

Second Session - Fortieth Legislature
of the
Legislative Assembly of Manitoba
Standing Committee
on
Social and Economic Development

Chairperson
Mr. Tom Nevakshonoff
Constituency of Interlake

Vol. LXV No. 10 - 6 p.m., Tuesday, October 15, 2013

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MANITOBA LEGISLATIVE ASSEMBLY
Fortieth Legislature

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LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON SOCIAL AND ECONOMIC DEVELOPMENT

Tuesday, October 15, 2013

TIME – 6 p.m.

LOCATION – Winnipeg, Manitoba

**CHAIRPERSON – Mr. Tom Nevakshonoff
(Interlake)**

**VICE-CHAIRPERSON – Mr. James Allum
(Fort Garry-Riverview)**

ATTENDANCE – 11 QUORUM – 6

Members of the Committee present:

Hon. Messrs. Chomiak, Lemieux, Hon. Ms. Melnick, Hon. Mr. Struthers

Messrs. Allum, Cullen, Dewar, Mrs. Driedger, Messrs. Eichler, Nevakshonoff, Pedersen

APPEARING:

Hon. Jon Gerrard, MLA for River Heights

PUBLIC PRESENTERS:

Bill 7–The Planning Amendment and City of Winnipeg Charter Amendment Act (Affordable Housing)

Mr. Glen Kruck, Brandon Affordable Housing Coalition

Mr. Arnold Grambo, private citizen

Mr. Mike Moore, Manitoba Home Builders' Association

Mr. Josh Brandon, Canadian Centre for Policy Alternatives

Mr. George Pasioka, private citizen

Mr. Clark Brownlee, Right to Housing Coalition

Bill 43–The Manitoba Liquor and Lotteries Corporation Act and Liquor and Gaming Control Act

Ms. Connie Clauson, private citizen

Mr. George Fraser, Massage Therapy Association of Manitoba

Mr. Wayne Anderson, private citizen

Mr. Jim Baker, Manitoba Hotel Association

Mr. Leo Ledohowski, Canad Inns

Mr. David Kaisaris, private citizen

Mr. Scott Jocelyn, Manitoba Restaurant and Foodservices Association

Mr. Dwayne Marling, Canadian Restaurant and Foodservices Association

Bill 32–The Manitoba Institute of the Purchasing Management Association of Canada Amendment Act

Mr. Jay Anderson, Supply Chain Management Association

WRITTEN SUBMISSIONS:

Bill 7–The Planning Amendment and City of Winnipeg Charter Amendment Act (Affordable Housing)

Jason Zinko, Brandon Community Builders Inc.

Bill 22–The Planning Amendment Act (Subdivision Approval)

Doug Dobrowolski, Association of Manitoba Municipalities

Bill 43–The Manitoba Liquor and Lotteries Corporation Act and Liquor and Gaming Control Act

Doug Dobrowolski, Association of Manitoba Municipalities

David Carriere, Keystone Motor Inn

Anne Fitzgerald, Cinemax Entertainment LP

Nuria Bronfman, Movie Theatre Association of Canada

MATTERS UNDER CONSIDERATION:

Bill 7–The Planning Amendment and City of Winnipeg Charter Amendment Act (Affordable Housing)

Bill 22–The Planning Amendment Act (Subdivision Approval)

Bill 32–The Manitoba Institute of the Purchasing Management Association of Canada Amendment Act

Bill 39–The Government Efficiency Act (Various Acts Amended or Replaced to Consolidate Boards and Agencies and Eliminate Government Appointments)

Bill 43—The Manitoba Liquor and Lotteries Corporation Act and Liquor and Gaming Control Act

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Clerk Assistant (Mr. Andrea Signorelli): Good evening. Will the Standing Committee on Social and Economic Development please come to order.

Before the committee can proceed with the business before it, it must elect a new Chairperson. Are there any nominations for this position?

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

Clerk Assistant: Mr. Nevakshonoff has been nominated. Are there any other nominations?

Hearing no other nominations, Mr. Nevakshonoff, will you please take the Chair.

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

Mr. Dewar: Mr. Chair, I nominate Mr. Allum.

Mr. Chairperson: Mr. Allum has been nominated.

Are there any other nominations? Hearing no other nominations, Mr. Allum is elected Vice-Chairperson.

This meeting has been called to consider the following bills: Bill 7, The Planning Amendment and City of Winnipeg Charter Amendment Act (Affordable Housing); Bill 22, The Planning Amendment Act (Subdivision Approval); Bill 32, The Manitoba Institute of the Purchasing Management Association of Canada Amendment Act; Bill 39, The Government Efficiency Act (Various Acts Amended or Replaced to Consolidate Boards and Agencies and Eliminate Government Appointments); Bill 43, The Manitoba Liquor and Lotteries Corporation Act and Liquor and Gaming Control Act.

We have a number of presenters registered to speak tonight as noted on the lists of presenters before you. On the topic of determining the order of public presentations, I will note that we have out-of-town presenters in attendance marked with an asterisk on the list.

With this consideration in mind, in what order does the committee wish to hear the presentations?

Mr. Dewar: Mr. Chair, I suggest we follow our usual pattern and listen to out-of-town presenters first.

Mr. Chairperson: Mr. Dewar has said—is that agreeable to the committee? *[Agreed]*

I would like to inform all in attendance of the—of some provisions regarding the hour of adjournment and the consideration of our business tonight. In accordance with the sessional order adopted in the House on September 11th, 2013, since we currently have less than 20 presenters registered, if this committee has not completed clause-by-clause consideration of these bills by midnight, a number of rules will apply, including (1) sitting past midnight to hear presentations, (2) if they are not already finished concluding presentations at 1 a.m., and (3) interrupting proceedings to conclude clause-by-clause on all bills at 3 a.m.

How late does the committee wish to sit tonight?

Mr. Ralph Eichler (Lakeside): Until we finish the business of the committee.

Mr. Chairperson: Mr. Eichler has said—is that agreeable to the committee? *[Agreed]*

Written submissions from the following persons have been received and distributed to committee members: Doug Dobrowolski, Association of Manitoba Municipalities, on Bill 22 and Bill 43; David Carriere, Keystone Motor Inn, on Bill 43; Anne Fitzgerald, Cinemax Entertainment LP, on Bill 43; Nuria Bronfman, Movie Theatre Association of Canada, on Bill 43.

Does the committee agree to have these submissions appear in the Hansard transcript of this meeting? *[Agreed]*

Another written submission on Bill 7 from Jason Zinko, Brandon Community Builders Inc., has been received now, and staff is distributing copies.

Does the committee agree to also have this submission appear in the Hansard transcript of this meeting? *[Agreed]*

I would also like to inform that one of the presenters on Bill 7, Mr. Arnold Grambo, will be presenting as a private citizen and not on behalf of the Brandon Community Builders Inc.

Public presentation guidelines: before we proceed with presentations, we do have a number of other items and points of information to consider.

First of all, if there is anyone in the audience who would like to make a presentation this evening, please register with staff at the entrance of the room.

Also, for the information of all presenters, while written versions of presentations are not required, if you are going to accompany your presentation with written materials, we ask that you provide 20 copies. If you need help with photocopying, please speak with our staff.

As well, I would like to inform presenters that in accordance with our rules a time limit of 10 minutes has been allotted for presentations with another five minutes allowed for questions from committee members.

Also in accordance with our rules, if a presenter is not in attendance when their name is called, they will be dropped to the bottom of the list. If the presenter is not in attendance when their name is called a second time, they will be removed from the presenters' list.

Speaking in committee: prior to proceeding with public presentations, I would like to advise members of the public regarding the process for speaking in committee. The proceedings of our committees are recorded in order to provide a verbatim transcript. Each time someone wishes to speak, whether it be an MLA or a presenter, I first have to say that person's name. This is the signal for the Hansard recorder to turn microphones on and off.

Thank you for your patience. We will now proceed with public presentations.

Bill 7—The Planning Amendment and City of Winnipeg Charter Amendment Act (Affordable Housing)

Mr. Chairperson: Call Mr. Glen Kruck, Brandon Affordable Housing Coalition.

Good evening, Mr. Kruck. Do you have any written materials for the committee, sir?

Mr. Glen Kruck (Brandon Affordable Housing Coalition): Yes, I do.

Mr. Chairperson: Our staff will distribute them on your behalf. You may begin when ready.

Mr. Kruck: Good evening, ladies and gentlemen. Thank you for this opportunity to present to you. My name is Glen Kruck. I am the regional manager with the Canadian Mental Health Association for western Manitoba, and this evening I am also the appointed spokesperson for the Brandon Neighbourhood

Renewal Corporation and the Brandon Affordable Housing Coalition.

* (18:10)

This coalition is an association of committed not-for-profit agencies from Westman seniors for seniors' housing co-op, the Brandon Friendship Centre, the Brandon Energy Efficiency Program and many other not-for-profit agencies. As their representative, we are all coming to you in support of the passage of Bill 7. We need Bill 7 to pass so that we can provide safe, adequate and affordable housing for the hundreds and hundreds of women, children and men who desperately need safe and affordable housing.

In order to stress to you the importance of Bill 7, I will give you some housing statistics for the city of Brandon.

The first statistic is the availability of apartments. For simplicity's sake, I will only refer to one-bedroom apartments. In 1999, during the one month during which we conducted our survey, the total number of one-bedroom apartments that were advertised in the local newspaper, regardless of price range, was 69 apartments. Thirteen years later, in 2012, there were only 11 one-bedroom apartments listed during the month that we conducted our survey. That is an 84 per cent drop in the total number of one-bedroom apartments that were available—an 84 per cent drop, regardless of price.

Now, let's look at the availability of low-income apartments for people on social assistance. During our one-month survey in 1999, there was only one apartment which was advertised in the local newspaper at the provincial social assistance rate. There were no such low-income apartments listed in all the following years during the month that we conducted our survey—none in 2000, none in 2001, 2004, 2006, 2008, 2010, 2011 and 2012. We have not conducted our survey of 2013 yet, but I am absolutely certain that the number will be zero as well.

Now, let's look at price. In 1999, as stated before, there was only one apartment advertised at the provincial social assistance rate of \$285, utilities included. By 2012 the price tag of the lowest-priced apartment almost doubled in cost to \$526. That is a 92 per cent increase in cost—a 92 per cent increase.

So you ask yourself, how can low-income people afford this dramatic 84 per cent reduction in the number of available rental units and the dramatic

92 per cent increase in the cost of rent? The answer, quite simply, is they cannot. So what are their options?

Option 1: Food banks. In order to pay for rent, many people are forced to use their food money to pay for their rent. In other words, they are forced to take the food out of their mouth in order to pay for the roof over their head. But people still need to eat, so an increasing number of women, children and men are forced to use food banks.

In the city of Brandon, 3,900 different households, and I emphasize different households, have received a food hamper. Brandon does not have a large population; 3,900 is a significant number of households. Of those people receiving a food hamper, 25 per cent are employed. Yes, they are employed and still cannot make ends meet with the severe shortage of affordable housing.

The Brandon School Division operates 18 schools in the city. Fourteen of those schools, that is 14 out of 18 schools have food programs for hungry kids. Like, that tears at my heartstrings—14 out of 18 schools.

Option 2: People who cannot—can no longer afford housing, couch surf. That is, they sleep on couches with family or friends, jeopardizing the tenancy agreements of the people that they are staying with. Sometimes they have no family to put up with—to put them up so they will stay at any residence that will give them accommodation, even if they are staying with drunks or crackheads. And we serve a lot of homeless individuals and some of the people—some of the women who come to our agency who have very much been assaulted in those accommodations in a very serious fashion.

About five years ago, this hidden homeless couch-surfing population was assessed by the committee on homelessness. That population five years ago was estimated at over 1,800 people in the city of Brandon. Since then, that number has undoubtedly increased.

Option 3: some people who have no options live on the streets. The growing homeless population across Canada is estimated to be between 150,000 to 300,000 people. In the city of Brandon, in 2008, because the nine emergency shelters that we operate were full, we were turning away six homeless individuals per month. This year we are turning away six times as many people each month because our shelters are full. And those turn-aways include a very

sad and growing number of single women with children.

There was a family in Brandon who actually approached Child and Family Services to give up their kids because, at the end of the month, they had no place to stay. To actually give up your kids because you didn't have a house, that's how severe it is.

Option 4—and this is by far the greatest option for meeting this desperate need—support the passage of Bill 7. As committed not-for-profit agencies, we need land. And with land, the Brandon Neighbourhood Renewal Corporation and the many agencies of the Brandon Affordable Housing Coalition, we will build an ever-increasing number of safe, affordable housing units, including apartments, townhouses, duplexes and single, stand-alone houses. All safe and affordable in order to meet the needs of the hundreds and hundreds of women, children and men who so deep—desperately need safe and affordable housing.

Thank you.

Mr. Chairperson: Thank you, Mr. Kruck. The floor is now open for questions.

Hon. Ron Lemieux (Minister of Local Government): I just want to say thank you very much for making the trek from Brandon to come here, as well as your passionate presentation. We appreciate it very much, and just to thank you again just for coming. Thank you so much.

Mr. Blaine Pedersen (Midland): Thank you, Mr. Kruck, for your presentation.

Just a—one short question. You stated in 1999 the provincial social assistant rate, be rental rate, was \$285, utilities included. Do you know what the rate is today? *[interjection]*

Mr. Chairperson: Mr. Kruck, I have to recognize you for your response.

Mr. Kruck: Sorry?

Mr. Chairperson: I have to recognize you for your response to trigger the microphone. So, Mr. Kruck.

Mr. Kruck: Right. It is—there is a separate housing benefit which is also incorporated, but it's not part of the shelter benefit. So that has increased, I believe it is, to \$60 a month, I believe it is. Is that correct? I believe it's \$60. But the shelter benefit is still \$285 per month, all utilities included.

An Honourable Member: Thank you.

Mr. Kruck: You're welcome.

Hon. Jon Gerrard (River Heights): You describe a pretty desperate situation in Brandon, and you certainly mentioned a solution in terms of passing Bill 7. But there's a proposal which has been supported by, I think, more than a 140 different organizations to raise the shelter rates provincially to something like 75 per cent of market rates. Now, you say that at the moment that the lowest possible price would be about \$526. What would be a rate that if you were going to raise the shelter rate to a rate that would be workable—what would it be?

* (18:20)

Mr. Kruck: There used to be a provision in the social assistance act in the city of Brandon where it allowed local administrators to exceed whatever the rate was up until the point that they could find accommodation. And I think that is what—that flexibility needs to happen just so that you still get the lowest price for an adequate housing, but people need housing, so it needs to be flexible. There needs to be that discretion, and even provincial social assistance rate—workers back in—oh, gosh, oh, the late '80s, they had the discretion to exceed the shelter allowance rate by an amount of \$80 per month. So there needs to be that flexibility so everyone can get accommodation, and that is what we need and we need that now. We absolutely need that now.

The number—say, for example, one of our schools—downtown schools, 68 per cent of the kids change in one school year, some of them several times in one school year, so you think of the impact on the education because they have to move because they've been couch surfing one place or they have to go to a different spot and a different spot, and that—you know, we're creating something which is harming a lot of our population because we are not providing safe and adequate affordable housing.

Bill 7 would be one step towards that, absolutely. Increasing the amount that's allowable for rent, allowing discretionary increase to the minimal amount to meet that need is absolutely necessary.

Mr. Chairperson: Seeing no further questions, Mr. Kruck, I thank you for your presentation.

Now call Mr. Arnold Grambo, private citizen.

Mr. Grambo, do you have any written materials for the committee, sir? You do. Our staff will

distribute them. You may proceed with your presentation.

Mr. Arnold Grambo (Private Citizen): Thank you, Sir.

Good evening, ladies and gentlemen. My name is Arnold Grambo. I thank you so much for allowing the general public to come and make presentation. Thank you.

Our situation in Brandon regarding availability of land on which to build affordable housing is similar to situations right across this country. I'm not going to go into any of the stats because I think Glen did a good job of that.

I'm probably not saying anything new and perhaps speaking to the converted, but maybe I'll say it in a slightly different way so it has more impact. We must do something and we must do it immediately. I would maybe start out by saying that, although I support Bill 7, there are flaws in Bill 7, and that's where I'll try to go with my arguments.

Canada is in crisis. There are countless individuals and organizations that have recognized for many years the widening gap between rich and poor. It's a chasm and it's getting worse. There has been a real building boom in Brandon over the last several years, and it shows no signs of slowing down. A house bought in 1969 for \$18,000 could be sold today for a quarter of a million dollars. On the surface it would seem that all is well in Brandon as it relates to housing; nothing—nothing—could be further from the truth.

As house prices continue to escalate, developers and builders and real estate companies are making fortunes. The poor and many in the middle class find themselves squeezed to the point that they've lost all hope—all hope—of becoming homeowners and, in fact, can no longer find decent affordable rental accommodations, as Glen indicated.

I know from a personal situation where a person came to me, he was—he's handicapped and he's on low income and he had to move out of the place where he was staying. He'd been there for four years, but somebody was coming home to take that bedroom—a daughter, I think—so he had to move out, and he said, Arnold, can you help? I said, sure. Well, after I tried really hard to find him a place, I came up empty. So our kids had grown up, we had three extra bedrooms, I brought him over to my place and said, would you like to stay here until we can find you a place? He was ecstatic, even though he had to put up

with me. I said I would build a ramp in the back and one in the front and then he would have access. You know, he stayed with us just over a year before we could find housing for him.

As house prices continue to escalate, developers and builders, as I said, are making an awful lot of money, and the chasm grows wider. Successive governments at all levels have paid lip service to this problem and have offered the odd Band-Aid solution, but basically nothing of consequence has been done to solve this serious problem. Our problem, I would suggest, is systemic, and it will never be solved by timid, Band-Aid individuals and governments. I sense that you would really like to make a difference, and, you know, what I'm going to propose here will not cost you any money. I believe this government is different. It is trying to do the right thing on all sides of the House, I think, by passing amendments to Bill 7.

Having given you a pat on the back, I must now add that it is too little and too late, but it's a start, and for that I say thank you. It should be mandatory and not enabling. That's the—my first point on Bill 7. It should have been passed many years ago, but we are in the here and now—kudos to you all for dealing with it now. I say it should be mandatory because the lack of affordable housing for the poor is a serious problem for every city, town, village and rural municipality. To make this legislation enabling and not mandatory will allow some jurisdictions in some parts of the province to perpetuate our current two-class system. In a country as rich as ours, this should never be allowed. Fix it now and do it right.

We know, of course, that this legislation may not sit well with those who are doing just fine with the status quo, but the status quo is flawed. I would say it just shows the level of their greed and they have no credibility. Although I'm pleased that you brought this bylaw forward, I'm concerned that the wording that—could cause it to be stalled before it gets started. My concerns are as follows: No. 1, the bill states a zoning bylaw for a new residential development may require that a specified percentage of the dwelling units within the development offer affordable housing to low- and moderate-income households. This wording is seriously flawed. If the new development is intended to be an upscale development, it will be out of reach for low-income housing. But that should not be an excuse for the developer to not be a partner in the accumulation of land for low-income housing. If the new development is aimed at middle-income families, it

still may be out of reach due to the high cost of land. This is the main reason why almost all new construction in Brandon is upscale. The developer can make more money at that.

There is, however, a solution to this conundrum, and here it is: if this new development were treated in the same way that lands dedicated for education are created when new developments are planned, it would be understood that these lands may be found appropriately placed to accommodate a new school. On the other hand, it may be that they will be in the wrong place. The school board has the ability to sell or swap the dedicated land to obtain land in an appropriate location on which to build a school. If this logic were used to accumulate land for low-income housing, the same logic should apply.

Now this, perhaps, will be radical, but this will work. It would be transferred to a local organization such as, in our case, the Neighbourhood Renewal Corporation or Brandon Area Foundation. The keeper of the trust would accept requests for land from not-for-profit organizations that plan to construct housing for low-income families. The local advisory committee and our organization would allocate lots according to their criteria, the needs of the community and the needs of the organization requesting the land. It is most important that the process be non-political and do what is best for the community and assist the greatest number of families in need. This solution would establish a land bank, and I stretch—I stress that—a land bank that would live on in perpetuity and would be an ongoing source of land available for this purpose.

* (18:30)

I have spoken to people across this country who are struggling to build housing for and in partnership with low-income families. Their greatest problem is the lack of land. Legislation that would create land banks modelled on the creation of parcels of land for education is, in my view, the only way to have a major impact on solving this problem.

Our forefathers were wise to put in place a method of guaranteeing that land would be available in perpetuity for construction of schools. Can we afford to do less for low-income housing? I think not. If the land is available, the houses will be built and built by not-for-profits, not by developers. Is it not logical that ensuring creation of decent, affordable housing should go hand in hand with creating schools? How could we possibly expect children to live in squalor and do well in school?

You have an opportunity here to make a real difference in correcting a serious systemic problem and to make a life-changing impact on many low income families. That's my first point.

The second one: It says—

Mr. Chairperson: One minute, Mr. Grambo.

Mr. Grambo: —okay—a zoning bylaw for a new residential development may require that a specified percentage of dwelling units within the development offer affordable housing to low- and moderate-income households. The word may is weak and ineffective. The percentage of lots allocated to the land bank must be directly related to the percentage of low-income families living in the political jurisdiction and living in substandard conditions. I think that should be underlined in the paper that you have before you because that is a critical piece. It's not an airy-fairy number. It's to be tied to the number of people in the jurisdiction.

I will just finish up then, by saying there is one other piece and it's in the Winnipeg section. But I think it's important that it come into the mainstream here, into the Manitoba part. The underlined—where it says the measures that are required to be taken and maintained so that the housing remains affordable over the long term. What happens in Brandon and I'm sure all the way across—okay, 10 seconds? Okay, I can stop there.

Mr. Chairperson: Your time has expired. The floor is now open for questions.

Mr. Lemieux: Yes, I just wanted to say thank you so much for coming and presenting. I appreciate your comments very much and I know we're certainly all listening. Thank you.

Hon. Stan Struthers (Minister of Finance): I just wanted to ensure that—while Mr. Grambo ran out of time, I would ask that the committee accept all of the—his whole presentation in its entirety as he handed out to us.

Mr. Chairperson: It's been proposed by Minister Struthers that—well, we've all heard his proposal, and that is agreeable to the committee. So I so order it. Thank you, Mr. Struthers.

My major concern is that the legislation seems to emphasize that the developer will be responsible for creating low income housing. Past experience shows that this has never worked and will never work. The Developer is never out to help the poor unless he is, at the same time, helping himself.

To have an impact you must create legislation that will mandate a certain percentage of land be granted (based on facts) to an independent organization such as Brandon Neighbourhood Renewal or Brandon Area Foundation to be held in trust in a land bank. The "keeper of the trust" would respond to applications submitted by non-profit organizations that require land for construction of low-income housing. This will create a pipeline for non profits to obtain free land to build homes for low income families. To do anything less is to continue the charade of pretending to be proactive but knowing that the plan is doomed to failure.

If I may, I would also Like to make a brief reference to 240.1 (b) in the Winnipeg section. It states

"240.1 A development agreement that deals with the matters described in clause 240(1)(c.1) may include terms and conditions respecting (b) the measures that are required to be taken and maintained so that the housing remains affordable over the long term.

The underlined and bolded section gives me a great deal of angst. Our Brandon experience has been that private developers will enter into an agreement with the government to build low-income housing and then after a few short years, will buy out their contract so they can increase the rent and it no longer is affordable to low income families. Low income families lose and the government and thus taxpayers also lose. The only one who gains is the developer. This nonsense needs to stop. If 240.1 (b) will right this wrong, it should also be included in the Manitoba portion, however, as in my comments in # 2 above, I have real trouble with the word "may". It needs to be changed to "shall"

In conclusion I wish to extend my thanks to the committee for allowing me to represent Brandon Community Builders, a not for profit organization in Brandon, and to express my suggestions that would make your good beginning that much better and give it a good chance to be successful. We expect you to do the right thing and make the necessary changes to create a real platform for change. If you have any questions now or later, my contact information is included.

Thanks for your attention

Mr. Gerrard: Yes, the—I wanted to give you a chance to talk about the housing remaining affordable, but I also wanted to ask you to comment on the fact that, you know, the shelter rates have been so low and this seems to have created part of

the problem, and whether, like the former presenter, you believe that the shelter rate should be raised so that they could cover at least the lowest income houses.

Mr. Grambo: Absolutely. There's no question that they are way out of line. That said, no amount of increasing that allowance will deal with the land issue. Right across this country—I've heard it over and over again from another organization that I was with for many years that their biggest difficulty was land, and although we have land in Brandon that is dedicated to this it will soon be used up and then it will be gone if we don't deal with the land question in a way that I have tried to explain here. And I think that's really the only way that I can think of that will do it quickly and fairly and in perpetuity, and that's the critical piece. That comes back to the question about making it affordable over the long term, and you asked if I could take a moment to mention that. I'd love to.

What happens in Brandon, there are grants from the government to build low-income housing. And the folks who are the builders, they see an opportunity there to make some money, so they do that, but then they would like to increase the rent. So they stay with that program as long as they can and then they'll buy their way out of it, and then there goes the low-income housing, there go the rents. And so the people, then, are out that low-income housing—they don't have it anymore, it doesn't exist—and the government is out its money that it put in to create low-income housing and, therefore, the taxpayers have lost as well. It's a lose-lose-lose situation, and it's a win for the contractor. Well, that should stop. That's just nonsense to have a short-term view like that. This would make it in perpetuity.

We have at the moment some large tracts of land being developed in Brandon. I can guarantee you not a single square foot of that will go to low-income housing unless they have something like I'm suggesting here. So I couldn't be more serious about that. But I think that could fix it, and it would be, then, like education; the schools are there, the land is there.

Thank you.

Mr. Pedersen: Thank you, Mr. Grambo, for your presentation, and just a quick question for you.

You mentioned land bank. Can you give me an idea—and, obviously, you know the Brandon situation—a number in terms of whether it's lots,

blocks, acres? How much land, in your estimation—in your estimation only—does Brandon need right now in a land bank in order to make this work as you're suggesting?

Mr. Grambo: Let me start by saying that studies have been done in the past, but we certainly have to have a new, up-to-date study, and that has—because that's going to be a changing number all the time; it's been escalating. The last number that I have some faith in is that it's about 20 per cent; 20 per cent of the people in Brandon who are looking for housing, they're living in low-income situation, very bad conditions, squalor, and looking for something better, can't find it. Twenty per cent, that's a shocking percentage.

Mr. Chairperson: Seeing no further questions, Mr. Grambo, I thank you for your presentation.

Bill 43—The Manitoba Liquor and Lotteries Corporation Act and Liquor and Gaming Control Act

Mr. Chairperson: The next out-of-town presenter is on Bill 43. I call Connie Clauson, private citizen.

Ms. Clauson, do you have any written materials for the committee, ma'am?

Ms. Connie Clauson (Private Citizen): Yes, I do.

Mr. Chairperson: Our staff will distribute them. You may begin your presentation.

Ms. Clauson: Good evening. Thank you. Okay, my name is Connie Clauson. My husband and I own a small farm just outside of Winnipeg. We breed thoroughbred horses and race at Assiniboia Downs. The track has been part of my income for over 50 years. At present, I own and train horses and have a part-time work with the Jockey Club.

The racetrack is—used to be owned by people who owned horses. It was horsemen who got together to form the Jockey Club. It is imperative that the racetrack stay in the hands of horsemen. They understand the importance of things like the surface of the track for the safety of our horses and the jockeys. The Jockey Club makes things like that a priority. They have the knowledge of what events, et cetera, that can take place and still maintain the integrity of the racetrack.

If this proposal that is up happens, what will become of all of us who have put our lives in it? There are so many people involved, like farmers,

tack and feed stores, hotels, restaurants, not to mention at least 500 jobs directly at the track.

The racetrack is a community of people from all walks of life that work together for a common good. My kids, as others, worked their way through university doing different jobs at the track. My grandchildren went to the track daycare, where they had Christmas in July so the kids from other provinces and states could celebrate together. We have a chaplaincy, we play soccer, we have barbecues, et cetera, where everyone is welcome, from the homeless who have found work at the racetrack to the CEOs. And I feel that we have contributed to the economy and have earned the right to continue operating the way we always have. Thank you for your time.

* (18:40)

Mr. Chairperson: Thank you for your presentation. I now open the floor to questions, comments.

Hon. Dave Chomiak (Minister charged with the administration of The Gaming Control Act): Yes, thank you, Ms. Clauson, for your comments and your contribution to community. I'm very pleased with some of the measures that are included in this act that will continue to enhance our province, and I just would like to indicate that I don't think that there's anything in this legislation that has any delirious or any negative effect on horseracing at all. So I want to assure you of that as it relates to the legislation that's before us today.

Mr. Chairperson: Ms. Clauson, you have the opportunity to respond or reply.

Ms. Clauson: Oh, I—if they change the gaming rules, would it not affect our income for horseracing?

Mr. Chomiak: Yes—no, this act of merging the two corporations together, in fact, consists of a merging of the Liquor and Lotteries Corporation, as a corporation, and regulating the two—putting the two regulatory bodies—actually, three, together, so—well, a regulatory body and a corporate body, but it has no impact whatsoever on the way that the Assiniboia Downs or any other racetrack is dealt with—none whatsoever.

Ms. Clauson: I'm sorry, I was given the impression that it would—if the gaming act changed, that we would—our livelihood, you know, like, it would change the purses and structure of the racetrack.

Mr. Chomiak: Yes, I don't want to occupy all the time because I know there's other questions, but

there's nothing in this act that would change the way that it's operating now. And, in fact, a wording that's been updated in this act in the newly revised Bill 43 is very similar, if not identical, to the wording in the old act, which has no impact whatsoever.

Mr. Cliff Cullen (Spruce Woods): Thank you, Ms. Clauson, for coming down tonight and sharing your concerns about the industry.

We certainly have looked at the legislation as proposed under this act as well, and it's our understanding there is potential repercussions to the industry, and I guess we'll see how that all plays out. Certainly, the government has signalled there could be some changes to the Manitoba Jockey Club, and we believe this legislation could have a bearing on those negotiations down the road. So we will see how those play out.

Could you give me a bit of a sense, though—you talk about the 500 jobs there. Could you give me a bit of a sense of maybe some of the anxiety that's being felt out there? I know you brought your issue here, but is there others in that group of 500 that are feeling similar?

Ms. Clauson: I'm sorry, can you—I have a little voice. Can you hear me now?

Mr. Chairperson: Yes.

Ms. Clauson: Like, there is the grooms—like, for instance, my granddaughter started working in the track kitchen as a dishwasher; there's the vets; there's the farriers; there's the staff up front. Like, with all the horses it takes quite a few people, the trainers, the owners. The owners don't make the money, but they don't work, but—I didn't mean that; some do. But, yes, there is. There's—if you listed them all, you would find that there is—for each horse, there's a number of people that take care of—like, one groom takes care of four horses and then plus that there's the trainer and then we have the test barn. Like, my part-time job now is just opening and closing a gate between races and cleaning the test barn. And there's the people—the testers. Like, there's quite a few, I guess, if I could list them all, there would be—and a lot of kids in the summertime. It's a summertime job. We have the Green Team that comes in, you know, for the maintenance of the grounds and then there's the grounds crew, there's the gate crew, there's the valets. There's just quite a few people that if you listed them all, that would be really in jeopardy of work.

Hon. Jon Gerrard (River Heights): Thank you for coming. Maybe you can just tell us briefly how long you've been involved with Assiniboia Downs and the Jockey Club?

Ms. Clauson: Before the Jockey Club, sorry. I've been involved with Assiniboia Downs since I was 16 years old in different capacities. I worked as a groom. I've worked as an entry clerk. I've worked as—and I've owned horses and now I own and train. My kids have gotten jobs there. A lot of children have worked. We don't—like, it's a community where we all work together, like with the daycare—well, the daycare is more employment—and they grew up, you know, to work their way through school and things. It's quite important to families and the farmers. It would affect all the farmers, like I had said there, you know, and there's a tack shop right on the racetrack also. There's a lot of work out there.

Mr. Chairperson: Seeing no further questions, Ms. Clauson, I thank you for your presentation.

Unless I'm mistaken, that concludes our list of out-of-town presenters.

We'll now return to Bill 7, The Planning Amendment and City of Winnipeg Charter Amendment Act (Affordable Housing)

Bill 7—The Planning Amendment and City of Winnipeg Charter Amendment Act (Affordable Housing)
(Continued)

Mr. Chairperson: And I call Mr. Mike Moore, Manitoba Home Builders' Association.

Mr. Moore, good evening. Do you have any written materials for the committee, sir?

Mr. Mike Moore (Manitoba Home Builders' Association): Yes, I do.

Mr. Chairperson: Our staff will distribute them. You may begin your presentation.

Mr. Moore: Two weeks ago, it was my pleasure to stand in this room on behalf of the Manitoba Home Builders' Association and the residential construction industry and expound upon the virtues of Bill 5, The New Home Warranty Act. Unfortunately, today I must speak against Bill 7, The Planning Amendment and City of Winnipeg Charter Amendment Act (Affordable Housing).

First, though, let me clarify that the MHBA is not opposed to affordable housing. Housing affordability is of primary concern to our members,

and we've been ardent supporters of affordable housing initiatives, whether they be in the form of Habitat for Humanity, obviously, partners in the Bridgwater Forest and Bridgwater Lakes which provide funding for affordable housing projects, and participating on numerous committees and task forces which address this issue.

The concept of affordable housing is outstanding. I don't think any of us can be opposed to that. It's the mechanism that's being brought forward that is flawed. Bill 7 lays out a strategy for communities to enact inclusionary zoning, a strategy that has failed miserably almost everywhere it has been attempted and has been proven time and time again to be bad policy.

I must admit that I'm a bit surprised that this bill is even coming forward to this point today. On January 21st of this year, members of the development community met with Local Government staff to discuss the pros and cons of this bill and the inclusionary zoning concept. I thought that the evidence was so overwhelmingly against moving ahead, I just assumed that it would be withdrawn. Of course, with the proper consultation prior to drafting, maybe we wouldn't be where we are today.

As I mentioned earlier, inclusionary zoning does not have a successful track record. It failed in Los Angeles. It failed in New York. It failed in Boston. It failed in San Francisco. It failed in New Jersey. It failed in Pennsylvania. It failed in Vancouver. It failed in case studies in Toronto and Edmonton. What's that about the definition of insanity, doing the same thing over and over and expecting different results? In most instances where inclusionary zoning was implemented, governments went in with the lofty goals of creating a 15 per cent to 20 per cent stock of affordable housing. In communities where it actually went forward and was implemented, the average was somewhere between 3 per cent and 7 per cent. In other communities the concept was rejected outright, realizing that there must be a better solution. In fact, less than a year ago, Brandon City Council rejected the concept rather than experience certain failure.

Recently, the Minister of Housing and Community Development (Ms. Irvin-Ross) established a rental round table consisting of over 20 recognized leaders in all forms of housing to look for solutions to the rental and affordable housing problem. There were 31 recommendations put

forward by this committee. Inclusionary zoning deliberately was not one of those recommendations.

I'd like to walk you through some scenarios, and these are really hypothetical, simple math—in my case it has to be—just to caution about some of the problems with inclusionary zoning. Let's assume there's 10 lots on a street with a 10 per cent affordable housing goal. Assume that each lot is valued at \$100,000. We heard about the price of land. But the goal to permit more affordable homes on one of the lots is to charge \$10,000 for that lot. Therefore, there's a \$90,000 shortfall to be compensated. If each of the nine homebuyers—and we're looking at a full integration, 10 lots, 10 per cent affordable. If each of the nine homebuyers on the other lots pays an additional \$10,000, the money would be realized, but each new homebuyer is now faced with the charge of \$110,000 for a lot that's only valued at \$100,000. At resale time, they would never get this surcharge back, as the house would be overpriced for its true value.

* (18:50)

One solution that has been put forward would be to provide monetary incentives to the developer in the amount, in this case, using those round numbers, \$90,000. Of course, in that the average new home in Manitoba is priced at just over \$400,000, in order to make that home on that street more affordable to that designated client, would we then have to provide a monetary incentive to the builder, also? After all, each of the 10 houses should be of commensurate appearance and value so as to not shortchange anybody. New houses in new neighbourhoods generally face annual property tax bills, sometimes exceeding five, six thousand dollars. Does the City, then, ask for some form of incentive to make these taxes more affordable? Again, using hypothetical situations, but just trying to show how we can fail. We need to succeed.

In some municipalities, inclusionary zoning and affordable housing initiatives in new neighbourhoods are accommodated by way of changes to lot sizes and attempts to shoehorn houses into smaller lots. This can result in violations of provincial and building local building—or local building codes, which can only be remedied through variances and amendments to the code. This, then, creates a double standard relative to other neighbourhoods. High-density bonuses may work in landlocked, high-population centres such as Toronto and Vancouver, but to date there has been little to no

interest shown by Manitoba's development community for these density bonuses.

Finally, there's a concern that early implementation of inclusionary zoning in a new neighbourhood may create more problems than solutions. It's a number of years after new construction and occupancy begins before bus routes are part of the neighbourhood. It is even more years until local services such as banks, stores, gas stations and other conveniences locate in the neighbourhood. And then it is considerably more years until a school may be located in that neighbourhood. All the necessities that someone needing subsidization may require do not exist until years down the road. Again, one may put forward the solution of let's put aside the land and do the affordable housing last. Again, that has to be planned out, not just mandated as part of a program.

So what are our alternatives to inclusionary zoning while still pursuing our goal of more affordable housing? The first may be to review the 31 recommendations made by 20 industry experts assembled for almost two years by the Minister of Housing and Community Development (Ms. Irvin-Ross), and these recommendations addressed all three levels of government. We could also look at refunding—redefining things like the downtown residential grants program, the program that the gentleman mentioned earlier from Brandon. We need to address supply needs, both in terms of available land and resale units. We need to help people afford renovations in existing stock. Given that an incentive is a subsidy, we need to be certain that any subsidies will do the most good for the most people.

In essence, what I'm saying is that the enacting of this piece of legislation is the easy way out. Now, the Province can say they're not implementing inclusionary zoning but just creating the option for municipalities to do so. That's like saying, I just provided the gun, I didn't pull the trigger. If we're really serious about creating affordable housing in Manitoba, there are so many options—other options to explore before doing this. It's just bad legislation.

Let's pull Bill 7 off the table, open up discussions on more palatable and realistic options to move forward with a real plan to address Manitoba's affordable housing issue. Together, we can do better. Thank you.

Mr. Chairperson: Thank you, Mr. Moore. The floor is open for questions.

Hon. Ron Lemieux (Minister of Local Government): Thank you very much, Mr. Moore, for coming forward. And as it's been pointed out by Mr. Grambo and others, that Bill 7 is enabling authority or enabling legislation in municipalities, and as you pointed out, to local authority. Local government authority of Brandon made a decision not to proceed at the time, so it shows, I guess, that it is working. They've used their judgment for their community.

And you've heard from others who want to make it mandatory, not enabling, but our government decided to make it enabling to pass bylaws or enable municipalities to pass bylaws that either encourage or require developers and market residential projects to construct a proportion of affordable housing. So, as I see it, it is—essentially, is working. Brandon made the decision not to proceed, at least at that time. They may change their mind, obviously, but others that you've heard present feel that it should be stronger than what it is and they felt that the government has not gone far enough. But, as a government, we feel that this is appropriate and it's a good step in the right direction, because we all need affordable housing, as you point out.

So I just want to say thank you very much for coming this evening and taking the time to come. We appreciate and value your opinion always on many different issues, and I'm sure the Minister of Housing, for example, does as well. And I know you participated in many different round tables and—trying to get it right, and, I think, for all levels of government this is truly an important issue. Affordable housing is important and this is, as we see it, just one tool in the tool kit to try to assist in that endeavour. So with that, I just want to say thank you very much, Mike, for coming tonight. Thank you.

Mr. Chairperson: Mr. Moore, any comment?

Mr. Moore: Nope. Thank you for your kind words, Mr. Minister, and I agree this is one aspect of the tool kit. I'm just saying, I think we can do better.

Mr. Blaine Pedersen (Midland): Thanks, Mr. Moore, for your presentation, and I'm—I know it's not the Minister of Local Government's round table, but you mention 31 recommendations from the—that was on a round table with the Minister of Housing and Community Development (Ms. Irvin-Ross). A quick question, are those public, those 31 recommendations, and if you could maybe take the stolen scenario as to what happened when you

did this round table and where are those recommendations at?

Mr. Moore: I'm assuming it's public because, of course, every member of the round table—there's probably three or four here today—you'd have to check with the minister, but I assume it is. You know, it's a report received. I don't know, is it out of place? I can leave a copy of the document with the minister and then you can discuss with the other minister whether you're supposed to have it along with—and then what's to be shared. I've got lots of them.

Hon. Jon Gerrard (River Heights): I'd like to follow up on that. You mentioned there are 31 recommendations, could you pick what—and tell us about what you feel were the best one or two?

Mr. Moore: Probably not, because that wasn't the area I was prepared to speak on tonight because, again, as Mr. Lemieux said, you know, different minister, different scenario. So, as I say, I have them all here and I'm sure Minister Irvin-Ross would be more than happy to share and move forward on them.

Mr. Chairperson: Seeing no further questions, Mr. Moore, I thank you for your presentation.

Mr. Moore: Thank you.

Mr. Chairperson: I call Mr. Josh Brandon, Canadian Centre for Policy Alternatives.

Mr. Brandon, do you have any written materials for the committee, sir? You do, our staff will distribute them. You may proceed when ready.

Mr. Josh Brandon (Canadian Centre for Policy Alternatives): Chair, committee members, honourable minister, thank you for the opportunity to speak today about this important piece of legislation, Bill 7, The Planning Amendment and City of Winnipeg Charter Amendment Act (Affordable Housing).

I would like to speak in favour of the principles of inclusionary zoning that are expressed in this bill. The ability of municipalities to regulate, permit or prohibit certain types of development activities within their boundaries is one of the most powerful tools of local government. Through proper planning, local governments can help encourage development that fosters healthy, diverse and socially sustainable communities. Bill 7 will provide local governments, and particularly the City of Winnipeg which is marked out especially in this bill, a further tool to

ensure new residential developments meet the needs of all citizens.

I argue that inclusionary zoning benefits communities in several ways. Firstly, it leverages valuable and scarce land to create affordable housing. It promotes diverse communities and it passes on the cost of affordable housing to the developer while continuing to provide room for reasonable profits from their investment. I will provide some examples of where inclusionary zoning has worked in other jurisdictions and, finally, I conclude that while inclusionary zoning is a useful tool, I remind the committee that more needs to be done by all levels of government to ensure that we continue to meet the needs of affordable housing in all our communities.

* (19:00)

The basic principle behind inclusionary zoning is that municipalities can require that developers construct a certain percentage of affordable housing, often in the range of 10 to 30 per cent, in exchange for being given a licence to build. Residential development, like all economic activities, have impacts and affect parties external to the transaction, including neighbours, the wider community and the environment. These effects can be both positive and negative. Economists call these effects externalities.

When developers propose new projects, they can affect parking, traffic, use of city services, how residents enjoy their existing homes. Development can also bring new life to communities and ex-augment existing resources and infrastructure. Zoning bylaws are one way that local governments can manage externalities in favour of existing and future residents.

In the past, zoning bylaws were often too blunt to handle the needs of growing communities. Minimum lot sizes, setbacks and other restrictions effectively blocked the construction of housing affordable for low-income families in many neighbourhoods. Some suburban communities lost out on the benefits of diversity, with low-income households being concentrated in a few inner-city neighbourhoods. As a result, traditional zoning practices have been criticized as being exclusionary. In many US cities and, to a lesser extent, in Canada, this exclusion is often-too often had a racial dimension, as well. Moreover, so long as bylaw restrictions are purely negative or prohibitive, municipalities lose out on the opportunity to use

zoning to promote positive externalities that are in the broader public interest, like affordable housing.

Inclusionary housing, as proposed in Bill 7, helps redress some of these limitations by empowering municipalities to include affordable housing as a condition for new developments. Inclusionary zoning can also be a practical step for governments to promote affordable housing in a period of fiscal constraints. By making affordable housing a condition of zoning approval, it passes off-it passes on some of the costs of providing affordable housing to developers. This is a reminder that the licence to build is never absolute. Increasingly, industries recognize that their operations require a social licence from their community. Part of the social licence for developers might-must be to meet the needs of the community. If developers are to obtain profits, they have an obligation to return something of value to the community.

Inclusionary zoning has been practised in jurisdictions across North America. One of the best 'prac'-best examples is in Vancouver, British Columbia. Various forms of inclusionary housing have been in practice there since the 1980s, and many new developments since 1988 are required to have 20 per cent affordable housing. And this policy's particularly redevelopment for the former Expo lands along False Creek, as well as the Olympic Village site. The program in Vancouver is flexible and permits density allowances so that developers may build higher projects with more units in exchange for creating social housing.

In Vancouver, inclusionary zoning has contributed to the creation of about 2,500 units of affordable and social housing. And across the US, there's more than 200 cities that have some form of inclusionary zoning. A comparative study between Vancouver and San Francisco found that in some cases, inclusionary zoning, when combined with density allowances, can even increase the market value for developers.

All this is to say that Bill 7 could provide some useful tools for municipalities; however, a couple of caveats are worthwhile. Firstly, it should be remembered that this is only enabling legislation, as a number of commentators have already 'com'-pointed out today. And this tool will only be beneficial if municipalities make use of it. Manitoba Local Government must continue to work with municipalities to ensure they see value in adopting

inclusionary zoning in new developments. In Winnipeg, the City expects to run short of land to develop in the next few decades. Here it is essential that the City make use of this limited resource to provide as much affordable housing as possible.

And, finally, inclusionary zoning is only a small piece of the puzzle. It leverages the capital gains earned by landowners in tight markets where land is of limited supply. And it—this is key to the logic of the inclusionary zoning. By granting zoning permission, municipalities may substantially increase a property's value, and this can be an important source of capital for creating some of our missing affordable housing.

However, to solve the housing crisis in Winnipeg and across Manitoba, it is also necessary for all levels of government to step forward with more funding. If we acknowledge that housing is a right for all citizens, then we must make use of every tool at their disposal to make sure every Manitoban has a home they can afford.

Thank you.

Mr. Chairperson: Thank you, Mr. Brandon. The floor's open for questions.

Mr. Lemieux: Yes, I just want to take the opportunity to thank you very much for your presentation. It was well put together.

And maybe it's fitting that I just point out to people that are here today, that we have such a unique system in Manitoba—that's been pointed out to me that—the only one in the country where we have citizens come forward and are able to present to a committee of the House, a committee of elected officials, and give your point of view and your suggestions or whichever points you wish to take, whether it's in favour or against a piece of legislation. And it's quite unique in this country.

And so I thank you for coming forward as a citizen and participating in democracy, and I want to thank you for that. Thank you.

Mr. Pedersen: Thank you, Mr. Brandon, for doing your presentation tonight. I will reread your presentation again tomorrow when I'm perhaps better able to understand it. I'm having some difficulties tonight. Thanks.

Mr. Chairperson: Seeing no further questions, I thank you for your presentation, Mr. Brandon.

I call Mr. George Pasieka, private citizen. Mr. Pasieka, do you have any written materials for the committee, sir?

Mr. George Pasieka (Private Citizen): No, Sir.

Mr. Chairperson: You may begin your presentation.

Mr. Pasieka: Thank you very much. Good evening, ladies and gentlemen and honoured ministers. Thank you for opportunity to speak, and I speak in favour of Bill 7.

My name is George Pasieka. I am the executive director of the Canadian Mental Health Association, Manitoba Division, and it's more frequently referred to just CMHA. This is a not for profit. It's a national organization founded in 1918. There's 135 different divisions and regions and branches across the country. Manitoba works very, very closely with national, as far as policy setting and education and advocacy.

Manitoba—CMHA Manitoba was founded in 1956. The division's role is dedicated to improving the lives of those with mental health in Manitoba. Our focus is to support the regions across the province of Manitoba in education, service delivery, advocacy and research.

There are six incorporated regions across the province of Manitoba. They include: Thompson; Swan River, sometimes referred to as Parkland; Brandon, also sometimes referred to as Westman; Portage la Prairie; Winnipeg; and Interlake.

With the exception of CMHA Brandon, all—and Swan River—all—which are part of the Prairie Mountain region—all of these align more or less—they align directly with the regional health authorities across the province. All regions provide housing supports. All regions outside of Winnipeg provide or intend to provide housing or housing supports.

CMHA regions in Manitoba provide a wide range of innovative services and supports for people, many of which are experiencing mental health issues, their families. The work is tailored to meet the needs and the resources of the communities where they are based. These regions help each other.

One of the core goals of these services is to help people with mental health develop personal tools to lead meaningful and productive lives. Every person is entitled to safe and affordable housing.

In Selkirk, CMHA offers a number of services around housing supports, such as the furniture and housing supply depots, to assist people with mental health issues, gathering necessary furniture and housing supplies, as well as supportive housing programs, to assist those with serious and persistent mental health, and to integrate them back into the community,

Selkirk has attempted to build affordable housing. But one of their issues has been the lack of property so they've had to hold back on that. And that may take them another year or longer for them to develop affordable housing in the community of Selkirk.

Today, Interlake, most of the housing is done through Manitoba Housing. There is still a limited, not-for-profit housing. And unless you have a doctor's note, it's very difficult for you to move around within the housing that does exist. For every—for single mothers and the elderly, they may wait up to between three and five years for housing. Similar situations exist all across the province.

*(19:10)

Another region, CMHA Portage is—focuses their work on housing through the Fisher Apartments, through affordable complex. They have 23 suites, three emergency, 11 transition, nine long-term, to reduce homelessness in the city. A seniors' support group with living program assists seniors with mental health living in the Manitoba Housing complexes. Parkland, which is also Swan River, services the Dauphin area and, in partnership with CMHA Manitoba, also services the swan—or, sorry, The Pas.

CMHA Parkland's focus is on the general population of seniors and youth. In addition, they run affordable housing complex of 23 units. CMHA Swan River runs an emergency community housing opportunity called ECHO Program. Their occupancy is a hundred per cent. In Swan River, there are three low-rent hotels. If the people can't find housing in ECHO, they move to the hotels. If they can't find housing in the hotels, they couch search—surf. And if they can't find a residence in their family, they end up in the streets. In Flin Flon and in The Pas, there is seven assisted supports for that whole area and there's no affordable rent in any way, shape or form. CMHA Brandon operates, as we heard earlier, some of the—one of the country's oldest restoration—they own a ReStore which provides furniture and building materials for people. And they focus on housing in

Manitoba. They have several developments and suites. Manitoba division supports Lac du Bonnet and Beausejour, Pinawa, and our focus is on programs and supports in self-help. I deal directly with them, and one of the stories that sort of pulls the heartstrings is that I ask where people go for affordable housing, and the story I was told was there's some people that live in the bush, there's some people that do couch surfing. There is no affordable housing in that area of the province.

Thompson is the fifth-largest city in Manitoba, with a population that varies between 14,000 and 17,000; it's seasonal. Thompson provides 23 beds in three different locations. The work is—they also work in partnership with a Thompson homeless shelter to provide an additional 24 mats. So, in total, Thompson, which is a population of arguably—let's take the minimum 14,000—has 27 places for people to live affordable. Some are beds, some are mats. In the case of Thompson, where in the wintertime it's very common for the temperature to drop substantially, they have a cold-weather policy, and if the weather drops between—below 35, Thompson itself, City of Thompson, provides the heating, and people go into the warm-up sheds or huts for hockey, and that's where they stay. And, clearly, there's no place for them to stay overnight or sleep. The vacancy rate in Thompson as of March 31st of this year was 2 and a half per cent. The minimum wait for affordable housing in Thompson is five months. In Thompson, a single bedroom is about \$750. Two bedrooms start at approximately \$1,200. For those on social service that receive a maximum—if you're on social services, the maximum you receive is a thousand dollars. So if you have a family, good luck on that one.

One of the problems facing many first-time renters, especially in Thompson but I think it's across the province, is that if you don't have a rental history, you need a co-signer.

According to the 2001 Federation of Canadian Municipalities report, a third of Canadians are renters. The construction rehabilitation of affordable rent of units has not kept pace with the number of affordable rental units, which are being lost to demolition, urban intensification and other profitable conversions, such as to condominiums. Fewer than 10 per cent of the new housing starts are rental units. Since 2005, the number of rental units has declined. Since 2000, the number of rental—rent had increased by more—so—since 2005, the cost of renting has increased by more than 20 per cent in the same time—

in the same 2012 report, the shortage of affordable rental is worsening and more Canadians are being priced out of the market. And that's why I speak in favour of Bill 7.

There is a rising inequality gap. This was talked about. People are—it's becoming more and more difficult for people to find affordable housing. Doesn't matter if you have a mental health issue or not, but just finding affordable housing is becoming more and more difficult. Statistics Canada tells that while a Canadian gross domestic product per capita has increased by roughly 50 per cent between 1980 and 2005, full-time employment mediums for Canadians have only increased marginally from \$41,348 to \$41,401 since 2005.

We have never looked at other alternatives to safe, affordable housing. The fact that the basic rental assistance have not changed in the last 20 years tells us the system is not working. The system as we have is not working, therefore, this is an alternative solution to that, and I and the CMHA regions across the province support this, and with that I will conclude.

Mr. Chairperson: Thank you, Mr. Pasieka. Floor is open for question.

Mr. Lemieux: Well, I just want to take the opportunity to thank you very much, and the issue that you raise and the passionate way that you raised it with regard to people with mental illness and the challenges that they face. Many, I would argue each and every one of us in this room, have been impacted one way or another, either a friend, relative in our own household, by someone that has experienced mental illness, and for those that have the support system they have a roof over their head and a safe place to stay. There are many, regrettably, that do not.

Again, just to maybe repeat myself, this is enabling authority, enabling legislation to give municipalities the authority to be able to address developments that take place within their jurisdiction. But the area that you talk about is something, as a society, as governments of all levels that we need to address sooner than later with regard to the issues around mental illness. But I appreciate you taking the time this evening to participate and to provide your views to us, and your heartfelt presentation is much appreciated. Thank you.

Mr. Chairperson: Mr. Pasieka, any response?

Mr. Pasieka: No, thank you very much. I do acknowledge the work that the committee is doing, and I thank you for the opportunity to speak.

Mrs. Myrna Driedger (Charleswood): I thank you, Mr. Pasieka, for being here and for sharing your comments. Certainly, when I got into government the first thing that I was told by advocates in the mental-health community was that housing was the biggest issue, and it sounds like not much has changed over the last number of years. In the last decade, do you find that things have stayed pretty much the same or are they getting worse now?

Mr. Pasieka: I believe they're beginning to decline. An example is the CMHA Interlake, which is Selkirk, they have now received—or earlier this year they received a grant for housing. But the problem is they can't find any affordable—they can't find land that's zoned for them in the city. So if you're on marginal income, you need transportation. There's no buses—or minimal buses in the city. So you need to be on a primary route, and it's just failed. It's completely failed. So to the—answer your question, I believe that as more and more pressures are being put on self-help and not-for-profit organizations, it's becoming more and more difficult to deliver these services.

And, to your other point, I have maybe not been across the province, but I've talked to most—all of the regions. The primary issue is largely housing and, also, I've actually spoken to some of the regional health authorities and the message they've driven home to me is that housing is the most important issue to them also.

Mr. Chairperson: Seeing no further questions, Mr. Pasieka, I thank you for your presentation.

Now call Mr. Clark Brownlee, Right to Housing Coalition.

Mr. Brownlee, do you have any written materials for the committee, sir? You do?

Mr. Clark Brownlee (Right to Housing Coalition): Yes, I do.

Mr. Chairperson: Our staff will distribute them. You may proceed when ready.

Mr. Brownlee: Thank you, Mr. Chairman, Mr. Minister, members of the Legislature. Like others, I appreciate the opportunity to present tonight. This is a very brief brief, and I'm talking on Bill 7 with a focus on the city of Winnipeg.

The Right to Housing Coalition is a Winnipeg-based coalition of over 170 individuals and 49 organizations. We work together to address the current housing crisis and the chronic need for social housing which you've heard a lot about already tonight.

We do applaud the provincial government for bringing forward this planning amendment; however, as we all know, it will do nothing unless the City of Winnipeg acts on it. While we would like to see the municipalities required to adopt inclusionary zoning, that would not be appreciated by the municipalities who could already implement inclusionary zoning if they so chose.

* (19:20)

So we have a few questions for the committee. How will this bill encourage the development of much needed affordable housing in Winnipeg? Was there consultation with the City of Winnipeg prior to and during the drafting of this bill? What incentives, if any, can the Province provide to the City of Winnipeg to encourage it to implement inclusionary zoning in its planning? The United Nations has recently stated that designing more compact, higher density cities is key to improving the well-being of the world's burgeoning urban population. Joan Clos, the under-secretary-general, said that offering affordable housing involves difficult political decisions. What are the difficult decisions that the Manitoba government faces in putting forward this bill? I offer these questions because I don't know the answers. I don't know if you've talked with the City. I don't know the political difficulties, although I can imagine some of them having heard some of the comments prior to this.

All jurisdictions of government, municipal, provincial and federal, have a responsibility to ensure that citizens have safe, affordable housing, as housing is a critical component of citizen and community health. Winnipeg's—our Winnipeg document supports the, quote: development of safe affordable housing throughout the city—page 54. It also emphasizes the importance of creating mixed-income neighbourhoods in complete communities.

Ideally, this legislation would supplement the current housing development market that builds for wealthier households, offering too few units for middle and lower income households where there is a critical shortage of available housing. This legislation will not solve Manitoba's housing shortage for middle- and low-income households, but

we believe it's a step in the right direction. It is critical that the inclusionary zoning provisions offered by municipalities ensure that the affordable housing that is built remain affordable over a long period of time. Also, it will be important for the provincial government to offer support and dialogue to and amongst the municipalities to help them develop good and flexible zoning programs that include tools and modest incentives to encourage developers to build mixed-income developments.

The Right to Housing Coalition will continue to lobby and encourage the City of Winnipeg to develop inclusionary zoning and the tools that are necessary to provide incentives to developers to build mixed-income neighbourhoods that will help to create complete communities. Thank you.

Mr. Chairperson: Thank you, Mr. Brownlee. The floor is open for questions.

Mr. Lemieux: Yes, I just want to take the opportunity to thank you very much for taking the time out of your day to give your presentation and to certainly have us think about the idea about affordable housing and how important it is to our communities. So thank you very much for that.

Mr. Pedersen: Thank you, Mr. Brownlee, for your presentation, and I would just like to add that you got—you just got a taste of question period; it's all questions and no answers. You asked the questions and you didn't get an answer from the minister. So we'll continue—we've asked many of these questions; we'll continue to ask many of these questions. And you bring up some very pertinent points here, and I thank you for doing that tonight.

Mrs. Driedger: Thank you, Mr. Brownlee, for your presentation tonight, and as I've been hearing the various speakers, I just want to be clear for myself. So this legislation, as it is put forward, really isn't going to change anything because you're indicting that municipalities could do this already if they wanted to. So this bill doesn't change anything. Is that correct?

Mr. Brownlee: That's my understanding, that a municipality and, in fact, most municipalities in Canada that have enacted inclusionary zoning have done it on their own. I mean, the cities, the big cities that have used this planning strategy have done it on their own. So, I'm not a legal expert, I don't pretend to be, but my understanding is that Winnipeg could've done this any time without this legislation.

Mrs. Driedger: So that's just raising another question for me. So, then, why do you think this legislation has been brought forward if it's not going to really do anything? It doesn't change the status quo. Is it more just window dressing, or is there anything within the legislation that you saw as valuable to really addressing what sounds like a very serious issue?

Mr. Brownlee: The issue is certainly serious, and the coalition has supported inclusionary zoning. We've talked to the provincial government and the city government about it and encouraged them to look at it, look at what's been done in other areas, don't make the same mistake again, do a pilot project, you know, try it out. It's a tool. It has worked in other places.

And so I think the value in the legislation in our point, why we can give it at least a modicum of support, is at least it's putting the idea forward. We're discussing it, and I think it's encouraging the municipalities, the fact that the Province is doing this. Whether the municipalities will pick it up or not remains to be seen, of course.

Hon. Stan Struthers (Minister of Finance): Yes, before the member for Charleswood (Mrs. Driedger) puts too many words in your mouth, I'd like you to have a chance to say why this is—in the words that you actually used, you said it was, you know, it's not going to solve Manitoba's housing shortfall. That's fine; that's a fair observation on your part. But it is a step in the right direction, you say.

In your own words, not the member—not the words of the members opposite, why do you think it's in—a step in the right direction, then?

Mr. Brownlee: The market is never going to supply the need for affordable, especially social, housing, subsidized housing. We understand that. We know that. And so it's imperative on levels of government to provide the necessary mechanics so that everyone has a home, has a house—a house—a home, and this is a step in that direction. That's why we are supporting the government's action. I don't know how else to say it. Thank you.

Mr. Chairperson: Seeing no further questions, Mr. Brownlee, I thank you for your presentation.

That concludes presentations for Bill 7.

Bill 32—The Manitoba Institute of the Purchasing Management Association of Canada Amendment Act

Mr. Chairperson: We'll now move on to Bill 32, The Manitoba Institute of the Purchasing Management Association of Canada Amendment Act. Call Mr. Jay Anderson, Supply Chain Management Association.

Good evening, Mr. Anderson. Do you have any written materials for the committee, sir?

Mr. Jay Anderson (Supply Chain Management Association): No, I don't.

Mr. Chairperson: You may proceed with your presentation.

Mr. Jay Anderson: Good evening. Thanks for the opportunity.

On behalf of the Supply Chain Management Association of Manitoba, my name is Jay Anderson. I'm the president of the board of directors for the Manitoba institute. I would like to give you a little background just on who SCMA is, which is the abbreviation, obviously. We are a non-profit organization operating here in Winnipeg, sitting around 285 members. We are part of a national organization of approximately 68 to seven thousand members across Canada. I should make a note that we were—up until about six weeks ago, we were known as the Purchasing Management Association of Canada, or PMAC, and at the national level we amalgamated with another logistics association and we became the Supply Chain Management Association, or SCMA, and that's where we are right now.

The purpose of SCMA is to promote the supply chain profession, and how we do that is, you know, to—business to business by promoting the profession, why it is important, what we do. There's a variety of different fields within the supply chain profession, so we want to educate not only employees but employers of how important the field is.

* (19:30)

And we also—and our secondary function is we also want to provide education, and we do that through a variety of seminars, classroom modules. And one of the things that we have through that is our—it's a three-year designation program, which is essentially what brings me here today.

I should also make a note or note that the association within Manitoba consists of private and public employees operating in various different sectors and industries. We really cover, I would like to say, the full gamut of supply chain in the province.

Our designation was called the CPP, the certified professional purchaser. And on the national level, they changed this, probably back in 2009, to the SCMP, which is supply chain management professional. When you complete our designation program, that's now the designation that—that's what it's named on a national level.

So why we're hoping, and why I, on behalf of the organizations, support the amendment to Bill 32 is, we need to change the name in the bill from CPP to SCMP. The reason why it was chosen on a national level is because we aren't just purchasers anymore; we're transport, purchasing, contracting, manufacturing. We cover a wide range; we're not just stuck on one area. So we really wanted to make sure that it kind of encompassed everything that supply chain does, and just helps to bring more people in and recognize the importance of the field.

So we want to change the name, obviously, because we have people completing our designation. There's been a lot of confusion because we still have employees that have completed their designation under CPP and that's what their certificate says up on the wall of their offices. Others that graduated after, myself included, we have an SCMP. So we have two different certificates out there. It's creating some confusion. Ideally, one might just say, well, just print off SCMP certificates and be done with it. The problem is we have a lot of employees in public, whether it's city, province, some in federal and different Crown corporations, where, because of Bill 32, their HR departments see that, and they recognize CPP, not so much SCMP.

So whether it's right or wrong, they're very weary of changing their letters on—whether it's business cards, resumé's, you name it—they're very wary of changing it to SCMP until it's changed in the legislation. That's probably the biggest, you know, response I get from members in the organization, of, you know, hoping to speed this up.

There is also something, I believe, kind of stuck in at the last minute, where we did change our name. And so that's another reason why we need this amended, is because we changed our name to SCMA.

It's also going to bring us in line with the rest of the country. The other—I don't believe, although I could be wrong, I don't know if anyone is operating in the Yukon—but most of the provinces and territories have individuals operating and working in the field that are members of the organization. We're the last ones to have it changed. So we just want to bring us in line with the rest of the country.

And more on the line of a—kind of a secretarial-type issue we have in the office, is, as I mentioned, just the old certificates. We've got—in about a month's time, we'll now have three certificates, because we'll have the old CPP, we'll have the PMAC SCMP, and then in about six weeks, we've got a new graduating class; they're going to get the SCMA certificates with the SCMPs, so we're going to have three different ones. What we're wanting to do is, obviously, just have one, and have all members having the same look and feel designation and certificate.

That's really all I had to say about, you know, why we were changing it and why we feel it's important.

Mr. Chairperson: Thank you, Mr. Anderson. The floor's open for questions.

Hon. Stan Struthers (Minister of Finance): Thank you, Mr. Anderson, for coming out this evening and presenting to us.

We like to—I think you'll see on both sides of the House there's always attempts to make sure that our legislation tries to keep up with what's going on around the country. So from our perspective, it's—we think it's a good move to go forward with this, as well. But I do think it's more than just a name change. I think it's a recognition of the work that you do, the work that the people you work with, which you all do together. It's a recognition of kind of Manitoba's and Winnipeg's central location in terms of transportation and being a hub in the middle of the country. We have CentrePort that is an important part of our economic growth strategy, our economic growth plan into the future. And we believe that this is an—this is—it kind of looks like simply a name change, but we think it's more than that. We think it's an acknowledgement and a recognition of the work that's being done right across the board in terms of supply chains, how important they've become, how important it is to understand their function in a growing economy like ours. And we think that this

legislation reflects the importance of that work. So thank you very much for coming here this evening.

Mrs. Myrna Driedger (Charleswood): Thank you, Mr. Anderson, and we're certainly very supportive of the movement and seeing this change.

Can you tell me why Manitoba is almost the last one in the country to move in this direction?

Mr. Jay Anderson: I'm not too sure why. I think there was probably some provinces that simply didn't have it legislated, and so they just were able to switch it and their members didn't—they were none the wiser. They could just get their new updated one and they didn't really—it just didn't matter to them as well—or as much. I can't speak for all of the institutes because they all work independently as far as updating things in this nature. Yes, you know, I haven't really—I know that's—there was a few of the institutes—or provinces, I should say, that had theirs changed a lot sooner, and I don't know what they did differently. But it just happened quicker and I don't know what the—I don't know why it happened in that way. You know, part of the issue is we are a volunteer board, so you do get a lot of turnover. And so things can start and stop, and if you don't have consistent people, things can get left, I imagine. But I know for the last couple years we've been kind of plugging away at this fairly steadily, so.

Mr. Ralph Eichler (Lakeside): Thank you for your presentation. A quick question in regards to the legislation. Did your organization ask for the legislation change or did the government consult with you before they brought it in?

Mr. Jay Anderson: Can I look—I have a colleague here, can I look to see if he nods? [*interjection*] We asked? Yes, we asked. This was before my time on the board.

Mr. Chairperson: Seeing no further questions, sir, I thank you for your presentation.

That concludes presentations on Bill 33.

Bill 43—The Manitoba Liquor and Lotteries Corporation Act and Liquor and Gaming Control Act
(Continued)

Mr. Chairperson: We now move back to Bill 43.

Call upon Mr. George Fraser, Massage Therapy Association of Manitoba.

Mr. Fraser, do you have any written materials for the committee, sir?

Mr. George Fraser (Massage Therapy Association of Manitoba): I do, Sir.

Mr. Chairperson: Our staff will distribute them. You may proceed when ready.

Mr. Fraser: My name is George Fraser. I'm executive director with the Massage Therapy Association of Manitoba. And in the context of Bill 43, I—we really do not have a position on the consolidation for the two corporations. I guess our only observations are if the minister has made a projection that there will be significant cost savings, so I guess we could say we support that. And we'll wait for the net results of the consolidation to pass further judgment.

In May, May the 15th, the minister responsible made some announcements with respect to, particularly, changes in the liquor portion of the act. And the new corporation will be dealing with those, and we will focus our comments on allowing for liquor service in customer service environments such as hair salons and spas.

* (19:40)

The Massage Therapy Association of Manitoba is a provincially incorporated, non-profit association that represents professional registered massage therapists who practise their profession here in Manitoba. The MTAM is governed by a board of directors with offices here in Winnipeg and its membership totals over 850 members who practise in all regions of Manitoba. For the past 10 years, as the minister responsible knows, the MTAM has been actively pursuing regulation of the profession, and in 2012 formally applied for recognition under The Regulated Health Professions Act passed by this Legislature in 2009. This application remains active before the Minister of Health (Ms. Oswald) and the MTAM is optimistically awaiting—I emphasize optimistically awaiting—a final decision on the application here in 2013. Time is running out.

Massage therapists want to be the 24th regulated health profession in the province. Some of its members are employed in spas and some practise in association with hair salons. These members would practise as employees or independent contractors who lease space in these premises. In May of 2013 in conjunction with the drafting of Bill 43, the government, as I mentioned, early announced—earlier announced the changes in the governance of lotteries and liquor in province through consolidation and the loosening of liquor regulations. These changes

propose, amongst other changes, to specifically permit the serving of liquor in the spas and in hair salons, some of which employ or provide treatments from registered massage therapists on site.

While the regulations around these changes are not fully known to the MTAM, the association has concerns that registered massage therapists may be required to serve alcohol to patients and clients when they are prevented from doing so as a health professional under the pending proclamation of The Regulated Health Professions Act, their own code of ethics and their own practice standards. The MTAM is further concerned that the owners of the establishments—these establishments may not clearly understand the professional requirements of RMTs and force the RMT to now serve alcohol under threat of losing their practice privileges.

Further, the MTAM wants to clearly state that the practice of massage therapy and liquor do not mix. The regulations should not permit the serving of alcoholic beverages to patients or clients prior to a treatment by a registered massage therapist at these establishments. In many instances, alcohol is a contraindication that would prevent treatment. Overindulgence may also be an apparent problem for the RMT if it is permitted. RMTs may then find themselves in conflict with managers at these premises over such decisions that have to be made, obviously.

And finally, the MTAM is concerned that RMTs not be forced to take training in the serving of alcohol and that such training not become a condition of employment for members of the profession. Consultation with the profession is recommended as the new corporation unfolds before these regulations are confirmed.

Thank you, Mr. Chairman, and that's my presentation.

Mr. Chairperson: Thank you, Mr. Fraser. The floor is open for questions.

Hon. Dave Chomiak (Minister charged with the administration of The Gaming Control Act): Yes, thank you, Mr. Fraser, for a presentation, and like we do regularly in the House, I'll attempt to answer accurately all the questions that you've raised.

Firstly, we've already announced that we've made savings. The corporation has already made savings as a result of its amalgamation through staff-related issues. So that's the first good news.

The second piece of good news is massage—registered massage therapists will not be required to serve alcohol, will not be forced to serve alcohol, will not be trained to serve alcohol and is not the intention of the legislation to, in fact, make them in any way, shape or form to be purveyors or providers of alcohol. We've—we have consulted widely on this legislation. I must admit to not have thought, like—unlike—to not have thought about registered massage therapists as a body that we consult with, notwithstanding that a committee of the Legislature made up of three MLAs went out and consulted, notwithstanding we have numerous meetings out in the community, Mr. Fraser. We recognize that in some nursing homes, for example, alcohol is provided. We recognize that in some religious institutions, alcohol is provided. We recognize in a whole variety of functions—we've also had requests that in spas and some business places alcohol can and should be provided and licensing body and licensing authorities will make those decisions.

But there is no attempt—and I'm telling you point-blank here and I can guarantee you that members of the new regulatory authority who have been—the example we're following in term to the regulatory authority is that of the gaming commission, which has had a, oh, almost a decade of tremendous reception and service out there in the community in terms of reflecting what not only is appropriate in terms of enforcing legislation but what participants, consumers and customers and providers require, and I can assure you that there is no threat or any inclination whatsoever to deal with that.

Mr. Chairperson: Mr. Fraser, to reply.

Mr. Fraser: Well, thank you very much, Mr. Minister. We would appreciate a letter to that respect. It would be very helpful for us, and we'll certainly wait for the transcribing of Hansard, that's positive.

We would have looked forward to some level of consultation, but I realize all of the undertakings, the massive consolidation and other things, we may have been overlooked.

Mr. Cliff Cullen (Spruce Woods): Thank you, Mr. Fraser, for making the presentation tonight. You clearly raise an interesting point for your members, and we appreciate you taking the time to do that.

You know, this legislation does allow quite a bit of opportunities, if you will, under regulation, and we are going into this somewhat blind, as your

organization is too, in that we really don't know what the regulations are going to look like, and that's a bit of a challenge for us in terms of, as legislators, passing a framework for legislation without seeing regulation. So thank you for bringing this concern to our attention.

Mr. Fraser: Thank you.

Mr. Chairperson: Seeing no further questions or comments, I thank you for presentation, sir.

Call Mr. Wayne Anderson, private citizen.

Mr. Anderson, do you have any written materials for the committee, sir?

Mr. Wayne Anderson (Private Citizen): Yes.

Mr. Chairperson: Our staff will distribute them. You may proceed with your presentation when ready.

Mr. Wayne Anderson: Good evening. I'm Wayne Anderson, the former chair of the Manitoba Horse Racing Commission. I was chair for almost 10 years from '93 to 2002. My family's been involved in racing and breeding horses since my father first got involved in the late '30s. I intend to speak briefly about the impact on racing of Bill 43 and Bill 47 and speak to the broader topic of legislation like these bills in a modern liberal democratic society.

Bill 43 and Bill 47 will destroy the horse racing and breeding industry in Manitoba. Horse racing is driven by purses, the prize money which owners and trainers race for. For racing to exist, let alone prosper, the purses offered must be high enough to attract breeders, owners and trainers to participate and race their horses at Assiniboia Downs. Currently, the annual purses paid there are about \$5 million. The reduction in revenue to Assiniboia Downs resulting from the implementation of changes to The Pari-Mutuel Levy Act and the VLT revenues proposed would reduce funds available for purses to next to nothing. A dramatically lower purse pool means dramatically fewer race days, dramatically fewer races, dramatically lower wagering and dramatically lower attendance. In my humble opinion, I doubt racing would last more than one year.

The impact of this on government revenues is also significant. Dramatically lower wagering or no wagering means no parimutuel levy revenues and dramatically lower attendance means dramatically lower VLT revenues to the government. In addition, the Government of Manitoba would lose all of the

economic multiplier revenues which come from sales tax and income tax on a \$60-million industry. The community would, of course, suffer a loss of an important component of the entertainment milieu which contributes significantly to the quality of life in Winnipeg.

* (19:50)

I'm not exaggerating. I was involved in the crisis in 1982 with the Gobuty family, when Minister Muriel Smith and the racing industry jointly worked out a resolution, and again in 1992 with the Wright family crisis, when the government, the bank, the Wrights, Canadian Thoroughbred Horse Society, the HBPA and the MHRC—that's the racing commission—all agreed that establishing a non-profit which would permit VLTs on-site was the solution to stabilizing racing. It has worked reasonably well for 20 years.

It is worth spending a moment or two examining why racing seemed to be in decline. For the first 60 years of the 20th century the track was the only legal gaming venue—it's the only place you could place a bet legally. Then in 1967 and 1970, government introduced lotteries to fund centennial celebrations, and this government competition quickly escalated from lotteries to include a European-style casino, VLTs in hotels, bars, legions, et cetera, then two Las Vegas-style casinos and now 24-hour online gaming, the Winnipeg Jets Shark Club casino, et cetera.

During all this, the only traditional gaming venue, the racetrack, was prevented from adding to its gaming menu. The racetrack was prevented—I'm sorry—it is also worth noting that other jurisdictions recognized this unfair government competition and permitted casinos at racetracks where gaming had taken place for over a hundred years. This massive wave of competition from government-operated gaming is responsible for any difficulty facing racing, and the solution is to expand gaming at racetracks, not emasculate it.

It was recognition of this government competition with a private enterprise racetrack which resulted in the formation of the not-for-profit Manitoba Jockey Club in 1992, thus permitting the addition of VLTs at the track.

It has been suggested that the Red River Ex could somehow take over and make racing work at the lower revenue levels or somehow magically replace the revenue. This idea has no merit. The

industry has met with the Red River Ex this summer, and they have no plan. I repeat, no plan.

In 2012 they brought a consultant to Winnipeg to study racing and make recommendations. However, they still cannot articulate what kind of race meet they would offer, no idea of the number of days of racing, number of races per day or what the purse structure would be. Meanwhile, the Manitoba Jockey Club and the Wright family, which went before, are recognized among the most innovative and effective racetrack operators on the continent.

I'd now like to talk a little bit about how this legislation affecting the Manitoba Jockey Club in the context of a modern liberal democratic society. In July 2010, one of the original copies of the Magna Carta came to Winnipeg. In fact, it came to this building. Premier Selinger, in welcoming the Great Charter, said, it is the foundation of the democracy, the freedoms and liberty that we enjoy today. And that is correct.

On June 15, 1215, the barons confronted King John at Runnymede and were successful in protecting their rights and in limiting the powers of the king, establishing that his rule was not arbitrary. The Great Charter introduced the concepts which led to rule of law, property rights, trial by jury and individual rights such as freedom of speech and habeas corpus. Lord Denning, one of the greatest British jurists of the last century, described it as the greatest constitutional document of all time. The foundation of the freedom of the individual against the arbitrary authority of the despot—against the arbitrary authority of the despot. The barons established that the Crown couldn't arbitrarily take their horses and provisions and fight a crusade or a foreign law without compensation.

So how does Bill 47 and Bill 43, particularly those sections applying to the Manitoba Jockey Club, square with the principles espoused in and derived from the great Charter, which were glowingly described by Premier Selinger? Well, 69(1) singles out the Jockey Club site-holder agreement among the hundreds that exist; 69(5) specifies—that's in Bill 47—specifies that no remedy costs, compensation or damages can result from the termination; 69(6) bars all proceedings—no contract restitution, tort, et cetera, arising from the co-termination. Well, these sections which arbitrarily single out one firm, one contract, for termination, and then prohibit access to the courts for compensation, offend every sense of justice. This

bill makes a shambles of the rule of law and contract law in Manitoba.

It is a fundamental concept in contract law that if one party breaches the contract, the aggrieved party can rely on the courts to enforce the contract. Perhaps the most abhorrent part of Bill 47 is part 9, article 69(1), referred to earlier. Under definitions, it states—and it's wordy, but it's basically the agreement entered to by the Lotteries corporation and the Jockey Club, and it's the one contract that's cited and singled out among all of those site-holder agreements. I think it's worth noting that on the basis of getting that agreement, the Jockey Club spent \$500,000 renovating its VLT lounge in 'ni'—in 2011.

On the east of the Law Courts Building is a bas-relief sculpture of the goddess of justice and law. This allegorical sculpture is of a woman holding a sword and the scales of justice balancing truth and fairness. What is fair about a government singling out one company? It is interesting to note that she is blindfolded. In the allegory, the blindfold represents objectivity and impartiality. In our democratic society, justice and the laws should be objective and impartial and should be applied objectively and impartially without fear or favour regardless of identity, wealth or power. How does Bill 47 square with these concepts—

Mr. Chairperson: One minute, sir.

Mr. Wayne Anderson: —of the rules of la—the rule of law, property rights and justice?

To me, these represent the worst aspects of the tyranny of the majority. One would expect this kind of behaviour in an early pretend democracy like Egypt or Venezuela or Russia, but not in Manitoba. We expect a majority government to behave responsibly. We certainly don't expect it to behave arbitrarily, tearing up contracts made in good faith and then passing legislation to deny any legal recourse for compensation or damages.

In closing, I have a question for the government members of this committee: Is this what you want your legacy to be? Do you really want to be associated with this kind of bullying, with this kind of tyranny of the majority, with an undemocratic party?

Think about it. Ponder it. It's not too late to make it right. Delete those sections which offend rule of law, property rights and natural justice.

Miigwech. Merci beaucoup. Thank you.

Mr. Chairperson: Thank you, Mr. Anderson. Floor is open for questions.

Mr. Chomiak: Thank you, Mr. Anderson.

I certainly respect your right to your opinion, and you have the right as a citizen of Manitoba. It's—you know, that's something we honour in this Legislature, to come here and make your presentation on any bill.

* (20:00)

The references you've made in your presentation, I can see no connection whatsoever to the bill that's before us today. I checked with the legal counsel. I've read the bill myself thoroughly. Can you point out to me what sections of the bill are the arbitrary or the breaking of contract or any of the issues that you've raised? I suggest not, sir.

Mr. Wayne Anderson: You have to take section 155 and 156 together with section 9 of Bill 47. I was told that I would not get a chance to speak to Bill 47, so I'm here.

Mr. Chomiak: I just should advise you that section 55—the two sections that you referenced are—have been present in The Gaming Control Act since The Gaming Control Act was in place and I've also checked with legal counsel with respect to the supposed allegation and, in fact, it's not accurate in legal interpretation.

Mr. Wayne Anderson: I'm not a legal—I'm not a lawyer. I'm just a citizen, and I think I have a right to speak to Bill 47 and I was told that would not be the case because it's some kind of budget bill.

Mr. Cullen: Thank you, Mr. Anderson, for your very passionate presentation tonight, and I certainly like the stories and how you related it to the legislation. You know, we, too, have concerns, and I know there's other legal interpretations out there on how these bills will—may unfold into the future and, certainly, there's concerns. So—from the Jockey Club.

Now, you've had a long history in horse racing in Manitoba and I want to get your opinion on some things. We've been asking for the government to come up with some kind of a long-term policy or vision for the province of Manitoba in terms of horse racing in Manitoba, and we really haven't got that from the Province of Manitoba and I see, I think, just today or yesterday the government of Ontario is looking at a long-term vision and how that might look for racing in Manitoba. Can you give me some comments on what you think the potential is here for

the—for horse racing in Manitoba, you know, notwithstanding some of the issues that we're facing?

Mr. Wayne Anderson: I think I referred to some of them in the body of my presentation, that massive government competition created 'prob'—in wagering and gaming created problems for horse racing, and in 1992 it was decided that by creating a non-profit, VLTs could be instituted at the Downs, and that worked and stabilized racing for a long time. Other jurisdictions have put significant casino operations at racetracks, because, as I said, historically, for more than a hundred years in this country racetracks were a place of gaming. That's a gaming venue. You're not adding new venues. You're not offending people, because when people go to the racetrack they expect to be able to bet. So that's part of the solution.

In Ontario they're reorganizing what they have—what they did a few years ago. They felt that what they did was perhaps not justified. So they were going to change it and the industry is doing it and, I would say, in 1982 Minister Muriel Smith sat down with the industry and we worked out a solution to a very, very difficult situation. So it's not impossible, but racetracks are gaming venues. That's what they've always been.

Mr. Chairperson: Mr. Struthers, briefly.

Hon. Stan Struthers (Minister of Finance): Thank you, Mr. Anderson, for your presentation this evening. Two things: First, I want to thank you for acknowledging in your presentation that the government does have an obligation, an authority to make the decisions that we have been making according to what you call a modern, liberal, democratic government. I wish to thank you for that. I also want to point out it's not that we've singled out the Jockey Club. We are facing—I'm Finance Minister; I know this—we are facing some tough economic times. We're making decisions across government. There are departments that not only get frozen in the amount of money that they receive, they get negative numbers. They make do with less than they have the year before. There are a number of not-for-profit agencies that we've worked with who we've asked to take less money—

Mr. Chairperson: Order, please. Mr. Struthers, I did say briefly, and so, please put your question.

Mr. Struthers: Yes. Okay, I will.

So, when I—I want to be sure that you understand that that, right across government, that's been the view that we've taken. You referred to massive

government money going into competition. Is 90 per cent, which is what we—90 per cent of your funding, 90 per cent of the money you deal with, comes from the Government of Manitoba, you were 'subsitized' to the level of 90 per cent. Don't you consider that massive government funding? And we haven't—and what we're asking you to do is to take less, like we have asked others, and we've asked you to put a business plan together with your partner that you have, in order to keep horse racing alive, in order to keep the economy that you contribute to—

An Honourable Member: A point of order.

Point of Order

Mr. Chairperson: Mr. Eichler, on a point of order.

Mr. Ralph Eichler (Lakeside): Well, I mean, if the minister wants to have a grandstand, why don't he go out in the hall and have a conversation out there? We're in committee tonight, and there's a place for that; this is not the place. I ask the minister to wrap it up.

Mr. Chairperson: Mr. Struthers, on the same point of order.

Mr. Struthers: I believe I was trying to be fair to the—to Mr. Anderson. I want him to know exactly where we're coming from. I don't want misrepresentations like we've heard from members opposite. I want to make sure that Mr. Anderson is very clear in the position of this government so that I can get an honest answer from him, as I expect I will.

So members opposite may not like the amount of information that I provided. I know they don't like that kind of information when it comes forward and doesn't match up with their own narrative, but I think I was being fair to Mr. Anderson so he knows exactly where we stand. I would appreciate an answer from Mr. Anderson.

Mr. Chairperson: All right, it's not a point of order, but I did ask the minister to be brief, and I asked him a second time to put his question, and I'm going to consider that question now put and give the floor to Mr. Anderson to reply.

* * *

Mr. Wayne Anderson: Thank you.

I didn't refer to massive government funding of the racetrack; I referred to massive government 'comp'—gaming competition. The funding arrangement with Assiniboia Downs is, I'm told, because

I've never seen the contract, different from other gaming site-holder agreements, but that's because government competition to a private racetrack was so intense, that they worked out an agreement which provided for a different sharing of funds from the VLTs than other places. I'm told that First Nations have similar kinds of contracts. I'm told that the Shark Club/Jets has a similar kind of arrangement, and so I stand by my point—I stand by my point—that that legislation singles out one contract. It singles out one contract, and that's arbitrary.

Mr. Chairperson: Seeing no further questions, and time having long since expired for this presentation, I thank you for your presentation, sir.

Mr. Wayne Anderson: Miigwech [*Thank you*].

Mr. Chairperson: And I just want to advise all members of the committee we only have so much time. In particular, we only have five minutes for questions and answers, and from this point forward, I'm not going to entertain any more lengthy questions. So please, all members, bear that in mind as we go forward here.

Call Mr. Jim Baker, president and CEO of Manitoba Hotel Association.

* (20:10)

Mr. Baker, do you have any written materials for the committee, sir? Mr. Baker, do you have—you do? Staff will distribute them. You may begin your presentation when ready.

Mr. Jim Baker (Manitoba Hotel Association): Good evening, I'm very pleased to be here, if we're ready to listen, on behalf of the Manitoba hotels. There's no question that hotels are key stakeholders with regard to liquor and gaming. The hotel sector retails 40 per cent of total alcohol products and collects approximately 70 per cent of video lottery profits for the Province.

With this bill, Bill 43, the Province has launched the first major overhaul of liquor and gaming regulation in Manitoba since the 1950s. The MHA believes this overhaul is appropriate, and we generally support the approach that government has taken with this bill. We support that Bill 43 retains retail beer vendor licences as the exclusive domain of hotel operators. We feel as this gives proper recognition to the important role that hotels play in their communities, the very significant investment that hotel operators have made in their facilities and

the efficient and effective beer distribution network that hotels provide across Manitoba.

We support moving the regulatory and compliance functions for alcohol away from the MLCC to the new Liquor and Gaming Authority of Manitoba. This move will create greater fairness and a more streamlined inspection process. We also appreciate that the government has created the hospitality industry advisory committee to allow the hotel and restaurant industries to provide their input on the regulations that will soon be drafted to accompany this legislation. Bill 43 provides the framework, but the real details for the new liquor licence classes will be contained in the regulations. Through the advisory committee we have been providing our input and we strongly encourage the government to take under advisement our suggestions and feedback as you move forward.

Our input to the committee includes the need to strengthen the appeal provision in Bill 43. As it is currently written, licensees are very restricted in their ability to appeal to the courts. A stronger appeal provision will create greater accountability for everyone. We have sought a legal opinion and have brought forward a proposal for alternate wording. We are asking the committee to seriously consider amending that section of the bill here at committee tonight. For the new liquor regulations, we have proposed that beverage room licences be eligible for a designation of, generally, age-restricted upon application. This will create consistency with cocktail lounges and cabarets for those beverage rooms that submit an application and meet Liquor and Gaming Authority criteria.

Minister Chomiak, we look forward to working with you and the Liquor and Gaming Authority on these and other issues as the bill and regulations move forward. But before I conclude, I'd just like to put a few more comments on the record with regard to the partnership between the Province and the hotel industry. As I mentioned earlier, beer vendor exclusivity, which was negotiated and placed in regulation in 1934, is of fundamental importance to our industry and we are pleased that it has been included in Bill 43. Hotel owners have made very significant investments in their facilities and beer vendor exclusivity acknowledges that and helps them maintain a strong hotel industry going forward.

But, unfortunately, this bill does not protect beer vendors from the most serious competitive threat they face at this time, namely, Manitoba Liquor and

Lotteries' continuing expansion into the sale of cold beer. Decades ago, when the Province and hotel industry worked together to create the beer vendor system, they agreed that hotels would have the exclusive domain over sales of cold brands of domestic beer. Over the years, we have witnessed the gradual and constant erosion of that agreement as more and more cooler space has been added to MLCC stores and more brands have been added to their beer selection. When I started with the Hotel Association 14 years ago, retail beer vendors sold 90 per cent of the beer in Manitoba. That number has now dropped to 81 per cent, largely as a result of this competition from MLCC stores.

The introduction of the new express stores has worsened this problem and causes us great concern. This isn't the only area where the MHA is concerned about our historical agreements with the Province being eroded over time. When the Province built the two casinos in Winnipeg, they did so with the support of the hotel and restaurant industries on the condition that they would not use casino profits to subsidize the other areas or operations that compete with hotels and restaurants. We now see this agreement being violated with increasing offerings of discounted food and with the opening of banquet and conference facilities.

We also have concerns with the video lottery terminal site-holder agreements. As currently written, they are very one-sided and offer no protection to site holders against what would essentially be expropriation without compensation. There's a recurring theme here. It's time to re-examine restraints in the business arranged between the Province and the hotel sector. Many of the agreements that we operate under date back many years, for example, the 1934 beer vendor licence. The world has changed a great deal since then. Today we're living in a complex interconnected environment where the actions of one company or one executive can negatively impact millions of people in one second. The Province and the hotel industry need to find a new approach to dealing with one another that acknowledge that our interconnectivity and—is mutually beneficial.

I know that the liquor and lotteries is a valuable contributor to our province. There is no question that it plays an important role in Manitoba, and I know we all agree that a strong hotel industry is good for Manitoba communities and Manitoba's economy. No one wins if the hotel industry is not viable.

So I look forward to continuing to speak to the government about new agreements for beer vendors and VLT site holders that define the rights and duties of each party. I also look forward to providing input for new regulation that would more clearly define fair business practices for Manitoba Liquor and Lotteries. The Province and hotel industry have a long history of working well together. I know we will continue to do so for many years to come.

Thank you.

Mr. Chairperson: Thank you, Mr. Baker. The floor is open for questions.

Mr. Chomiak: Thank you, Mr. Baker, I appreciate your presentation. I also appreciate your and the industry's work on the advisory committee. It's been very helpful. It will continue to be helpful, and I have to be careful not to go too long because I'm so close to the Chairperson right here, and—well, some of the issues that you raise, I think, will come up during the course of—as we go clause by clause. But we certainly have not finished. The legislation hasn't passed. We haven't finished the regulation-making process and that will require more input. So we will continue to seek input and advice as we go forward, and we—there will be some discussion, though, of the clause by clause tonight if you wish to stay in here. I'll probably have more of an opportunity to elaborate on some of the issues that you raised in your presentation, but thank you.

Mr. Chairperson: Comment, Mr. Baker?

Mr. Baker: Yes, thanks very much and especially about the comment of the advisory committee. I—on another act, the accessibility act, the industry was part of that, and I recommend and we have recommended that government, when it comes to any kind of regulation, should involve the industry. So I look forward to that.

Mr. Cullen: Thank you very much for your presentation tonight, Mr. Baker, on behalf of your industry. You raise a real red flag here, though, in your presentation, that something—and we maybe haven't heard of in public—and that's the fact about government competition, quite frankly, and, you know, you raised it both on the liquor side and on the gaming side of it and, obviously, it's a concern for you here.

The legislation, I don't think, speaks to your relationships too much and that's maybe what your point is out here in a couple of times. You may have to go back to the drawing board a little bit here in

terms of your relationship with the government, or is there something in the legislation, then, you think covers that off or is that a more wholesome discussion that has to happen?

Mr. Baker: Well, the beer vendor being part of the act is a step in that direction. Clearly, the government has heard and through the LGAM committee structure we did recommend that. But as I said in my presentation, it just hasn't gone far enough and, indeed, you know, regulations drive the car and—however, regulations can change a lot faster than an act can. So what we're talking about here is let's look at some of these key elements and probably a regulation as to what the powers are of government in terms of changing some regulation that applies to something, perhaps, on what I would call a contract with the hotel on the areas that I mentioned.

Mr. Cullen: So the point then, and—out of your concerns, hopefully, will be addressed through regulation, and do you have any assurances at this point in time what those regulations are going to look like?

Mr. Baker: Well, we're working right now on the regulations with the committee and that's been ongoing, and we're at a position where the recommendations from the industry groups have been documented and forwarded, and that process, I believe, will require a lot of effort from now until the point when the regulations are all completed, and we're prepared to knuckle down and do that as is—are the people that have been assigned to work with us.

Mr. Chairperson: Seeing no further questions, Mr. Baker, I thank you for your presentation.

* (20:20)

Now call Mr. Leo Ledohowski, president, Canad Inns.

Good evening, Mr. Ledohowski. Do you have any written materials for the committee, sir?

Mr. Leo Ledohowski (Canad Inns): Yes, I do.

Mr. Chairperson: Our staff will distribute them for you. You may proceed when ready, sir.

Mr. Ledohowski: Yes, I've got to do something that's rather unusual for me, for the people that know me: I'm going to try to stick to script. This is hard for me. Couple of my staffers came along to make sure that I followed the rules. This was Cindy and Bev back there, couple of vice-presidents, said, Leo,

we're going to hold you to it, we know the Chairman can't, but we can.

Okay, anyway. Good evening. Thank you very much. I am here in my role as executive chair of Canad Inns. Canad Inns is the largest food and beverage operator in Manitoba with over 30,000 seats in our restaurants, clubs and banquet halls. We serve over 9 million customers per year and we employ 3,500 people. In addition, our portfolio's approaching 2,000 guest rooms. Given the size and scope of our operation and our investments, there's no doubt that Bill 43 and its regulations are important to us.

I would add, and I've highlighted in dark print there, we understand—Canad Inns, and I believe our industry does—that given the special nature of the products and services we provide, i.e., alcohol and gaming, it is important to have proper regulations and licensing. This is a social contract that we have with society that's granted to us through our licences, and we understand this and we expect it, and there's special set of rules that apply to us that don't apply to other industries. However, these licences are also commercial contracts, and it is incumbent that both sets of contracts are respected by both sets of parties.

There are some aspects of this bill that we welcome. We're glad to see that hotels maintain the exclusive ability to hold beer vendor licences, a right that hotels have enjoyed since, I believe, 1934. We are glad to see the regulatory functions for alcohol are moved away from the MLCC to the new Liquor and Gaming Authority. We are hoping for a more fair and co-operative approach to inspections and 'pliances'—and compliance going forward.

We do have some concerns, including the appeal provision for the—for licensees. With this current wording in part 7 of liquor gaming control act, it is virtually impossible to appeal beyond the Liquor and Gaming Authority board. This is far too restrictive. The ability to appeal to courts creates checks and balances for all parties concerned.

The Manitoba Hotel Association has sought some legal advice and we've proposed some new wording for the appeals provision. I have copies of it and, if I'm allowed to, I'll pass them out. I can read it. Is it permissible to pass this out? I think there's 20 copies here as well.

Mr. Chairperson: Just for the record, Mr. Ledohowski has presented additional written

materials and they will be distributed to the committee. You may continue, Mr. Ledohowski.

Mr. Ledohowski: And a more effective appeal process—the current wording says that we may appeal to a court—a party—in section 140(1): A party to an appeal may appeal the decision of the board to the Court of Queen's Bench on any question involving the board's jurisdiction or on a point of law by filing a notice of appeal to court. We think that's too restrictive, and we put an alternate wording, and—which would read: A party to an appeal may also seek leave from the Court of Queen's Bench to appeal the decision of a board based on questions of fact, or mixed fact and law, when it can be shown there has been a misapprehension or misunderstanding of the facts or an obvious palpable and overriding error.

In other words, we feel the rights to appeal are too narrow the way they are, and I think it's to everybody's benefit. I don't see a bunch of court cases evolving, but there's a lot of delegated power, and my experience has been that knowing that there can be an accountability makes people control themselves a little bit better. I see that in business all the time. We have great accounting systems, not because we expect to catch a lot of crooks, but the fact that we have them makes people control themselves and we don't put, sort of, possibilities or temptation in their way.

A more effective appeals process will create greater accountability for everyone, resulting in a more fair and transparent inspection and compliance system, and fewer problems overall. This is my main concern with the contents of the bill itself.

There are also a couple of concerns I have with the contents of the bill itself. This bill is primarily enabling legislation for new regulations around liquor and gaming. What is contained in the subsequent regulations would be of equal or greater importance to Canad Inns and the hotel industry.

We're pleased to have the ability to provide some input—or to provide input and some input on some of the regulations through the hospitality industry advisory committee. Through this committee we have been seeking some changes to the liquor regulations.

Number 1, the standardization of hours, especially on Sundays: A lot of my hotels are larger hotels, so I have beverage rooms. I have cabarets. I have cocktail lounges. I have dining rooms. I have

banquet halls. I have licensed dining rooms, and what happens is that different rules apply for the cocktail lounge and the cabaret and the beverage room, and those are the three licences that compete for commercial alcohol. So we'd like to get it standardized.

The standardized policy for admission of minors to cabarets, cocktail lounge and beverage rooms: We want Sunday standardized because now cocktail lounges are open 'til 2 o'clock. Cabarets and beverage rooms are open to 12 o'clock on Sundays. So I'm in a position of chasing people out of one space into another space, in addition to which we have cocktail lounges and cabarets and what we call a restricted provision which means that you can only come in underage if you're with a spouse, a legal guardian, et cetera. Beverage rooms are different, and it's a carry-on from the old prohibition days. It's kind of 'histor'-this is a prohibited space. The other two are restricted spaces. Beverage rooms are prohibited. You can't even have somebody come in afterhours to cleanup, and what we'd like to do, because the three licenses compete with each other, what we'd like to do is have the standard restricted. This is not so we can sell alcohol to minors. But when you have, like, in our places we have lots of weddings and sometimes you have a family group that wants to come in for a drink or something. Well, you've got 20 people and two of them are 16. I've had cabarets and cocktail lounges for decades and decades, and it's been restricted licences. The beverage room was prohibited. But in those restricted licences we've had some young people in. I don't ever remember selling a drink to any one of them. It just facilitates the provisions and so, I think, because they compete in the beverage rooms, cabarets and cocktail lounge that they should all be restricted on the same rules rather than having one prohibited, two restricted, with different rules, et cetera.

There was another problem and it's a broader ability to collect and store personal information.

This will provide greater protection for our patrons and allow us to be of greater assistance to law enforcement.

And this comes from a—the Privacy Act from Ottawa. We had an experience—we're very diligent in checking people coming in for age and we've installed equipment. We would take—so you'd bring in your driver's licence. You can put it in a machine. We take your picture with the licence. Well, there

was a young girl in Brandon that we stopped this way and we kept her information. She was 17. She wanted to get in. We caught her. We're generally pretty good at that. So she complained to the Privacy Commissioner. Well, she's long gone, didn't care, forgot about it. This federal government kept coming at us and coming at us. It cost us a quarter of a million dollars because we're diligently following the law. They kept flying the lawyers in and taking us and threat—they—it's—so all I'm saying here, that's my problem. We did it. But if you can work into the legislation—the police were on our side. They liked—so actually we had to stop doing this. We just had to stop storing the information. So if—but there is a way out. If it's a requirement of the licence that we store this information, I think that we can work through an exemption on the Privacy Commissioner for licensed premises. So I'd ask if you can do this, this would be great. That was a quarter of a million dollars I cried for because it didn't do anybody any good. I would rather have given it somebody.

Mr. Chairperson: One minute, Mr. Ledohowski.

* (20:30)

Mr. Ledohowski: One minute, okay.

Basically, the balance of what I want to talk about is the competition from liquor and lotteries. You know, they're our regulator. I mean, it's better now that it's moving, but it's a real, real problem, whether it's the beer stores—in my particular case, it's especially a problem because we have a hotel attached to the casino, the government casino in Transcona in Club Regent, and we have a contract to build one attached to the government casino on McPhillips. Well, the problem is, all of a sudden, we're getting into the banquet business, and they're getting into the banquet business, they're getting into a lot of competitive enterprises. I was there when the casinos were introduced. I was one of the major people that kept the restaurant and hotel associations on an even keel because they were afraid the monopoly—it's not gaming profit—monopoly gaming profits would be undue competition.

And especially I'm concerned because we're advised—I mean, okay, you're getting into banquets. Club Regent, specifically, their banquet conference centre, there's a wall; there's a banquet conference centre on the government side with government dollars.

Mr. Chairperson: Order. Mr. Ledohowski, your time has expired. I've given you an extra 30 seconds.

Mr. Ledohowski: One more second.

Mr. Chairperson: One more second.

Mr. Ledohowski: They—they're also telling me they're going to drop the age restriction on the casino so that they can cater to weddings, so—or part of the casino.

Anyways, I'm open for questions. Thank you for your patience and thank you for your time.

Mr. Chairperson: Thank you, Mr. Ledohowski.

Mr. Ledohowski: I did it, and even if I was trying to read it, it took me longer.

Mr. Chairperson: Floor is now open for questions or comments.

Mr. Chomiak: Yes, thank you, Mr. Ledohowski, for the presentation, and appreciate it.

We will continue discussions on all these issues. I think some of them, we have and will be able to deal with. I appreciate your concern about the privacy issue. I was—I think you did take tremendous—you made a tremendous attempt to deal with the privacy issue, and it—we would be willing to continue to work with you on that, to find a way out of that issue.

On the larger issues, I think we will continue to discuss at the advisory committee. I think we're going to get into some discussions later on in committee on the appeal provisions, and we'll continue discussions in that. This is just the passage of the bill. We will continue to discuss regulations with you and with the rest of the association. So, thank you.

Mr. Chairperson: Response, Mr. Ledohowski?

Mr. Ledohowski: Yes, I mean, I've been really pleased that we've been able, through the advisory committee, to have an input. This is quite something. I'm hoping it can continue, and I'm hoping, because the meat of this act is in the regulations, there's two sides to it: one way it's good because you can react quickly if you have to, but in the other way, changes can be made and I can wake up in the morning and read in the newspaper my whole industry has changed.

So what I'd really like, if you can, before any regulations, not necessarily policy, but regulations, are changed, that there would be some sort of, if not a public input, at least an industry input, at least from the restaurant association and the hotel association,

so that—because sometimes, with the best of intentions, regulations are changed. I don't have any illusion that people are out here planning to do damage, but a lot of damage can be done if you don't have the right information, and that always frightens me because the best people can make, sometimes, decisions and with the best of intentions. So I would really appreciate it if, somehow, either in the legislation you wrote it in, where regulations would only be changed with the public—you guys write it. But that is a major concern—major concern.

Mr. Eichler: I ask leave of the committee that his entire presentation be recorded into Hansard.

Mr. Chairperson: Mr. Eichler has said—is that agreeable to the committee? *[Agreed]*

We have also raised a very serious issue that we would like to see addressed, either through an amendment to the Act or through regulation. I would like to use the remainder of my time this evening to talk to you about this issue.

As a result of this bill, Liquor and Lotteries are no longer responsible for certain regulatory functions. However, they still set many of the rules and policies that we operate under as liquor and gaming licensees. They also engage in direct competition with us through their own sales of liquor and gaming products.

They make the rules. And they compete with us. So there is still a large potential for conflict. We have to work together to strike the right balance.

Currently, we are not striking that balance. Allow me to cite a few examples.

When the Province and hotels entered into the agreement to establish cold beer vendors, it was with the understanding that vendors would have sole responsibility for sales of cold brands of domestic beer.

But what do we have today? Liquor Marts offer an ever-expanding selection of cold domestic beer, including at their new "express stores" inside grocery stores. They are also advertising at Bomber games to "get your cold beer" at a Liquor Mart.

Another example: When the Province established casinos, they did so with the cooperation of the hotel and restaurant industries on the condition that monopoly gaming revenue would not be used to subsidize food and beverage sales.

But what do we have today? The casinos are advertising discounted lunches on CJOB. Casinos are building banquet facilities, using public money, to compete directly with hotels for functions such as weddings (dropping the age restrictions for these).

There is no question—this is direct competition. Liquor and Lotteries is going after business using taxpayer-subsidized funds in a market that is already being served by the private sector.

Let me be clear—we don't fear competition. We do business in a competitive environment every day. But real competition requires a level playing field.

In the absence of a level playing field, we need to have clear rules and boundaries to ensure fairness.

It is not a fair business practice to use monopoly gaming profits to subsidize the sales of food and beverage, in facilities constructed using public funds. And it is unacceptable to be the supplier and regulator of liquor, and then, at the same time, compete directly with the private sector for cold beer sales.

There seems to be a genuine misunderstanding of this issue. I believe that we can work together to find solutions.

As a starting point, we must agree that this is a serious problem – important enough that it should be addressed in Bill 43.

Therefore, I propose that we add a preamble to the bill, recognizing the important role that the private sector plays in the areas of liquor and lottery products, and stating that the government will not misuse its monopoly position to enter into direct competition with the private sector.

If this is not something that government is prepared to address with an amendment to the bill, I would point the committee to Section 29 of the Liquor and Lotteries Corporation Act, which outlines the "related commercial activities" in which the corporation is authorized to engage.

Section 49 1(c) then states that the Lieutenant Governor in Council may make regulations to restrict the powers set out in section 29. This means that when the corporation is overstepping its boundaries as a monopoly provider of liquor and gaming – as, increasingly, it is – the Province can step in to curtail these activities through regulation.

I am calling on the government to use its authority under this section of the Act to make a regulation

which more clearly outlines the appropriate business activities of Liquor and Lotteries, recognizing the important role of the private sector.

This is badly needed and long overdue. I would be very interested in meeting with the government in the near future to discuss this further and provide input for the contents of this new regulation.

Thank you for the opportunity to bring forward my input.

Mr. Cullen: Thank you very much for your presentation tonight. You raise some very interesting points.

You talk about contracts, and the contracts with the government, and you talk about regulations moving forward and their potential impacts. You're an investor, so when you—when you're investing in Manitoba, clearly, the contracts that you have with the government, the regulations and the legislation you're working under, have a very important bearing on your business. Can you just highlight how important those contracts and those relationships with the government is? *[interjection]*

Mr. Chairperson: Mr. Ledohowski.

Mr. Ledohowski: Thank you. I'm sorry. Well, especially for Canad Inns. I mean, we do have a hotel attached to a casino. We do have a contract to build another hotel attached to a casino. Those are contracts. They're both written and verbal. Now, if you change the terms of that, there's tens and tens of millions of dollars involved just in those two propositions. In fact, it might become uneconomic.

And that's just those two specific ones that affect Canad Inns, dozens—but, on the other hand, if you're getting into the banquet business and the food business and turn on the radio and listen to CJOB, and there's \$2 off lunches at the casinos, this didn't use to happen. I don't know why all of a sudden the environment is changing. There's tens of millions of dollars being spent on sort of banquet convention facilities at Club Regent. It was supposed to be a specialty entertainment venue, but now it's going to cater to weddings, it's going to cater—I've got a convention facility right next door, so why at a great public cost—and this is in process, this is, you know, on—this to me is part of our specific contracts why there would be public dollars being spent on something that the private sector has already done and is doing, and so it's not as if, you know, Transcona or McPhillips is just isolated markets, the

city as a whole is a market. The banquet market as a whole is the city.

So once you start getting public-sector dollars competing into that, it's being serviced by the private sector, and especially difficult because these are monopoly gaming situations. If they were competitive gaming situations then I've got nothing to say, we'll fight it all out. But when you have sort of a guaranteed-by-self licence, major cash flows, and then you use those cash flows to subsidize food and beverage, I think that's a concern.

Mr. Chairperson: Seeing that there are no further questions, Mr. Ledohowski, I thank you for your presentation.

The next call, Mr. Kaisaris, private citizen.

Mr. Kaisaris, do you have any written materials? I see that you do, our staff will distribute them for you. You may proceed with your presentation when ready.

Mr. Chomiak: Point of order, Mr. Chairperson.

Point of Order

Mr. Chairperson: On a point of order.

Mr. Chomiak: You look a lot like someone I went to high school with when I was in—when we were in junior high, when—and you look like someone in your 40s, like me. Are you the same David Kaisaris?

Mr. Chairperson: There is no point of order there, Mr. Chomiak, and let's get back to order here.

* * *

Mr. Chairperson: And, Mr. Kaisaris, please, you may proceed with your presentation, sir.

Mr. David Kaisaris (Private Citizen): Good evening, thank you for this opportunity to make a presentation regarding Bill 43.

I'm the owner of the St. Norbert Hotel in south Winnipeg. My hotel includes a restaurant, beverage room and beer vendor with a staff of 30 employees. I'm also currently the chair of the Manitoba Hotel Association.

Small hotels like mine right across Winnipeg and throughout Manitoba generate significant revenue for the Province through beer sales and VLT revenue. We also provide employment for many Manitobans. As such, we are important partners with the government in generating revenue and economic opportunities for the province. When the government

makes changes to liquor and gaming legislation, regulations or policy, it affects us. In order for our businesses to adapt and succeed, we need to know what to expect and we need to have the opportunity to provide our input. Changes that may appear to be minor, even when they're undertaken with the best of intentions, can have unintended consequences. Often only those of us who are deeply involved in the industry on the front lines can identify potential problems and solutions.

I thank the government for the efforts you have made during the process of drafting this bill to consult with small hotel owners like myself. I encourage you to continue and expand this co-operative approach going forward. Overall, I support Bill 43. I see no major problems in the bill aside from the appeals provision, which is currently too restrictive and needs to be expanded. I'm hopeful that this can happen at the committee here tonight.

However, the bill is really just a framework. The important details, such as the new liquor licence categories, will be in regulations. As a hotel owner, I'm anxious to see those regulations as soon as possible. Hotels, such as mine, are not seeking a drastic overhaul of the liquor licences, however, we are looking forward to changes in areas such as Sunday hours of operation and a better, more co-operative inspection process through the new Liquor and Gaming Authority.

* (20:40)

We are also seeking additional consistency between the different liquor and licence categories, namely beverage rooms, cocktail lounges and cabarets. Establishments with these types of licences compete with each other, however, beverage rooms are currently at a disadvantage due to the policy regarding admission of minors. Cocktail lounge and cabarets are generally age restricted, meaning that minors are permitted when accompanied by a parent, guardian, spouse or common-law partner. Beverage room licences, however, are designated as minors are prohibited, meaning that minors are never permitted even with parents or guardians. This might not sound like a big difference, but it creates a significant problem for some hotels. Historically, hotels were built with small restaurants and large beverage rooms. This means that in older properties in beverage rooms is the largest space available for serving meals and hosting functions. Rural Manitoba—it also means the hotel beverage room might be the largest banquet facility in the

community, however, the current policy regarding admission of minors means that family and community gatherings cannot take place in these rooms if anyone under 18 is present, even if they are with their parents.

Some examples of what this means in practice—practical terms: Well, we did some surveys of some of our members, and here's a couple of them that I have here. The Central Hotel in Virden used to offer a very popular Sunday lunch and dinner buffets. When the restaurant became full, the hotel owner would seat people in the beverage room. The VLTs were turned off and it was not operating as a bar during the day. It was simply a large banquet room where families could sit to eat their meals together. However, once the hot—once these hotel owners were made aware that they were breaching current liquor laws, they had to stop offering these Sunday buffets. They have had many requests from the community to offer the service again and would love to do so if allowed under the new liquor laws.

I received an email about what this change would mean to the owner of the Sprague River Inn. She says, quote: If minors were allowed in my beverage room my business would be saved, as I serve meals and it would be wonderful if families could come in together and have a—and pardon me—and have a meal together. This would make my small rural hotel more family-friendly and get away from the stigma that these country hotels are just watering holes for adults.

I'll share a personal example from my own hotel in south Winnipeg. We offer Park & Ride for the Bomber games, service that was provided by Transit. It's just right outside our doors. Patrons who use this service are often parents going to the game with their older children. Before they get on the bus, they would love to come in and have a bite to eat in our beverage room, and I can't accommodate them under the current rules. They must wait outside for the bus to the game. This is an inconvenience for them and a lost business opportunity for myself.

I could go on with many more examples and would be happy to share some of them with you at a later time. It is because of hotels such as these and the positive family-friendly direction they want to take with their beverage rooms that I feel it's important for this change to be made in the regulations. However, this change will not be appropriate for all beverage rooms, nor is it something that all hotels are interested in pursuing.

Therefore, the Manitoba Hotel Association has brought forward a proposal to create an application process for those hotels who wish to have their beverage rooms' licences designated as generally age restricted rather than minors forbidden. Only those hotels who meet predetermined criteria set by the LGA would be eligible for this special designation on their licences.

One of the government goals with this new legislation and regulations is modernization. I believe this change we are requesting embodies the spirit of modernization. When beverage rooms were first established in 1928 as beer parlours, the law stated that they were purely for business of drinking, not for pleasure or entertainment. There would be no—was to be no food, standing, singing or dancing of any kind. It's hard to fathom, but women were not permitted to handle, serve or sell beer in a beer parlour until 1975. Beverage rooms still suffer a stigma as a result of these old rules and attitudes. They may have been established as watering holes, but today's modern operators would like to transform them into much more modern and positive parts of our communities. The change we are requesting would help to make this modernization a reality.

I ask the government to give serious consideration to this proposal as you move forward with the regulations. Bill 43 is a good start, but the regulations are the most important piece of the government's new approach to liquor and gaming. I look forward to continuing to provide input on the regulations as they are developed and as they continue to evolve over the years to come.

Thanks very much.

Mr. Chairperson: Thank you, Mr. Kaisaris. The floor is open for questions.

Mr. Chomiak: Mr. Kaisaris, thank you for the presentation. It's been very helpful. I just—a couple assurances that I want to give you, and I thank you for the presentation. Because of the input from hotels and small hotels, we've had discussions around the table about some of the issues you've raised and they will be part of the process and you will be part of the process before the regulations are finalized. So I can assure you of that.

And just to give an example, I thought I was relatively familiar with all the legislation, but I didn't know that the previous legislation on gaming didn't have a provision to prohibit a—prohibit people under the age of 18 from gambling in facilities, and we've

actually put that in the legislation now because it's been pointed out.

So it's those issues like the rural hotels, issues like the beverage room, the underage minor uses of facilities, et cetera, will all be taken into consideration. So I thank you for that.

Mr. Chairperson: Comment, Mr. Kaisaris?

Mr. Kaisaris: There's a diverse group of hoteliers in Manitoba with many different types of clientele and names and, I understand, social restrictions to some of the—of what we're asking, and that's why we amended our ask on that. And, yes, we're hopeful that some of these hotels want to move forward and be perceived as more socially in the 2000s. So, anyways, thank you.

Mr. Blaine Pedersen (Midland): Thank you, Mr. Kaisaris, for bringing your presentation here. And I just want to encourage you to keep up your lobbying on this beverage room eating issue, if I can call it that.

My constituency is rural south central Manitoba and there's a large number of hotels that face this very same problem. And I just had a rural hotel who underwent massive renovations and they had to turn customers away because the restaurant was full but they couldn't seat families in the beverage room. And that's—we're dealing in Dark Ages here. Let's get modern about this. We have rules and regulations about underage drinking and—but families would support this business if they could actually sit down in there. So I just want to encourage you to keep up your lobbying.

Mr. Chairperson: Seeing no further questions, Mr. Kaisaris, I thank you for your presentation.

I call Mr. Scott Jocelyn, executive director, Manitoba Restaurant and Foodservices Association. Mr. Jocelyn, do you have any written materials for the committee, sir?

Mr. Scott Jocelyn (Manitoba Restaurant and Foodservices Association): No, I do not.

Mr. Chairperson: You may proceed with your presentation.

Mr. Jocelyn: Good evening, my name is Scott Jocelyn. I'm the executive director of the Manitoba Restaurant and Foodservices Association. Our association represents food service operators located in every community in the province of Manitoba.

My family has a long history operating hotels and restaurants under the current con—under the current Liquor Control Act. My father spent over 60 years of his life working in the industry. As a matter of fact, he was running the Childs Restaurant on Portage at Main when the restaurant became only the second establishment in Manitoba to receive a liquor licence in the 1950s. As for myself, I've spent 37 years working in the industry running hotels, restaurants and bars, and I've spent the last seven years with the association as the executive director.

To the committee members, I can't describe to you how excited I am to speak to you tonight on Bill 43. People who know me well describe me as being very optimistic. But if I had been told at some point in time in my life I'd be standing before you to speak on a bill that would effectively end the existence of The Liquor Control Act, I would have never believed it.

Our association has never officially stated a desire to see the merger of liquor and lotteries. It's not that we're opposed to the idea, it's just that for years we've been spending our efforts speaking to the regulators and government officials, hoping for a change in the way we are regulated with respect to liquor service. If we'd known that in the eyes of the government the merger of liquor and lotteries would also prove to be a starting point for the modernization of our liquor system, we would have suggested it long ago.

Now that the bill is officially upon us, I offer the following perspective: (1) sometimes it's better to blow it up and just start over. The Liquor Control Act has been in existence since the 1950s. The act has been amended over and over again to try and reflect today's society. Unfortunately, this process has been flawed and operators have long struggled to be in compliance with legislation—sorry—operators have struggled to be in—unfortunately, this process has been flawed and operators have long struggled to be in compliance with legislation that is not as relevant as when it was first written. At some point the reality is instead of applying another Band-Aid, it's better to go back to square one and create something new.

* (20:50)

On the surface, Bill 43 appears to be a very positive step in this direction; (2) make no mistake about it, our industry needs regulation. Regulation and the inspections that occur to ensure compliance should focus on responsible consumption and not be

bogged down with rules that serve little or no purpose in making sure that Manitobans are drinking and gambling responsibly. If the goal of government is responsible consumption, then let's keep this top of mind when we are creating our new rule book. And equally as important is the rules must be able to quickly—must be able to adapt quickly to our fast-changing environment so they don't hinder us as we are trying to satisfy the wishes of our customers. For an operator, there's nothing more frustrating than not being able to meet a simple request from a customer because outdated legislation doesn't allow it. As an operator, we don't know what lies ahead. The demands of our customers continually cause us to reinvent ourselves. We need a process that allows for changes to existing rules as we encounter new situations and not having to wait for some long legislative process to occur.

In a press release, Minister Chomiak described the new system as a complete update of the language of liquor laws that date back to the 1950s, adding many of the existing laws would move into regulation to facilitate fine tuning and ongoing reform in consultation with the hospitality industry. In theory, this sounds very positive and, obviously, something that did not occur in the old structure. We would welcome this change.

Third point, we need an independent authority to regulate liquor and gaming. Operators have always struggled with the multi-layered relationship with the Manitoba Liquor Control Commission. The reason for the struggle was that it made no sense to us to have our regulator also be our supplier and, in some cases, also a competitor. We are happy to see this is addressed in Bill 43 with the establishment of the Liquor and Gaming Authority in Manitoba. In our opinion, not only was the lack of independence in the existent—in the existing system flawed, but many of the processes used to regulate the compliance—regulate compliance were also badly broken. Our operators are looking forward to a fresh new approach coming from the Liquor and Gaming Authority, something that has definitely been long overdue.

Before I close off my remarks, I want to thank Winston Hodgins, CEO, Manitoba Liquor and Lotteries. Winston is always very generous with his time for our association, and I appreciate him making sure I had answers to all of my questions during this process. I also wanted to thank Rick Josephson, CEO, Liquor and Gaming Authority of Manitoba. Since the announcement in May, I've had an

opportunity to spend lots of time with Rick and his staff and found them to be very accommodating and great people to work with.

In closing, I'd like to congratulate Minister Chomiak for tackling the initiative of liquor reform. There's no doubt this is not an easy hill to climb. Some of the remarks he has made since the announcement about modernization has led to great optimism among the people I represent. I would also like to thank Minister Chomiak. Throughout the process, he has told me that input and advice from the hospitality industry is important and the development of balanced and practical and effective regulation for liquor sales and service. In May of this year, I was invited to join, along with other industry representatives, a committee that was going to be established to work on the new regulations for the Liquor and Gaming Authority. The goal of the committee is to allow industry a platform to provide our perspective to government and their officials on these regulations.

Minister Chomiak, there is no doubt that the passing of Bill 43 will be a benefit to our industry; however, the reality is that once the bill passes, the main focus for food service operators will be working on the regulations—will be on the regulations they will be working under. We can only hope that you, your government colleagues and your representatives place a great value in the information that comes before you from our committee discussions. We also hope you will continue to provide us with the opportunity to be a part of the process in offering our perspective on the changes to the regulations and the development of new regulations as they are required in the future. The representatives of the committee have many years of experience running establishments in the province, and they want to be a part of the solution.

I thank you for your time tonight.

Mr. Chairperson: Thank you, Mr. Jocelyn.

The floor is open for questions.

Mr. Chomiak: Thank you very much for your presentation and for your encouraging words. And we're going to—we will live up to that. Not necessarily—well, one of the reasons, I think, that this is very good legislation is I've worked with the folks from the gaming control authority for the past eight years, and I've watched the way it's developed. And the way that power is delegated and the way they've dealt with disputes on a risk-assessment basis, with

the mediation process, with problem solving, all of that solution and problem-solving business assistance, before you got to a point where you had to necessarily go to court or go to arbitration, suggests, and it's in the legislation, that we can deal with a lot of issues without being—without having to hire a bunch of lawyers. And I think that process will continue, so I want to assure you that that will continue, and I—and we will as well ensure that you have the continued input on the regulations, because, already, a lot of the changes we've put in place would not be in place if we hadn't had some of the input that you've provided. So thank you.

Mr. Jocelyn: Thank you.

Mr. Cullen: Thank you, Mr. Jocelyn, for your presentation tonight. It certainly made a lot of very valid points. And, clearly, you have a lot of members that are going to be impacted by this legislation and by the pending regulations. And, certainly, we're hopeful that we'll be able to eliminate some red tape for your memberships there as well. And we certainly know that most of your people will want to be in compliance, and I recognize that that's probably an issue when we're going to have this changeover in terms of regulation and legislation going forward.

And you talk about the process, and it sounds to me like it's important for you to be at the table during the discussions about regulation. Do you have any assurances from the government that you're going to be at the table once the regulations are brought forward and then on an ongoing basis after that?

Mr. Jocelyn: We're always hopeful. Obviously, I'm not setting the agenda at that. I, you know, it's—I found it very interesting that the—Minister Chomiak was very—he was very optimistic when he made the announcement, and a lot of our people were listening. And he set the bar very high, and there's an expectation that we're going to be involved going forward, and I would hope that would be the case.

Mr. Chairperson: Seeing no further questions, Mr. Jocelyn, I thank you for your presentation.

I now call Mr. Dwayne Marling, Canadian Restaurant and Foodservices Association.

Mr. Marling, do you have any written materials for the committee, sir? I see you do. Our staff will distribute them on your behalf. You may proceed with your presentation.

Mr. Dwayne Marling (Canadian Restaurant and Foodservices Association): So the advantage of

being the last speaker of the evening is lots of things have already been said, but you get a chance to reiterate the points that you think are particularly important to your association. So thank you, ladies and gentlemen, for the opportunity to speak to you tonight.

The Canadian Restaurant and Foodservices Association represents Manitoba's \$2-billion restaurant industry. It's one of the largest private-sector employers in the province, employing—collectively employing some 42,400 Manitobans. It's also one of the largest employers of young people in the province of Manitoba.

The food service industry provides a wide range of full- and part-time opportunities for the people of the province, in particular, supports important entry-level jobs for women, students, young people and new Canadians. Today a diverse hospitality industry has become increasingly complex where restaurants and bar concepts have become more and more intertwined, combining food service, liquor service and entertainment all in one establishment, as you've heard several times this evening.

It's becoming increasingly difficult to determine whether licences are primarily engaged in the service of food or beverage alcohol, and that's important when you keep in mind that, of the province's approximately 2,200 food-service operators, about half of them are licensed premises.

As I said, we're pleased to have the opportunity to make our thoughts known on Bill 43 tonight to the standing committee, and our comments are made in the spirit of moving Manitoba forward and improving the province's business climate. A legislative regulatory and policy framework that is not bogged down in outdated and unnecessary red tape is important because—or it is an important part of creating a vibrant provincial economy, and we welcome the change in direction marked by the introduction of this legislation and the government's commitment as part of this once-in-a-lifetime opportunity, as both the minister and I have said on the record before, to consult broadly with industry stakeholders on the development of the regulatory framework that will follow the passage of this bill. We support a progressive, flexible and equitable liquor licensing system that better responds to consumers. CRFA and Manitoba's restaurant permittees believe that this legislation should move the province's liquor-permit system away from the

current one that is outdated and unnecessarily complex and is unresponsive to consumers.

We trust that not only will the regulatory framework that will follow this legislation modernize the framework that governs the importation, manufacturing, wholesaling, sale and consumption of liquor in the province, but that the policies of the new Manitoba Liquor and Lotteries Corporation and Liquor and Gaming Authority will follow suit.

* (21:00)

For some considerable length of time, CRFA has advanced a series of regulatory issues that it would like to see changed. I've listed seven of them here: reducing the number of permit classes; removing regulations restricting the sale of beverage alcohol as part of a meal and the food-to-beverage-alcohol ratio in licensed restaurants; introducing wholesale permittee discount for all resellers of beverage alcohol; modernizing—or a modernized, co-operative and risk-based inspection system which recognizes the efforts of licensees who are good actors; streamlining of regulations and policies that represent unnecessary duplication, for example, the maintenance of financial records that are already covered by federal regulation; occupancy numbers that are also controlled by building and fire codes; a switch from the present liquor markup system to a flat-tax system to reduce prices of premium liquor products and better maintain and predict government revenues; and to provide for more flexible inducement and 'provocation' rules that are—that more accurately reflect marketplace realities.

I cite these not because they're not included, but because, by and large, the concerns of either have been addressed directly by the legislation or can be addressed as new regulations that are adopted as part of the process triggered by this legislation. Ministry consultation process undertaken with the government as part of this redesign of Manitoba's liquor regulatory regime and especially the creation of the hospitality industry advisory committee, which you've heard about several times already tonight, should be lauded. The work undertaken by the advisory committee to date has been, in our opinion, a valuable contribution to modernizing and streamlining the Province's liquor regulations, and we look forward to not only continuing its—or not only its continuing work but the government's commitment to see that its work continues well into the transition and rollout phases of the new structure.

We're anxious that this long overdue modernization process continue and look forward to—and look forward anxiously to the day that this legislation and the new regulation that will follow are in effect and Manitoba's liquor regulatory regime can look forward rather than be trapped in the past.

Thank you.

Mr. Chairperson: Thank you, Mr. Marling. The floor is open for questions.

Mr. Chomiak: Yes, thanks for the presentation, Mr. Marling, and we will continue to have good discussions. And I think there's almost unanimous consent around this table that we've got to move forward, and I think we'll see that happen as a result of this legislation and the input that we're receiving. So thank you.

Mr. Cullen: I just want to thank you, Mr. Marling, for the presentation and some of the issues you raised there, and we look forward to having a better piece of legislation at the end of the day and, hopefully, some favourable regulations at the end of the day as well.

Mr. Marling: Thank you, and we look forward to that as well.

And I did want to add one brief item that I missed in the presentation, and it's to re-emphasize or to support the comments made earlier by Mr. Ledohowski with regards to record keeping. Our association nationally has just recently been reached out to by the Privacy Commissioner of Canada with regards to concerns about record keeping in our establishments across the country, so anything that this legislation can do to provide our members—Mr. Ledohowski said some opportunity to go to the Privacy Commissioner and say we're required by legislation in Manitoba to maintain records of this nature and thereby receive an exemption from the Privacy Commissioner would go a long way. So it's not just hotels and Mr. Ledohowski that are being singled out on this. It is—they are now reaching more broadly into the hospitality sector with concerns around it. So any support that this legislation might be able to offer to our members and all members in the hospitality industry in this area would be particularly helpful.

Mr. Chomiak: Yes, thank you for that.

I was previously aware of the issue when I was Attorney General. This new concept of providing in

legislation so as to permit some record keeping in order to deal with privacy concerns is a new one to me, and I appreciate that, and I—and we will follow-up on that. I—and I will ask the group to continue discussions with you on that because in-suffice to say, thank you.

Mr. Marling: Thank you for that and, you know, I'll be honest with you, that's just recently within the last couple of days come to my attention that we've been reached out to—in that regard, through our national office. I will endeavour through the advisory committee and through Mr. Josephson to provide you with any additional information we can to assist you in that process.

Thank you.

Mr. Chairperson: Seeing no further questions, Mr. Marling, I thank you for your presentation.

That concludes the list of presenters I have before me.

Are there any other persons in attendance who wish to make a presentation? Seeing none, that concludes public presentations.

* * *

Mr. Chairperson: In what order does the committee wish to proceed with clause-by-clause consideration of these bills?

Mr. Pedersen: As they are under the matters under consideration under agenda: 7, 22—

Mr. Chairperson: Mr. Pedersen suggests in numerical order. Is that agreeable to the committee? *[Agreed]* Okay, we will proceed on that basis.

During the consideration of a bill, the table of contents, the preamble, the enacting clause and the title are postponed until all other clauses have been considered in their proper order.

Also, if there is agreement from the committee, the Chair will call clauses in blocks that conform to pages, with the understanding that we will stop at any particular clause or clauses where members may have comments, questions or amendments to propose. Is that agreed? *[Agreed]*

We will now proceed to clause-by-clause consideration of the bills.

Bill 7—The Planning Amendment and City of Winnipeg Charter Amendment Act (Affordable Housing)
(Continued)

Mr. Chairperson: Does the minister responsible for Bill 7 have an opening statement?

Hon. Ron Lemieux (Minister of Local Government): Yes, just because of the time and the importance that we placed on the presenters, I would certainly pass with regard to a statement tonight.

Mr. Chairperson: Thank the minister.

Does the critic from the official opposition have an opening statement?

Mr. Blaine Pedersen (Midland): No.

Mr. Chairperson: Thank Mr. Pedersen for that.

Clauses 1 and 2—pass.

Shall clauses 3 through 5 pass?

An Honourable Member: No.

Mr. Chairperson: I hear a no.

Mr. Pedersen: Mr. Chairman, I propose

THAT Clause 5—

Oh, I move, seconded by the—

Mr. Chairperson: All right, as I understand it—one moment.

All right, as I understand it, the amendment is on clause 5; therefore, we have to clause—pass the two previous clauses.

Clause 3—pass; clause 4—pass.

Shall clause 5 pass?

An Honourable Member: No.

Mr. Chairperson: I hear a no.

Mr. Pedersen: I move

THAT Clause 5 of the Bill be amended by striking out the proposed clause 150.1(b).

Mr. Chairperson: It has been moved by Mr. Pedersen

THAT Clause 5 of the Bill be amended by striking out the proposed clause 150.1(b).

The amendment is in order.

The floor is open for questions. Seeing no questions—Mr. Pedersen.

Mr. Pedersen: Well, the purpose of the amendment is—and it came out in one of the presentations tonight— that there was concern over this, that housing remain affordable over the long term. And we also have concerns about this particular clause. The minister has been able to give us a definition of affordable in the short term, so, therefore, how can you be affordable in the long term? So we think this cleans up this bill a little bit with this amendment.

Mr. Chairperson: Is the committee ready for the question?

Some Honourable Members: Question.

Mr. Chairperson: The question before the committee is as follows:

THAT Clause 5 of the Bill be amended by striking out the proposed clause 150.1(b).

All those in favour—no, sorry, sorry, sorry.

Shall the amendment pass?

Some Honourable Members: No.

Mr. Chairperson: I hear a no.

Voice Vote

Mr. Chairperson: All those in favour of the amendment, please say aye?

Some Honourable Members: Aye.

Mr. Chairperson: All those opposed, please say nay?

Some Honourable Members: Nay.

Mr. Chairperson: In my opinion, the Nays have it.

The amendment is accordingly defeated.

* * *

Mr. Chairperson: Order, please.

Mr. Pedersen: I have another amendment for clause 5.

* (21:10)

I move

THAT Clause 5 of the Bill be amended by renumbering the proposed section 150.1 as subsection 150.1(1) and adding the following after it:

Public consultation

150.1(2) A development agreement that deals with the matters described in clause 150(c.1) must not be entered into without the planning district or municipality first having provided, at its expense, an opportunity for public consultation on the proposed terms and conditions of the agreement respecting affordable housing.

Mr. Chairperson: It has been moved by Mr. Pedersen

THAT Clause 5 of the Bill be amended by re—

Some Honourable Members: Dispense.

Mr. Chairperson: Dispense? Dispense.

The amendment is in order.

The floor is open for questions.

Mr. Pedersen: This amendment is fairly self-describing, but the idea is, is that if you're going to—if a municipality or a planning district is going to institute so-called affordable housing in—within its development, that they should have to go to public consultations with this. And it's—we believe it's always in good form to go to public consultations.

Mr. Chairperson: Thank you, Mr. Pedersen.

Mr. Lemieux: I've been advised by staff that where the consultation takes place is at the zoning bylaw stage, and that's—they have an opportunity to do that at that stage, you know, and not at the development stage, but at the zoning bylaw stage. So that's why I would oppose the amendment.

Mr. Pedersen: Mr. Chair, can I then ask a question to the minister under this for—just for clarification, or is this—

Mr. Chairperson: Absolutely. Floor is open for questions.

Mr. Pedersen: Mr. Chair, then I would ask the minister then: Is it mandatory or is it optional that under the zoning bylaw the municipality or the planning district hold public consultations? Because what this amendment says is that they must, but I believe under the zoning they may.

Mr. Lemieux: Just on a point of clarification with my staff, they said that—they've told me that between the first and second reading of the zoning bylaw, that's when the public consultation has to take place, and so—[interjection] Yes, and it has to take place, and has taken place previously. So nothing has changed. But that gives the public an opportunity. So

I thank you for the question, but that's where the—if clarification is needed, that's where it has taken place and will take place.

Mr. Chairperson: Is the committee ready for the question?

Some Honourable Members: Question.

Mr. Chairperson: The question is: Shall the amendment pass?

Some Honourable Members: Yes.

Some Honourable Members: No.

Mr. Chairperson: I hear a no. All—

Mr. Pedersen: Then on division. Is that in order to have it on division?

Mr. Chairperson: Yes, that is acceptable. The amendment is defeated on division.

Clauses 6 through 8—pass.

Shall clauses 9 and 10 pass?

Some Honourable Members: Pass.

An Honourable Member: No.

Mr. Chairperson: I hear a no.

Mr. Pedersen: Mr. Chairman, I move

THAT Clause 9 of the Bill be amended by striking out the proposed clause 240.1(b).

Mr. Chairperson: It has been moved by Mr. Pedersen—one moment.

All right, order, please.

It has been moved by Mr. Pedersen

THAT Clause 9 of the Bill be amended by striking out the proposed clause 240.1(b).

The amendment is in order.

The floor is open for questions.

Mr. Pedersen: This amendment is similar to the first amendment in—but the bill is split into the Province of Manitoba and the City of Winnipeg. So it's essentially the same as the first amendment I brought in, but—because it deals with the City of Winnipeg, where the first one dealt with the Province of Manitoba. It's still a good amendment. The minister should still support it.

Mr. Lemieux: And the good reasons why we defeated it previously is why we're going to defeat it this time.

Mr. Chairperson: Is the committee ready for the question?

An Honourable Member: Question.

Mr. Chairperson: Question before the committee is:

THAT Clause 9 of the Bill be amended by striking out the proposed clause 240.1(b)—

Some Honourable Members: Dispense.

Mr. Chairperson: Shall the amendment pass?

Some Honourable Members: Agreed.

Some Honourable Members: No.

Mr. Chairperson: I hear a no.

Voice Vote

Mr. Chairperson: All those in favour of passing the amendment, say aye.

Some Honourable Members: Aye.

Mr. Chairperson: All those opposed, say nay.

Some Honourable Members: Nay.

Mr. Chairperson: In my opinion, the Nays have it.

On division?

An Honourable Member: Sure.

Mr. Chairperson: All right, we're going to pass that one on division—[interjection] Oh, I'm sorry. It's—correction. It is defeated on division. Just to be clear, it was defeated on division. My apologies.

* * *

Mr. Chairperson: So back to the clauses.

Shall clauses 9 and 10 pass?

Some Honourable Members: Pass.

An Honourable Member: No.

Mr. Pedersen: I move

THAT Clause 9 of the Bill be amended by renumbering the proposed section 240.1 as subsection 240.1(1) and adding the following after it:

Public consultation

240.1(2) A development agreement that deals with the matters described in clause 240(1)(c.1) must not be entered into without the city first having provided, at its expense, an opportunity for public consultation

on the proposed terms and conditions of the agreement respecting affordable housing.

Mr. Chairperson: It has been moved by Mr. Pedersen

THAT Clause 9 of the Bill be amended by renumbering—

An Honourable Member: Dispense.

Mr. Chairperson: Dispense? Dispense.

The amendment is in order.

The floor is open for questions.

Mr. Pedersen: I still believe that there's nothing wrong with going to public consultation when you're doing a development agreement that will have long-term effects on a community and you should have public input into it. Thank you.

Mr. Chairperson: Is the committee ready for the question?

An Honourable Member: Question.

Mr. Chairperson: Shall the amendment pass?

Some Honourable Members: Yes.

Some Honourable Members: No.

Mr. Chairperson: I hear a no.

Voice Vote

Mr. Chairperson: All those in favour of passing the amendment, say aye.

Some Honourable Members: Aye.

Mr. Chairperson: All those opposed, say nay.

Some Honourable Members: Nay.

Mr. Chairperson: In my opinion, the Nays have it.

An Honourable Member: On division.

Mr. Chairperson: Mr. Pedersen, on division.

The motion is accordingly defeated on division.

* * *

Mr. Chairperson: Clauses 9 and 10—pass; enacting clause—pass; title—pass. Bill be reported.

* (21:20)

Okay, we move on to Bill 22, The Planning Amendment Act (Subdivision Approval).

Bill 22—The Planning Amendment Act (Subdivision Approval)

Mr. Chairperson: Does the minister responsible for Bill 22 have an opening statement?

Hon. Ron Lemieux (Minister of Local Government): No, I do not.

Mr. Chairperson: Thank the minister.

Does the critic from the official opposition have an opening statement?

Mr. Blaine Pedersen (Midland): The bill could have been better if they would've waited for the report coming through from the AMM, but we'll deal with it as it is. Thank you.

Mr. Chairperson: Thank you, Mr. Pedersen.

Clauses 1 and 2—pass; clauses 3 through 5—pass; clauses 6 through 11—pass.

Shall clause 12 pass?

An Honourable Member: No.

Mr. Chairperson: Minister Lemieux.

Mr. Lemieux: Yes, I move

THAT Clause 12 of the Bill be amended by striking out "September 30, 2013" and substituting "January 31, 2014".

Mr. Chairperson: It has been moved by Minister Lemieux

THAT Clause 12 of the Bill—

An Honourable Member: Dispense.

Mr. Chairperson: Dispense? Dispense.

The amendment is in order.

The floor is open for questions.

Mr. Lemieux: Just a housekeeping issue, thank you.

Mr. Chairperson: Thank you, Minister Lemieux.

Amendment—pass; clause 12 as amended—pass; enacting clause—pass; title—pass. Bill as amended be reported.

Now proceed to Bill 32, The Manitoba Institute of the Purchasing Management Association of Canada Amendment Act.

Bill 32—The Manitoba Institute of the Purchasing Management Association of Canada Amendment Act
(Continued)

Mr. Chairperson: Does the minister responsible for Bill 32 have an opening statement?

Hon. Stan Struthers (Minister of Finance): I'll be brief. No.

Mr. Chairperson: We thank the minister for his brevity.

Does the critic from the official opposition have an opening statement?

Mrs. Myrna Driedger (Charleswood): No, I do not.

Mr. Chairperson: We thank Mrs. Driedger for that.

Proceed to clause by clause.

Clauses 1 through 3—pass; clauses 4 through 7—pass; clauses 8 and 9—pass; clauses 10 through 12—pass; enacting clause—pass; title—pass. Bill be reported.

Now move on to Bill 39, The Government Efficiency Act (Various Acts Amended or Replaced to Consolidate Boards and Agencies and Eliminate Government Appointments).

Bill 39—The Government Efficiency Act (Various Acts Amended or Replaced to Consolidate Boards and Agencies and Eliminate Government Appointments)

Mr. Chairperson: Does the minister responsible for Bill 43 have an opening statement—that's not 43—40—39—one moment—the minister for Bill 39 have an opening statement?

Hon. Stan Struthers (Minister of Finance): No.

Mr. Chairperson: We thank the minister for that.

Does the critic for the official opposition have an opening statement?

Mr. Ralph Eichler (Lakeside): No.

Mr. Chairperson: We thank Mr. Eichler for that.

Due to the structure of this bill—order, please. Due to the structure of this bill, the Chair would like to propose the following order of consideration for the committee's consideration. For your reference, we will provide copies of this 'iteline'—outline for committee members. With the understanding that we may stop and at any point where members have

questions or wish to propose amendments, I propose that we call the bill in the following order: bill clauses, pages 1 through 35 called in a block conforming to pages; Schedule A, pages 37 through 44 called in blocks conforming to pages; Schedule B, pages 46 through 48 called in blocks conforming to pages; the table of contents for Schedule A, page 36; the table of contents for Schedule B, page 45; the enacting clause, page 1; the bill title.

Is that agreed as an appropriate order of consideration for Bill 39? *[Agreed]*

We will begin with the bill clauses, pages 1 through 35. Clause 1—pass; clause 2—pass; clause 3—pass; clause 4—pass; clause 5—pass; clause 6—pass; clause 7—pass; clause 8—pass; clause 9—pass; clause 10—pass; clause 11—pass; clause 12—pass; clause 13—pass; clause 14—pass.

Shall clauses 15 and 16 pass?

Some Honourable Members: Pass.

An Honourable Member: No.

Mr. Chairperson: I hear a no. We have an amendment in clause 16.

Clause 15—pass.

Shall clause 16 pass?

An Honourable Member: Pass.

An Honourable Member: No.

Mr. Chairperson: No? I hear a no.

Mr. Struthers: I move

THAT Clause 16(3) of the Bill be amended by striking out "October 1, 2013" and substituting "January 1, 2014".

Mr. Chairperson: It has been moved by Minister Struthers

THAT—

An Honourable Member: Dispense.

Mr. Chairperson: Dispense? Dispense.

The amendment is in order.

The floor is open for questions. No questions or comments.

Committee ready for the question?

Amendment—pass; clause 16 as amended—pass.

* (21:30)

We will now consider Schedule A, pages 37 through 44. Clauses 1 and 2—pass; clause 3—pass; clauses 4 through 6—pass; clauses 7 through 11—pass; clauses 12 through 14—pass; clauses 15 through 18—pass; clauses 19 through 21—pass; clauses 22 through 25—pass.

We will now consider Schedule B, pages 46 through 48.

Clauses 1 through 3—pass; clauses 4 through 7—pass; clauses 8 through 11—pass.

We will now consider the remaining items in the bill.

Page 36, table of contents for Schedule A—pass; page 45, table of contents for Schedule B—pass; page 1, enacting clause—pass; title—pass. Bill as amended be reported.

We will now bring forward Bill 43, The Manitoba Liquor and Lotteries Corporation Act and Liquor and Gaming Control Act

**Bill 43—The Manitoba Liquor and Lotteries
Corporation Act and Liquor and
Gaming Control Act**
(Continued)

Mr. Chairperson: Does the minister responsible for Bill 43 have an opening statement?

Hon. Dave Chomiak (Minister charged with the administration of The Gaming Control Act): Not really, but I did want to acknowledge all of the people who are here today who are from each of the entities, and for all of the hard work they've done, and for the fact they're here. And that's Rick Josephson, the CEO of Liquor and Gaming, who's joining us at the front; Liz Stephenson, the director of research and the communications; Dale Figg [*phonetic*], the chief operating officer; and Todd Regehr [*phonetic*], director of game integrity.

For Manitoba Liquor and Lotteries: Gerry Sul, who's vice-president of facilities; Brent Hlady, who's senior executive director of governance and business development; Peter Hak, chief corporate services officer; Signy Shaw, senior executive director, internal audit and corporate compliance; Al Roney, executive general manager of retail operations; and Corrine Scott, director of regulatory affairs.

And, of course, I'm joined at the table by Denis Guénette from civil legal services, and Mary McGunigal from civil legal services.

And I want to thank everyone for all of the work that they've done over the past few months to put together a massive amount of information and legislation that I think has been very successfully put forwarded here to this committee tonight.

Mr. Chairperson: Thank you, Minister Chomiak.

Does the critic for the official opposition have an opening statement?

Mr. Cliff Cullen (Spruce Woods): Very briefly, Mr. Chair. I do want to thank all those that came tonight to present. Obviously, there's some pretty important issues that were raised. I certainly hope the minister will take those under advisement. We certainly hope the—at the end of the day, the legislation will be positive for Manitoba, and we certainly are looking forward to see what the regulations look like under this legislation.

Mr. Chairperson: Due to the size and structure of this bill, the Chair would like to propose the following order of consideration for the committee's consideration. For your reference we will provide copies of this outline for committee members. With the understanding that we may stop and any point where members have questions or wish to propose amendments, I propose that we call the bill in the following order: Schedule A, pages 5 through 28, called in blocks conforming to the nine parts of Schedule A; Schedule B, pages 36 through 141, called in blocks conforming to the 12 parts of Schedule B; bill clauses, page 1, called in a block conforming to the page; the table of contents for Schedule A, pages 2 through 4; the table of contents for Schedule B, pages 29 through 35; the enacting clause, page 1; the bill title.

Is that agreed as an appropriate order of consideration for Bill 43? [*Agreed*]

We will begin.

The nine parts of Schedule A, pages 5 through 28. Part 1, page 5, shall clause 1 pass?

Some Honourable Members: Pass.

An Honourable Member: No.

Mr. Chairperson: I hear a no.

I'll put the question once again. Clause 1—pass.

Part 2, pages 6 through 13. Shall clauses 2 through 30 pass?

Some Honourable Members: Pass.

An Honourable Member: No.

Mr. Chairperson: Mr. Cullen.

Mr. Cullen: I got the nod from the Clerk.

Mr. Chairperson: I understand there's an amendment on clause 19.

Clauses 2 through 18—pass.

Shall clause 19 pass?

Some Honourable Members: Pass.

An Honourable Member: No.

Mr. Chairperson: I hear a no.

Mr. Cullen: Thank you, Mr. Chair. I move

THAT Schedule A to the Bill (The Manitoba Liquor and Lotteries Corporation Act) be amended by adding the following after Clause 19:

Advisory council

19.1(1) The minister must appoint an advisory council consisting of at least five persons who represent persons or entities that are involved with matters relating to liquor or gaming.

Role of the advisory council

19.1(2) The advisory council is to provide information, advice and recommendations to the minister and to the president and chief executive officer of the corporation about any matter relating to the purposes of this Act.

Consultation about proposed regulations

19.1(3) Before a regulation is made under this Act,

(a) the minister must consult with the advisory council before recommending a regulation be made by the Lieutenant Governor in Council under section 49; and

(b) the board must consult with the advisory council before making a regulation under section 50.

Mr. Chairperson: It has been moved by Mr. Cullen

THAT Schedule A to the Bill—

An Honourable Member: Dispense.

Mr. Chairperson: Dispense?

An Honourable Member: Dispense.

Mr. Chairperson: Dispensed.

Amendment is in order.

The floor is open for questions or comments.

Mr. Cullen: I think this fills in quite nicely in the legislation before us and would fall nicely under the transparency and accountability section of the act. Mr. Chair, we heard, I think, quite clearly tonight, from the key stakeholders in Manitoba that are involved with liquor and gaming, that they have concerns, potential concerns, with regulations and how they might develop into the future. Clearly, this legislation will have a lot of regulation attached to it, and that really is where the devil is potentially in the detail here.

* (21:40)

So I know the minister made a lot of comments about wanting to have consultation with the industry and the stakeholders. We're simply proposing a framework here that we think will allow consultation with the industry not just, you know, prior to the regulations being adopted but following initial regulations being adopted as well. So we think this speaks to what we heard tonight in committee and, hopefully, the minister will commit to developing what I believe is a pretty important framework for ongoing discussion as the regulations evolve under this particular legislation.

Mr. Chomiak: Yes, thank you, Mr. Chairperson.

Well, certainly, the comments of the member and the comments of the presenters tonight indicate that robust input from the community is very important and I think it's been reflected in what the comments were tonight. I don't think I've ever seen, in legislation, authority tied to the recommendations of an advisory committee. In fact, I actually—in looking at the regulations, particularly if they apply to all Lieutenant Governor-in-Council recommendations under section 49, it would deal with operating matters, matters of financial lending, other matters, and it would make it almost impossible to operate as a Crown corporation. I think that it's been clearly demonstrated that we will seek, and we put in place, an advisory committee from hospitality industry to seek advice.

It's been my, as I said—stated earlier, it's been my experience by working with the gaming commission, which I have for eight years now, that we've had very little, if any, problem in working consultatively with people in the public. And I might further add that the ability to pass regulations in orders-in-council should not be sometimes delayed by seeking outside input if it's not necessarily demanded. So I can't accept this

amendment in spirit. I can assure you that we will continue to consult, but I don't think the government can be tied by an advisory council in legislation limiting the ability of Crown corporation to function as independent entities. It would—there's Crown corporation councils, there's public reviews, there's annual reports, there's regular reports, there's quarterly reports; all of that is public. There's committee hearings where all kinds of questions will be asked. I just finished a committee hearing of the Hydro Corporation which consisted of about four hours of questioning. So, Mr. Chairperson, while the intention is something that we respect, certainly the recommendation and the amendment cannot be accepted.

Mr. Chairperson: Is the committee ready for the question?

Some Honourable Members: Question.

Mr. Chairperson: The question is: Shall the amendment pass?

Some Honourable Members: Yes.

Some Honourable Members: No.

Voice Vote

Mr. Chairperson: All those in favour of passing the amendment, say aye.

Some Honourable Members: Aye.

Mr. Chairperson: All those opposed, say nay.

Some Honourable Members: Nay.

Mr. Chairperson: In my opinion, the Nays have it. The amendment is accordingly defeated.

Mr. Cullen: On division.

Mr. Chairperson: It is—the amendment is accordingly defeated on division.

* * *

Mr. Chairperson: Clauses 19 through 30—pass; part three, pages 14—oh, sorry. Sorry, my microphone wasn't on. Shall—again, please. Clauses 19 through 30—pass; part three, pages 14 through 17, clauses 31 through 39—pass; part four, pages 18 and 19, clauses 40 through 47—pass; part five, page 20, clause 48—pass; part six, pages 21 and 22, clauses 49 and 50—pass; part seven, pages 23 through 25, clauses 51 through 56—pass; part 8, pages 26 and 27, clauses 57 through 60—pass; part 9, page 28, clauses 61 through 64—pass.

We will now consider Schedule B, pages 36 through 141.

Part 1, pages 36 through 38, clauses 1 and 2—pass; part 2, pages 39 through 44, clauses 3 through 22—pass; part 3, pages 45 through 68, clauses 23 through 76—pass; part 4, pages 69 through 86, clauses 77 through 101—pass; part 5, pages 87 through 97, clauses 102 through 117—pass; part 6, pages 98 through 107, clauses 118 through 134—pass; part 7, pages 108 through 111, clauses 135 through 141—pass; part 8, pages 112 through 114, clauses 142 through 151—pass; part 9, pages 115 through 121, clauses 152 through 157—pass; part 10, pages 122 through 130, clauses 158 through 173—pass; part 11, pages 131 through 140, clauses 174 through 204—pass; part 12, page 141, clauses 205 through 207—pass.

We will now consider the bill clauses, page 1, clauses 1 through 3—pass.

We will now consider the remaining items in this bill, pages 2 through 4, table of contents for Schedule A—pass; pages 29 through 35, table of contents for Schedule B—pass; page 1, enacting clause—pass; title—pass.

Shall the bill be reported?

Some Honourable Members: Agreed.

Mr. Chairperson: It—Mr. Eichler?

Mr. Ralph Eichler (Lakeside): We were under the impression, through the presentations, that the minister referred to amendments. I'd like to know where those would come in.

Mr. Chomiak: I thought that the opposition might bring in an amendment related to the appeal process. So—but there was no amendment brought in, so there was some wording that was handed out by Mr. Ledohowski, if you recall, during the course of the presentation. I thought that was coming in. It didn't come in—

An Honourable Member: It could be considered later.

* (21:50)

Mr. Chomiak: —and legal—yes, we could bring it at third reading, but I have to tell you that the legal advice to me given is that the appeal process, as it exists, is not only in line to 30 other pieces of legislation, but it's probably a better appeal process to be put in place, given the changing nature of administrative law and court rulings, because to put

in place the appeal process, as recommended by in that provision, might lock in a particular pattern of administrative appeal which wouldn't allow for changes as it goes forward.

So, to make a long story short, I don't believe that we would support that amendment for both legal and practical reasons.

Mr. Eichler: We'll have to check Hansard, but I think people took the minister at his word that there would be some type of amendments coming forward. They expected that, so we'll refer back to Hansard to check and see exactly what the minister did say.

Mr. Chomiak: I don't think I—I certainly know that we didn't anticipate any amendments from the government. I assumed that amendments were going to come in as a result of the process, and I don't want to be inaccurate, so I guess Hansard can be checked, but, certainly, amendments can be brought at third reading. If it's the amendment I—if it's the provision that I'm mentioning, which I think it is, the appeal process that I thought would be coming in from the opposition, because I don't get access to the members' opposition motions.

Mr. Cullen: I wonder if the minister might be able to clarify for us if he is proposing any amendments at third reading.

Mr. Chomiak: No.

Mr. Chairperson: No further questions?

I ask once again: Shall the bill be reported?
[Agreed]

That concludes our business. The time being 9:52 p.m., what is the will of the committee?

Some Honourable Members: Committee rise.

Mr. Chairperson: Committee rise.

COMMITTEE ROSE AT: 9:52 p.m.

WRITTEN SUBMISSIONS

Re: Bill 7

Thank you for this opportunity to present our position regarding Bill 7. Brandon Community Builders Inc. is a non-profit organization that has been formed to address the need for low-income housing in the City of Brandon. Affordable housing has been an issue in this city for many years, but has become more serious recently. As with most jurisdictions within Manitoba, housing prices have

increased sharply, outpacing the rate of pay increase for most households.

Our organization, like others, exists to provide reasonably priced housing to families that could not otherwise afford to purchase their own property. As a new organization, we have been unable to build a home solely because we cannot acquire land that would make a build affordable.

To be clear, when we talk about affordable housing, we are not talking about low rent. We mean the ability for families below a certain income level to purchase their own home. And this is a key distinction. Home ownership is what makes a difference for families and communities.

In May of 2013, the Canada Mortgage and Housing Corporation released a research highlight entitled "Building Families' Futures and Opportunities Through Habitat Ownership" as part of their Socio-economic series. While this paper refers specifically to the work of Habitat for Humanity, the results apply equally to the work of our organization, and to all organizations that provide affordable housing.

The paper clearly shows that it is home ownership that makes a difference. The paper reports that families who purchased a house through a low-income housing organization noted the following benefits over renting: they had stronger ties to the labour force (including 63% of homeowner who have had or plan to return to school or upgrade skills); they lived in better conditions; had safer neighbourhoods; saw improvements in children's wellbeing, school performance, and extracurricular activities; increased levels of volunteerism; better health; better financial position; and an increased sense of stability.

From the report: "A major finding from the survey was the improvement in children's school performance and well-being since moving into their Habitat home. To the extent that these improvements would not have occurred without moving into a Habitat home, this outcome would represent a major and long-term social benefit from the new Habitat housing." Home ownership makes for better communities and a better quality of life for families. Unfortunately, more and more families are simply unable to afford homes, and organizations like ours are unable to secure land to provide affordable housing.

This government has shown that they want to address this issue. We thank you for your work in bringing Bill 7 before the provincial legislature. However, for this Bill to be effective, there are some changes that need to be made.

The current wording is far too far too vague. We would like to see this Bill introduce a mandatory requirement for developers to set aside land. Leaving the responsibility in the hands of the developers to self-regulate the provision of affordable housing has never worked before. If this Bill is to have any effect, it must make the developers accountable.

In addition, the exact percentage of land should be defined. The percentage of land should be directly related to the percentage of low income families living within the political jurisdiction. To do less is simply to mask the problem, or simply to slow the tide. If housing needs for low-income families cannot be adequately provided, we will only perpetuate the gap between the middle class and the "working poor."

Lastly, the term "affordable housing" must be clearly defined, as stated in section 71(6), but refer to home ownership. The benefits I mentioned earlier from the CMHC study reflect home ownership, not just low rent. With the current wording of the Bill developers could supply a cheap rental building with no ongoing maintenance, leading to substandard living conditions, even if the rent is technically 'affordable.'

I thank you for your work on this Bill so far. There are some very positive steps being made, but I trust you will continue to refine the Bill so that it adequately addresses the large and growing need for affordable housing in Manitoba over the long term.

Respectfully,

Jason Zinko
Chairperson, Brandon Community Builders Inc.

* * *

Re: Bill 22

On behalf of the Association of Manitoba Municipalities (AMM), I would like to provide comments about Bill 22: The Planning Amendment Act (Subdivision Approval).

As the organization representing all Manitoba municipalities, the AMM identifies and addresses the needs and concerns of its members in order to achieve strong and effective municipal government.

The AMM supports a more streamlined application and approval process for rural single lot subdivisions, as they represent a significant number of total subdivision applications. This is why the AMM has been working with the Province of Manitoba through an interdepartmental Technical Advisory Committee (TAC).

The AMM believes the work of the TAC, jointly chaired by the AMM, has been very valuable. We look forward to additional recommendations from the TAC that may be considered to continue to improve the subdivision approval process in other ways.

The AMM looks forward to working with members of the Technical Advisory Committee to resolve the remaining challenges to expedite the subdivision approval process for both applicants and planners.

The AMM appreciates the opportunity to provide these comments. Thank you for your consideration.

Sincerely,

Doug Dobrowolski
President

* * *

Re: Bill 43

On behalf of the Association of Manitoba Municipalities (AMM), I would like to provide comments about Bill 43: The Manitoba Liquor and Lotteries Corporation Act and Liquor and Gaming Control Act.

As the organization representing all Manitoba municipalities, the AMM identifies and addresses the needs and concerns of its members in order to achieve strong and effective municipal government.

The AMM supports changes to reduce red tape, and allow businesses more flexibility to grow and to better respond to consumers.

In particular, the AMM supports the reduction of liquor licence types from 12 to three, consisting of sales, manufacturing and service licences. This will reduce the administrative burden for communities to licence their facilities or host community events.

The reduced number of licences will address concerns raised by AMM members in a 2011 resolution regarding challenges for multi-use facilities under the current licensing framework. Since multi-use facilities are often designed to accommodate a number of different purposes including convention, arts, entertainment, sports and wellness functions,

these types of facilities have encountered difficulty obtaining a liquor licence.

As well, moving the terms and conditions of licences into regulation will make them more responsive and easier to amend.

The AMM also supports provincial plans to bring gaming and liquor regulatory services under one roof, which will allow integration of licensing, inspection and compliance services. This will only require businesses and community groups to apply for one licence for both liquor and gaming, whether it is for video lottery terminals or raffles.

Additionally, the AMM supports provincial measures to enhance public safety and social responsibility, especially for communities facing particularly serious challenges due to high crime and other related issues. As a result, we support the provisions in section 48 that will require the Manitoba Liquor and Lotteries Corporation to allocate two per cent of annual net revenue to conduct or fund initiatives that promote responsible gaming and responsible liquor consumption, including research and treatment programs. The Province should provide additional support to these communities to develop targeted solutions to improve public safety and reduce social problems.

Moreover, the AMM supports the creation of improved opportunities for citizens and municipalities to provide input into the liquor licensing process, including a dispute resolution mechanism. The AMM has already indicated our support for the 2011 Hospitality Strategy results and other measures to allow businesses and communities to respond to consumer choices. However, some communities have different lifestyle preferences, therefore local governments should retain their ability to respond to community preferences.

The AMM appreciates the opportunity to provide these comments. Thank you for your consideration.

Sincerely,

Doug Dobrowolski
President

* * *

Re: Bill 43

Dear Ladies and Gentlemen:

I have been employed in the hotel industry in Manitoba since graduating from the University of Calgary and moving to Brandon in 1981. Normally

this change in location would occur in the opposite direction. Little did I realize that the choice of employment I would pick would end up being "my lifes work."

I have seen many, many changes in the operations of the hotels in Manitoba. Most of them were affected by changes to liquor and other regulations administered by the province. I have come to realize the historical importance of the hotel not only in Manitoba but in Saskatchewan and Alberta as well. The hotel has played the central point of activity for most small and growing towns in the western provinces. For some small communities when the hotel closes, so does the town in some sense. The hotel is usually the last to close after the school, the bank and any other restaurant. To revitalize this industry, in the early 90's the western provinces made VLT's available to rural hotels and restaurants. This soon became the dearly needed supply of operating capital that allowed the rural industry to regain some of its prior stature.

A lot of time has passed since that date and the rural industry as a whole has degraded again. The plight of rural hotels lies in the hands of willing and risk-taking hoteliers that will risk their capital to continue their dream. I do not know what the solution is, but I do know that "modernizing" the present rules under which the hotels operate will speed the degrading process.

The purchase of a hotel includes the operation of a restaurant, bar, sometimes a lounge, rooms, some banquet rooms, and a retail beer vendor. This is a huge financial commitment that does require extensive experience and vision, and also an understanding banker. Very few new full service hotels have been built over the past 15 years. Operating a hotel in Manitoba has given the operator only two distinct advantages over other competitive businesses. Hotels still operate the majority of VLT's in the province and they provide retail beer vendors for distribution throughout the province. Even these advantages continue to be diluted with increased MLCC beer distribution (particularly when located in grocery stores) and changes to VLT distribution with more casinos and continuing growth in the restaurant industry. I guess the question one has to ask is why would anyone buy or build a full service hotel. It would be much less expensive and easier to build a restaurant/lounge, motel, or cabaret.

I do not know what the hotel business will look like in the future, but I envision fewer hotels in rural

Manitoba. The concept of a full service hotel has changed and seems to live only in the larger communities. Continued changes to loosen liquor and lottery legislation will open doors to many different concepts, the most popular being restaurant/lounge operations that focus on beverage sales, or even a cabaret that does not focus on food sales.

I have two thoughts regarding the rewriting of the regulations and liquor act. The first is the concern I have related to the unique position that operating a hotel offers. Maintaining this uniqueness will prolong the lifetime of the rural hotel. The second point relates to the composition of the board. I understand that many items related to liquor will be moved from the act to regulations. The board has the ability to change those regulations. I would strongly suggest that MHA, MRFA, and Legions be represented on the board. Their input would bring the concern of the rural areas to the table.

I guess what I would like to say in closing, is that I have spent my life working in hotels. It does pain me to see that mostly through changes in legislation that "my business" will disappear.

Yours truly

David Carriere
Manager, Keystone Motor Inn, Brandon

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Re: Bill 43 and the modernization of Manitoba's Liquor and Gaming Control Act (the "Act")

I am writing to express Cineplex Entertainment LP's ("Cineplex") support for the proposed Bill 43 and the government of Manitoba's efforts to modernize the province's liquor laws. As you know, recent amendments to Section 34 of Liquor Licensing Regulation, Man Reg 177/94, under The Liquor Control Act (C.C.S.M. c. L160) (the "Regulations"), now allow Spectator Activities Licenses to be issued to movie theatre complexes. In light of these changes, Cineplex recently obtained a Spectator Activities License to serve alcohol at its newly renovated Cineplex Odeon McGillivray and VIP Cinemas in Winnipeg.

Cineplex opened its first VIP Cinemas in Ontario in 2006, in response to increasing competition for the entertainment market, offering adult guests a premium entertainment experience. The VIP Cinemas feature a licensed lounge and auditoriums, in-seat menu service, larger, upgraded seats and

reserved seating. Adult guests can also bring in food or beverage items (including alcoholic beverages) purchased in the licensed lounge area, to their seats in the licensed VIP Cinema auditoriums. Our guests' response to the VIP Cinemas has been entirely favourable and demand for additional VIP Cinemas has grown. We have since opened VIP Cinemas in British Columbia, Alberta and Quebec, with plans to open additional locations in Ontario and Saskatchewan in the near future. Based on the success of the aforementioned Cineplex Odeon McGillivray and VIP Cinemas, we also hope to expand the VIP Cinema concept in other theatres throughout the province of Manitoba.

The VIP Cinemas and similar concepts are examples of how movie theatre exhibitors in the country have expanded their offerings to stay profitable and competitive with other entertainment venues, such as sports arenas and concert halls, as well as the abundance of in-home entertainment options that continue to enter the market. These concepts allow movie exhibitors to offer unique and first-class experience to a demographic of customers that may not otherwise venture out to see a movie at the theatre.

Another way movie theatre exhibitors have expanded their offerings is by renting out their lounges and auditorium for private events. Cineplex's stadium seating auditoriums, large screens and catering facilities make for a unique and convenient venue for corporate meetings, training sessions and presentations. The ability to serve alcohol, either under a permanent license, such as the Spectator Activities License, or an Occasional Permit, is often very attractive potential clients seeking to book their events at our theatres.

The success the VIP Cinema concept and the increasing popularity of our corporate rental program has allowed us to diversify our revenue streams and respond to public demand, contributing Cineplex's ability to remain a strong Canadian brand in light of the aforementioned challenges.

We understand that the newly amalgamated Liquor and Gaming Authority of Manitoba (the "LGA") is interested in gaining insight into ways it can modernize the liquor licensing structure and promote new hospitality opportunities in the province. In accordance with such initiatives, we would respectfully request that the LGA consider the following amendments to the Regulations and policy

changes so as to facilitate movie theatre exhibitors' ability to expand their offerings as mentioned above:

Under a Spectator Activities License, adult patrons attending a movie screening in either a licensed or unlicensed portion of the theatre complex should be allowed to enjoy alcohol beverage offerings before or after attending the movie in a licensed lounge or restaurant area of a movie theatre complex (Section 34.1(3) of the Regulations allows only those patrons of a licensed auditorium to access a licensed lounge within the theatre complex). Please note that the aforementioned changes will bring the Regulations in line with that of Ontario, Quebec, Alberta and British Columbia, where all adult patrons of a theatre may access licensed lounge or restaurant areas within a movie theatre complex;

The process for obtaining Occasional Permits to serve alcohol should be shortened where a venue has already been previously approved for such permits. Delays in obtaining such permits could cost the theatre a potential client; and

Requirements regarding the maximum amount of alcohol that may be purchased under an Occasional Permit, as well as the requirement to dispose of any leftover inventory, should be reviewed. Clients seeking to obtain such permits may not be experienced in stating how such alcohol is needed for an event and the requirement to return or remove any leftover inventory costs clients time and money, possibly deterring them from holding such an event at a theatre.

Such changes to the Regulations balance the various strategies and initiatives of the MLGC, as an increased number of Manitobans will be able to enjoy new entertainment experiences, such as Cineplex's VIP Cinemas, while responsible service and public safety will continue to be upheld. I should note that no incidents have been reported since Cineplex opened its first VIP Cinemas in 2006.

Thank you again for your continued assistance in this process. If you would like to discuss our proposed changes to the Regulations or the VIP Cinema concept generally, please do not hesitate to contact me personally.

Yours very truly,

Anne Fitzgerald
Chief Legal Officer
Cinemax Entertainment LP

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Re: Bill 43

On behalf of the Manitoba movie theatre industry, I would like to express our support of the Government of Manitoba's commitment to updating the province's liquor laws and regulations, as outlined in Bill 43 - The Manitoba Liquor and Lotteries Corporation Act and Liquor and Gaming Control Act. We appreciate that the government is taking decisive steps to increase flexibility in the setting of liquor licence terms and conditions, doing so in a manner that is safe and responsible.

We recognize that this bill addresses some key issues by streamlining the number of liquor licenses, and moving terms and conditions of licences into regulation, which will increase the flexibility of licensing. We would also like to take this opportunity to highlight a few issues specific to theatres that we would appreciate you taking into consideration as you continue to shape the policy. These are indicated below.

License flexibility

While a venue is able to hold a permit, they are not permitted to use this permit in providing service for clients in the theatre space. This can cause a barrier to service as clients who are often unfamiliar with the regulations are required to obtain their own licenses, resulting in time lost between booking one of our venues and the use of the venue. We would ask that a provision be made to ensure a license encompasses all events at a given theatre venue.

Age restrictions

We would ask that the regulations allow for age-restricted minors to be in licensed areas. This would bring the regulations in alignment with similar to venues such as the Centennial Concert Hall, where liquor in the lobbies is allowed with minors present. Be assured that all under-aged patrons would not be permitted to consume alcohol.

The movie theatre industry in Manitoba supports the changes you are proposing. They will begin to bring the liquor licensing system of Manitoba in line with provinces such as Quebec, Ontario, Alberta and British Columbia. In addition, these changes as proposed will assist the movie theatre industry in the province, by enabling them to provide better service to Manitobans by allowing them to better enjoy

various theatre-related entertainment experiences. It will also allow our industry to be competitive with other entertainment venues.

Thank you again for the steps the Government of Manitoba is taking on this front, and for taking the time to consider this submission. We look forward to

continue working with the new Liquor and Gaming Commission moving forward.

Sincerely,

Nuria Bronfman
Executive Director
Movie Theatre Association of Canada

The Legislative Assembly of Manitoba Debates and Proceedings
are also available on the Internet at the following address:

<http://www.gov.mb.ca/legislature/hansard/index.html>