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# Liquor Service Licence Stakeholder Consultations

# Report to Stakeholders 2021

## Introduction

In early 2021, the Government of Manitoba directed the Liquor, Gaming and Cannabis Authority of Manitoba (LGCA) to simplify the regulatory model for liquor service licences and provide more flexibility for the industry to meet shifting consumer preferences.

The current licence framework was created in 2014 as part of the amalgamation of liquor and gaming regulatory services, to create what is now the LGCA. At the time, 12 licence types were streamlined to three, which ultimately created the liquor service licences for all premises that serve liquor for on-site consumption. However, little was changed in terms of the kinds of operations that are eligible for licensing within these licence types. As a result, today's service licence categories continue to be complex and overlapping.



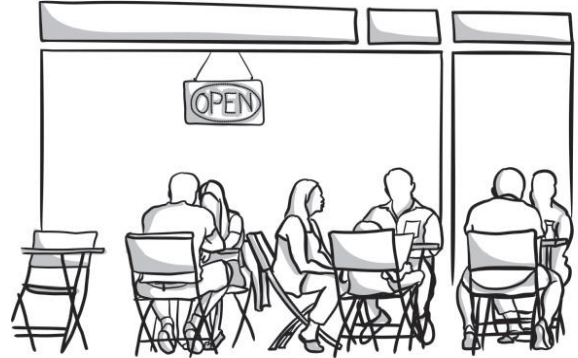
## Key objectives for a modernized liquor service licence framework

- To simplify service licence categories and associated terms and conditions;
- To reduce red tape and regulatory burden on the hospitality industry;
- To provide greater flexibility, balanced with social responsibility and public safety considerations; and
- To ensure regulatory requirements and licence categories enable industry to respond to shifting consumer preferences.

# Consultation Process

The government's intention to modernize the LGCA's liquor service licence framework was announced in February 2021. This announcement highlighted the complexity of current liquor service licence categories, and how they no longer reflect modern business models. Following the regulatory integration of liquor and gaming in 2014, and the more recent addition of cannabis to its mandate, the LGCA has become adept at modernizing and extending its regulatory responsibilities. The LGCA board met with the following key stakeholders:

- Manitoba Brewers Association (MBBA)
- Manitoba Hotel Association (MHA)
- Manitoba Private Wine Stores Association (MPWSA)
- Manitoba Restaurant and Foodservices Association (MRFA)
- Restaurants Canada
- Royal Canadian Legions (Manitoba and North western Ontario)



The LGCA invited First Nations, municipal, business, law enforcement, health and addictions, and internal government stakeholders to submit written feedback and/or participate in online consultations as preferred. Recognizing that many service licensees are not members of industry associations, the LGCA also invited all current service licensees and applicants to provide feedback through an online consultation survey. In-person consultations (e.g., licensee town halls) were not possible due to the COVID-19 pandemic.

The objective of these consultations was to determine which regulatory requirements are considered burdensome by the stakeholder groups, and where regulatory modernization efforts should be focused. The LGCA will continue to consult as needed throughout the modernization process to gain perspective from the experiences, advice and vision of stakeholder groups and the hospitality industry.

The LGCA prepared this summary report to inform stakeholders about the consultation findings and legislative development progress. The LGCA is grateful to the hospitality industry and other stakeholders who shared their feedback in the consultation processes to date.

# Findings

The findings of these broad consultations are on the following pages. The LGCA is using these findings as the lens through which it is examining all current liquor service licence regulatory processes. Ultimately, stakeholders' perspectives will inform any potential reframing and modernization of Manitoba's framework for liquor service licences.

# Key Stakeholder Meetings

Findings from stakeholder consultations highlighted that, despite general satisfaction with the current liquor service licence framework, there are opportunities to streamline regulation. Areas emphasized in these consultations included simplifying licence categories; increasing flexibility for liquor service licensees; and simplifying or eliminating food service, entertainment and other requirements. Stakeholders also discussed continued engagement and communication during the modernization process; concerns around stakeholder investments; and the impact of the COVID-19 pandemic.

## 1. Satisfaction with framework and previous modernization efforts

Most stakeholders stated how improved the current liquor regulatory system is as a result of the previous amalgamation process. Many comparisons were made to the system that existed prior to the 2014 amalgamation of liquor and gaming regulatory services, to create what is now the LGCA. However, little was changed in terms of the kinds of operations that are eligible for liquor service licensing. Importantly, Manitoba can acknowledge these positive changes to the liquor licensing system that were achieved while also continuing to examine the current framework for improvements that would allow greater flexibility and industry innovation, balanced with ensuring public safety and social responsibility.

## 2. Streamlined and more flexible liquor service licensing

Changes to current service licence categories and processes could achieve meaningful red tape reduction. Stakeholders emphasized that the complexity, number of licence types, and the associated terms and conditions can cause confusion (e.g., what is needed to be a unique hospitality venue, what is the difference between a dining room and a dining room/lounge). Put simply, most stakeholders shared a perception of burdensome requirements for certain categories and supported a need for a simplified framework.

Specific suggested changes to licences or terms and conditions included:

- Overall support for a framework focused on food-primary and liquor-primary businesses
- Eliminate food service and entertainment requirements
- Different licence fees based on type of business (e.g., lower fees based on volume of sales or for seasonal businesses)
- Flexibility to change licence types
- Allow licensees to offer pre-mixed spirits or cocktail kits for take-out and delivery
- Increase serving size limits (e.g., 20oz portions similar to stadium and arena settings)
- Increase minimum drink prices to reflect inflation
- Create a single endorsement allowing licensees to attend farmers' markets or pop-ups without having to reapply for every event
- Manufacturing stakeholders expressed a desire to be able to host collaborative events (e.g., beer gardens, pop-ups)

Stakeholder feedback suggests that streamlining licence categories will be received well by industry; however, the LGCA recognizes that targeted and thorough communication efforts will be an important component of the successful implementation of any licence changes. In particular, the concept of a stand-alone bar licence was a polarizing concept for some stakeholders.

### 3. Stakeholder investments and mixed support for stand-alone bar licences

MHA and individual hotel operators who provided feedback support the current framework for liquor licences and highlighted that they have made significant investments to meet longstanding licensing requirements and specifications. This is especially true when asked about stand-alone bar licences, a business model that would primarily serve liquor without the need to maintain a kitchen or hotel, or offer live entertainment. Currently, only hotels are authorized to operate beverage rooms that serve liquor without food, entertainment or manufacturing requirements. As such, hoteliers would like to see minimal disruption to the existing licensing structure, particularly during the COVID-19 pandemic.

Broad support for stand-alone bars existed among other industry and community stakeholders; however there was widespread acknowledgment that social responsibility and public safety must remain a top priority. Additionally, MADD, the Addictions Foundation of Manitoba and law enforcement highlighted that increased access to alcohol would require a consequent increase in enforcement, public education and other proactive public health and safety strategies.



### 4. Impact of the COVID-19 pandemic

All areas of society have been impacted by the COVID-19 pandemic, and the hospitality industry faces continued challenges due to public health restrictions. MHA, MRFA and Restaurants Canada highlighted the enormous impact of COVID-19 on the hospitality industry. These organizations emphasized the excellent responsiveness and communication with the LGCA, but requested more flexibility to help businesses adapt during the pandemic as demand for innovative approaches will likely continue long afterwards (e.g., extended patio seasons, liquor delivery).

Licensees mentioned frustration that licence fees were not waived or reduced despite the closures due to public health restrictions. The LGCA regulates multiple industries and licence types have been impacted differently due to the COVID-19 pandemic, including some licensees experiencing an increase in revenue generation while others ceased operations. This prevents the LGCA from offering licence fee reductions in a way that is fair and balanced across its licensed industries, which is important to maintain the neutrality of a regulatory agency. Government programs such as the Dine-In Restaurant Relief program, Hospitality Relief Sector Program, Manitoba Gap Protection program, the Manitoba Bridge Grant and the Back to Work Initiative have been launched by the province to provide support to industries impacted by the pandemic.

The LGCA is sensitive to the ongoing challenges of the COVID-19 pandemic; however, liquor regulatory modernization goals are aligned to longer-term options beyond the pandemic, rather than reacting to short-term impacts.



## 5. Continued engagement and proactive communications

The LGCA will continue to engage with the hospitality industry and other stakeholders throughout any potential legislative and regulatory changes. LGCA staff and external stakeholders identified a need for extensive communications, transitional planning and further consultation with licensees as this initiative moves forward.

Additionally, the LGCA acknowledges that conducting a consultation during a pandemic creates its own set of limitations and challenges, including some stakeholders who did not respond to the opportunity to provide feedback. Therefore, as the public health situation improves, it will be necessary to re-engage with those stakeholders who may still want to provide feedback.

# Stakeholder Survey

Feedback from key stakeholders provided valuable insight into industry needs; however, the LGCA recognized that not all licensees are represented by industry umbrella organizations such as MHA, MRFA or Restaurants Canada. To ensure that consultations included all stakeholders, the LGCA also sent an email inviting all current service licensees and applicants to provide feedback through an online consultation survey. Of the over 1,535 potential respondents, the stakeholder survey received 713 completions, for a response rate of 46%.

Overall, 45.9% of respondents agreed that the current liquor service framework works well and 66.1% agreed that it meets business needs. Yet, 30.2% also agreed that the current framework causes challenges and 57.3% agreed that the system needs to be more flexible to accommodate an evolving hospitality industry.

Figure 1: Licensee Survey Feedback Results

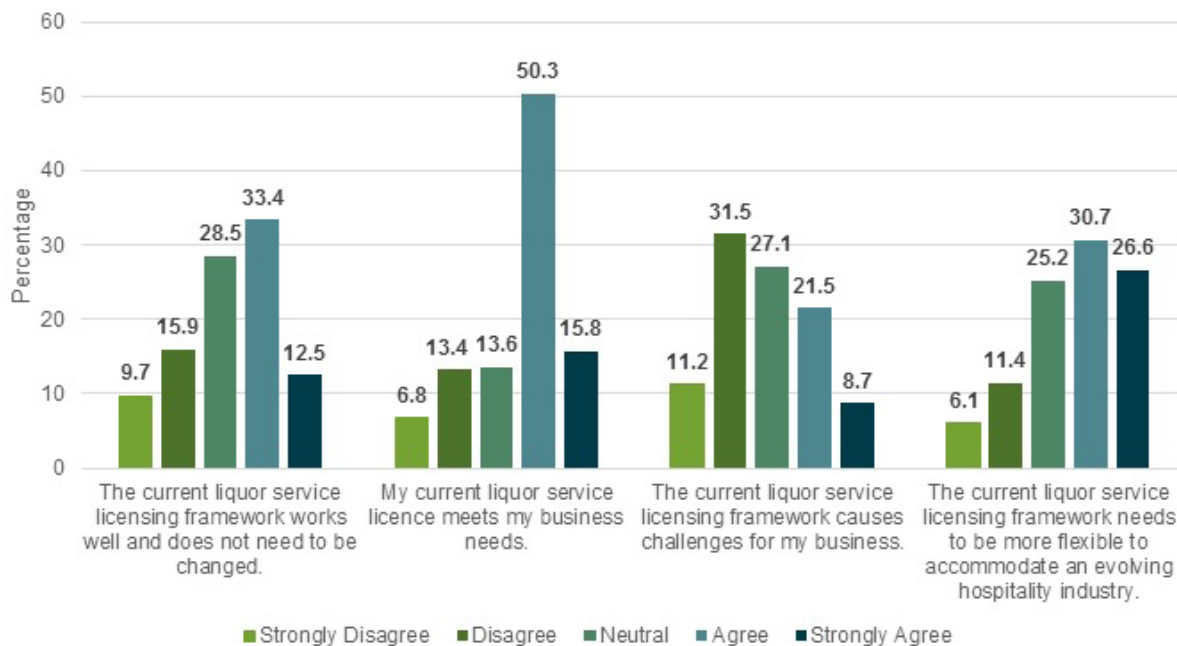
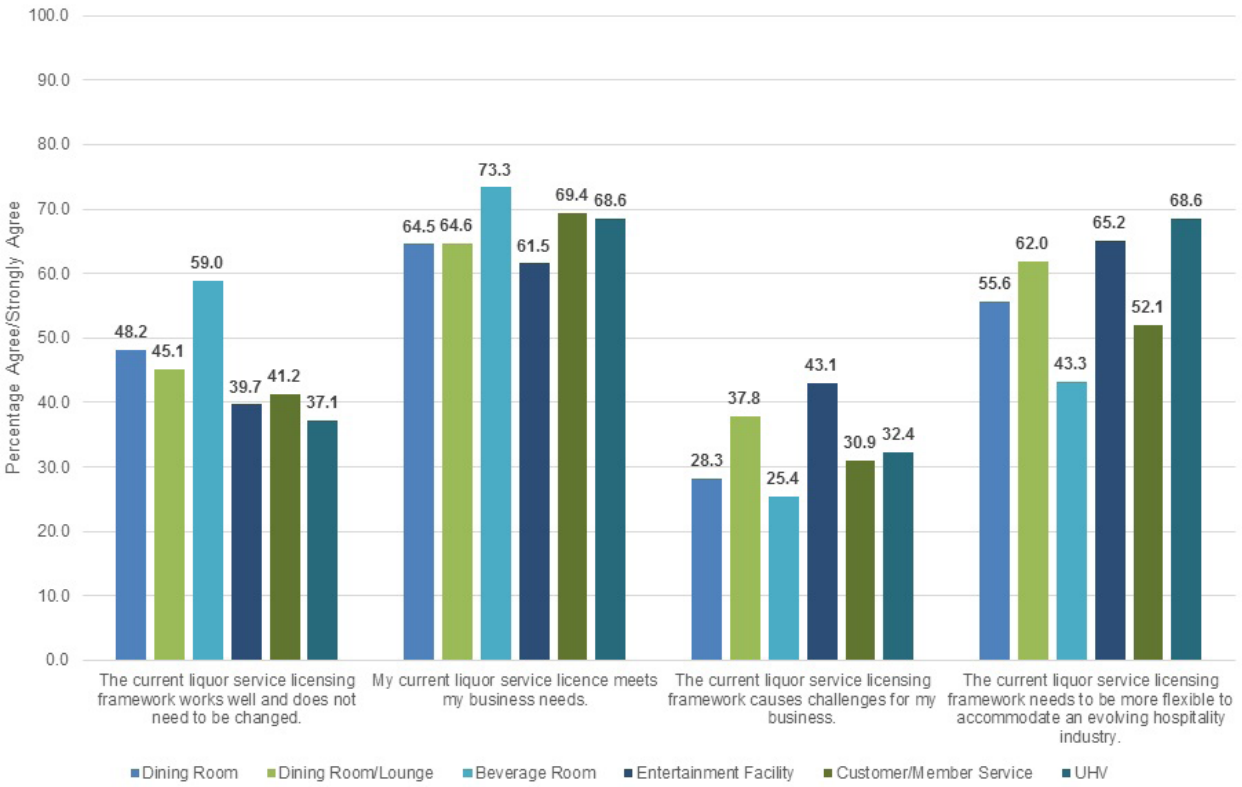


Figure 2: Agreement by Licence Type



To determine if there were different responses based on certain business types, analysis compared the level of agreement by licence category. The LGCA also completed analyses based on region of the province but found no significant differences.

- Overall, when asked if the current framework works well, beverage room holders (59.0%) reported the highest level of agreement, the lowest being unique hospitality venue (UHV) licensees (37.1%).
- Related to whether or not the current framework meets business needs, again the highest percentage of agreement were those holding beverage room licences (73.3%) and the lowest from entertainment facilities (61.5%).
- When asked if the current licence framework causes business challenges, beverage rooms reported the lowest agreement (25.4%), with entertainment facilities (43.1%) and dining room/lounges (37.8%) reporting higher agreement.
- Regarding whether the licence framework needs to be more flexible to adapt to a changing hospitality industry, beverage rooms (43.3%) and customer/member service (52.1%) licensees reported lower agreement, which reflects their feedback to maintain status quo in the industry.

Similar to the key consultation meetings, stakeholder survey results indicated both that the current framework is acceptable for the hospitality industry, but could benefit from modernization to the licence framework and licensing requirements. Although public safety and social responsibility remain the top priority for regulatory development, there is a need to balance the need for greater flexibility and innovation as the hospitality industry evolves to meet consumer demand and align with broader market trends.

## Next Steps

The LGCA relied on the findings of this consultation to inform the development of regulatory options for potential legislative changes to the liquor service licence framework. These will next be considered by government to determine next steps in this initiative. Moving forward, the LGCA is committed to working with the hospitality industry and other stakeholders to ensure liquor regulatory solutions balance social responsibility and public safety considerations with the industry’s perspectives and entrepreneurialism. The LGCA will rely on continued feedback from the industry and other stakeholders and maintain clear lines of communication to achieve these goals.

## Acknowledgements

The LGCA is grateful to the stakeholders who participated in these consultations and to the LGCA’s board and staff for their guidance and expertise throughout this process.

### KEY STAKEHOLDER CONSULTATION PARTICIPANTS

Manitoba Brewers Association (MBBA)	<ul style="list-style-type: none"> <li>Chris Warwaruk (President, MBBA; co-owner of Farmery Estate Brewing Company Inc.)</li> </ul>
Manitoba Hotel Association (MHA)	<ul style="list-style-type: none"> <li>Scott Jocelyn (President and CEO, MHA)</li> <li>Andrea Coulling (Director, Public Affairs, MHA)</li> <li>Leo Ledohowski (Canad Inns)</li> <li>Gaynor Vivian (Keystone Motor Inn, Brandon)</li> </ul>
Manitoba Private Wine Stores Association (MPWSA)	<ul style="list-style-type: none"> <li>Mo Razik (Executive Director, MPWSA)</li> </ul>
Manitoba Restaurant and Food Services Association (MRFA)	<ul style="list-style-type: none"> <li>Shaun Jeffrey (Executive Director, MRFA)</li> </ul>
Restaurants Canada	<ul style="list-style-type: none"> <li>James Rillet (Vice President, Central Canada, Restaurants Canada)</li> <li>Scot McTaggart (Owner, Fusion Grill)</li> <li>Brad Kramble (President and CEO, Salisbury House of Canada, Ltd.)</li> </ul>
Royal Canadian Legions (Manitoba and Northwestern Ontario)	<ul style="list-style-type: none"> <li>Jerry Lava (President)</li> <li>Ronn Anderson (Past President)</li> <li>Rick Bennet (Treasurer)</li> </ul>



**ADDITIONAL CONSULTATION PARTICIPANTS**

Addictions Foundation of Manitoba (AFM)	Brandon Police Service
Manitoba Craft Wine, Cider and Spirits Association	Manitoba Liquor and Lotteries (MBLL)
Manitoba Music	Proximo Spirits
Residents of the Exchange District	Royal Canadian Mounted Police (RCMP)
Spirits Canada	True North Sports and Entertainment

## Key Stakeholder Discussion Questions

1. How is your organization impacted by current liquor service legislation, regulation, policies and licences?
2. Could you tell us what works well in the current framework for liquor service licences?
3. What is it about the current liquor service licence framework that causes challenges for your organization?
4. What issues do you hope are addressed through changes to liquor legislation and regulation with respect to service licences?
5. What changes to the hospitality industry do you foresee in the next five years? Are the current liquor service licence categories flexible enough to meet changing business needs?
6. Changes to the liquor service licence categories could result in having stand-alone bars in Manitoba (i.e., bars that aren't connected to restaurants or hotels, or that don't have to provide live entertainment). What are your thoughts about this?
7. If you have one general question, comment or recommendation that you would like presented to government regarding liquor service licensing, what would that be?
8. We've reached the end of our specific questions, is there anything else that you would like to add?

# Stakeholder Survey Questionnaire

As part of its ongoing research and regulatory analyses, the LGCA is exploring options to simplify liquor service licence categories and reduce red tape for premises that serve liquor, such as restaurants, lounges and tasting rooms. Currently, there are six categories of liquor service licences in Manitoba: dining room, dining room/lounge, beverage room, entertainment facility, customer/member service, and unique hospitality venue, with multiple sub-groups of some licence categories.

The LGCA will use information from this consultation process to inform changes to the regulatory framework for licensed premises that serve liquor.

Please answer the following questions on a scale of 1 – 5, with 1 being “strongly disagree” and 5 being “strongly agree”:

- 1. The current liquor service licence framework works well and does not need to be changed.**
- 2. My current liquor service licence meets my business needs.**
- 3. The current liquor service licence framework causes challenges for my business.**
- 4. The current liquor service licence framework needs to be more flexible to accommodate an evolving hospitality industry.**
- 5. [open ended] Please provide any additional comments.**