only reason why we have gaming in Manitoba, because we need to be very conscious about the impact of gaming on probably the most vulnerable in our society, a people who have a lower socio-economic basis than those who do not gamble: our youth. Probably, if I were to look at the greatest concern that I have with respect to gaming, it has to be that youth sector. You can go to the newspaper articles, and you can see editorials written. You can see public comment and professional comment made about the impact of gambling on our youth. It is not a positive impact.

Being a parent of three young adults who are now making decisions for themselves, I cannot help but think that is an area that we should all be concerned about, right from the minister down to every single individual that represents Manitobans here in the Legislature.

It is one thing to continue to expand gaming, but I think we have to do it understanding what the facts are and not hiding from the facts. I think there have been individuals, MLAs within this Assembly, who have stood up from time to time and have criticized the direction that gaming was taking in the province of Manitoba, and probably justifiable. I will not deny that. I think we need to be very vigilant about where we are going and what the impact is on our society.

Gaming has got the other part of it, and that is to attract that tourism dollar that we look for as well as a province. I think we all want a healthy tourism industry in Manitoba. No one can deny that. We use lotteries in this province to attract tourism into our province.

As a matter of fact, I was returning from Edmonton a week ago. Manitoba billboards are prevalent along Highway 16, I can tell you that, inviting out-of-province people to gamble. I have no problem with that, because I have to tell you that advertising outside of the province to bring tourism in, depending on how that advertising is done, can be a positive. But we have to be careful about what we are advertising as the main focus or the main assets that we have in this province. It cannot be our casinos. I do not think that we want to be seen as "the Las Vegas of the North." Certainly, that is not the

way I see our province developing as a strong province.

* (10:30)

Those are just a few of the things that I think we need to be very conscious about. We look at the Aboriginal gaming and this Government's foray into that area. When we talk about society's most vulnerable people, we have to look at the socio-economic categories that we find gambling so attractive to. I have to tell you that it gives me great concern when I see that we are expanding our casinos on reserves and we use that as sort of a lame-duck approach to economic development for our Aboriginal people. I think it is an insult to the Aboriginal people of our province, who are a strength to our province.

The Aboriginal people of Manitoba, I feel, have a great deal to contribute to the society and to the economic and social fabric of our province, but it cannot be through gambling. These people are far too resourceful, far too important to us to simply say that their survival, in an economic sense, is going to depend on casinos within their jurisdictions.

For that reason I have great difficulty with what we are doing in terms of expanding the number of casinos we have in our province, but, secondly, expanding them on reserves.

If you look at the vices of society and you take a look at how we have ruined families and we have ruined some of our important societal structures, you have to look at two things. One is alcohol; the other, of course, now is gambling. I think that the two can be devastating for a society if we do not heed what has happened in other jurisdictions, and if we do not look at the negative impacts of those kinds of things that have led people down the wrong path.

We can talk about the revenues that they will generate for the community and the revenues that they will generate for a particular segment of our society, but let us take a look at what we are doing to the families, what we are doing to the individual. Statistics, I think, are fairly clear today that we have people within our society whose families have been ruined. One

thing leads to another. I think that there is documentation to show that indeed gambling can lead to family violence, can lead to abuse, can lead to all of those nasty parts of our society that none of us like to see. Nevertheless, that is all linked together. We cannot close our eyes to it.

It is not the minister's fault. This is not an attack on the minister. This is more to ask the minister to be conscious about those aspects which are so negative in our society that need to be addressed, that we need to pay close attention to.

I look at the amount of money that goes into the Addictions Foundation, and I say, good. That amount of money should be there to help those people who have, unfortunately, been seized by that gambling problem and now need some help. I also look at the advertising dollar. I find that this year we have spent more money advertising, luring people into casinos than we actually spent on the issue of addictions from Manitoba Lotteries. I think that is a sad comment, not necessarily specifically on this Government, but on us as a society. Nevertheless, this initiative is led by government.

I remember very well the debate in the House, coming from the now-Premier (Mr. Doer), attacking the Government for advertising, spending taxpayer dollars for advertising. The issue was not lotteries at the time; the issue was health care. What the government of the day was doing was it was telling Manitobans about a new program in health care that would help Manitobans, and we were being criticized very vehemently by the now-Premier of the province. That was half a million dollars, Mr. Chair, that we were spending on advertising what the benefits of health care are to Manitobans, to the seniors, to the children, to the single families, to people in Manitoba who need to know about the good things that we do in health care. I can only applaud any government that spends dollars telling Manitobans how they can better access good health care in our province. That was half a million dollars that we took a lot of heat in government.

We turn around now, Mr. Chair, and we find that we have an expansion of advertising into luring Manitobans to come to our casinos. I was

watching a program last evening with my son who is still at home, and with my wife, and we had a few friends over, and an ad came on television. I have never paid too much attention to the advertising, to be honest with you, but this one struck me because it was asking Manitobans to come to the casinos in Winnipeg for the fun of it, and just for the fun of it. Now here is my son who is 17, and is being influenced by that advertisement. That same advertisement ran within 15 minutes of the first one as we were watching the same program, and when you look at how much money we have spent on advertising this year alone, it is appalling.

Now I can understand why we want to advertise the tourism aspects, the tourism assets that we have within our province, the beauty of our province, the North, Mr. Chair. I can understand us wanting to do all of those things, but when we spend this kind of money on luring Manitobans, and I specifically talk about youth because they are the most, if you like, vulnerable in our society, when it comes to advertising on television, to come and gamble for the fun of it.

This morning, I was getting ready for work, and what did I hear on the ad? Another advertisement on Manitoba Lotteries. This time an elderly man saying that he has not had so much fun since his honeymoon. Now you have to ask yourself: Where are the values of our society when we get down to that level of advertising for people to come to our casinos?

Now, Mr. Chair, that is part of marketing, but, on the other hand, someone has to oversee that. I have to point at the Government and at the minister in that respect to ask the question of why it would be the policy of this Government to expand the gambling initiative to that extent where you are actually putting ads in the media to lure Manitobans, seniors, who are vulnerable in that respect, youth to our casinos.

So what is Manitoba about? What do you get the impression, when you watch these advertisements, that Manitoba is about? Is Manitoba about our wonderful lakes and wonderful wilderness and our wonderful landscape and the people that we have in it? No, Manitoba is about gambling and about coming to our casinos to spend your money just for the fun

of it. So, Mr. Chair, I do have a great deal of difficulty with that part of it.

Now we are going into the Aboriginal casinos, Mr. Chair, and is our attitude going to be the same with this part of gambling as well? Are we going to be talking to the Aboriginal peoples of our province in that same way, where we are going to be advertising for Aboriginal people to come to the Aboriginal casinos just for the fun of it? We know that, if you look at the per capita income in this province. Some of the lowest per capita income is within our Aboriginal community, and we are now going to fleece even those few dollars that these people have to allow them to spend them on gambling.

Mr. Chair, I can talk about the building of the new arena. Now I have within my hand here some—*[interjection]* Excuse me?

* (10:40)

An Honourable Member: We cannot hear you over here.

Mr. Chairperson: Please continue, Mr. Derkach.

Mr. Derkach: I thought the minister had a comment.

Mr. Chair, I have in my hand a Manitoba Lotteries letter to people from Ste. Agathe from a hotel proprietor from Ste. Agathe where, within the letter, it states very clearly that it is important to note that the existing allocations of VLTs between the city of Winnipeg and the rest of the province will be maintained. So, Mr. Chair, I understand that we are going to be putting something like 50 new VLTs into the arena—or that is the information that is out there. I do not know whether that is true or not, but if, in fact, we are going to be doing that, where are those VLTs going to be coming from, and how are we going to accommodate an additional gambling outlet in our province in this respect?

When we introduced VLTs into the province of Manitoba, we originally did it in the rural part of the province to help the hotel industry that was failing desperately in the rural part of the province. Then, of course, there was a request

that we expand it into the city of Winnipeg, and that happened and the number of VLTs continued to grow and grow. But I think at some point in time one has to ask oneself: When is enough enough? I think that we have saturated the market in that respect, and it is time not to keep increasing them but indeed to begin the process of decreasing the number of VLTs and the amount of gambling in this province. And you do not do it by putting ads on television, ads in the newspapers, ads on radio with regard to the benefits of gambling because there are no benefits to gambling except perhaps for the coffers of the Province and those individuals who have a stake in gambling.

So, Mr. Chair, as you can tell, I am not someone who is enthusiastic about expanding the gambling situation in our province. I am not someone who is going to support expansion of gambling. I certainly do not support the advertising that we see on radio and on television.

You know, I think about one other thing when you look at the advertising issue. I remember when the Crystal Casino was operating in Winnipeg. We had just started the Crystal Casino operations in Winnipeg, and there was a billboard right beside the Fort Garry Hotel that talked about the Crystal Casino. It had a picture of a man and a woman, and there was some logo underneath about the experience in the Crystal Casino. I remember the debate in the House as well over that one billboard. We were heavily criticized for putting the billboard in the city of Winnipeg, luring Winnipeggers to the Crystal Casino. So the billboard was taken down, and so were other billboards in the province of Manitoba that were advertising the Crystal Casino. It was done for a reason, and the reason was right. The reason was that we should not be luring Manitobans into our casinos because the intent of the casino was to bring in that tourism dollar from outside of the province. So that philosophy kind of was embedded in, I think, the Lotteries Corporation when they did their advertising. Although I could be mistaken, I think the majority of advertising was done outside the jurisdictions of Manitoba rather than within the province of Manitoba.

So I think we should return to that approach and that philosophy because I believe the

minister is wrong. She is wrong because it is a wrong-headed approach to be advertising lotteries in the province. I know that the minister, when she was asked, in the House, about the expansion of lotteries in Manitoba, said, in the House, and I would paraphrase it, that there was a different approach to the attitude of gambling within this Government and that, indeed, she had a mandate to increase the revenues for gambling in the province, and she could only do it through the process of advertising. I am paraphrasing, but that is sort of the intention that was left, or the message that was left with us when we asked the questions on gaming and advertising for gaming in the province.

Now, Mr. Chair, lots of articles have been written about VLTs, and VLTs have been known as the crack cocaine, if you like, of gambling. Those are not my words. Those are words that have been used by professionals who have written about the issue. I think it was also used by the now-Premier of our province in one of his questions when he asked about removing and about curtailing the use of VLTs in our province. I do not have difficulty with us having a good handle on how many VLTs there are in both rural and urban Manitoba. Certainly, it is not something that I want to advertise. I think a good move was made in taking them out of the sight, if you like, of people who walk into a public facility; they have to be behind a screen. Those are all good things, because that gives the public the impression that we are not necessarily flaunting the whole issue of gambling in our province. Those are good steps that we are taking. Limiting the number of VLTs is a good thing.

For the life of me, I still cannot understand why 30 is a good number for any public facility, but yet on an Aboriginal reserve we seem to say that, well, 40 is your limit. I mean, two standards, why? Where are the vulnerable people? Who are going to be using them? If it is merely for tourism, I can understand it, but it is not. VLTs are basically used by local people, a lot of young people who are just getting into that adult life, who are going out there to gamble.

So, for the corporation, I have to say, Mr. Chair, that the corporation, I think, has done a good job in terms of some of the issues that have

had to be addressed. They have addressed them. Those are fine, but I am more inclined to think that the philosophy of us as a province of Manitoba is wrong in how we go about promoting gambling in this province.

So, Mr. Chair, in those few remarks, I am ready to ask the minister some questions unless she has a comment she wants to make with respect to my comments. If not, I am prepared to start asking some questions.

Mr. Chairperson: We thank the Opposition critic for his opening remarks. Would the minister like to respond?

Ms. McGifford: Mr. Chair, yes, I could make some brief response to the member's questions. Let me point out that I noticed that his concern with care and moderation has been developed retrospectively, because it did not seem to be part of his party's position when they were in government. So it is too bad that the care and moderation which the member is now advocating did not characterize the performance of the previous government. But I will make some general comments.

First of all, I think that the member needs to understand that in 2001 there are 40 casino destinations within a day's drive of Winnipeg. Many of those casinos advertise very prolifically within the city and within the province. I think, if you open the paper any Saturday, perhaps any day of the week, you will find packages that are available. I think I saw one this weekend that was encouraging people to even have a free stay. So it is a very competitive market, and it is something that we deal with. I have just been given some examples: the casinos of Regina, fifth anniversary celebration, certainly materials that are available in our province and certainly materials that are there for people in Manitoba. So I am making the point that it is a very competitive market.

As far as the expansion of gaming, I am quite surprised that the member opposite would talk about expansion of gaming under this Government, because the most dramatic expansion of gaming took place under the watch of his government. Mr. Chair, I think his government

was responsible for the introduction of over 5000 VLTs into the province.

* (10:50)

Mr. Chairperson: Excuse me, Madam Minister, I am having trouble hearing. I wonder if we could call the committee members to order. That is better. Thank you.

Ms. McGifford: Yes, as I was saying, his government was responsible for the introduction of over 5000 VLTs into the market in Manitoba into the gaming industry. So it is kind of interesting that he is now advocating care and moderation. I just point that out.

I also point out that it was his government who expanded the McPhillips and Regent casinos, and of course the price tag, which I think was supposed to be \$50 million, ultimately was \$145 million. So I do point that out, because it is this Government that is left with the bill for that expansion. So I think that the member should be careful when he accuses this Government of expanding casinos, when really it was his government.

The member has made some good points. He was very eloquent in talking about the importance of responsible use. He pointed out that gambling can be destructive to families. I think we all around this table know that gambling, like alcohol, like forms of drug addiction, can be very devastating for families. Some of us might have lived through those things in our own families and so take them extremely seriously. So I appreciate that the member made his remarks about the importance of responsible use.

Of course, our concern with responsible use is reflected in the responsible-use policy that was developed by Manitoba Lotteries Corporation. I did read some of the highlights of that policy when I was making my introductory remarks. So I think that this Government's commitment to responsible use, to responsible gaming is quite clear.

The member also talked about advertising. There are so many things to say about advertising, Mr. Chair. I did point out the

competitive market, but one thing that I want to point out as well is that this Government, comparatively speaking, spends very little money on advertising. I know that my officials here probably could say exactly how we compare to other jurisdictions, but I think we compare very, very favourably in that we are near the lowest in our expenses on advertising.

I also should point out that, in 1997-98, the member's government spent \$2.5 million on advertising. So this is really incredible that here is this member criticizing the amount of money this Government spent on advertising—\$2.5 million in 1997-1998. So I think it is quite astounding that this member is being critical.

I know the member spoke about the Crystal Casino billboard coming down immediately at the drop of a hat. Well, in fact, the Crystal Casino billboard, contrary to what the member was saying, was not taken down until the Crystal Casino closed. There was not much point in leaving it up when the casino was closed, I would think, but it was up there till the bitter end, I am informed. So I think the member should be a little careful with some of the things that he is putting on the record here.

I am sure, given his concern with Manitobans, given his concern with families, and I certainly more than share his concern with family violence. It has certainly been an area that I have been very active in working on my entire adult life. So I am sure that the member will applaud this Government's decision to spend \$775,000 in developing a responsible youth policy.

The member talked about the ads that he saw on television. Well, there are many kinds of ads on television, and some of them, that he may or may not have seen, are dedicated to responsible youths, to alerting Manitobans who have gambling problems where they can seek help. I am sure that the member will, given his attitude, endorse that particular kind of spending.

The other thing that I did want to point out, because the member cited that the Government was planning to put 50 new VLTs in the proposed entertainment complex, and indeed, Mr. Chair, these VLTs are not new. These VLTs

will be part of the redistribution, so they are not new VLTs. We have embarked on an annual redistribution process, and 50 VLTs will be part of this annual redistribution process.

I also want to make the point that none of those VLTs will come from rural Manitoba. Those VLTs will all be urban VLTs. Now I see the member shakes his head as though this is inconsequential, but I think he probably knows that many small hotels in rural Manitoba would have not survived if it had not been from VLTs. So VLTs probably are keeping some of the facilities going in his own constituency. So I just point that out.

Now, I do have some comments on the economic benefits of gambling and some of the things that money earned from gaming is devoted towards, but it is in our annual general report for 2000-2001. I know the members want to ask some questions, so I do not want to take up all their time. I do want to take this opportunity to publicly congratulate officials and board members from Lotteries for this report. I think it is really very informative. I am sure it will alert Manitobans to some of the ways in which their revenue is spent. So I congratulate staff on this document. Thank you, Mr. Chair.

Mr. Derkach: Well, let me say at the very beginning that my criticism is not aimed at the board or at the staff of Manitoba Lotteries, because the board, I think, and the staff at Manitoba Lotteries have always done a commendable job in terms of the carrying out of their responsibilities and their duties, and this board is no different. So I congratulate them for carrying on that tradition of the high quality of work that they do. Indeed, the report is a good report and one that I commend the corporation for.

Mr. Chair, my comments relate specifically to the policy and the attitude, if you like, of Government who sets the tone for the corporation. The corporation only does what the Government, in essence, directs it to do through its policy and through directives from the minister. I know that it is viewed to be an arm's-length policy, but, regardless of whether its arm's length or not, its responsibility is to fulfil the will and objectives of Government, and that is

just the nature of corporations. This one is no different.

Mr. Chair, the minister talks about the fact that gambling is very similar to the problems that are associated with such things as alcohol, with tobacco and other such things, and I agree with her. I do not see us as a government or any government advertising the benefits of smoking. I do not see any government advertising the benefits of drinking. As a matter of fact, we do quite the opposite. We advertise the ill effect of smoking. We talk about the fact that smoking causes cancer and cancer kills. Private companies who have responsibility for manufacturing and marketing their products may in fact advertise those products, but we do not go out of our way to advertise the benefits of smoking. I would hope that no government does.

* (11:00)

I want to alert or at least advise the minister that although when we were in government, yes, we did initiate the whole concept of VLTs in hotels, and she is right, the idea or the concept there was to try to stem the closure of rural hotels who were dropping off the scene in every community. That is why we thought that it would be reasonable to allow for some VLTs. Of course, it seems like the appetite for that seemed to grow from the rural to the urban, and everybody wanted in on that action. Of course, it is money to the hotels. That is what it is all about. For those who play the machines, there is always the hope that you are going to come away with a prize. Statistics tell us differently. There are more tragedies and more heartbreaks, I think, than there are winners by a long shot. We know that.

When it comes to the expansion of the Crystal Casino into two casinos in the province, we had a bingo hall. I recall very vividly when we came into government, we had a gambling outlet at the Convention Centre. I will never forget that because we used to go there for meetings and other events. It was a desperate situation where no one liked what was happening there. I do not think it mattered which side of the House you were on, nobody liked to see what was happening there, young people in the hallways, children in the hallways, adults in the casino of the Convention Centre.

So from there we emerged to something that was perhaps a higher scale, if you like, or one that was more restrictive to the Crystal Casino. Gambling continued to expand and from there we closed what was then the bingo halls at Regent and at McPhillips and converted them to two casinos and closed the Crystal Casino.

Again, I think the minister would have to admit that that was not necessarily to target our local market, but, more importantly, to target an out-of-province market for coming into Manitoba, as was the Crystal Casino. So I think there is a very different reason for that. If we are going to have a casino, we should have one that is of a high calibre, that will attract the gambler, if you like, from out-of-province and perhaps the gambler who has more means than the ordinary, lower socio-economic individual in the province of Manitoba.

Yes, there have been problems and there have been errors made down the road, but that does not mean that we should be expanding and adding to those problems. I look at a document here from the Canadian Public Health Association, who commented on gambling. One of the comments that struck me was the issue of a public health matter. I want to quote from this article. It says, and I quote: The cost to families in terms of dysfunctional relationships, violence and abuse, financial pressure and disruption of growth and development of children can be great. The high prevalence of gambling and gambling-related problems among youth, including betting on sports at colleges and universities, is cause for concern and invites innovative approaches to prevention.

I say to the minister that advertising in the way in which we have certainly does not do anything to prevent this kind of response. I want to ask the minister whether she would agree with the comments that were made by the Canadian Public Health Association in terms of the quote that I just read into the record.

Ms. McGifford: Mr. Chair, I wonder if the member would mind repeating the quote for me, please.

Mr. Derkach: Yes. The quote is: The cost to families in terms of dysfunctional relationships,

violence and abuse, financial pressure and disruption of growth and development of children can be great. The high prevalence of gambling and gambling-related problems among youth, including betting on sports at colleges and universities, is cause for concern and invites innovative approaches to prevention.

Ms. McGifford: I thank the member for his comments and his questions. I did want to point out that the member talked about smoking and drinking, and suggested that it would be a very rare and strange government, indeed, that advertised the value of smoking and the value of drinking. I certainly agree with him that that would be untoward, and I do not know of any jurisdiction that advertises smoking, any government that advertises smoking. I do not know of any government that advertises drinking. Of course, we do have ads for alcohol; I am sure we are all familiar with them.

I do not know of a government that advertises gambling, because this Government does not advertise gambling at all. What this Government advertises, and members opposite simply do not get this, they have asked me about it over and over, but what they do not seem to understand is that what we are advertising are the restaurants, restaurants that we inherited, and restaurants that we were having some difficulty filling, restaurants that were losing money. What this Government advertises are the amenities in the casinos. For example, the Millennium Express, the saltwater aquarium, many rooms, that are available in the casinos for meeting. I encourage members who have not been to the casinos and have not seen those rooms to go down and visit. I am sure that they may find those facilities helpful for meetings, et cetera. So amenities and entertainment, Mr. Chair. We advertise entertainment. We do not advertise gambling.

Now, the member said, do I agree with the quotation from his article, and that quotation suggested that innovative approaches were necessary to the prevention of gambling. Then he listed a whole host of instances of gambling, most of them that have nothing to do with casinos, by the way. For example, I think he cited college students who bet on football, et

cetera, so most of the instances that the member cited really have nothing to do with casinos.

Mr. Chair, of course, this Government believes in innovative approaches towards the prevention of problem gambling, which is exactly why we have a responsible-use policy. It is exactly why, and the member still has not acknowledged this, this Government has chosen to advertise responsible use on television. It is exactly why this Government, in consultation with the responsible-use committee of Lotteries, has decided to introduce clocks in casinos. It is exactly why we have taken a whole lot of steps in creating a sound policy in this province.

Mr. Chairperson: Excuse me, Madam Minister, I am sorry to interrupt you, but I am having trouble hearing again. I wonder if I could have the co-operation of all honourable members. Thank you.

Ms. McGifford: Yes, Mr. Chair, I think it was the cheering squad for the responsible-use policy you were hearing.

So I can just conclude my remarks here by saying that I am with the member 100 percent. I absolutely believe, my officials believe, the board believes, we all believe in innovative approaches, and that is why we have behaved innovatively, Mr. Chair, when we formulated our responsible-use policies in this province.

Mr. Derkach: Mr. Chair, I know my colleagues do have some questions, and certainly I will allow them to ask them later. I cannot get away from this issue of advertising. The minister says, well, we do not advertise gambling. Well, the impression that was left with everyone in the room last night when we saw the advertisement on the casinos was simply that this was an invitation to come and gamble.

*(11:10)

Now, the minister can say, well, we do not advertise that. We advertise the restaurant. The last time I checked, I thought the restaurants were privately owned and privately run. So is this Government now saying that they are going to advertise for the private sector? Is that what we are advertising in terms of our restaurants, Mr. Chair? I do not think so. I think the intent is

to lure Manitobans, lure the population into the casino and then allow them to spend their money at the VLT machines and the many other venues that are there.

I said to the minister I did not have any problem with her advertising outside the province. I said that right from the onset. I know that other jurisdictions advertise in Manitoba. They are advertising their casinos. We are not going to have a lot of our young people and a lot of our senior citizens, some of them do go to these venues, Mr. Chair, but in terms of advertising to the low socio-economic group, that does not impact on that group, because those are not the people who can afford to board the buses to get out to the casinos, whether it is in the United States, Ontario or in Saskatchewan.

Yes, I know that there are buses coming to our communities and taking people away to gamble in these locations. I admit that. That is there. That advertising does come into our province, but what I am saying is wrong is that we are advertising in our province to our most vulnerable to come and gamble in our casinos, and that is wrong. We refrain from doing that as a government, Mr. Chair, because we know that that is not the right attitude to take as a government. That is not responsible, and so that is what I am criticizing on the part of the minister, is that she is allowing it.

Now, she can try to cloak this in many different ways. She can say that this is not gambling advertising. It is advertising our amenities and our casinos. Well, Mr. Chair, we do not go out of our way to spend this kind of money to advertise what is at The Forks. We do not go out of our way to spend this kind of money to advertise what is at Clear Lake or what is at the Whiteshell or what is at Lake of the Woods or any of the other popular tourism areas, not that kind of dollar. We do not spend that kind of dollar advertising for one particular venue as we do in this instant. So the intent is fairly clear. The intent is to lure people into the casinos and is to lure people into that activity. The people who are lured into those kinds of places are the people who can least afford it. I think there has been plenty of comment by professional people who have said that indeed this is not a good way to go.

Mr. Chair, I have to say one other thing. I do not understand the philosophy of this Government when we know that there is a problem with the number of VLTs. We have all talked about how we can reallocate them perhaps and take a few out of the places where they are not being used to their maximum. But to increase the hours of gambling is also something that I cannot understand. This Government has moved into an area which is now going to increase the amount of time that these machines are open for. So you couple that with the advertising and the increased hours that people are going to spend at these machines, and what is the result going to be? The result is going to be that you are going to have more people losing more money at these machines, people who are going to find themselves destitute.

I just read in the *Brandon Sun* about the addiction of one individual who found herself in a position where the problem got more than she could handle. How many of those tragedies are there out there? So I think that we, as a province and government, should be moving in the other direction. I do not think we need to advertise gambling to Manitobans. I do not think we need to be spending \$1.6 million or \$1.8 million on advertising the casinos and the gambling aspects of our province. Now, the minister can say, well, we are not advertising gambling, we are advertising the restaurants, we are advertising the amenities.

Well, as soon as you walk through that door, Mr. Chair, there is no mistake about what kind of a facility you are in. I mean, I have been to a few casinos in my life. I have to say I have never dropped a loonie into a VLT machine, but, nevertheless, I have been to gambling places in both our country and outside. It is a point of interest, but let us make no mistake about walking into that facility and not knowing what kind of a facility you are in. You are not in there to see a show. You are not in there for the dining. You are in there for one reason, and that is, among other things, to drop some money into some of the gambling venues that are there. So I think her objection is somewhat hollow in that respect.

What I cannot understand, Mr. Chair, is why the minister and why the Government chose to

expand the hours of gaming in the province of Manitoba. Now we are in a situation where the VLTs are open earlier, they go later, giving the people who are in the lower socio-economic sector of our society the ability to gamble away their money for a longer period of the day and in essence to go home with less money in their pocket than they had before.

I want to ask the minister why the Government has chosen to increase the hours at the gambling centres in this province.

Ms. McGifford: The member has touched on a number of issues, and so I would like to respond to him. I do want to point out, we have been talking about the cost of advertising, and I did point out that the whopping advertising bill was 1997-1998 when the members opposite spent \$2.5 million. Well, anyway, I do want to point that out.

But I also want to point out that the kind of competition that Manitoba Lotteries Corporation meets in the marketplace is quite extreme. Just to provide the member with a little ballast, I do want to point out that in 1999 the advertising costs at Casino Regina were about \$1.4 million; in the fiscal year ending 2000 the advertising cost at Casino Regina are in excess of \$2 million; in 2001 the budgeted cost for advertising are \$2.3 million. Now, we have to compete with this casino, Mr. Chair, and, as you can see, they are spending much more money on advertising than we are in Manitoba.

I should also point out that, and we have talked a little bit about the fact that there are several—

Mr. Chairperson: Excuse me, Madam Minister. I am sorry to interrupt you again, but I am having trouble hearing you due to the back-and-forth conversation, and we need a little more quiet. Thank you.

Ms. McGifford: Well, thank you, Mr. Chair. I appreciate it, because I realize I was trying to yell above the din. So I certainly appreciate your quietening down folks.

I wanted to talk about the Seven Clans Casino, which advertises in Manitoba too. That

is certainly one of many gambling operations with which the Manitoba Lotteries Corporation needs to compete. So it is very difficult.

The member opposite talks a lot about the fact that he thinks it is okay to advertise outside the province but not inside the province. I think I have made the point that this is a moral schizophrenia that I find really quite hard to understand. So I just want to put that on the record again.

I am also told by my officials that there is no evidence at all that the attendees to casinos are from the lower economic echelons. In fact evidence seems to suggest something different, that people who attend casinos are probably, well, I do not know whether I should say well heeled, but certainly not among the poorest of our citizens. As well, I do want to point out that advertising does not attract problem gamblers to casinos. In fact, problem gamblers already know where they can gamble. I believe that a recent study suggested that most problem gamblers do not go to casinos. Those individuals with problems tend to gamble alone in other facilities, not in the casinos, which generally are I suppose more entertainment complexes in a sense than gambling in a bar.

The member wanted to talk specifically about expanding the hours of gaming. Of course, he said the VLTs open earlier and close later. I do want to point out that they do not close later. In fact, they close at the same time as they did under the former regime, when the member was in government, so there has been no change.

* (11:20)

Now the bars, facilities, et cetera, do open at nine o'clock as opposed to eleven o'clock. This was in accordance with the changes to The Liquor Control Act, and so VLTs are available for two extra hours if a facility opens. I do not have the statistics on how many facilities are actually open at nine o'clock in the morning. I heard a catcall down on the table about: Is Sunday next? Well, I have no plans to open VLTs on Sunday. I know that there is a lot of pressure. The members opposite should understand this. There is a lot of pressure from the industry to have VLTs available on Sunday.

There is a lot of pressure from the tourism sector. The tourism sector is hurting badly in our province, so just be aware that there is a lot of pressure for VLTs to be open on Sunday.

Speaking of tourism, I did want to point out, because the member was talking about not advertising Falcon Lake and various other tourist destinations, but, of course, these are advertised if the member is familiar, I am sure he is, with the tourism literature that is put out by the Manitoba government. Also, there is a lot of advertising from the private sector, from those who run facilities at their various tourism destinations.

The member said it is not what he said, so I hope that I am not misquoting him or perhaps I have misunderstood his point. So with those few comments, I will await further questions.

Mr. Derkach: Mr. Chair, the minister seems to be digging herself in a little deeper all the time. She says that the reason that the gambling hours were expanded was to coincide with the added hours for alcohol consumption in the province of Manitoba, and that is my point. Why would any government, well, we can understand why perhaps this Government is doing it, but I think it is a wrongheaded approach to first of all expand the hours for drinking. We are now into the Sunday opening of bars, and we know that family problems exist because of the pubs and that sort of thing.

Mr. Chair, the fact that now we are not only going to allow for expanded hours for drinking, we are also going to expand it for gambling as well, so we have just expanded the hours of operation for the two significant vices, if you like, of our society which lead to problems that I just quoted to the minister in terms of family violence, in terms of families being dysfunctional. Those are all things that add to those terrible aspects of our society.

I have said to the minister that there is more money spent on advertising our casinos than there is any other single venue, so when I talked about Falcon Lake, when I talked about tourism, I am talking about advertising on one specific activity and that is gambling, and the amount of dollars that we spend on it as compared to

advertising some of our other attractions is certainly disproportionate.

Mr. Chair, I look at the amount of money that the minister talks about, the money that was spent in 1997, '98, '99 for gambling. The advertising I do not believe went into the gambling side of it. I think it went into the activity that we all knew was coming at us, and that was the Pan American Games, if I am not mistaken, and I think that there was money taken for that kind of advertising in that particular time.

If the minister was taking money out of Lotteries to advertise a significant provincial event that was going to happen, whether it was a world curling event or a hockey championship or another Pan American Games or the Olympics or something of that nature, I could understand that, Mr. Chair, because you are not advertising gambling. We are talking here about advertising gambling.

Now, when I look at the proposal that the Government has—and we obtained some of this information through Freedom of Information, Mr. Chair—we find that the minister for the next year, for the 2001-2002 budget year, is intending to increase the advertising for gambling from \$860,000 to \$1,588,000. At the same time, the minister is intending to decrease the responsible gaming advertising from \$524,000 to \$250,000.

Now, you couple these things. You look at the expansion of gaming, the expansion of the hours that people can gamble in, whether it is VLTs or the casinos, you look at the expansion of alcohol—and I look at the Member for Rossmere (Mr. Schellenberg). I do not think his constituents would ever endorse anything like that. He is a member of this Government. Does he not say anything to this minister about the expansion of gambling? Do the people in his constituency endorse the increased hours of gambling—

Mr. Chairperson: Excuse me, Mr. Derkach. I interrupted people when I had trouble hearing the minister, and I think it is only fair that I interrupt to say that I am having trouble hearing the Official Opposition critic, and so I would ask for a little more decorum in this committee, so

that I can hear your remarks. I thank the honourable members.

Mr. Derkach: I say this in all sincerity to the Member for Rossmere, that, indeed, he has to represent his people when he supports this kind of policy.

So, Mr. Chair, I say that in complete seriousness, because I think that it is the wrong direction to go, and I ask the minister why she is now going to be doubling the advertising budget for the next fiscal year and why she is going to be cutting the budget by half for the responsible gaming advertising. Why is she moving in that direction?

Mr. Chairperson: Madam Minister.

Excuse me. All honourable members of this committee have the opportunity to ask questions. If they would like to take advantage of that opportunity, I would recommend that they hold their questions until the appropriate time.

Ms. McGifford: The member began his remarks with some observations about the changes to The Manitoba Liquor Control Act. Although he did not specifically ask questions of me, he did imply questions. There were questions implicit in his remarks. I would suggest to him that he direct his questions to the minister responsible for the Liquor Control Commission at another time.

But I do want to point out while we are on this topic that members opposite opened the field to alcohol on Sundays in this province when they opened private wine stores which, of course, sell on Sundays. So I make that point.

* (11:30)

Now, the member also made some remarks on gambling advertising, and I want to reiterate that we do not advertise gambling. We advertise our facilities. We advertise entertainment. We advertise our restaurants. We advertise responsible use.

I do not know if the member is against responsible-use advertising or not. I know he spoke earlier about having hosted a gathering in

his home last night and how individuals watched a particular advertisement on television. Well, maybe next time his guests will see a responsible-use advertisement, and then they will have a balanced approach to making a judgment about the advertising undertaken by the Manitoba Lotteries Corporation, none of which is related to gambling. I make that point.

The member also alluded to the Member for Rossmere (Mr. Schellenberg) supporting gambling. Of course, that is not the case at all. I want to point out that it was under the previous government that VLTs were introduced into the Curtis Hotel, into the Nor-Villa Hotel and into the Legion. I do not know whether the members opposite want those VLTs to be taken out of these facilities right now, but I do make the point that it was the previous government, the administration of which the member was a part, who brought these VLTs into these institutions.

Now the essence of the member's question was: Why is there a reduction in the responsible gaming budget for the current year? That is because the creative work in developing the responsible gaming advertisements has been done, so what we are doing this year is media buys. We do not have to pay for that creative work because it has been done.

I had mentioned earlier that it was in 1997-98 that the former government spent \$2.5 million on advertising. I guess I could also point out that in 1993-94 the former government spent over a million dollars in advertising. That was the year of the bus, the famous bus. In 1994-95 members opposite spent \$1.7 million in advertising. That was not going to the Pan Am Games. That was in advertising. So I do not know why the member is so indignant with the Manitoba Lotteries Corporation, where staff and board are trying to find the right mix of social responsibility and economic development for this province. I do not understand this continued harassment and criticism.

Mr. Derkach: I cannot help the minister's feelings, but she is the person responsible, and she has to answer the questions. Whether she feels somewhat uncomfortable about it, that is her problem. I asked her the question which she did not answer. She said, well, a lot of the

creative work has been done. Then why is the budget on the advertising of casinos and of gambling going from \$860,000 to \$1.5 million? The other one is going down, she says, because a lot of the creative work has been done. Well, why is the first line on advertising more than doubling? Perhaps she can explain it.

Ms. McGifford: I am going to ask the officials to answer this question, since it is really to do with the design of the advertising program, but I am certainly willing to—*[interjection]* Absolutely.

An Honourable Member: I do not want to get into a debate with the officials on this.

Ms. McGifford: Well, you know, I do not mind answering the question. It is just that you would get more detail. The question is: Why has the budget increased over the previous year?

An Honourable Member: Doubled.

Ms. McGifford: It has not doubled. The answer is last year was a partial year. The advertising started in medias res, so to speak, and this year is a full year.

Mr. Derkach: Mr. Chair, I think the minister has just agreed. She has actually admitted that indeed it is under her watch that the advertising for gambling has started. Last year was a partial year. This year is a full year. The gambling advertising goes for 1999 from \$565,000 to, in the 2001-2002 year, to \$1.5 million.

Mr. Chair, I ask her, if it is all due to creative work that the second line is decreasing, then why is not this line decreasing as well if a lot of the creative work has been done? She said that the reason that the responsible gaming line is going down by half, is because a lot of the creative work has been done, and then why is that not also applicable to the top line as well?

Mr. Chairperson: Before I recognize the minister to respond, I would just like to say that it is Manitoba's practice to allow officials to answer questions, if the minister so chooses.

Ms. McGifford: I heard the member at one point say something about the advertising budget

doubling, and I do not know to what years he is referring, but I do take this opportunity, first of all, to correct something on the record. I did make the point with regard to the responsible use of advertising that the creative work had been done. Not part of the creative work, as the member suggested, but the creative work had been done.

In the year 2000-2001, we began advertising the amenities, the restaurants, the entertainment, the facilities, these things halfway through the year or part of the way through the year, because, Mr. Chair, we were working on the development and the evolution of our policy guidelines, and so, although the expanded casinos were completed in the year 1999-2000, during that year, we did not begin advertising because we were working on a policy. The policy was established part of the way through the year 2000-2001, and consequently the advertising budget was not for a full year, and consequently it is lower than the advertising budget is for the year 2001-2002.

But, of course, it does not even begin to touch the advertising budget for the year 1997-1998 when the dollar was worth less, and it is just slightly more than the advertising budget for the year 1994-1995 when the dollar was worth much less.

So, having put those remarks on the record, I will await the member's further questioning. But I will just point out again that the advertising budget for this year in Regina is \$2.3 million. So Manitoba, this province, under this Government, has chosen to spend far less, and I may as well take this opportunity to quote from an article in the *Regina Leader Post* where an individual commented on their advertising in that province, and I quote from that article of March 6, 2001: We have been targeting the Calgary market, he added. Most of the casinos' out-of-province traffic comes from Alberta and Manitoba, but the downtown casino still depends on local residents for about 60 percent of its business.

So I want to make the point that in Regina, they look forward to Manitobans coming into that province and spending their money, and consequently they have a \$2.3-million budget to advertise. We have a \$1.8 for this current year.

Plus I do not believe in—I am sorry; I will make my point another time.

Mr. Derkach: Well, the minister does not answer the question adequately, because she says that the reason that they are decreasing the responsible gaming advertising is because the creative work has been done. I guess if you were really interested in advertising the responsible gaming aspect of it, you should be doubling that side of the equation rather than doubling the side of the equation that talks about gambling.

Mr. Chair, she says that the only reason that the figure has gone up so much is because it was only in midyear that they decided to get into this whole game of advertising gambling in Manitoba. Well, I think it is the same for the second line as well. So, if you are going to increase the line for advertising gambling in general, why would you cut the other one in half just simply as a policy? I think that is the wrong approach to take but, more importantly, there has been a dramatic change in the attitude of this Government.

* (11:40)

Mr. Chair, I have to read a couple of comments into the record from members of the Government who, when in opposition, made some remarks about gambling. I want to read one from the Minister of Industry, Trade and Mines (Ms. Mihychuk), on December 3, 1997, and she says, I quote: Who are the victims of VLTs and gambling? Not only is it the players, it is the spouses, it is the children, as we have very vividly heard from the family in St. James. It is the landlords who cannot receive the rent because somebody has used it to try and win the big one. It is the mortgage companies, which are not going to receive payments, and people are losing their homes. It is the businesses and employers of those individuals who have been embezzled and swindled out of their money because the victims and players are going and stealing from the employers so that they can feed their gambling habits. Now this was made by the now Minister of Industry, Trade and Mines.

Mr. Chair, I want to read yet another one from the now Premier (Mr. Doer) of Manitoba back on March 5, 1997, when he says: There is a

growing concern on the damage of VLT machines across this province, the social damage of VLTs across the province and a growing concern about the social costs of these VLT machines. I suggest to the Government strongly that they must implement the recommendations of the Desjardins report, and so forth.

Now, we have a government that is doing the opposite. These same members who once criticized the direction that the Government was going are now exponentially increasing the advertising and the gaming hours in this province.

Mr. Chair, I want to quote something from you, on June 2, 1998, when you said: Now I think it is deplorable when governments encourage gambling and advertise gambling in a massive way to get more people to spend more money in spite of the harmful consequences to individuals and families. People in the lower economic sector of our community spend the greatest amount of money on gambling.

Now, I think you were right. I think that, in fact, your comments are the responsible comments of someone who has worked probably with many of these families through your private life in terms of how the consequences that you have seen as a result of gambling.

I can go on and on. As a matter of fact, the Minister of Transportation and Government Services (Mr. Ashton), said: "Not a day goes by where I have not had the opportunity to talk to people in my own community and other communities across the province where people have outlined the very specific personal costs of gambling." That was taken from Hansard, October 29, 1996.

Mr. Chair, I think that speaks volumes in terms of a government that has turned its attitude about gambling 180 degrees because members of this Government, when they were in opposition, criticized the direction that the Province was going in, in terms of gambling, and today, have not only changed their direction, but have increased exponentially the amount of money that has been invested into the advertising of gambling in our province.

The problems are still there. Those same problems that you talked about are there today, probably in greater number than they were back then. So when I see a government spending \$1.8 million on advertising and \$1.6 million on addictions, it seems a little bit out of proportion. Perhaps we need to take a more careful look at where this money is going, Mr. Chair.

So I want to come back to the minister, and ask her whether, in fact, she intends to continue with her approach in advertising casinos and the gambling issue in the province of Manitoba, or whether, in fact, she is looking at perhaps, in the future, curtailing this activity within our province, and simply confining the advertising to outside of the province of Manitoba.

Ms. McGifford: I thank the member for his questions and, also, for some of his ideas. The member noted that there was a dramatic change on the part of Government, of former members of the Opposition now in Government. Of course, I can also put a note that there is a remarkable change on the part of now members of the Opposition, former members of government, who expanded casinos at staggering rates and introduced VLTs into this province.

I was very pleased to hear the member quote from my colleagues, the current Minister of Industry, Trade and Mines (Ms. Mihychuk); and also from the Minister of Government Services (Mr. Ashton); also from the Premier (Mr. Doer); also from my colleague from Burrows, who is chairing the committee for us today. Because it is exactly the remarks, Mr. Chair, from yourself and others, that encouraged myself, encouraged officials, encouraged board members to develop a responsible-use policy. *[interjection]* Exactly, exactly, the comments from my colleague. So I was very pleased. I think the member made my point for me. He certainly made it clear why we need a responsible-use policy and why we have developed one.

I do also want to point out that in the year 1994-95, the year that members opposite spent \$1.7 million on advertising, not one cent, not one red cent, went into any kind of responsible-use policy. So if one were to take our current expenditures for the year 2001-2002, which are about \$1.8, and take off the in excess of

\$200,000 that is devoted to responsible-use, you would find that our advertising budget for this year was far less than that of the members in 1994-1995.

Also, I have been making some comparisons with the casino in Regina, and one of the things that I think we all appreciate about the Manitoba Lotteries Corporation is its dedication to responsible gaming. I want to point out that Regina, for example, does not spend any money on responsible advertising, unlike the province of Manitoba. I mentioned that the budget for Regina this year for their advertising was \$2.3. Ours is here at \$1.8. If you take the responsible-use component from our current budget, then our budget for advertising would be about \$1.6, as opposed to their \$2.3. The reason I make this point is I have been making the point all along that our expenditures on advertising are relatively low by comparison with other jurisdictions. So I make the point again that they are relatively low as compared to other jurisdictions, Mr. Chair.

Mr. Derkach: Mr. Chair, the reality is that, up until this Government took office, one did not see advertisements on television which invited local Manitobans to come and gamble for the fun of it. You did not hear advertisements on the radio, elderly people talking about they have not had so much fun since their honeymoon. Those are pretty graphic and pretty blatant in terms of the intent of the ad, Mr. Chair, and no one can misconstrue the intent.

There is no advertisement about coming to Branigan's to enjoy a particular meal. There is no mention of coming to see a particular concert. It simply says come for the fun of it, and the elderly say they have not had so much fun since their honeymoon. So I think the ads speak for themselves. I think the intent is there, and I think we have made that point.

* (11:50)

Mr. Chair, further to what the minister now says, I want to go back to September of 2000 when the United Church of Canada put out a news release with regard to their position and with regard to putting a moratorium on gambling in this province. In this document one of the interesting things was, it says please study the

document and let your voice be heard on issues and other concerns. To address the issue of poverty, contact the Honourable Tim Sale. To express your concern about the farm crisis, the Minister of Agriculture—I am sorry, I should not be using names—and to give your opinion on health care, the honourable Minister of Health. To address the issue of gambling, contact the honourable Minister responsible for Gaming.

So, Mr. Chair, the United Church has made it very clear that they want to put a moratorium on gambling in the province and on gambling advertising, if you like. I want to know from the minister whether, in fact, she has been in contact with the religious organizations within our province who have expressed a deep concern about the impact of gambling within Manitoba and whether, in fact, they are of the opinion that the advertising is not well suited to the province of Manitoba and should be curtailed.

Ms. McGifford: Of course, I want to make the point again that we do not advertise gambling, and the member did begin by talking about our advertising gambling. We advertise restaurants, amenities, entertainment and, of course, responsible use.

Indeed, the member said that he had not seen any advertisements specifically dedicated to restaurants. I am advised by officials that in the past we did have some advertisements that were specifically directed toward our restaurants. But the Manitoba Restaurant Association took issue and was dissatisfied with that advertising. Officials met with the Manitoba Restaurant Association, heard their concerns and so have now decided not to specifically advertise the restaurants, although food, restaurant, the whole thing is part of many of our advertisements.

As far as amenities are concerned, I am advised that we have specifically advertised, to some degree, the Millennium Express. As far as entertainment is concerned, there are entertainment advertisements in the paper every week. I see them all the time; specifically in the newspaper in the Entertainment section. So I know I see them all the time, and, of course, we have very specifically on television and on radio, et cetera, advertised responsible use. So I make those points.

Regarding the member's comments on the United Church, no, I have not been in touch with the United Church. I would certainly invite officials from the United Church to meet with me. I have very close affiliations with the United Church and would welcome a discussion with people from the church.

Mr. Derkach: Coming back to the advertising, Mr. Chair, can the minister tell me why she finds it appropriate to advertise for privately run restaurants in the casinos' facilities that are also in competition with other food and restaurant outlets across the city, and why she finds it appropriate to advertise four restaurants who are privately run within the casino complexes, and leave the rest out.

Ms. McGifford: Thank you, Mr. Chair. I did indicate in my previous remarks that, after a meeting with the Manitoba Restaurant Association, it was certainly decided that we would not advertise the restaurants within the casinos because of our respect for the Manitoba Restaurant Association, with whom we have had a very positive working relationship and want to continue that very positive working relationship.

As to why we might make the decision in the first place to advertise the restaurants, it is actually very simple. Although the restaurants are run privately, we have a contract with them and we had to guarantee their losses. So the restaurants, Mr. Chair—well, it was a contract, I believe, developed with the previous government so—yes, it is too bad you did it, guys. It is too bad you did it, but it develops that contract. But that is where the contract emerged, from the previous government, so if you wish to be critical of yourselves, go right ahead, but that is the reason. There is a contract that guarantees the losses and we were losing all kinds of money.

Mr. Derkach: Mr. Chair, the minister flip-flops. She said to me before that they do not advertise gambling; they advertise the restaurants, and they advertise the entertainment. Now she said that we do not advertise restaurants anymore, but then she tries to rationalize that by saying: But the reason we did advertise restaurants is because we wanted to do well because we have a guarantee on them.

Mr. Chair, this seems to be a very strange turn of events. First of all, the minister says she does not, she only advertises restaurants. Then she says she does not, and now she is saying perhaps she does, because there is a reason for it. It seems to be that we are narrowing in on the fact that, indeed, the Government is advertising gambling. No questions asked. This is now becoming very clear that the Province is engaged in the advertising of gambling in the province of Manitoba to Manitobans.

Now, I indicated to the minister that I had no difficulty if she wants to go out to Saskatchewan and advertise the Manitoba casinos in Saskatchewan. That is one thing. What we are taking exception to is the advertising on television, and on radio, in prime time when families are viewing programs in this province and advertising during those periods of time. I want to tell the minister that during prime family viewing time these ads are appearing at 15-minute intervals, which is not appropriate. That is why I still want to know from the minister why this Government has taken the approach that it has to advertise gambling in the province of Manitoba. Is it because the Minister of Finance (Mr. Selinger) has given this minister an order to increase the revenues from gambling for the Province of Manitoba by \$60 million, or whatever figure in the coming fiscal year, Mr. Chair?

Ms. McGifford: Mr. Chair, I do not know how the Opposition works, but certainly the Minister of Finance does not order people to do anything. He certainly would not order me to do anything, and I, in turn, would not order officials to do anything. We, in our Government, work more by consensus and co-operation, so I am just objecting to the language of the member.

The member said what is really emerging is that this Government is advertising gambling. It seems to me what is really emerging is that this member is grasping at straws, and does not have any real questions, because he keeps asking the same thing again, so let me reiterate that this Government does not advertise gambling.

The member opposite spoke specifically about the restaurant deal, so let us go through the restaurant deal. There was a contract developed

under the watch of members opposite. It was a contract that guaranteed losses to the private companies that ran the restaurants. These restaurants were costing the Manitoba Lotteries Corporation a lot of money. After a careful analysis, there was an advertising policy developed. Then we embarked on a process of advertising restaurants, amenities, entertainment and responsible use in the province of Manitoba.

* (12:00)

When we initially began this campaign, there were some specific advertisements directing the public to our restaurants. However, the Manitoba Restaurant Association—and I have mentioned this before, I mention it again—the Manitoba Restaurant Association came and visited with our officials, with our CEO, and expressed concern about those advertisements, because the Manitoba Restaurant Association obviously felt that their businesses would suffer as a result of these advertisements.

Once it was pointed out that this may have unfavourable consequences for the private sector, our CEO and officials agreed, recognized this, and desisted from specific advertisements directed toward restaurants. But our restaurants are implicitly advertised because, from time to time, there will be a plate of food, or something, that indicates that casinos are a destination for

activities that include restaurants, amenities, entertainment and—I will just stop there.

So I do not think it is complicated. There has been nothing untoward about the advertising of restaurants. We did it. We had a conversation with the Manitoba Restaurant Association, who pointed out that it was impinging on their restaurants unfavourably, and we agreed to cease and desist from this specifically directed advertisement towards restaurants.

Mr. Chairperson: Excuse me, Madam Minister, I would like to interrupt and ask if it is the will of the committee, since 12 o'clock is our adjournment time, to pass the annual report for the year ended March 31, 2000? There is no agreement to pass the '99-2000 annual report? No. Then the minister can conclude her remarks until 12.

Ms. McGifford: Thank you, Mr. Chair. I think it is regrettable that we have not been able to pass this. We certainly look forward to meeting with members again and continuing these discussions. I am sure the member shares my zeal.

Mr. Chairperson: The time being 12 noon, what is the will of the committee? Committee rise.

COMMITTEE ROSE AT: 12 p.m.