



Fourth Session - Thirty-Fifth Legislature
of the
Legislative Assembly of Manitoba

STANDING COMMITTEE

on

ECONOMIC DEVELOPMENT

42 Elizabeth II

*Chairperson
Mr. Bob Rose
Constituency of Turtle Mountain*



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MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Fifth Legislature

Members, Constituencies and Political Affiliation

NAME	CONSTITUENCY	PARTY
ALCOCK, Reg	Osborne	Liberal
ASHTON, Steve	Thompson	NDP
BARRETT, Becky	Wellington	NDP
CARSTAIRS, Sharon	River Heights	Liberal
CERILLI, Marianne	Radisson	NDP
CHOMIAK, Dave	Kildonan	NDP
CUMMINGS, Glen, Hon.	Ste. Rose	PC
DACQUAY, Louise	Seine River	PC
DERKACH, Leonard, Hon.	Roblin-Russell	PC
DEWAR, Gregory	Selkirk	NDP
DOER, Gary	Concordia	NDP
DOWNEY, James, Hon.	Arthur-Virden	PC
DRIEDGER, Albert, Hon.	Steinbach	PC
DUCHARME, Gerry, Hon.	Riel	PC
EDWARDS, Paul	St. James	Liberal
ENNS, Harry, Hon.	Lakeside	PC
ERNST, Jim, Hon.	Charleswood	PC
EVANS, Clif	Interlake	NDP
EVANS, Leonard S.	Brandon East	NDP
FILMON, Gary, Hon.	Tuxedo	PC
FINDLAY, Glen, Hon.	Springfield	PC
FRIESEN, Jean	Wolseley	NDP
GAUDRY, Neil	St. Boniface	Liberal
GILLESHAMMER, Harold, Hon.	Minnedosa	PC
GRAY, Avis	Crescentwood	Liberal
HELWER, Edward R.	Gimli	PC
HICKES, George	Point Douglas	NDP
LAMOUREUX, Kevin	Inkster	Liberal
LATHLIN, Oscar	The Pas	NDP
LAURENDEAU, Marcel	St. Norbert	PC
MALOWAY, Jim	Elmwood	NDP
MANNES, Clayton, Hon.	Morris	PC
MARTINDALE, Doug	Burrows	NDP
McALPINE, Gerry	Sturgeon Creek	PC
McCRAE, James, Hon.	Brandon West	PC
McINTOSH, Linda, Hon.	Assiniboia	PC
MITCHELSON, Bonnie, Hon.	River East	PC
ORCHARD, Donald, Hon.	Pembina	PC
PALLISTER, Brian	Portage la Prairie	PC
PENNER, Jack	Emerson	PC
PLOHMAN, John	Dauphin	NDP
PRAZNIK, Darren, Hon.	Lac du Bonnet	PC
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<i>Vacant</i>	The Maples	

LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON ECONOMIC DEVELOPMENT

Thursday, June 17, 1993

TIME — 10 a.m.

LOCATION — Winnipeg, Manitoba

CHAIRPERSON — Mr. Bob Rose (Turtle Mountain)

ATTENDANCE - 11 — QUORUM - 6

Members of the Committee present:

Hon. Messrs. Enns, Findlay, Hon. Mrs. Mitchelson, Hon. Mr. Praznik

Messrs. Ashton, Dewar, Helwer, Lamoureux, McAlpine, Reid, Rose

APPEARING:

Mr. Bill Funk, President and Chief Executive Officer, Manitoba Lotteries Foundation

Mr. Peter Hak, Director, Finance and Administration, Manitoba Lotteries Foundation

MATTER UNDER DISCUSSION:

Annual Report of the Manitoba Lotteries Foundation for the year ended March 31, 1992

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Clerk of Committees (Ms. Bonnie Greschuk): I have before me the resignation of Mr. Jack Penner as Chairperson of the Standing Committee on Economic Development. The floor is now open for nominations.

Mr. Edward Helwer (Gimli): I would like to nominate Bob Rose.

Madam Clerk: Mr. Rose has been nominated. Are there any other nominations? Since there are no other nominations, will Mr. Rose please take the chair.

Mr. Chairperson: Will the committee on Economic Development please come to order. I thank you for the great honour that you bestowed upon me this morning.

This committee will be considering the Annual Report for the Manitoba Lotteries Foundation for the fiscal year ending March 31, 1992. For the committee's information, copies of the annual report are available on the front table.

The treatment of this annual report and the subject matter of the foundation is somewhat different from usual committee consideration of annual reports, given that there is no legislative requirement for the report to be passed by this committee. When the committee has completed its consideration of the report, the committee rises without passing the report.

I would like to invite the honourable minister to make her opening statement and to introduce staff present this morning.

Hon. Bonnie Mitchelson (Minister charged with the administration of The Manitoba Lotteries Foundation Act): Thank you very much, Mr. Chairperson, and good morning. I am pleased to have the opportunity to make some opening remarks, but before I do that, I would like to introduce the people that are sitting at the table. First of all, Ms. Marvella McPherson who is the Chairperson, Manitoba Lotteries Foundation; Mr. Bill Funk, President and CEO, Manitoba Lotteries; and Mr. Peter Hak, Vice-President, Gaming for Manitoba Lotteries.

Mr. Chairperson, as the Crown agency responsible for gaming in this province, Manitoba Lotteries—I guess before I start into my—did you pass out the statements? Okay—Manitoba Lotteries provides a broad range of services to the people of Manitoba with every dollar earned finding its way back to Manitoba communities or the Manitoba economy.

By distributing and selling lottery products, operating the Crystal Casino, a video lottery terminal network and two bingo halls, Manitoba Lotteries generates revenue which is used to fund a wide range of nonprofit community organizations and projects in the areas of health, conservation, multiculturalism, heritage, the arts, amateur sport, community service and other causes vital to the economic and social well-being of Manitobans.

Throughout Manitoba, you will find local community groups who utilize gaming revenue to improve the quality of life. Amateur sport teams,

museums, churches and community clubs are all beneficiaries of Manitoba's unique regulatory system administered by Manitoba Lotteries which allows volunteer groups to raise funds by holding licensed events such as bingos, raffles and the sale of break-open tickets.

During my remarks this morning, I will share with you some of the more significant accomplishments that have been achieved by this progressive and dynamic organization in an increasingly competitive environment. We have recently witnessed many changes in the gaming industry nationally and internationally. To date, Manitoba Lotteries and our government have responded to public demand for more gaming in a careful and measured way ensuring fair play and public accountability. This is expected to continue.

As a government, we feel our approach is both responsible and responsive. Gaming policy in Manitoba has centred on insuring integrity and accountability within the industry and utilizing gaming revenues to benefit the community at large. The orderly development and evolution of gaming in Manitoba is guided by the Manitoba Lotteries multiyear strategic plan. The plan which embraces fiscal responsibility, sensible growth, and private enterprise partnerships serves as a cornerstone for gaming's increasing acceptability and Manitoba Lotteries' financial success. Manitoba Lotteries' financial success is a testament to the acceptability and popularity of gaming activities in this province.

* (1010)

Manitoba Lotteries recorded a net income of \$72 million for the fiscal year ended March 31, 1992. This was \$11 million or 18 percent above the net income achieved in the previous year. During the first nine months of the 1992-93 fiscal year, the net profit increased by 72 percent over the same period largely as a result of the popularity of video lottery terminals. Our government believes that this revenue can be used positively to strengthen Manitoba's communities and our province as a whole.

All communities have equal access to funding through the Lotteries distribution system which funds organizations through a co-operative effort of government departments, funding umbrellas and community support programs. Funding umbrellas like the Manitoba Community Services Council are large representative bodies which distribute

gaming revenue to groups which fall within their jurisdiction.

Revenue from gaming is also channeled into health care. The Manitoba Health Services Development Fund, supported by funds generated by the Crystal Casino, was established to finance project-based initiatives that are designed to develop better and more appropriate ways of delivering health services and in specific instances to provide essential equipment to make the health services system more responsive to the needs of Manitobans.

As announced by my colleague the honourable Minister of Finance (Mr. Manness), lottery revenue will play a significant role in eliminating Manitoba's deficit. The plan to balance the budget includes a first year contribution of \$60 million in lottery revenue, including 65 percent of annual video lottery terminal revenue. As I said earlier, our government's gaming policy has centred on utilizing gaming revenues to benefit the community at large. Manitobans steadfastly believe that there is no more urgent use for lottery funds than deficit reduction, and all Manitobans will benefit from a balanced provincial budget.

One of our government's main priorities is to build a stronger Manitoba and to provide more opportunities for all Manitobans and for their children and grandchildren. Manitoba Lotteries plays a significant role in the economy of Manitoba. Expenditures by Manitoba Lotteries and by its recipients totalled \$132 million for the 1991-92 fiscal year. In addition, Manitoba Lotteries spent an estimated \$36 million in Manitoba on major capital projects.

The operations of the Manitoba Lotteries and its beneficiaries contributed \$103 million to the gross provincial product in 1991-92. A total of 2,900 full-time jobs are generated by current Manitoba Lotteries' operations. Capital projects account for over 400 additional positions on a one-time basis. As McPhillips Street Station, Club Regent and the City of Winnipeg video lottery terminal program come on stream, gross domestic product will be increased by \$98 million, and an additional 2,663 person-years of employment will be generated.

Additional economic impacts are generated as Manitoba Lotteries' prize winners spend their winnings. Expenditures by prize winners are conservatively estimated at \$166 million per year

and generate employment of 1,800 person-years along with a gross provincial product contribution of \$103 million. The introduction of video lottery terminals has provided a financially fragile industry with much needed revenue and certainly has made the hotel industry significantly more viable. It has provided proprietors with much needed funds with which to upgrade their properties and thereby permitting hotels to continue to be a major employer in many of the smaller centres.

Prior to the VLTs being introduced, mortgage foreclosures and voluntary surrenders were occurring at the rate of 15 to 20 per year. In 1992, that number has been reduced to two or three. Profits from the video lottery terminal program are also supporting economic growth in rural Manitoba. In July 1991, VLTs were expected to generate \$5.3 million in the '92-93 fiscal year. Rural Manitoba will get more than what was predicted and promised.

Of the \$12.3 million, which will be used to support continued economic growth in rural Manitoba, \$8.8 million is allocated for the Rural Economic Development Initiative and special economic development projects, and \$3.5 million will be transferred by formula to local governments.

The establishment of the video lottery division in rural Manitoba, with its 43 positions, underscores our commitment to Rural Economic Development.

It is also gratifying to see that commercial peripheral development projects are taking place within Manitoba's gaming industry. U.S. based International Game Technology, the world leader in gaming equipment and technology, opened its Winnipeg assembly plant on February 5, 1993. The 41,000 square-foot facility, which can produce up to 10,000 machines annually, is the third IGT plant in the world, joining two others in Reno, Nevada and Sydney, Australia. Production started with an initial workforce of 26 which has now grown to 35. IGT's goal is to obtain 90 percent of its components from local and other Canadian suppliers. This is a major commitment to the Manitoba economy.

In addition to generating new sources of revenue and creating economic development and jobs, the activities of Manitoba Lotteries attract tourists to the province.

The Crystal Casino, located in the historic Hotel Fort Garry, continues to be a success as a Winnipeg attraction. Nearly 1.5 million people

have visited this elegant gaming venue since it opened its doors in December 1989. Tourists visiting the Crystal Casino spent \$8 million with local businesses in 1992, accounting for \$11 million of gross domestic product and approximately 400 jobs.

It is anticipated that these impacts will double by 1994-95 as Club Regent and McPhillips Street Station draw additional visitors to the province. Club Regent and McPhillips Street Station are Manitoba-developed solutions to one of our most critical tourism problems—the lure of glitzy gaming houses south of the border that are attracting floods of Manitoba players. Club Regent and McPhillips Street Station will help reverse some of this flow. They are designed to meet changing consumer needs in a competitive gaming environment. We believe that the people who are now taking their gambling dollars out of Manitoba would rather play in their own province. Up until now, their options were limited.

It is also important to underline the direct benefits to the Manitoba economy as a result of these projects. For starters, 350 construction jobs were created during the winter, a season that traditionally experiences a serious downturn in construction activity. In total, the two centres have created about 300 new employment opportunities in the gaming and hospitality industries.

The video lottery program also seems to have resulted in an increase in tourism, with the hotel industry reporting visitors from out of province travelling in to play the machines. As reported in the media, in the case of one hotel, they have organized bus tours from Saskatchewan to participate in gaming activities.

Earlier in my remarks, I referred to the regulatory system administered by Manitoba Lotteries which allows volunteer groups to raise funds by holding licensed events. Our government has achieved a good balance between charitable gaming, which enables local service clubs, religious organizations and other nonprofit organizations to raise funds and maximize profits through volunteer-operated activities and government gaming through private-sector partnerships. Both forms of gaming provide revenues to make Manitoba a better place to live.

Charitable gaming, accounting for approximately 40 percent of all gaming in Manitoba, continues to

grow. It increased by \$10 million or 8 percent to \$131 million in the fiscal year of 1991-92.

Contrary to media speculation, charitable bingo sales in Manitoba increased by 11 percent from \$73 million in 1991 to \$81 million for the year ended December 31, 1992. A year-to-year comparison for the same period indicated that the rural bingo sales' component grew by \$2.3 million or 6.3 percent.

The profit associated with the sale of break-open tickets in rural Manitoba declined in 1992. The popularity of VLTs has no doubt contributed to this decline in break-open gaming profit. However, competition from other forms of entertainment should not be overlooked, in particular, casinos south of the border like the Shooting Star Casino in Mahanomen, Minnesota, have attracted busloads of Manitobans.

Our government understands the economic and fiscal difficulties expressed by many rural nonprofit organizations and accordingly \$540,000 was recently provided to those organizations so they could continue their support of important community projects. These payments responded to declining break-open ticket revenues in rural areas, as a year-by-year comparison of break-open ticket sales data indicated a decline of approximately \$440,000 in net revenue during 1992.

Gaming policy cannot provide solutions to all the fiscal problems facing rural nonprofit organizations. For instance, veterans clubs are facing an aging and declining membership. We did make a fair response in our May 13, 1993, announcement of compensation for lost break-open revenues.

The compensation program makes break-open tickets more competitive and enhances the advantages of their sale. Veterans clubs by virtue of their status as nonprofit organizations enjoy tax and fundraising advantages not currently available to hotel and lounge operators.

The commission available to private clubs on the sale of break-open tickets is two or three times as high as the 7.5 percent allowed to hotels or lounges. As well, an organization's status as nonprofit gives it access to Lotteries' funds. This source of funding is not available to the hotel industry. Additionally, the hotel industry is restricted from holding licensed events like bingo on their premises.

A large majority of Manitobans have indicated that they do not wish to see the Manitoba VLT program extended to veterans private clubs or facilities used by nonprofit organizations. The placement of VLTs in age-controlled Manitoba Liquor Control Commission licensed hotels and lounges provides a high degree of assurance that children will not have access to the machines. In contrast, a private club facility that does not have restrictions imposed by a cocktail lounge liquor licence presents less of a barrier to minors.

* (1020)

Manitoba Lotteries' decision to place VLTs on board riverboats September 1, 1993, is fair and consistent with this approach in that they must meet the same criteria as their land-based hotel and lounge counterparts.

The issue of gaming on reserves has been a matter of debate in Manitoba for many years. We have attempted to resolve this issue through negotiation with the First Nations of Manitoba. We have had considerable success in reaching agreements through bilateral negotiations between Manitoba and individual First Nation representatives.

As of June 14, 1993, 19 Manitoba First Nations have reached formal agreement with Manitoba on the concept of individual First Nation gaming commissions as an interim solution to the issue of jurisdiction over gaming activity. Additionally, 24 reserves have 46 organizations holding 71 lottery licences. It is understood that these agreements do not preclude any party from pursuing any action which may lead to amendments to relevant legislation which currently governs gaming activities in Canada.

I believe that the Manitoba government's approach to resolve this issue is working well, and significant progress is evident in the negotiations with individual First Nations. This approach is also consistent with the desire of the First Nations for greater autonomy and control over activities on reserves.

Through these negotiations with First Nations, Manitoba has developed a practical and viable approach to gaming on reserves, whereby First Nations become the licensing authority and control gaming on their reserve lands. In these negotiations, Manitoba has been flexible and open to new arrangements such as removing the limits

on bingo jackpots and providing for expansion into electronic gaming with the VLT agreements. There are now six First Nation VTL agreements.

Manitoba Lotteries has also established a provincial gaming consultant unit with responsibilities to undertake negotiations as well as to provide assistance to First Nations in the formation of gaming commissions and to provide follow-up, organizational and management advice. This service is provided at no cost to the First Nations. The provincial government does not share in profit from on-reserve gaming, and the agreements provide for the supply of gaming products at cost.

It is our intention to continue to negotiate with First Nations and to discuss the future direction of gaming in Manitoba within the existing laws. This approach has borne fruit in that 70 percent of the 61 reserves have regulations in place providing the twin guarantees of public accountability and fair play for all.

Before I conclude my remarks of this morning, I would like, briefly, to touch on the issue of problem or excessive gambling. For the vast majority of players in Manitoba, gaming is clearly a recreational activity. However, for a small minority that suffer adverse effects from this activity, the financial and psychological pressures they and their families go through are intense.

Detailed research was initiated on February 2, 1993, to determine the extent of the problem and to identify a course of action to help those that are experiencing difficulty. Dr. Rachel Volberg, a leading expert in the field who has done similar work in Canada and internationally, is identifying the rates of excessive gambling among the general population of the province as well as preparing a framework for the planning of services for excessive gamblers in Manitoba. I will be making an announcement on this issue in the upcoming weeks.

Mr. Chairperson, this morning I have had the privilege to briefly highlight some of the Manitoba Lotteries activities and the policy framework within which it operates. As the Minister responsible for Lotteries, I look forward to this important organization's continued success. The benefits that have been and will continue to be derived from Manitoba Lotteries' efforts and activities will accrue

to individual Manitobans, their communities and our province as a whole. Thank you.

Mr. Chairperson: Thank you, Madam Minister. Does the critic for the official opposition have an opening statement?

Mr. Gregory Dewar (Selkirk): Mr. Chairperson, yes I do. First of all, I would like to welcome Mr. Funk, Mr. Hak and Ms. McPherson here this morning to help us conduct the review of the Manitoba Lotteries Foundation.

I was interested, of course, in the comments made by the minister in her presentation here this morning. First of all, I want to say that we feel that this government really has no strategic plan to deal with it in terms of Lotteries in this province or the expansion of gaming initiatives. It seems like if it has any plan at all, it is just to expand, expand and expand until the market is saturated.

No one can deny that the Manitoba Lotteries Foundation is successful. The numbers bear that out. No one can deny that many Manitobans are utilizing the services provided by the Manitoba Lotteries Foundation.

Again, we feel that there is no study or thought on this particular issue. There is no study or review of the effects upon, say, the veteran groups, legions, the army and navy and air force veterans, nonprofit community groups, the Assiniboia Downs, all these groups that are seriously impacted by the many gaming initiatives which you spoke about earlier. We are a little bit puzzled by the government's announcement that they are going to continue on with gaming expansion, even though they are waiting for a study to be complete dealing with compulsive behaviour in terms of gambling. We find that, again, a little bit puzzling.

There are many, many groups out there that are feeling the effects of the unplanned, ad-hoc approach to gaming initiatives in this province. Again as I mentioned, veteran groups, nonprofit community groups, Assiniboia Downs, we find the potential of thousands of jobs lost. So these are some of the issues we will be raising this morning, and I look forward to the minister's comments on these and other issues.

Thank you.

Mr. Chairperson: Thank you. Does the critic for the second opposition have an opening statement?

Mr. Kevin Lamoureux (Inkster): Yes, Mr. Chairperson, I have a number of things. I would like to start off by indicating the general direction that the government has been taking has led me to at least this morning talk in terms of the VLTs and the casinos, realizing of course that there are a number of other aspects that the foundation is responsible for, but I believe we will have other opportunities to ask questions of that nature at a later point in time.

I think this morning what I would like to concentrate on, as I say, is in fact the VLTs, the whole gambling approach that this government has taken in the province of Manitoba, first recognizing the fact that one of the greatest growing revenue lines in the government is in fact gambling. I find that somewhat unfortunate in that sense, and I want to talk about some of the problems that are out there.

The minister at the very end of her opening remarks makes reference to this consultant that is looking at some of the negative consequences of gambling, and we are pleased. In fact, when the minister had made the announcement a number of months ago we indicated that we were pleased that the minister was finally taking action of this nature, because up to that point the government was looking at gambling as something, in my opinion, that was nothing more than revenue generating, that there were in fact no negative social impacts.

* (1030)

At least the government did nothing to indicate that or recognize that fact and that was somewhat unfortunate. In fact if we go back to the Crystal Casino and the VLTs and the introduction of both, we found that the government tried to skate around the issue of gambling. For example, on the Crystal Casino it said, we are going to have the proceeds from the Crystal Casino go toward health care, knowing full well that Manitobans are concerned about health care and those individuals that might be opposed to gambling, they will look at it and say, well, it is going to a good cause, so maybe I will not oppose it—to minimize the control.

Then, Mr. Chairperson, what happens is the government brings in video lottery terminals, and of course who is going to oppose VLTs if, in fact, the proceeds are going to rural economic development?

Well, at the time of the casino I was not the critic, but at the time of the VLTs being introduced I was the critic, and I remember saying at the time when the minister made the announcement about the VLTs that who is she trying to kid? This money is not going towards rural economic development. You are taking money from one pocket and putting it into another in order to try to prop up the government or justify doing what it is that they are doing. I argued that, in fact, they were skating around the issue.

The government was caught in a bit of a bind. The bind was of course that the VLTs were just bringing in too much money. They could not give it all into the REDI program. It had exceeded its most wild expectations in terms of revenues, and once we started to see that, we asked questions about the government in terms of what it is going to be doing with all these great sums of revenues that were coming in.

For the longest time, the minister and other government officials were saying, no, no, it is for rural economic development. It was not until, I believe it was Mr. Gilleshammer who had met with an association, and this would have been back in September or October, and this association then met with myself.

It was a daycare association. They had said the government really has not decided—at least this is what Mr. Gilleshammer had told this association—what it is going to be doing with the VLT revenues, that they were looking at even using it for deficit reduction.

Mr. Chairperson, that was no great surprise for me, but it seemed to be a bit of a surprise for a number of other individuals that the government was not going to be spending the revenues back into rural Manitoba as it had committed. You know, I think that at least in part started to open the real debate of gambling. In the touring that I have had of rural Manitoba, in particular the last six or seven months, this has been an issue on which I have talked extensively about to reeves, to local RCMP, to school trustees, to individuals that were gambling and so forth.

Some of the stories that you get out there are fairly scary in terms of the social costs of gambling. We talk about \$30 million, in excess of \$30 million has been taken out in terms of government revenue. It does not include the hoteliers or what

the hoteliers are getting in terms of their percentage. You are talking about \$30 million that has not come from 450,000 rural Manitobans on an equal, an averaged-out basis. You are talking about a significant number of individuals that are gambling a lot of money, and everything from the selling of property to pay for the habit they have acquired.

The minister is well aware of individuals, who have been attributed, or at least made reference, to gambling—or the VLTs—that have committed suicide, not saying of course that is the reason they committed suicide, but they did make reference to the VLTs.

Well, Mr. Chairperson, because of the manner in which this government has approached gambling, we have not had the debate within this Chamber about the pros and the cons. We have not allowed the public the opportunity to be able to have that thorough debate, and even though I think it is a positive thing what the minister is doing in terms of trying to get now, today, through a consultant, some of those negative problems, I am concerned that the minister is quite content to go beyond.

In the leadership race that we had a while back, I had indicated what we thought was a very positive approach to gambling. Because if you go back to what the government was saying, it was saying that it was wanting the VLTs originally not to generate revenue for the province or huge amounts of revenue for deficit reduction or anything else, other than the fact that they were hoping to be able to generate maybe \$3 million for the REDI program, and they were wanting to help the hoteliers in rural Manitoba.

Mr. Chairperson, I think that both of those things could have been accomplished in a very different way. I had even made suggestions that we do not need more than 25-cent slot machines in rural Manitoba, because it is a different individual that plays a 25-cent machine than someone that plays the loonies, or whatever you want to call our new dollar.

What we were trying to say was the fact that government needs to come up with an action plan, what it is they want to see happening in gambling, not to do it in an ad-hoc way, today we have this, tomorrow we are going to have that. We need to have some sort of debate about does Manitoba want to be wide open on gambling and have VLTs?

[interjection] The Minister of Natural Resources (Mr. Enns) says that would disclose the hidden agenda.

I do not necessarily believe that there is a hidden agenda here. I believe there is a desperate agenda that the government has in terms of trying to get in money, because they look at the bottom line. The bottom line is, of course, that this is something that is generating revenue, and they need revenue bad, but I do not believe they are looking at the cost of generating this revenue. [interjection] The member for Thompson (Mr. Ashton) says it is like an addict, and I believe he is right.

The biggest addicts next to the gamblers, the unfortunate sad gamblers that are getting addicted, are in fact the Minister of Finance (Mr. Manness) and the Minister of Lotteries (Mrs. Mitchelson), because I believe that they are addicted to those revenues. I think that is somewhat sad, because what they should be more concerned about is the impact on this and if in fact there are some areas which the government could ensure. I had suggested that any gambling policy should be tourism oriented, and this policy is not tourism oriented at all. The minister might want to try to say that it is, through the staff and so forth, but that is not the case.

It is not tourism oriented. They cannot demonstrate that, and that is somewhat unfortunate. It is just revenue motivated, and that is unfortunate. What comes to my mind is the fact that the government does have an opportunity—you know, the party has been calling for a moratorium. The minister is committed to bringing in VLTs into the city of Winnipeg by September. I do not think it would be irresponsible or inconsistent for the minister to stop any form of expansion into casinos or VLTs until we know what the social costs are going to be.

The minister will no doubt want to respond, well, this is the member that was saying that we should have casinos here, casinos there and so forth and try to point out inconsistencies. You take a risk when you want to be responsible and you want to try to provide something that I believe is important. You open yourself up for some criticism, much like when government takes action, it opens itself up to criticism. I will be the first to criticize if in fact the criticism is warranted.

If the minister feels that a tourism-only oriented policy toward gambling is something that should be criticized, then fine, she can criticize that. But I believe it is a responsible thing to do as an opposition member, to come forward with ideas that will at least allow the minister to look at and hopefully even accept some of them. I am not going to be discouraged if the minister was to acknowledge that we do not need more than 25-cent VLTs in rural Manitoba in the hotels. I think I would be very pleased to see the minister do something of that nature.

* (1040)

I would also be equally pleased if in fact the minister would put the moratorium on until we know or the public has had the opportunity to have that debate. This is something that I believe is absolutely essential, that I am not convinced the public wants gambling in the province of Manitoba in the direction that the current government is taking it. I am becoming more convinced that the public is in fact prepared to accept some form of gambling but not wide open, and the impression that this government is giving right now, today, is that they are quite prepared to have the doors to gambling opened to virtually every aspect of society.

That concerns me. You know, you take a look at what has happened, I believe, was it Nova Scotia or New Brunswick where they have actually started taking out VLT machines because they are starting now to realize some of the social impacts, the negative social impacts.

I believe this government before it starts installing more—because once you have the VLT machines in, it is going to be that much more tougher to pull them out or in fact to reduce them down, Mr. Chairperson. So I believe that the minister would be doing a service to the industries that are going to be impacted, in particular the hotel industry, other gaming industries that are going to have a significant impact by bringing them into the city of Winnipeg, she would be doing a service to all Manitobans if in fact she would agree to having a moratorium put on until we know in terms of what it is that Manitobans are prepared to accept. That we know—you know, when I ask a question of the minister in terms of what are the numbers, how many individuals or percentage of individuals that are getting addicted to these, and what programs are we going to be putting into place. Until the

minister is prepared to be able to answer those questions and give some details on those sorts of questions I believe it is premature.

I believe that the government has to be more responsible in its approach to gambling because of the impact, and to stop trying to tie VLTs or casino revenues into something that the government believes that the public is sympathetic to by tagging this money on, you know. In Neepawa, it is interesting, a couple of months back the First Minister (Mr. Filmon) announced another rural program—

Hon. Harry Enns (Minister of Natural Resources): Hear, hear.

Mr. Lamoureux: The Minister of Natural Resources says, hear, hear. Well, you know, if you really stop and think about it, he is a member that represents rural Manitoba. The government said we are going to give all of the VLT revenues to rural Manitoba, well in excess of \$30 million. They broke that commitment, and then they said, well, we are going to give 15 percent—I believe it is 15 percent—through the REDI program. So 15 percent of the VLT revenues now are going to be going into the REDI program. The Premier was in Neepawa. What is he doing in Neepawa? He is talking about how wonderful the VLTs are and the revenues. In fact we have now got a new program that is going to give money to small business entrepreneurs in the rural communities.

Well, Mr. Chairperson, you know we have the Premier going around the province, and I would anticipate other ministers going around saying how wonderful VLT machines are for the simple reason that the money is going towards these new creative programs. When in fact, the truth be known, the government broke its commitment, its promise, is not giving the money to rural Manitoba. It is taking more money out of rural Manitoba.

Think in terms of the communities. Like, the minister made reference to the bingo revenues have gone up, but Nevada has gone down. So she acknowledged that there was loss of revenues to rural Manitoba through the Nevada ticket sales. She did not acknowledge—what about the community clubs, the curling rinks, all of these other organizations that try to have, you know, the Grey Cup pool tickets, these sorts of tickets being sold, or the garage sales, whatever.

There is only so much of a disposable income that is going to in fact go toward this sort of money. Well, all of these are being impacted. I know this first-hand, because I have talked to many of these rural Manitobans, Mr. Chairperson.

It is one thing to walk around and say how wonderful we are and this is what good the VLTs are doing. It is another thing to be a bit more frank, open, and honest with all Manitobans in telling them in terms of what it is that this revenue is actually there for. It has nothing to do with rural economic development. It has nothing to do with our hospitals or health care. It has everything to do with creating revenue.

This government has not come up with an approach that says that this is what gambling, or what we believe gambling should be moving toward. If I may make a suggestion, my suggestion would be that, if we are going to have gambling in the province of Manitoba, it should be oriented towards tourism and nothing more than tourism, that you do not need dollar or VLT machines scattered throughout the province of Manitoba. It is not necessary, Mr. Chairperson—[interjection]

The Minister of Labour (Mr. Praznik) says, so our citizens cannot enjoy it. We are not depriving anyone of that. How far is the minister wanting to go? Are we denying individuals opportunities to be able to participate in many other functions, whether it is, like Kim Campbell might say, the smoking of marijuana? It could be. Are we not denying Manitobans that opportunity?

Well, the Minister of Labour is being a bit ridiculous in his argument in terms of not providing individuals from being able to have access. I can assure the Minister of Labour that if in fact they want access, they will find access to it.

I will conclude my opening remarks by saying that I would like very much so to see the government take a more responsible approach to the whole issue of gambling. My intentions are to be as frank and open as possible and to suggest to the minister, as I did to the Deputy Premier when Hecla Island and the Gull Harbour Resort were before the committee, in terms of providing what I believe is a responsible approach to gambling, because if we look at it on all three sides of our borders, gambling is something that is being ventured into. But, I believe we can do it in a much more responsible manner.

One of the things that I would like to see is the government put a moratorium on gambling until we know in terms of what it is that the government actually wants to do.

Just for the record, for the Minister of Labour (Mr. Praznik), yes, I did visit the Crystal Casino I think once or twice over the last couple of years—

An Honourable Member: But rural Manitoba cannot do it.

Mr. Lamoureux: I can honestly say I also visited some of the VLT machines in rural Manitoba—

An Honourable Member: Did you contribute to economic development?

Mr. Lamoureux: Did I contribute towards it? I must confess, I believe my wife has contributed about \$30 in total, so far.

Myself, not necessarily being a gambler—if it was my personal preference, my personal opinion is that all these VLT machines and casinos should be blown up. I do not believe in gambling myself, personally. But I do want to be responsible on this issue. I do not drink. I am not going to tell individuals that they should not drink either. So one should be responsible.

The minister has to be responsible in terms of what she believes the best interest of Manitoba is. I would ask her to do just that and to be straightforward.

Mr. Chairperson: Thank you, Mr. Lamoureux.

Mrs. Mitchelson: Yes, Mr. Chairperson, and I certainly thank both opposition critics for their opening statements, their comments, their suggestions, and their recommendations.

But I believe I must respond to a few of the comments. I am not quite sure where to start. I guess I should start with the official opposition and comment on the thoughts that were put on the record that Manitoba Lotteries, indeed, has no plan of action.

* (1050)

I would question why other provinces that are looking at some of the same initiatives that we might be looking at in this province—and I will name a couple specifically. One of them might be NDP Ontario who shortly after they came into power, one former Premier of this province, Howard Pawley, brought his cohorts from Ontario into Manitoba and set up meetings with the Manitoba Lotteries Foundation so they could follow

some of the planning process, consult and look at some of the plans and some of the long-range planning that the Manitoba Lotteries Foundation had in place, consult with us.

Quite frankly they felt, and obviously the former Premier Howard Pawley who was the Premier here for several years felt that the Manitoba Lotteries Foundation had a plan of action and he wanted those in Ontario, the NDP government in Ontario, to take a look at what Manitoba was doing and see whether in fact they could implement some of the things that were happening here. I do want to say that Ontario has several VLTs in place throughout the province there.

So I question the comments from the official opposition when obviously they, when they were in government, knew full well the kinds of plans that the Manitoba Lotteries Foundation had in place, like the land that had been set aside by the former NDP administration for replacement of the bingo facilities that have now come to fruition, like the planning that was ongoing when we took over as government to establish a casino at the Hotel Fort Garry—all of those things that were part of a long-range plan for Manitoba Lotteries Foundation that now NDP provinces are coming to consult with Manitoba, because they know full well that Manitoba does have a plan and are implementing gaming in a very responsible way.

We also had the minister of justice and the minister responsible for lotteries from the province of NDP Saskatchewan that was recently here to visit to have lunch with our Minister of Justice (Mr. McCrae) and myself to discuss lotteries issues and subsequently met with officials from the Manitoba Lotteries Foundation. It appears that NDP governments across the country that are in power presently do believe that Manitoba's plan of action is a good plan of action and indeed are coming to Manitoba to see how they can implement responsibly initiatives in their provinces.

We also had the official critic for the official opposition commenting about holding on expansion. On the one hand, we have had his Leader stand up in the House and ask why indeed we are not putting VLTs into legions and veterans clubs, while on the other hand they are asking us to hold any expansion. So I question where the NDP opposition is coming from here. They try and they attempt to have it both ways. When they are in government they do one thing, and when they are

in opposition they are able to do another. I am not quite sure what the policy of the NDP opposition here in Manitoba might be.

If I might move on to the critic for the second opposition and his opening comments, I just want to state up-front that I recognized the broadening, the expansion of his horizon as he travelled throughout the province of Manitoba and came to understand more clearly some of the circumstances and understand in a better way rural Manitobans in rural Manitoba. I am sure it has been a very valuable experience for him, but I still question many of the comments that he put on the record.

By admitting himself that he has visited the Crystal Casino and did play some of the VLTs while he was travelling throughout rural Manitoba, he is not unlike many Manitobans. In statistics, research that has been done does indicate that nine out of 10 Manitobans do gamble, many of them for entertainment value.

I would believe that the member for Inkster (Mr. Lamoureux), and probably his wife, who has managed to leave \$30 behind for rural economic development or deficit reduction or whatever those \$30 might have been used for, is a responsible gambler, that he gambles for the entertainment value, as his wife I am sure does. There are many Manitobans that do gamble for the entertainment value it does provide. I am sure the member for Interlake (Mr. Clif Evans), who must experience many visitors through his hotel, would tell you there are many people that do come into his hotel to gamble for the entertainment value that it does provide.

Every dollar that is spent on VLTs at the Crystal Casino, or will be spent through our new entertainment centres, does indeed benefit Manitoba. I mean, there seems to be a myth, or a sense out there, that it is sort of a money-grabbing gesture by the government of Manitoba. Every dollar that is generated in revenue goes back out to Manitobans in one form or another. It is money that is generated, but it is also dispersed and put back into the Manitoba economy or the Manitoba community in some form or other, whether it is to reduce the deficit or whether it is to provide grants to many very worthwhile causes throughout our communities. So I want to set the record straight on that score.

Also, I do want to talk a bit about those charitable organizations out there and charitable gaming, that is, 40 percent of the gaming that has been ongoing for many, many years throughout Manitoba. Those are the local community organizations that run bingo activities, whether they run it in the community hall, whether they run it in the church basement, whether they run it in their veterans club.

Those dollars that are generated, which is 40 percent of the gaming activity that is going on in the province of Manitoba and generates some \$131 million in the last fiscal year and which, by the way, has been increasing year after year—it has not been declining. The gross revenues have been increasing. Those dollars go back into our Manitoba communities in a major way.

Sometimes we get caught up on the government activity. I think if we go back to the NDP government that did implement government control over certain forms of gambling, we will realize it was because there was a need for the security and the integrity and the accountability. There was a need for the licensing ability of the Manitoba Lotteries Foundation for those many, many charitable organizations out there who indeed are generating revenue through their bingos and their break-open activities in Manitoba for the myriad of good things that happen and the myriad of very worthwhile causes that can be supported through this type of activity.

I want to say that we are attempting, in a very responsible manner, to expand gaming. You know, we cannot as Manitobans bury our head in the sand and say that Manitobans do not gamble. Nine out of 10 Manitobans do gamble in some way, and it is not unlike the statistics right across the country. There are nine out of 10 Canadians that do gamble in some form. We believe that we are putting those dollars in Manitoba to very good use, going back, as I said, into the Manitoba economy, into the Manitoba community in some way.

* (1100)

When we talk about wide-open gambling, I believe that we have been responsible in Manitoba. If we look at Liberal New Brunswick who has had video lottery terminals on every street corner for many, many years, we have said here in Manitoba, we do not want to go that route. We do not want accessibility of VLTs to minors, to those under 18

years of age in Manitoba. We are going to implement our VLT program in a responsible way.

When the critic for the second opposition talks about us finally taking action on a gambling study of some sort, I would say to him to take a look at his cousins in New Brunswick, his Liberal cousins in New Brunswick who have had, as I said, VLTs on every street corner for many, many years and they have just recently undertaken a gaming study and have the results of that study and they have not implemented any program of any sort to deal with those that do have a compulsive or addictive behaviour.

So with those comments, I will stop now and we can go on to questioning.

Mr. Steve Ashton (Thompson): It was very gracious of the minister after having opening statements and then trying to put in a 20-minute rebuttal to say, we will stop now and answer questions, Mr. Chairperson. I quite frankly would hope that, given the fact the minister has gone to great lengths to try and defend the government's policies on gambling, some of the rest of us would have the opportunity to raise some concerns. Also, I would appreciate the commitment, given the amount of time that has been spent, that we will be able to sit again because we have many issues we want to raise. I think the suggestion by the member for Inkster (Mr. Lamoureux) is an excellent one, to deal with VLTs today. We may have to deal with VLTs subsequently, but there are different areas.

I just want to say that, first of all, I hope the minister will recognize that in the legislative committee, this is not the House and I quite frankly do not think we should be talking about the Liberal New Brunswick or NDP Saskatchewan. Let us talk about Conservative Manitoba.

Some Honourable Members: Oh, oh.

Mr. Ashton: Well, oh, oh, Mr. Chairperson. We are here to discuss the Manitoba Lotteries Foundation. The minister is in charge of it, and quite frankly, I do not think we need to waste the time of the committee with the minister saying this province is doing that, that province is doing the other. We want to ask some specific questions about what this province is doing, what this government is doing, and raise some significant concerns.

I must say when I read the opening statement today, I am even more concerned than when I

came into this committee because this opening statement, I think, shows the degree of lack of accountability of this government and the complete lack of reality in the minister's approach to this issue.

Some of the sections of this opening statement, quite frankly, are nothing short of offensive. I will take, for example, the statement in here, and this is a government that has expanded particularly through VLTs the extent of gambling in this province, has made some very clear policy decisions, putting them into hotels and not into veterans organizations, other facilities, et cetera. I have the statement here of the minister before me who says a large majority of Manitobans have indicated they do not wish to see the Manitoba VLT program extended to veterans, private clubs or facilities used by nonprofit organizations.

Mr. Chairperson, have we had public hearings on VLTs? No, we have not. Have we had an election since they were introduced, perhaps considering that to be the ultimate plebiscite? No.

Who has the minister been talking to in this case to justify statements of this nature? Is it perhaps studying an opinion poll that has been conducted? A government by opinion poll, Mr. Chairperson? Who has conducted the opinion poll? What is the wording?—because I can tell the minister, and I talked to my constituents, that there are concerns about what is happening in terms of VLTs.

I know in my own community there is a lot of concern about what impact it currently is having on the legion in my community. I know many people locally are concerned. I have talked to people in communities, such as Wabowden, who are concerned about the impact of VLTs on other activities in the community.

I know of at least one organization that has cancelled its activities in that area because of the impact it has had on its own activities. So I have talked to people who are quite concerned about the direction. I really think this statement, in and as of itself, is indicative of the problem the government has got itself into.

The minister talks about there being a plan. Planning is not simply a matter of saying we are going to access land here for a potential bingo operation, or we are going to do this in this other area. I mean that is internal, corporate planning. The

concern of our critic was in terms of the policy decisions of this government.

Essentially, the policy decisions of this government on VLTs are expand VLTs and then develop another plan. We have not had any public hearings on VLTs. In fact, we have seen a whole series of shifts, of zigzags, back and forth.

I look at the statements in here in terms of the revenue from VLTs. The minister cryptically talks about how much revenue they had anticipated at the beginning, and the fact that there was more revenue, and that there is actually more revenue going in to rural communities than was originally projected.

Mr. Chairperson, perhaps the minister should look at some of the signs that were put up by the lotteries commission. I can take her to the Ilford hotel, in Ilford, Manitoba, population about 200. There is a hotel with VLT machines, a big sign: proceeds to go to rural economic development from the VLTs, not some, or whatever, not X number of dollars.

I would suggest, Mr. Chairperson, if a private business was to say, put your money in here and it will go for this charitable purpose, this public purpose, then someone said, whoa, we raised more money than we expected. We are going to pocket this and we are only going to put part of that for it, that might be considered legally fraudulent. It would certainly be considered unethical. I would say probably it might be considered fraudulent.

We are seeing that the government feels that there is a different set of rules, obviously. Let there be no doubt in any of the rural communities, and the minister can talk to any of the municipal councillors, can talk to any people in the service clubs, talk to people in the hotel industry, there was no doubt in anybody's mind that the VLT revenue was going to go to rural economic development, period, no ifs, no ands, no buts.

What happened was the government raised more money than it expected and said, oh, we have got a great opportunity here. Next zigzag is they go and access it for general revenues, saying the vast majority of Manitobans agree the money should go into general revenues.

Well, I do not know, we have not had an election on this issue. We have not had a referendum or a plebiscite, is this another opinion poll? Who has conducted it? What was the wording? Because I

can tell you I am serving my own constituents, currently. Their opinion, if you want to look at some of the issues, the minister says the large majority Manitobans—fill out the blank, whatever it is, VLT revenues or the legions.

A lot of my constituents are concerned about the impact on our local legion, and that they may close. In fact, if you asked people the question: Do you feel that legions, Army Navy & Air Force—which, by the way, I find it offensive to call them clubs, private clubs—they are service organizations. They do a lot of good in our community.

Quite frankly, I do not know how much time the minister spent in the legions of this province, but I do not think she would be using such a term as calling them private clubs. They are service organizations. They put a lot of effort into developing our communities, my community in Thompson.

I am very proud of my affiliation, my involvement, as MLA with many of the projects the legion has over the years supported. Quite frankly, I am offended by that. I am also offended by the statement in this document that legions have a declining and an aging membership. Well, so what? Are we now going to say that because there are fewer veterans, they are now getting older, and veterans are dying off, that we no longer support legions and Army Navy & Air Force and other veterans organizations? They have been around for 75 years, in the case of the legions, since after the First World War. Army Navy & Air Force predates that. Are we going to contribute to the decline? I find that kind of statement to be absolutely offensive.

*(1110)

I notice in this document that the minister talks about the impact of VLTs on hotels, and this I find offensive as well, Mr. Chairperson, because what the minister does is she treats one set of Manitobans one way and another set of Manitobans another way. No, there is no doubt there are difficulties in the hotel industry, and no one is denying the impact VLTs have had on the hotel industry. I am very pleased to see that the hotel industry is seeing something of a rebound, that many of the hotels that could have been closed are no longer going to be closing. It is mentioned here specifically: Prior to the VLTs being introduced, mortgage foreclosures and voluntary

surrenders were occurring at the rate of 15 to 20 per year. In 1992 that number has been reduced to two or three.

Mr. Chairperson, what about the legions and the Army Navy & Air Forces. Right now they are indicating as many as half the legions and Army, Navy & Air Force branches in this province could be facing closure, much of that being contributed to by the impact of VLTs, declining revenues in their facilities, people going to hotels. What is going to be the next report of this minister on Lotteries Foundation? Will she report on how many legions and ANAFs close? Will that also be a factor? Why are we saying on the one hand we will bring in VLTs to hotels because we want to avoid closures, and on the other hand, you read a few more pages down the document, oh well, the veterans organizations have an aging membership, a declining membership, that is their difficulty, and we are not giving them VLTs because a vast majority of Manitobans do not agree with that.

I wonder if you asked Manitobans—in fact I know in my case—if it was a case in their community that the legion was going to face closure because it was denied access to protect this kind of revenue, what their position would be. I know what the view of my constituency is. So, Mr. Chairperson, this minister ought not to be making statements like this.

I continue in terms of the legions, for example, where she talks about the licensing requirements in hotels versus the licensing requirements in legions. Now, what is the real reason here? Was the real reason to put VLTs only in the hotel industry to save the hotels, and the heck with the legions and ANAFs? Is that the reason? It appears in one part of the document. Is it because the legions are going to die out anyway and the ANAFs—by the way, the minister is wrong. A lot of people are members of legions who are not former veterans, they are sons and daughters of veterans. I am an associate member of my local legion because my dad was in the armed forces. The average membership in Thompson is quite young, Mr. Chairperson. So that is a myth.

But even discounting the reasons for that, there are some statements in here that the problem in legions and Army Navy & Air Forces are due to licensing problems—licensing—that hotels can restrict access to 18-year-olds. Well, has the minister sat down with the Minister responsible for the Liquor Control Commission (Mrs. McIntosh) to

look at licensing in private organizations such as the one she has referred to, veterans organizations, for example? Has she looked at the licensing requirements. It seems to me that if the problem is the licensing requirement, the lack of ability to restrict 18-year-olds, has she discussed with the legions and Army, Navy & Air Forces some changes to the liquor legislation that might allow for that guarantee to the Lotteries Foundation, which then would allow for reconsideration of the exclusion of that, Mr. Chairperson. I mean, let us not use technicalities here, either, to make these kinds of decisions.

I know the hotel association has a strong lobby in this province, and I credit them for their lobbying efforts. Well, maybe the legions and the Army, Navy & Air Forces do not, but quite frankly, when you look at what they provide in the way of service to our communities and to this country, I find it, quite frankly, offensive when I read these kind of statements.

You know, Mr. Chairperson, the minister can talk about the opposition party's concerns and whatnot. Well, I think she should take them seriously, because I think a lot of Manitobans are asking which direction the province is taking.

There are several questions here. It is the degree to which we are going to have VLTs, and it is also the distribution of VLTs, the number of machines obviously overall and also where you put them. In the case of the legions and Army, Navy & Air Forces and the hotels, we are seeing the impact. Hotels are going to be saved. Legions and Army, Navy & Air Forces are going to be closed because of a conscious decision by this government. That is something, I think, that not only the minister has to answer to us about, but also to the people of Manitoba.

It is the same question in terms of the degree of machines. I am not going to make statements like the member for Inkster (Mr. Lamoureux). I respect his statements. I also think the minister is misleading people by it when she says that 90 percent of Manitobans gamble. The majority of Manitobans buy a Lotto 6/49 or a raffle ticket; the majority of Manitobans do not spend a significant amount of money on gambling, VLTs or bingos, et cetera, Mr. Chairperson. You know, that is reality. A lot of Manitobans do participate in some way, shape or form.

I disagree with the member for Inkster. I mean, if the member for Inkster was to go to a lot of the bingos—bingos, for example, are recreational activity, social activity. I think Thompson is probably the bingo capital of Manitoba—[interjection] Well, there is some suggestion there might be some other communities pretty close, but it is a social occasion for a lot of people. I do not think we need to get in those kinds of extreme debates, but I can tell you that I have a lot of people who are concerned about the impact of VLTs on our community in Thompson, a lot of people in Wawbowden, a lot of people in Ilford, three communities in my constituency that have VLTs. They are very concerned. They have seen the impact.

It is misleading to talk about the 90 percent. The real problem is the 5 percent, and the minister probably has more accurate figures than I do of people who are chronic gamblers. You know, there is no mechanism for us to deal with that. This is our only opportunity really to discuss these kinds of issues. There is no legislation now that is before us that deals with this. There is only The Manitoba Lotteries Foundation Act, but that deals with very technical questions pertaining to the corporation.

Mr. Chairperson, I know the minister is talking about bringing in a consultant, but we already have decisions being made by opinion poll, I assume. Now we are going to have decisions that are going to be made by consultant.

I would say, given the significance of the concerns, we should have decisions made involving the people of the province. That is the position of our party, by the way, and it has been very consistent. Our critic has been saying from Day One we should have public hearings on this.

We should not be saying our plan is to add more, add more and then develop a new plan. We should be looking at distribution, looking at the amounts, looking at the question of chronic gambling. Those are the kinds of concerns we are going to be raising in this committee.

You know, Mr. Chairperson, I will just get back to what I said before. This minister and this government—and we can talk about all the provinces we want, but this minister and this government are making decisions that are impacting on organizations. It is going to result in the closure of organizations. It is impacting on

people's lives. They owe more to people in this province than to make decisions by opinion poll and by consultant.

I hope at the next series of meetings we will get a chance to convince the government of what is happening, because I really suspect if we had public hearings we would not see the minister coming in with a document like this at the next hearings.

I think this document—and I am not saying this as a personal comment on the minister. I think it shows a certain level of arrogance of policy making, confusing corporate long-term planning on the revenue development side with the question of the degree to which public policy should regulate these activities, the degree to which we should have VLTs, for example, and the distribution of those VLTs. Because the minister, ironically, in a rebuttal was probably more accurate in describing the situation than she was in her opening statement, of which I have a copy of the text here, when she talked about previous governments having regulated gambling.

The reason for regulating gambling is because of some of the concerns I mentioned, the question about distribution of activity revenue. It is a question about control to make sure that the revenues go into the appropriate hands. All those decisions are part of whether legions and Army Navy & Air Force, veterans organizations, receive VLTs or not; the number of machines that are in operation; whether the money goes for rural economic development or not, Mr. Chairperson, because that is the problem.

* (1120)

The government has forgotten the mandate in terms of lotteries, of regulation for the public good. The public good would dictate that some of the decisions that this government has made, that have produced a lot of revenue for the Minister of Finance and for the Lotteries Foundation, would not have been made without appropriate public input.

When we regulate for the public interest, the first thing we need is public input. In the absence of public hearings, in these hearings today we are going to be speaking out on behalf of the many concerns in our communities about what is happening with lotteries and particularly with VLTs.

Mrs. Mitchelson: Mr. Chairperson, I listened very intently to the comments that were made from the

member for Thompson (Mr. Ashton). I guess the public does speak to a certain degree when they have different forms of gaming activity in their communities, and they choose to attend and participate, as the member for Inkster (Mr. Lamoureux) indicated earlier, he had participated in a small way to playing VLTs in rural Manitoba. He had visited the Crystal Casino once or twice as many Manitobans have done. The member for Thompson might say, well, people do not really gamble, they buy a lottery ticket here or a lottery ticket there, or they may play a game of bingo or a game or two of bingo a week, and he says that is not gambling.

Well, it is gambling, and the statistics indicate that nine out of 10 Manitobans gamble. Buying a lottery ticket is gambling, and no one can refute or say that it is not. It is the varying degrees, of course. The member for Thompson does admit that there is a small percentage of the population.

I think we probably will, when we get to the announcement of the study that has been done on gambling and the initiatives that we will be putting in place as a result of that, will indicate to opposition that we are indeed acting in a responsible way. We do have concern about the numbers of people that do have a problem which does indeed cause a problem for themselves and for their families and the communities that they live in. So I think within the next few weeks, both opposition parties will have the ability to understand how concerned we are about those who have a real problem or a legitimate problem.

But, Mr. Chairperson, you know, the member for Thompson says that video lottery terminals are not publicly acceptable. I question where he is coming from, because if—[interjection] Well, he is saying that we have not listened to Manitobans. We have put in video lottery terminals without consulting with Manitobans, and they really do not want to see video lottery terminals in many instances.

Point of Order

Mr. Ashton: It is in our rules very clear that when members make statements in terms of their own, that is accepted by members opposite. I do not mind if the minister wishes to debate her position, but she should not distort what I said. If the minister wants to check Hansard, she will find that her statements are absolutely inaccurate. Quite frankly, Mr. Chairperson, it would serve this

committee a lot better if the minister would deal with the policy concerns that were raised, rather than going now, for the third time, trying to debate, in this case distort, what I said. That is distorting the purpose of this committee.

I do not know if the minister wants to filibuster this committee, but if she does, I would hope that she would ensure there will be adequate opportunity for the rest of us—

Mr. Chairperson: Order, please. Mr. Ashton does not have a point of order.

* * *

Mr. Chairperson: The honourable minister to continue her comments.

Mrs. Mitchelson: Mr. Chairperson, it is interesting how touchy the member for Thompson becomes when he is challenged.

I think Hansard will show that the member for Thompson has indicated we have gone ahead with installation of video lottery terminals without listening to Manitobans, and he does not believe that Manitobans are supportive of our video lottery program.

I will say, if Manitobans do not want video lottery terminals, I question why they are playing them. If there is—

Mr. Ashton: I mean, that is foolish. Are you that out of touch?

Mr. Chairperson: Order, please. The honourable member for Thompson, Mr. Ashton, will have his opportunity to be recognized when the minister is finished her comments.

Mrs. Mitchelson: Mr. Chairperson, ultimately, people choose whether or not they are going to spend their disposable income on gambling or smoking or drinking or attending a movie or going to see Phantom or going to the ballet, going to a sporting activity. People do ultimately make those decisions. No one is forcing any Manitoban to gamble in any way. No one is forcing the people in Thompson to go play bingo on a regular basis.

The member for Thompson says that Thompson is the bingo capital. There are others that argue their communities might be the bingo capital in the province of Manitoba. Nobody has ever said, you will go and play a game of bingo once a week or once a year or whatever. No one has ever indicated or said to anyone, you will go and buy a 6/49 ticket. No one has ever indicated that you will

attend the Crystal Casino and gamble and spend your money, or you will spend \$5 tonight or \$50 or \$100. Nobody has ever said to any Manitoban, you will go and play the video lottery terminals in Thompson or Wabowden or any other community in the province of Manitoba. Manitobans make those decisions on their own. [interjection]

Well, Mr. Chairperson, the member for Thompson says, but you cannot go to a legion and play VLTs. You can go to a legion and play bingo, and you cannot go to a hotel and play bingo. So there are rules and regulations put in place. We license facilities. There are certain criteria and certain guidelines to any form of gaming activity that have to be adhered to.

Yes, government does make policy decisions. We always know when we make decisions—and the member for Thompson (Mr. Ashton) was in government for a number of years. He does know indeed that there are decisions that governments make. Every decision that a government makes does not please everyone and does not satisfy everyone. We know that some of the decisions that were made by the former administration around Autopac rates was ultimately the defeat of that government.

You know there are decisions that are made. Ultimately, yes, Manitobans will judge at election time whether or not they feel the majority of decisions that any government has made are the right decisions for whatever reason.

I will admit, any policy decision that is made by any political party that is in power is a decision that is going to not be acceptable or agreeable to by some Manitobans. Ultimately, governments are elected to make decisions. We believe that we have put the right policy in place so that we are restricting and implementing video lottery terminals in a responsible manner. We are not putting them on every street corner where those under 18 have access to those types of machines or access to gambling.

Yes, the issues surrounding legions and veterans clubs is a very difficult one, but there are differences. Whether the member for Thompson likes to admit it or not, legions and veterans clubs are classified as private clubs. They are 12 percent of the private clubs throughout the province of Manitoba. There is another 88 percent of private organizations, whether they be the local community

club or the local curling club, whether they be a religious organization, or even the Press Club who has called the Manitoba Lotteries Foundation and said if private clubs like the legions and the veterans clubs and other private clubs get video lottery terminals, we would like to have video lottery terminals, too. There is not any rationale or reasoning or sort of sense to where you start and where you stop when you implement a policy to allow some private clubs to have video lottery terminals and others not.

* (1130)

So if you want to look at the difference between private businesses and private clubs, private clubs have considerations that are not given to private business. Private clubs are allowed to run bingos in their facilities, which private business is not. Private clubs get income tax concessions, where private business does not.

When we talk about a level playing field, is there a will by the legions, the veterans clubs, to give up their bingo activities, to give up their special income tax status, to give up everything else to be put on a level playing field with the hotels so that they can compete? It is not cut and dried, and the answers are not easy, but we have put in place a policy that I believe is a responsible policy.

I guess, ultimately, as the member for Thompson (Mr. Ashton) says, the people of Manitoba, the majority of Manitobans will make a decision come next election on whether in fact we have put in place policies across the board that are satisfactory to the majority of Manitobans. If the majority of Manitobans do feel that the NDP's policy—which by the way is different from any NDP policy for any other province where there is an NDP government, completely different. Those NDP governments that are in power right now certainly are saying different things than what this NDP opposition is saying in Manitoba, and they are doing different things from what this NDP party in opposition is saying or suggesting in Manitoba.

So, yes, ultimately we can debate. This is what this committee is for is to debate policy. It is also to put forward suggestions, which I know the member for Thompson has done. Ultimately, the government that is in power has to make the policy decisions and has to implement programs that they believe are fair and that address the concerns, the wishes of the majority of Manitobans. We know

that from time to time governments make the wrong decisions, and that is when they get turfed out the next election.

I believe that we have made the right decision that the majority of Manitobans will accept. Again, I do want to repeat, because I do not think it gets said often enough, that every dollar that is generated in revenue by government through controlled government gaming activity goes back to Manitobans in one form or another to enhance the quality of life, whether it be on the social or the economic side.

Mr. Chairperson: I have had a request for a five-minute recess, so we will recess for five minutes.

The committee recessed at 11:33 a.m.

After Recess

The committee resumed at 11:38 a.m.

Mr. Chairperson: Order, please.

Mr. Dewar: Mr. Chairperson, as I was mentioning, in looking over the minister's opening comments, she made a statement that the Manitoba Lotteries have a multiyear strategic plan. I was wondering if she could explain this to us and enlarge upon that please.

Mrs. Mitchelson: Mr. Chairperson, what happens is, on an annual basis the Manitoba Lotteries Foundation presents to the government of Manitoba its five-year plan. We look at the initiatives that are upcoming for the year ahead and make a decision on whether or not we will implement what they are recommending for Manitoba. It is updated on an annual basis and presented to government.

Mr. Dewar: You mentioned the five-year plan. Where are we in that five-year plan? What year are we in now?

Mrs. Mitchelson: It is not like any other five-year plan. It sort of gets revised and rolled forward every year. We look at the year's activities, make a decision, accept sort of the long-range plan, but at the end of the year Lotteries comes back again to government and reports on the accomplishments and brings us up to date on exactly where we are at, and then we look again at the next year's activities.

Mr. Dewar: What I am interested in, of course, is finding out what are some of those next-year activities? What future gaming initiatives does the Manitoba Lotteries Foundation have in store?

Mrs. Mitchelson: Mr. Chairperson, yes, if I might just explain what the fundamental principles are of any type of a strategic or long-range plan. They look at fiscal responsibility, sensible growth and partnerships.

As you have seen, and as my opening statement did indicate, we have looked at fiscal responsibility in implementation of any of our Lotteries initiatives. We have looked at sensible growth. We have looked at, first of all, implementing video lottery terminals in rural Manitoba; based on the success and the experience, expanding that into the city of Winnipeg; as a result of requests from the riverboats, have decided to implement and put VLTs on riverboats starting in September. I guess if we go way back, we looked at the Crystal Casino and thought that was sort of a natural evolution of gambling and gaming.

We have to take into account also what is happening around us. I believe that we want to be competitive in Manitoba based on what is happening around us. We have looked at the 30 busloads of Manitobans a week who travel across the border to gamble and to spend their gaming dollars, and we have said how do we attempt to stop the flow of Manitobans taking their disposable dollars and spending them outside of the province? How do we keep those disposable dollars here in Manitoba, because ultimately they become recycled back here in Manitoba.

* (1140)

The revenue is generated by the Manitoba Lotteries Foundation. It is turned over to the government and government then determines how that money is going to be spent to the benefit of all Manitobans, whether it be in deficit reduction, which of course does benefit Manitobans because we do not have to increase taxes. It leaves more money, more dollars in their pockets to determine how they are going to spend that money.

We have to take a look at all of those things and take those things into account as we look at the plan, looking at external forces and what other provinces are doing, what the States just south of us are doing and try—as I said, the ultimate goal would be to keep the disposable gaming dollars

that Manitobans spend here in the province of Manitoba and, ultimately, how do we attract tourists to Manitoba so they spend some of their disposable gaming or gambling dollars here in our province so that Manitobans will benefit.

Mr. Dewar: The point I was trying to make, I just want to know—of course, we have video lottery terminals introduced and bingo palaces now—what are some of the future gaming initiatives of the Manitoba Lotteries Foundation? What can gamblers look forward to in the years ahead?

Mrs. Mitchelson: Mr. Chairperson, when we look across the country at the Interprovincial Lottery Corporation, which does run 6/49s and that kind of activity, that is right across the country, they are looking at a new game, 747, which might be implemented nationally.

As far as Manitoba goes, at this point in time we are looking to the opening and the successful operation of the two new entertainment centres that have replaced the bingo halls here in Winnipeg.

Mr. Dewar: You mentioned across-border gamblers. Do you have any idea how much money is leaving Manitoba? I know Mr. Funk made a statement, I believe, on a television program. I forget the amount, but it was quite substantial.

Mrs. Mitchelson: Mr. Chairperson, if I could, maybe I will have Mr. Funk answer some of these questions because he has got the statistics and the figures.

Mr. Bill Funk (President and Chief Executive Officer, Manitoba Lotteries Foundation): Mr. Chairperson, to the best of my knowledge, Manitoba has approximately 25 percent of the market share in what I would refer to as casino-style gaming. Because a lot of the people going across the border are going to play in establishments that are either in the private sector or are on reserve lands, it is very difficult to come up with the exact figures. Roughly by equating the fact that it has been published that on average a Manitoban leaving this province drops \$300, if we extrapolate that just to the one facility, let us say the Shooting Star, Manitobans are probably dropping in the order of \$30 million per annum in that one facility alone, and there are a further 15 or 16 facilities like that in Minnesota itself. We have also seen the expansion of casinos in North Dakota. So the figure is really quite substantial. It could be in the order of \$100 million.

Mr. Dewar: I believe you mentioned there was a study. Can you elaborate on the study? I do not recall any sort of a published analysis of that.

Mr. Funk: Mr. Chairperson, we do a lot of studies, and there were a lot of references to studies, surveys, opinion polls made this morning. Could you be more specific, Mr. Dewar?

Mr. Dewar: Yes, the study of across-border gamblers.

Mr. Funk: Certainly. What we were doing was we were getting statistics of bus loads of Manitobans going across the border, and we were getting information that is compiled statistically at the border points. We were also checking and referencing flights going out to Las Vegas, Laughlin, Elko, Nevada, et cetera.

It is part of our ongoing marketing research. The best marketing research you can actually get is to look at the articles that are appearing in the Free Press from the viewpoint of the busloads of Manitobans going down south. They certainly brag about the fact that it is kind of alarming from Manitobans' viewpoints that they do not have this option to play right here in this province. We have a VLT headquarters division in Morris, which I travel to quite regularly, and early in the morning, particularly on the Fridays, when I am heading back from there, you will see busload after busload after busload. That is about the best surveying that you can possibly do, and there are a lot of smiling Manitobans waving to me as we are going back.

Mr. Dewar: You mentioned the availability you have to studies and other investigations, I guess, of gaming habits and so on. What do your studies show you about compulsive behaviour in terms of gambling?

Mr. Funk: Mr. Chairperson, I think it is somewhat premature to go into any sort of statistics and studies with respect to Manitoba, because as the Minister responsible for Lotteries (Mrs. Mitchelson) has indicated, I am not in receipt of this study that was done here in Manitoba. That will be forthcoming and I believe the minister will be making a policy statement.

I can tell you, though, from general research done in other jurisdictions, that essentially in provinces like New Brunswick and other states that would be similar to Manitoba, the amount of individuals who suffer from excessive gambling

that may require treatment would essentially be less than 2 percent.

Mr. Dewar: I believe the minister had mentioned that nine out of 10 Manitobans are gamblers. Two percent, you mentioned, are compulsive gamblers. Is this a significant number of Manitobans which you could classify as compulsive gamblers, would you agree with that?

Mr. Funk: I do not think you should be taking my comments out of context. I was referring to the information based on other jurisdictions that had similar states within the U.S. I think it would be irresponsible of me to try to extrapolate that interpretive study, which has not been tabled with either the Manitoba Lotteries or the provincial government.

If you look at figures like 1 or 2 percent, certainly in relation to the general population of adults that would have problems with drinking or with eating disorders, I mean, certainly you would not be suggesting, I do not think Mr. Dewar, that we would be closing up taverns or closing up supermarkets. First of all, I do not think we should talk in terms of compulsive gambling, because I think you will find the experts in the field will say that compulsion means it is not enjoyable. I think most people who gamble find it enjoyable, some do it to excess. Some find shopping very enjoyable and do it to excess.

* (1150)

The latest thing I just came across in our Free Press, which is a wealth of knowledge on compulsive behaviour or addictive behaviour, is that there was a priest who was addicted to religion. I have a quote, I mean, it was just marvelous. I guess the topic today is that everybody seems to have some sort of an addictive behaviour. Things which ordinarily most Manitobans would find quite normal and quite acceptable, if you take everything to extreme, I guess it is a problem.

Just to sort of close, I mean, my wonderful wife would look at me and say that I am probably addicted to work. She has not seen me very often, and it is wonderful that our society finds that form of addiction socially acceptable.

Mr. Dewar: The reason I was following that line of questioning, I think it is somewhat irresponsible of the government to be expanding VLTs in the city of Winnipeg before they are in receipt of this study

which is dealing with compulsive behaviour. Would you not agree?

Mr. Funk: Mr. Chairperson, again, talking about excessive gambling, if we know in general from looking at other jurisdictions that a very small minority of Manitobans are excessive, or as you would call it problem gamblers or you also refer to them as compulsive gamblers—I think there is a distinction there—if you know by looking at it from other jurisdictions that a very small proportion of the population has a problem with it, then I think that there is probably an onus on the government to find out exactly how many people within the Manitoba context will have difficulty with excessive gambling and then come up with remedial action programs, rather than saying that we are going to deny the rest of Manitobans what they consider a recreational form of entertainment, and in fact, watch those Manitobans flow south.

Mrs. Mitchelson: Mr. Chairperson, if I might just add to that, following up on the comments that were made by the member for Thompson (Mr. Ashton) that he believes Thompson is the bingo capital of the province of Manitoba, that would lead me to believe that there might be people in Thompson who are compulsively addicted to playing bingo.

So then that leads us to the question of not necessarily just isolating gambling to government-controlled and regulated gambling like video lottery terminals or the casino or the two entertainment centres; we have to take a look at the 40 percent of gaming or gambling that is done through charitable licensed organizations like bingos and the break-open tickets.

I guess, then, that leads us to the ultimate question on do we shut down every form of gaming or gambling in the province of Manitoba if there is a percentage of people that are addicted. If those people are addicted and we shut down gambling in Manitoba, does that preclude them from still taking buses or travelling across the border into other jurisdictions to satisfy that desire for the type of compulsive behaviour that they might have?

I suppose there could be a lot of debate surrounding that issue, and it might be interesting to hear the opposition's comments on how far they would like to go as far as not only not expanding gambling, which would, of course, mean going against what they have already said policy-wise that they would like to see video lottery terminals in

legions and veterans clubs, as opposed to where do we pull back to. Would their suggestion or recommendation be that maybe we not allow any form of gambling or gaming activity in Manitoba?

Mr. Dewar: No, our policy is quite clear. We would like to see a moratorium, government imposed upon itself, on gaming initiatives until they conduct public hearings on the issue throughout Manitoba. Then, they should base it upon that.

I would like to know, again, dealing with the study, is there a contingency plan in place? Let us suggest that the study is completed and reported back to the minister and it has been reported that there is a high incidence of compulsive gaming behaviour in the province. Is there a contingency plan in place to stop the expansion of the VLTs into Winnipeg?

Mrs. Mitchelson: Mr. Chairperson, that is a completely hypothetical question. We do not have the results back.

I think Mr. Funk has attempted to explain that in other jurisdictions where there have been studies done, the incidence seems to be around 2 percent of the population that has compulsive/addictive behaviour.

I am not certain what that study will show in Manitoba. To look at Manitobans and think that we might be dramatically different from the rest of the world, I think, is probably fairly hypothetical at this point.

Other jurisdictions, as they have received the results of the studies have, in some instances, implemented programs and in other instances—I know, I was just in New Brunswick last week and was talking to the minister responsible there. They have done the study. I think the incidence has been reported at around 2 percent. But to date, they have not put any programs in place to deal with the issue of compulsive behaviour.

I am not saying that they are not acting responsibly. I think they have as much concern as a government as we do about any type of compulsive/addictive behaviour. I think that they are looking at and examining ways of how they can best deal with the issue.

You know, we have been criticized for not moving quickly enough on a study. I do not think many jurisdictions have looked at studying, any more recently than the last couple of years, because it appears that it has become an emerging

problem that has received a higher profile in the public's mind, probably as a result of expansion of gaming activity right throughout North America.

I related it back to wife abuse. You know, 10 years ago, 20 years ago there were no programs in place, and it was not a social emerging issue. As it became more public and as more people had more concern about wife abuse and how it was not acceptable, then governments of all political stripes began to study the issue. As they studied and found out that the incidence or the prevalence was high, then governments put in place programs to deal with that.

Gambling has become an emerging social issue in the last few years. That is why different jurisdictions are starting now to study and to put programs in place to deal with the issue.

* (1200)

Mr. Funk: Mr. Chairperson, I would just like to add to that, as well, that when Dr. Volberg was out here in Manitoba announcing kickoff to the study, this very question was put to her. I will just try and paraphrase her answer to that. There really are no studies, and it has never been proven that any expansion or the legalization of gambling has ever increased the situation of having more excessive or problem gamblers in any particular society, for two reasons: one, that you will find that if you are prone to being an excessive gambler or you have a compulsion towards that sort of situation, that is generally found in conjunction with some other problem, and that you will bet on the next bus that goes around the corner. The other thing is that, literally, Manitoba is no longer an isolated island where you can keep our people penned in.

If you look at the ads that the Free Press and The Sun carry, for instance, I will just use one example, the Shooting Star, because I happen to be on their case today. You know, you can get a bus going down there, and not only will they give you a real nice weekend, they will give you \$40 to play, so that it literally will cost you \$8 or \$9 to go down there for a weekend.

So if you have a problem with gambling, you will find a place to gamble. It will be outside Manitoba perhaps. The other thing is if you are talking in terms of sort of putting a moratorium on, I listened quite intently to the interesting debate this morning on the impact that government gambling has on charitable gambling.

Well, in fact, charitable gambling has grown over the years and continues to grow. I do not think I heard, around the table, anybody suggesting that charitable gambling should stop. Yet, perhaps, the most habituating form of gambling are bingos and the type of tickets that are sold by charities.

I just always marvel, particularly when I read the Free Press who has a quarter-page ad everyday featuring their \$80,000 bingo. On the one hand, they want the moratorium. They are very upset about the expansion of gambling. They wanted to do a joint venture with us on our new entertainment centres. I find it just almost indescribable sometimes the double standards that are available in this industry.

Mr. Dewar: I would just like to ask one more question right now, if I may? Again, going back to some of the studies that you mentioned earlier, I was wondering if you could answer this one question I have? Does gambling, gaming activity, does it affect one socioeconomic group more than another?

Mr. Funk: I think what you will find from the market research that we have done is that gambling cuts across all spectrums, all social classes. I mean, there are certainly some myths that VLTs and casino gambling somehow preys on the lower incomes, and in fact, that is quite the reverse.

You will find that casino gamblers and VLT players have a higher household income than the average. You will probably find that the purchase of lottery tickets cuts across all demographic lines, and that bingo, perhaps, is more of a middle-class form of entertainment and very acceptable. In Manitoba there are 106 religious organizations that gamble.

Is it becoming more acceptable? Sure. I mean the Methodist Church in England has just changed their policy on gambling. They are now allowing the sale of lottery tickets and bingos in church premises.

I think what we are seeing is that the public has always found gambling acceptable. The political process always lags somewhat behind public acceptability, and the fact is, because of that, gambling has not been very accessible. As other jurisdictions have made gambling more accessible, you find it very popular, because there is a lot of latent and pent-up demand for this form of entertainment, which is not surprising, because, I

think, if you look at the trends toward entertainment, what people used go out of the home for, they are now getting inside the home. So you can order your pizza, you can order a pay per view. People are finding that they like to go out, they like to have fun, and they find gaming a good diversion, good recreation. At least that is what we are finding in our surveys.

Mr. Lamoureux: Mr. Chairperson, just wanting to go on a bit in terms of the VLTs, Crystal Casino, bingo palaces and so forth.

At the beginning, in the opening remarks that I gave, I talked in terms of why I believe the government was entering into gambling was, one, in terms of revenues. So I want to start off by asking the government, the minister or Mr. Funk, in terms of trying to get some sort of numbers.

First and foremost would be actual number of VLTs today. I know in the book it indicates that there are 1,200 VLTs but that was as of March 31, 1992. I understand that there are over 1,600 now. I was wondering if Mr. Funk can actually give us an update in terms of the number of VLTs in rural Manitoba and how much money is being put into them or rather money that is coming back to the government from them?

Mr. Funk: Mr. Chairperson, the program, I think, is pretty well at a stable state right now. I believe there are 290 locations. I think that there is somewhere in the order of 2,000 or 2,100 VLTs in rural Manitoba.

Mr. Lamoureux: Can Mr. Funk give us an indication in terms of the revenue that has actually come in from the rural VLTs?

Mr. Funk: Mr. Chairperson, as reported in our statement, the nine months ended December 1992, the Video Lotto line, there is \$30,804,000 that accrued to Manitoba Lotteries and the province as a result of Video Lotto.

Mr. Lamoureux: That would be now from the November of '91 up to December of '92, the \$30 million?

Mr. Funk: That would be for the nine months ended December 1992.

Mr. Lamoureux: For the nine months ended December '92. There would have been 12 months in the year. I know it. What I want to know is how much revenue has been generated from VLTs, if at

all possible, if you have the numbers up to today, since its inception.

Mr. Funk: Mr. Chairperson, if I hear correctly, from the very inception of the program to the nine months ended December 1992, is that what the honourable member is asking?

Mr. Lamoureux: Yes, if they can. Whatever you have.

Mr. Funk: It will just take me a moment to add this. I do not have my calculator here, and even if I am a chartered accountant I think I have lost the ability to do this in my mind, but the statement which has been distributed to the honourable member for the annual report for the 1991-92 fiscal year has a net revenue of \$4,913,000. If you add that the \$30,804,000, it is approximately \$36 million.

Mr. Lamoureux: How much would the local hotels have received from that?

Mr. Funk: Mr. Chairperson, the breakdown for the hotels is that they receive a 20 percent commission.

Mr. Lamoureux: A 20 percent commission would actually work out to how much?

Mr. Funk: Mr. Chairperson, I am advised by Mr. Hak who is doing a quick calculation, that it is approximately \$10 million.

Mr. Lamoureux: Now, that \$10 million would, again, be from inception to what date?

Mr. Funk: Mr. Chairperson, I believe that is correct. I am just watching Mr. Hak here nod his head.

Mr. Lamoureux: No, to what date? To March, to end of '92?

Mr. Funk: Mr. Chairperson, my apologies, we are always talking to the end of December 1992.

Mr. Lamoureux: In terms of the Crystal Casino, can we get some sort of numbers on the Crystal Casino overall, and I know that I do have a copy of the Annual Report itself but it does not necessarily give since its inception.

Mr. Peter Hak (Director, Finance and Administration, Manitoba Lotteries Foundation): Mr. Chairperson, I will have to take a few moments, because we will have to go back into previous statements and add all of those numbers together, or on the other hand, we can provide those statements to the honourable

member who can do that exercise himself if he wishes.

Mr. Lamoureux: Well, if in fact it is too cumbersome for him to do it this morning, I will be more than happy to take on that responsibility myself if you will provide me with the necessary figures to add up. I have a calculator downstairs, and I will be more than happy to do that.

In terms of the VLTs that are being—I should not say the VLTs—well, the VLTs that are proposed to come into the city of Winnipeg. What type of numbers are we looking at?

Mr. Funk: I believe we are probably looking at something like 275 locations, probably somewhere in the order of 1,800 to 1,900 video lottery terminals.

Mr. Lamoureux: Now in terms of the locations, because September is quickly approaching, do we actually know the locations? Do the hotels, for example, individuals who are going to be receiving the VLT machines, do they know that they are going to be receiving, the number they are going to be receiving and so forth?

Mr. Funk: Mr. Chairperson, I believe that they have been contacted, though I cannot say with all certainty that every property has been notified of the specific number of machines, because I think that planning process is still underway.

Mr. Lamoureux: From what I understand, the riverboats—and I would assume that is part of the 275 locations—and hotels, are there any facilities other than those two that are going to be receiving VLTs?

Mr. Funk: To the best of my knowledge, with respect to facilities, no.

* (1210)

Mr. Lamoureux: Okay, we have the two bingo palaces. I believe it is on the 18th the first one opens up, and on the 25th or something of this nature, this month. I understand there are going to be VLT machines in there.

Mr. Funk: First of all, I wish that the honourable member and as well the media would stop referring to these things as palaces. One of them is themed as a Caribbean theme and the other one is themed as a turn-of-the-century railway station. I mean, I keep joking to the media that if I would have themed them as a penitentiary, it would have been a penitentiary palace. So it is not a palace. I think

it denigrates the establishment to call it a "palace," or at least it is misinformation.

There are no VLTs in there; there are slot machines.

Mr. Lamoureux: Well, it is somewhat interesting. I think that, if we went back over Hansard from former committees, we might even find Mr. Funk on the record that he went overseas, or the association went overseas, and saw these huge palaces, and this is something that we were wanting to emulate possibly.

I am not 100 percent sure, but I believe that the palace terminology came from abroad. I do not know if it was actually from Mr. Funk. I know Mr. Funk was wanting to respond to that. Again, I am not too sure if it was him, but where I heard it from first was, in fact, in the committee. I am sure it was someone from the board, possibly even the minister.

You say that there are not going to be VLT machines, but there are going to be the slot machines. What is the difference between a slot machine and the VLT?

Mr. Funk: Mr. Chairperson, I hate to take a page out of the honourable member Mr. Ashton's songbook here, but I never did use the word "palace." At the time that we were going overseas to take a look at this, the Free Press did say: MLF going to look at posh bingo palaces.

I think that you may have picked it up from there. So, again, I do not think we should always believe what we read.

With respect to slot machines, there is distinction in that video lottery terminals are all 25-cent machines. They are restricted to prize payouts of prizes of a \$1,000 or less. They are also hooked up to a central computer so that there is total accountability and control in a remote atmosphere.

A slot machine is geared in that our slot machines will have prizes that could be \$1,000. They could be more. They are also linked up into progressives. The security features are based outside as well as inside the machines. So there are surveillance cameras and other security that would not be feasible to put into a local hotel or lounge, for instance. Slot machines, obviously, pay out in coin rather than in the paper receipts.

Mr. Lamoureux: If we take in the riverboats, the hoteliers and the railway stations—and I forgot the other one—

An Honourable Member: The Caribbean.

Mr. Lamoureux: The Caribbean.

An Honourable Member: Club Regent.

Mr. Lamoureux: Club Regent. Are there any other expansion plans in the works, at all, from Western Lottery?

Mr. Funk: Mr. Chairperson, is the honourable member from Inkster referring to VLTs?

Mr. Lamoureux: VLTs, casinos, electronic gaming.

Mr. Funk: Mr. Chairperson, I really was intrigued by the honourable member from Inkster's approach in saying that we should be taking a look at additional casinos in the province.

Certainly, we have been requested by many. I suppose the mayor of Brandon was the first on record, and there have been many other communities that have asked for them. I think it is prudent for us to take a look and see whether that fits in the portfolio of something that we should explore.

Mr. Lamoureux: Would Mr. Funk be prepared to table or to indicate to us which organizations have requested casinos?

Mr. Funk: Mr. Chairperson, I think that would be something that would be third-party confidential.

Mr. Lamoureux: Okay, I guess the City of Brandon will not be offended by making reference to the City of Brandon.

Has the corporation been approached, for example, from Hecla Island?

Mrs. Mitchelson: Mr. Chairperson, the only reason that Mr. Funk could talk about Brandon with any certainty is because I think the mayor of Brandon has made it abundantly clear publicly that Brandon would like a casino. Unless there has been a community or an organization that has made that information public, I do not think that the Manitoba Lotteries Foundation could in fact, without checking with that organization first, betray the confidence that has been requested.

Mr. Lamoureux: Can the minister then indicate to me if government, and particularly Hecla Island, is looking at having a casino put in?

Mr. Funk: Mr. Chairperson, I think that if we look at the potential for the situation of casinos, obviously a casino becomes most efficient if it is close to a major population base. When we looked at Hecla, in particular from a viewpoint of the performance on video lottery terminals, we have 10 video lottery terminals, which is a matter of public record, in the resort there. The performance of those 10 machines would rank among the 10 lowest of the sites that I had indicated. I think that is a relatively good indication that if we were to put more machines or a casino up in that particular locale, that it probably would not do well.

I think that one of the things that we have to always be cognizant of is just because you put a casino someplace that it naturally will not draw people. I think people are attracted to Hecla for its natural beauty, particularly in the summertime, and that they really do not want to be holed up playing VLTs when they could be out enjoying the sun and the boating and all the other recreational activities. In the wintertime, I think that you are looking at cross-country skiing and other things like this. Again, it is a recreational-based facility, I believe.

Mr. Lamoureux: Yes, I know. It is somewhat tourism oriented. Again, this really emphasizes the point in terms of if you have a gambling policy and you can still make it accessible to individuals, I would argue that it would be much more successful as an industry if it was tourism oriented.

Mr. Funk, you had made reference to the fact that on Regent and McPhillips we are going to be having the 25-cent slot machines. I am wondering why there would not be—and the reason why I am asking this is because I have suggested that in rural Manitoba you do not need more than 25-cent slot machines, because I would argue that it is a different clientele that plays, at least in part, the 25-cent slot machines.

At the beginning, I made reference to the fact that, yes, I have seen slot machines. I have had the opportunity not to play the slot machines in rural Manitoba, but I did play the slot machines at the Crystal Casino on two occasions. There it just seemed that people were having a very tough time finding the 25-cent machines. I often wondered if in fact it would have a significant impact if you had 25-cent slot machines as opposed to loonie machines. Why it is that you have obviously chosen to go with the 25-cent machines over at our bingo stations as opposed to maintaining what you

are doing in rural Manitoba? Would it not still provide the same entertainment value in rural Manitoba by having the 25-cent slot machines?

Mr. Funk: Mr. Chairperson, all of our machines in rural Manitoba are 25-cent games, every last single one of them. They accept loonies only in that you get four games for a dollar. It is for the convenience of the player, so if they do not have quarters they can put a dollar in and play four games. All the games are 25-cent games.

From a viewpoint of entertainment, the entertainment factor of these machines is less directly concerned with the denomination of the coin than it is with the payback. For instance, by way of an example, I could have nickel machines and if they have a payback of 50 percent, I will turn you upside down and take all your coins pretty quickly. You are not going to have much chance to play and be entertained by it.

* (1220)

Whereas, in rural Manitoba we have set our machines at the highest payback of any jurisdiction in all of Canada. In fact, it was a bit of a gamble, if I can use that. No pun intended. So they pay back from 92 to 96 percent, which really increases the playability or the length of time that a player can play there, increasing the entertainment value. Those returns are considerably higher than anything that we have in the Crystal Casino or in the new entertainment centres.

So again, the entertainment factor is related to the payback of the computer chip and is less directly related to the denomination. All of the games that we have in rural Manitoba are 25-cent games. Though if you put in a loonie for convenience you will get four credits and you can play four games.

Mr. Lamoureux: I do not know the technicalities in terms of putting in a loonie versus a quarter. If you had to put in a single quarter, is it the same principle that applies for the ones at Crystal Casino also? The loonie machines are in fact quarter machines, you put in a loonie.

Mr. Funk: Mr. Chairperson, no. Those dollar machines are in fact a dollar and the first play is a dollar. You can put in more than one dollar if you wish. You can put in multiples, but again we took the concerns that you had raised quite seriously. When we designed the VLT program—and it was

well designed—all of the machines were designated as quarter play.

Mr. Lamoureux: Is the government looking at putting or is the future corporation looking at putting in additional VLTs in rural Manitoba at this point?

Mr. Funk: Mr. Chairperson, I think the program is fairly well stabilized in rural Manitoba. I cannot say unequivocally that there will not be more machines put in, but I think that there is more or less the right number. It might tinker around the edges if there is another hotel or lounge that gets created, but I would suggest that there is going to be no wholesale expansion of VLTs past the 2,100 number that we have right now.

Mr. Lamoureux: As Mr. Funk knows, we have the individual consultant that is doing the study. Has the corporation been in contact with the consultant? Maybe they can indicate in terms of if the corporation has been providing information, if they can give some sort of a background in terms of what it is that the foundation is doing to ensure that all the factual information necessary is being made available.

Mr. Funk: I am not sure which study the honourable member for Inkster is referring to.

Mr. Lamoureux: Yes, we have—you will have to excuse me for not knowing the name offhand. We have an American consultant doing a study on the gambling addiction and so forth in the province of Manitoba. Has there been any consulting done with the foundation?

Mr. Funk: Mr. Chairperson, the honourable member is referring to Manitoba's study on excessive gambling, the Dr. Rachel Voberg study?

Mr. Lamoureux: That sounds like that is the one.

Mr. Funk: Unequivocally, whatever information Dr. Volberg required from the foundation or from other sources she was not restricted in her study in any way. In fact it is a totally independent arm's-length review.

Mr. Lamoureux: Given that it is an arm's-length review, what is the foundation doing in terms of tracking some of the problems that are out there from individuals that are addicted to gambling?

Mr. Funk: Mr. Chairperson, again, our mandate is not to provide health care or social services in any form, and I really am the wrong person to direct that question to.

Mrs. Mitchelson: Mr. Chairperson, as I indicated earlier, the study is being undertaken. It is the same consultant that has been used by other provinces across the country. I believe both Nova Scotia and New Brunswick used Rachel Volberg. I think there are provinces that are presently looking at using her, too, as they move into studying the issue in their respective provinces.

As a result of the report, it will be incumbent upon government, as it would be in any jurisdiction, to determine what, if anything, needs to be done in the way of treatment. We will, as a government, have to determine that and determine the expenditure level, if any, that would be determined to deal with the issue.

Mr. Lamoureux: The reason why I ask, Mr. Chairperson, is the fact that if we have a report that is being done on one hand, and we have the foundation on the other hand that has gotten 275 locations which have virtually been confirmed, 1,800 to 1,900 VLTs that are going to be put into the city of Winnipeg in September, and we do not know in terms of what this report is doing—I guess I could have asked further questions in terms of have we acquired the electronic machinery for the city of Winnipeg already? It just seems that if, in fact, we are conducting a study right now, that the impact of the study's results could be significant and could potentially even change the policy direction of the government if, in fact, it was approaching it with an open mind and not just doing this to appease a number of Manitobans that are talking about some of the problems that are there.

Does the minister perceive that as not to be a bit of a conflict by having the foundation, who has already indicated this morning that it is all prepared, everything is in place, all we are waiting for is September 1 to click by?

Mrs. Mitchelson: Mr. Chairperson, we have accepted a plan of action over the next year for—we have announced what expansion of activity will take place. We announced earlier on that VLTs would come into Winnipeg; that riverboats would get VLTs in September; that our entertainment centres are on the verge of opening, one this week and one next week. That is the expansion of gaming activity in Manitoba that has been announced.

I will get Mr. Funk to correct me if I make any wrong statements, but Dr. Volberg, I believe, at the

announcement of the study, was asked the direct question by the media, does expansion of gaming create additional compulsive behaviour? I was not there, so maybe I should let Mr. Funk give the direct answer so that I know that I am not putting any misinformation on the record.

Mr. Funk: Mr. Chairperson, again, I will have to paraphrase Dr. Volberg's response to this, but certainly the media, based upon some of the queries from the honourable members at this committee, was asked a question whether or not the expansion of government gambling through these private-sector partnerships had contributed to an increase in problem gambling, or did she think that it would increase the problem or excessive gambling within the province?

Her answer was two things: she basically did not think so, and secondly, that there were no studies in any other jurisdiction that would lead anybody to the conclusion that it would. The only way that you can ever prove anything like that is by doing what is referred to as longitudinal studies over a series or over a stream of time. Perhaps it is unfortunate, but because the accessibility of gambling is relatively new and the concerns are relatively new, there are no longitudinal studies, even by those states like Nevada that have been in it for some time.

* (1230)

Point of Order

Mr. Daryl Reid (Transcona): Since we are approaching the time when this committee is due to rise, 12:30, I would like some clarification on whether or not this committee will be having an opportunity to sit further so that those of us that are wishing to ask more questions—and there are many questions, I am sure, that we have to ask—if it is possible that this committee can reconvene possibly within the next week so that we can continue to ask our questions of the Lotteries personnel.

Mr. Chairperson: Thank you, that is not a point of order, but I will ask for your point of procedure. Madam Minister, would you like to respond to that?

* * *

Mrs. Mitchelson: Mr. Chairperson, as we all know in this House, it is the House leader for the government that does determine when the

committee will next sit. I am sure that is something that would have to be discussed with him.

Mr. Reid: Well, on that, Mr. Chairperson, I think what we will do then is we will ask the House leaders to discuss this, because I think it is important that we do have the opportunity. I know that there have been several of my own community organizations that have come to me and asked that I bring questions forward, questions that they would like to have asked, and members of my community would like to have asked on the impact, particularly of the Club Regent operations which are due to open tomorrow.

The service organizations in my community are very wary of the impact that this is going to have on them. Unless I have that opportunity to ask those questions, they are not going to get the answers that they would like to have. So I think it is important that we do have the opportunity to reconvene this committee so that I can ask those questions, and I am sure other members of the committee would like to have that opportunity as well.

Mrs. Mitchelson: If we might just extend—and I know a lot of us have other commitments right at this point in time—but if we could take a few moments to have Mr. Funk attempt to answer that specific question. You have probably been waiting to ask that question.

Mr. Ashton: The government House leaders will, obviously comment on the schedule. We are asking for just a commitment of when we will come back. We are certainly willing to work around the schedules of Lotteries staff as well, and that is often a problem. I would suggest that we might want to have a committee meeting as soon as possible, perhaps next week sometime.

Mr. Chairperson: I would like to thank the members of the committee for their suggestions. As was announced to begin with, there is no requirement to pass this report. Certainly, if there is interest in carrying on the discussion and questioning, I am sure that the House leaders will attempt to provide that opportunity.

I would also like to thank the staff for their contribution. The hour being now 12:32 p.m.—

Mr. Lamoureux: Mr. Chairperson, I just want to have one final question if the will is okay on it, just to wind up that line of questioning, because I think it was interesting—

Mr. Chairperson: Go ahead, Mr. Lamoureux.

Mr. Lamoureux: In the comments that Mr. Funk made in terms of Dr. Volberg's response to, you know, if you expand, it is not going to have a problem. We look in terms of the New Brunswick government, by withdrawing a number of VLTs, obviously that government believed that it did have an impact on it.

I would suggest, in fact recommend, that the foundation itself look and evaluate whether or not, you know, if we do not have VLT machines scattered throughout the city of Winnipeg, and to say that that is not going to have an impact, I think would not be accurate.

I believe that if you put VLT machines in every hotel in the city of Winnipeg that it is going to have an impact on gambling addiction and so forth from individuals that live right in the immediate areas, at the very least.

Mr. Funk: Mr. Chairperson, I think, first of all, we should clarify what happened. It was the Province of Nova Scotia and literally what they did was they looked at it and they said they have got these machines in every corner store, every laundromat and every bowling alley. What they did was they said they are going to restrict the number of locations to age-controlled, liquor-licensed establishments.

In fact, I had discussions with them and they said, hey, we are going to try and do exactly what you have got in Manitoba. We are going to try and restrict the number of locations. It had nothing to do with the fact that they perceived that there was an excessive gambling problem. They did not want to have the machines accessible to minors, pure and simple.

Mr. Chairperson: Thank you, the hour being 12:34 p.m., committee rise.

COMMITTEE ROSE AT: 12:34 p.m.