

Second Session – Forty-Second Legislature
of the
Legislative Assembly of Manitoba
Standing Committee
on
Crown Corporations

Chairperson
Mr. Dennis Smook
Constituency of La Vérendrye

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MANITOBA LEGISLATIVE ASSEMBLY
Forty-Second Legislature

Member	Constituency	Political Affiliation
ADAMS, Danielle	Thompson	NDP
ALTOMARE, Nello	Transcona	NDP
ASAGWARA, Uzoma	Union Station	NDP
BRAR, Diljeet	Burrows	NDP
BUSHIE, Ian	Keewatinook	NDP
CLARKE, Eileen, Hon.	Agassiz	PC
COX, Cathy, Hon.	Kildonan-River East	PC
CULLEN, Cliff, Hon.	Spruce Woods	PC
DRIEDGER, Myrna, Hon.	Roblin	PC
EICHLER, Ralph, Hon.	Lakeside	PC
EWASKO, Wayne	Lac du Bonnet	PC
FIELDING, Scott, Hon.	Kirkfield Park	PC
FONTAINE, Nahanni	St. Johns	NDP
FRIESEN, Cameron, Hon.	Morden-Winkler	PC
GERRARD, Jon, Hon.	River Heights	Lib.
GOERTZEN, Kelvin, Hon.	Steinbach	PC
GORDON, Audrey	Southdale	PC
GUENTER, Josh	Borderland	PC
GUILLEMARD, Sarah, Hon.	Fort Richmond	PC
HELWER, Reg, Hon.	Brandon West	PC
ISLEIFSON, Len	Brandon East	PC
JOHNSON, Derek	Interlake-Gimli	PC
JOHNSTON, Scott	Assiniboia	PC
KINEW, Wab	Fort Rouge	NDP
LAGASSÉ, Bob	Dawson Trail	PC
LAGIMODIERE, Alan	Selkirk	PC
LAMONT, Dougald	St. Boniface	Lib.
LAMOUREUX, Cindy	Tyndall Park	Lib.
LATHLIN, Amanda	The Pas-Kameesak	NDP
LINDSEY, Tom	Flin Flon	NDP
MALOWAY, Jim	Elmwood	NDP
MARCELINO, Malaya	Notre Dame	NDP
MARTIN, Shannon	McPhillips	PC
MOSES, Jamie	St. Vital	NDP
MICHALESKI, Brad	Dauphin	PC
MICKLEFIELD, Andrew	Rossmere	PC
MORLEY-LECOMTE, Janice	Seine River	PC
NAYLOR, Lisa	Woleseley	NDP
NESBITT, Greg	Riding Mountain	PC
PALLISTER, Brian, Hon.	Fort Whyte	PC
PEDERSEN, Blaine, Hon.	Midland	PC
PIWNIUK, Doyle	Turtle Mountain	PC
REYES, Jon	Waverley	PC
SALA, Adrien	St. James	NDP
SANDHU, Mintu	The Maples	NDP
SCHULER, Ron, Hon.	Springfield-Ritchot	PC
SMITH, Andrew	Lagimodière	PC
SMITH, Bernadette	Point Douglas	NDP
SMOOK, Dennis	La Vérendrye	PC
SQUIRES, Rochelle, Hon.	Riel	PC
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TEITSMA, James	Radisson	PC
WASYLIW, Mark	Fort Garry	NDP
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WISHART, Ian	Portage la Prairie	PC
WOWCHUK, Rick	Swan River	PC

LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON CROWN CORPORATIONS

Thursday, May 28, 2020

TIME – 1 p.m.

LOCATION – Winnipeg, Manitoba

CHAIRPERSON – Mr. Dennis Smook
(La Vérendrye)

VICE-CHAIRPERSON – Mr. Josh Guenter
(Borderland)

ATTENDANCE – 6 QUORUM – 4

Members of the Committee present:

Hon. Messrs. Schuler, Wharton

Messrs. Guenter, Sala, Smook, Wasyliv

APPEARING:

Mr. Dougald Lamont, MLA for St. Boniface

*Mr. Manny Atwal, President and Chief
 Executive Officer, Manitoba Liquor & Lotteries*

*Mr. Randy Williams, Chair of Board of Directors,
 Manitoba Liquor & Lotteries*

MATTERS UNDER CONSIDERATION:

*Annual Report of the Manitoba Liquor and
 Lotteries Corporation for the fiscal year ending
 March 31, 2015*

*Annual Report of the Manitoba Liquor and
 Lotteries Corporation for the fiscal year ending
 March 31, 2016*

*Annual Report of the Manitoba Liquor and
 Lotteries Corporation for the fiscal year ending
 March 31, 2017*

*Annual Report of the Manitoba Liquor and
 Lotteries Corporation for the fiscal year ending
 March 31, 2018*

*Annual Report of the Manitoba Liquor and
 Lotteries Corporation for the fiscal year ending
 March 31, 2019*

* * *

Clerk Assistant (Mr. Tim Abbott): Good afternoon, everyone. Will the Standing Committee on Crown Corporations please come to order.

Our first item of business is the election of a new Chairperson.

Are there any nominations for this position?

Hon. Ron Schuler (Minister of Infrastructure): I nominate Mr. Smook.

Clerk Assistant: Mr. Smook has been nominated.

Are there any other nominations?

Hearing no nominations, Mr. Smook, would you please take the Chair.

Mr. Chairperson: Good afternoon, everyone.

Our next item of business is the election of a new Vice-Chairperson.

Are there any nominations?

Mr. Schuler: I nominate Mr. Guenter.

Mr. Chairperson: Mr. Guenter has been nominated.

Are there any other nominations?

Hearing no other nominations, Mr. Guenter is elected Vice-Chairperson.

For the information of all members, due to the necessary closure of the public galleries for standing committee meetings, we have arranged for today's meeting and subsequent meetings to be video broadcast on our website. Today marks the first time in Manitoba history that a standing committee meeting will broadcast live in this way.

This meeting has been called to consider the following reports: the annual reports of the Manitoba Liquor & Lotteries Corporation for the fiscal years ending March 31st, 2015, 2016, 2017, 2018 and 2019.

Are there any suggestions from the committee as to how long we should sit this afternoon?

Mr. Schuler: My suggestion to the committee is that we would sit for two hours and then revisit by consensus a further extension if needed.

Mr. Adrien Sala (St. James): I would like to see us sit for three hours and then revisit.

Mr. Chairperson: Okay, we need to, I guess, the first request by Mr. Schuler, so we would have to ask the committee if that's agreement to sit for two hours 'til 3 o'clock and then revisit at 3 o'clock. Agreed?

Some Honourable Members: Agreed.

An Honourable Member: No.

Mr. Chairperson: Okay. Now, Mr. Sala's suggestion is to sit 'til 4 o'clock, for three hours. In agreement?

An Honourable Member: Agreed.

Some Honourable Members: No.

Mr. Chairperson: No. I hear a no.

All those in—*[interjection]*

Does anybody else have another alternative, since there's two motions on it?

Mr. Sala: I could just suggest this. It's been almost four years since this committee's met. I think three hours is a very reasonable starting point.

Mr. Schuler: Let's sit 'til 3:30, two and a half hours, and revisit by consensus.

Mr. Chairperson: Is it agreed that we sit 'til 3:30 and revisit it at that time? *[Agreed]*

Does the honourable minister responsible wish to make an opening statement, and would they please introduce the officials in attendance.

Hon. Jeff Wharton (Minister of Crown Services): Yes, I'm honoured to bring a quick opening greeting this afternoon.

Good afternoon, everyone. Today we have a presentation from Manitoba Liquor & Lotteries. Of course, we know there are a lot of other important issues like COVID-19 that we're dealing with now across the world and in Manitoba in particular—but—with these days. But this is a very important part of the legislation process and we're pleased to be here today.

I'd like to welcome all my colleagues here today, certainly, and certainly the members of the opposition that have joined us as well, and their independent too-member. This is an important legislative function and we are pleased that we could facilitate this committee meeting.

We've got a number of reports to discuss in this meeting, and before we begin I would like to thank all the staff that are joining us today both in person and via conference.

With me at the table we have Manny Atwal, President and CEO of Manitoba Liquor & Lotteries, and we also have MBLL Board Chair Randy Williams. Welcome, gentlemen.

I want to thank each of those individuals and their teams for their hard work that they are doing and for their service to Manitoba Liquor & Lotteries and to our province. Thank you for that.

Through the distribution of sale of liquor and gambling products in the province, Manitoba Liquor & Lotteries generates revenue that is invested in provincial health care, education, public safety initiatives and social and community services. Our government is committed to reducing red tape, providing quality service, strengthening accountability and delivering value for money.

So, with those short opening comments, I certainly look forward to a productive discussion this afternoon, and thank you, Mr. Chair.

* (13:10)

Mr. Chairperson: We thank the honourable minister for his comments.

Does the official opposition critic wish to make an opening statement?

Mr. Sala: First, I want to start by thanking and welcoming the staff and officers of MBLL. Thanks so much for being here today. On behalf of the official opposition, I believe it's important to say that we appreciate the services that MBL provides to Manitobans and we're very appreciative of the efforts of its staff across the province who deliver those services. So thank you.

We know the staff of MBLL are, indeed, essential workers, and I want to take this opportunity to thank and recognize them here.

I also want to acknowledge the leadership team of MBLL, and thank you as well for being here. Thank you.

It's been far too long since the Standing Committee on Crown Corporations has met to discuss the important affairs and operations of Manitoba Liquor & Lotteries. With respect to MBLL, the last time the Standing Committee on Crown Corporations met to discuss the affairs of the corporation was November of 2016. It's been nearly four years since this committee has considered the affairs of one of the most important and significant Crown corporations operated by the Manitoba government.

That's a shameful abdication of responsibility and accountability on the part of this government, and it's a shameful abdication on the part of the minister to have refused to live up to the statutory responsibility

to have this committee provide the democratic accountability and oversight that is needed to ensure Manitobans can have confidence and assurance in the operations of the corporation.

The issues facing Manitoba Liquor & Lotteries are significant, complex and varied. Since the last time this committee has met, there have been massive changes in the regulatory business and corporate operations of MBLL. For example: cannabis has become legal for sale in Canada; the government has made a repeated announcement of a gaming review, which it appears has not actually commenced, while demanding more private liquor sales in mandate letters to the corporation; alcohol can now be legally sold for sale from restaurants to customers for takeout and delivery; millions that have been set aside to fund addictions research as part of MBLL's corporate social responsibility commitments have gone unspent with no explanation; waves of thefts have hit Liquor Marts across Manitoba and threaten the safety and security of customers and staff at these locations; and, of course, hundreds of layoffs within the corporation during this global pandemic.

These are just some of the many issues facing MBLL and some of the issues we've been prevented from discussing by the minister's persistent refusal to call the Standing Committee on Crown Corporations as he is required to do by statute and long-standing practice.

What's most concerning, however, is the fact that while the Pallister government has refused to allow any call for accountability, they have engaged in significant regulatory and corporate interference in the affairs of MBLL. According to the former board chair of the M-MBLL, Polly Craik, who was appointed by the Pallister government, the Pallister government and his ministers and staff displayed a total disregard for proper governance protocol—that's a quote—in relation to the corporation. Mrs. Craik is a prominent businessperson in our community, and, after she made clear her concerns, her board appointment was abruptly and quietly revoked. The Premier (Mr. Pallister) and his ministers have refused to explain the true nature of her dismissal. What comments they have made were, in the eyes of Ms. Craik, quote: misleading and deceptive.

These actions and interferences in affairs of our Crown corporations on the part of the Pallister government form a consistent pattern and we are eager to explore those here today. We know strong, vibrant and, very importantly, publicly owned

and operated Crown corporations deliver essential services to Manitobans. They must be protected, promoted and invested in.

We're eager to begin the committee, so we can continue to call for improvements and advancements in the mission of MBLL.

Thank you.

Mr. Chairperson: We thank the member for his statement.

Do the representatives from the Manitoba Liquor & Lotteries Corporation wish to make an opening statement?

Mr. Manny Atwal (President and Chief Executive Officer, Manitoba Liquor & Lotteries): Good afternoon.

Thank you for the opportunity to speak to you about the business activities at Manitoba Liquor & Lotteries.

I became president and CEO in November 2019, so I've been at the helm of this organization for approximately six months now. Today I'd like to provide an overview of some of the initiatives and 'accomplishments' that our corporation has achieved over the past five years, which is what is under review today.

Starting with our financial performance, I'm pleased to report that in fiscal 2018-19, corporation returned \$616 million to the Province of Manitoba. That's a \$5.7-million increase from the previous year. This represented the third consecutive year of net income growth for our corporation.

The financial success has been due in part to investments we've made in our business in alignment with the demand from our customers. On the gaming side, these include some up-needed updates to Club Regent Casino as well as a launch of iGaming with PlayNow.com, a secure online gaming platform that provides Manitobans with a safe online option to illegal gaming sites.

We also increased the commission to the veterans groups, will receive a VLT revenue increase from 25 to 30 per cent.

On the liquor side of our business we continue to refine the retail model by ensuring that we have the right number of 'Manit'—right number of Liquor Marts and liquor vendors to service all of Manitoba.

We revamped our home delivery service and addressed the constraints of our liquor warehouse by leasing new a distribution facility that will serve our business well into the future.

We've also implemented a proven analytic system to help us use data captured from all aspects of our business to improve speed and decision making.

To support business development in the province, we recently reduced markups for local brewers and distillers who sell directly to public consumers from their tap rooms, taste rooms and brew pubs.

In 2018, we successfully launched cannabis operations, securing and co-ordinating the distribution of a safe supply of non-medical cannabis to private retailers for sale to the general public.

In its first partial year, cannabis operations generated revenues of \$27 million and comprehensive income of \$3.4 million. During the year, 21 private stores opened in the province under five retail banners. Today we have 30 retailers operating in Winnipeg, Brandon, Thompson and communities throughout the province, and soon we will be taking applications from retailers with the launch of phase 3 in cannabis retailing.

Outside of COVID-19, one of the greatest challenges faced by the corporation has been Liquor Mart thefts. As all of you know, over the past two years Liquor Marts have experienced a sharp rise in the number of thefts and robberies. This has had a significant impact on our customers and our employees. A multi-faceted strategy to address the issue was launched over a year ago, and while we saw some initial improvement, we were unable to stem the frequency and, in particular, the brazenness of these issues and these incidents.

Last November the issue escalated to the point where one of our employees received serious injuries requiring a hospital stay. At the time we had already received board approval to pilot a controlled entrance and implement that throughout our network. That terrible event expedited our plans to take a more aggressive action on a timeline and return Liquor Marts to a safe environment for our employees and for our customers.

I'm pleased to report that we are seeing success of the controlled entrance initiative. Over the past several months we have gone from over 400 thefts and robberies on a weekly basis to less than a dozen. While this has been an extensive undertaking, I'm pleased that we've been able to accomplish this

phase of the initiative on time and under budget. Additionally, customer-employee feedback has been extremely positive with this initiative on secured entrances.

Like all businesses worldwide, our latest challenge has been the response to COVID-19 pandemic. One of the first things that we did as a corporation when the virus arrived in Canada was launch a pandemic planning committee composed of leaders across all departments in our organization.

We had daily virtual stand-ups where we—which were held, and key decisions were made during those stand-ups that impacted our business. Using Manitoba Health and Health Canada as our primary guidance, this team made real-time adjustments to our business to ensure Manitobans could receive services in the safest manner possible.

With Liquor Marts designated as an essential service, we instituted public safety protocols such as social distancing, prescribed cleaning processes and having customers bag their own products. We added plexiglass shields at cash counters to further protect our employees and customers and placed signs outside of our stores asking customers not to enter if they had any COVID-19-related symptoms.

This was during the same time the largest beer distributor in the province and in Canada had a malware attack and were unable to support the hotel beer vendors or our consumers or our stores for better part of a month. Our team was able to step in and ensure that many products were still available to these licensees to keep them operating.

For customers concerned about in-store shopping, we recognize the appeal of home delivery and expanded our product offerings through our home delivery system in Winnipeg and Brandon. As a result, we've seen an enormous increase in the service. Since mid-March home delivery is up exponentially over the same period before.

While the liquor side of our business continues to do well during this pandemic, the casinos and VLT network have shut down in mid-March due to public health concerns. This resulted in a temporary layoff of over 1,100 casino employees those—as well as employees who support the VLT network. Fortunately, we were able to redeploy 136 casino employees to other areas, such as providing cleaning services and additional security in Liquor Marts or assisting with increased home delivery and in our distribution centre.

* (13:20)

Unfortunately, due to reductions in services and programs, some corporate staff were also placed on temporary layoff. In addition to casino staff we needed to lay off—temporarily lay off approximately 200 employees in various management and support roles. The decision for this temporary layoff was not an easy one, and we did look at various options. Given the nature of the business and the stoppage of work in the casinos and the VLT network and other supporting areas, the temporary layoff was our only course of action.

In mid-March we instructed our corporate employees to work from home with the assistance and training using new technology and tools. Over 700 of our employees have been successfully working remotely now.

Much like other corporations in the province, COVID-19 is impacting our business, whether it's our workforce, our customer experience in our Liquor Marts or the revenue we can generate for the Province. While we have seen increase in Liquor Mart sales both in store and through home delivery, as well as an increase on PlayNow.com, it is not enough to offset the losses felt by the closures of the casinos and the VLT network as well as decline in licensing sales. As a result, we must recast our revenue projections for the year and refine our three-year business strategy. We are in the process of doing that right now.

The pandemic planning committee continues to meet weekly and share status reports on new and ongoing initiatives related to COVID-19 response. This allows us to react quickly and effectively to implement changes that are in step with the changing face of this pandemic. We are now focused on adjusting and changing parts of our business to align with the new way retail is supported, and we know we need to do the same for our VLT and casino business going forward. It will not be the same as before, but we will adjust for the new future.

In closing, Mr. Chairman and members of the standing committee, I would like to affirm that Manitoba Liquor & Lotteries remains committed to aligning our operations in support of the Province's goals. We're leveraging technology to work more effectively and become more efficient in our business operations. We're managing our operating expenses to be in line with the changes to the marketplace. We are seeking new opportunities in e-commerce and iGaming to better service our customers by adjusting to their changing needs. We will remain committed to

social responsibility and corporate responsibility in all the ways we operate and serve Manitobans, including committed to meeting our annual 2 per cent and net income obligations.

Finally, we are reviewing best practices not only from our industry but from various other industries to create a more robust and effective Liquor & Lotteries Corporation not only for this year but for years to come. We do all this to enrich the lives of Manitobans.

Thank you.

Mr. Chairperson: Thank you, Mr. Atwal.

Before we continue on I'd like to inform the committee that questions and answers are limited to 10 minutes. When you have one minute left in your allotted time I will flash the sign here to let you know.

The floor is now open for questions.

Mr. Sala: First of all, thank you for that summary of all the great work that's been happening at MBL. It sounds like there's been some really great advancements since you've come onboard and we appreciate that.

I just want to start with some preliminary questions and maybe just ask you to give a brief overview of the state of the corporation pre-pandemic versus how the onset of COVID-19 has impacted the various business units.

Mr. Atwal: For clarification, are we talking about changes in fiscal performance or the operational or some combination of both?

Mr. Sala: Thanks for the clarification. Some combination of both would be great.

Mr. Atwal: With regard to the changes to our business, one of the items organizationally that we've implemented is leveraging technology more effectively to better utilize our workforce given that we can no longer be in an enclosed space or manage social distancing.

So from a corporate standpoint, for our corporate employees, over 700 of them, we were able to implement a remote working facility and capability within less than a week of when we decided to launch it, which was right in mid-March. We'd already started work on that before pandemic started, just as a matter of course, in improving business operations.

So we accelerated that and got that accomplished within a week and the IT teams did an unbelievable job of that. So now from a physical distancing

standpoint and working remotely we're able to accommodate all the requirements for COVID-19 that we can.

I'm also very happy to say that the feedback from employees and the leaders of the employees has been very positive, and in most cases we're getting more productivity because people are working at various hours to accomplish tasks, rather than just a—for a brief period of time. So we're very pleased with that particular aspect of it.

Other aspects that we've done is we've changed protocols within all of our locations. So, again, using Manitoba Health as our guideline, we've implemented screening before you enter any one of our corporate locations or any one of our distribution centres or any other facility that we have. So if you don't meet the criteria for the guidelines that are in place, then you're not able to enter a facility. We are still encouraging work from home wherever possible. And again, with the guidance of Dr. Roussin to say that if you can continue to work from home please do so, we will continue to do that as well.

All of our Liquor Marts have changed their business and operational processes as well. So, some examples there will include: as you enter, you're pre-screened for any COVID-related symptoms that you may have; as you present your ID, every single ID is wiped clean with sanitizer—checked and wiped clean before it's returned, and the counter is wiped clean after every use; there are hand 'sanitire' stations at the entrance and exit of every location; and within the store, we have social distancing signs on the floors, and for the first month and a half now, or so, that we're in there, we also have one of our staff whose primary job during the peak periods of time is to ensure people are social distancing and they're not getting too close to each other within the stores; and we also limit the number of people that enter each store to meet with Manitoba guidelines as well—health guidelines as well.

Upon exit, the customer experience has also changed. We are recommending non-cash, so tap where possible is our recommendation. That said, we will still take cash, obviously, as a Manitoba Crown corporation. Customers are asked if they would like to bag their own product. Most choose to do so. If they don't choose to do so, then we will bag it for them, but they're given that first option. And on the way out, as I mentioned, there's hand sanitizers on the way out, as well.

Within the gaming side of our business, that—the changes that we made there, obviously, have been the shutdown of the casino and VLT network itself. So those are no longer up and running at all. Prior to their shutdown, we implemented a number of phased approaches to provide social distancing and also a number of enhanced cleaning and also a number of occupancy restrictions that we had put in place prior to the casinos and VLT network being shut down. At this point, they are still shut down, and, as of right now, the public information is that on June 21st casinos may be allowed to open, but we are—again, we'll continue to wait for guidance on that as well. That is the primary changes there.

From a fiscal side, as you can imagine, the casinos and VLT network contributed significantly to our bottom line, both—well, from a revenue standpoint. And the shutdown of those for two months now is impacting our fiscal delivery relative to budget. I will go on record to say that we are still cash positive and we still operate as a cash-positive business and contribute net income, even though part of our business has shut down.

We've been able to manage expenses. We did have to reduce the workforce because work was not available, so we had temporary layoffs that went into play. And then the management teams and leadership teams have been able to delay projects, if they were not necessary for safety or if they weren't necessary for other requirements to run our business day to day, delay them until we're in a situation to fund those as well. So, push out cash outlays where we can in those areas. So, operationally we were able to do that.

I believe that those are the key items. If there's others, I can clarify.

Mr. Sala: Just if you could maybe give a sense—overview of what the state of the financial conditions were on the liquor side pre-pandemic and then post-pandemic overall.

Mr. Atwal: So, pre-pandemic our liquor business was approximately 1 per cent ahead of budget, in terms of what our plan was for that first quarter—between 1 and 2 per cent.

Post-pandemic we saw a spike in liquor purchases from our Liquor Marts, but then we also saw significant decline from our licensees, as well. So while the Liquor Mart business went up, our licensee business went down. And our home delivery is part of our Liquor Mart sales as well.

So, as of right now, we are—can I take a moment to get a piece of data?

* (13:30)

Mr. Chairperson: Mr. Atwal. Sorry, I didn't recognize you again. I didn't have speaker on. So, Mr. Atwal, you may continue.

Mr. Atwal: Thank you.

So, with the downside on the licensees, which include the wine stores and other restaurant licensees and such, and the upside on our Liquor Marts, liquor vendors and beers—beer stores, we're pretty much on budget plus or minus a percentage point or two at this point.

Mr. Sala: So is it fair to say that MBLL was in a strong and stable—was it a strong and stable corporation prior to the pandemic? We see in the third quarter financial statement to December 31st it suggested that an increase in net revenue of approximately \$6 million from the same period in the previous fiscal year. So can you just give me a picture from your perspective, was MBLL in a strong corporate position prior to the pandemic?

Mr. Atwal: Yes, MBLL at the—prior to pandemic was at-plan in terms of meeting our obligations.

Mr. Sala: So the impact of COVID-19 caused some of the business units to stop or temporarily close, but is it also fair to say that other business units have continued to operate and even have grown since the pandemic hit?

Mr. Atwal: Yes. As I mentioned earlier, our—the liquor side of our business in our Liquor Marts and liquor vendors did increase. There was a spike for a period, which has now normalized, and the spike occurred because I think the consumer saw what was happening in other jurisdictions that may have—they decided to close Liquor Marts. So there was a bit of a buying spree for a period of time which normalized, and then we also saw a downside, as I said, in the licensee and especially wine store sales there.

So, again, liquor—plus or minus a percentage point or so relative to budget and plan. That's where we're at.

On the gaming side, our—obviously, VLTs, casinos are very, very low, and their actually zero right now for this quarter, but were impacted significantly by the pandemic. Our iGaming did pick up on that so we did see a pickup in iGaming. So while it more than doubled prior to the pandemic

the dollars are still relatively small. We're talking five to ten million dollars, not the hundreds of millions that were impacted in the VLT and gaming side. So we did see a pickup there; and on the cannabis side, the business, we are, again, at—pretty much at budget or at plan on the cannabis side of our business.

Mr. Sala: Thank you very much for that information.

Like to just speak a little bit more now about liquor sales and corporate revenues during COVID and come back to the impact that COVID has had on casinos and their employees. Though, with respect to liquor we see that BC has seen a 21 per cent increase in the wholesale value of alcohol sold to the—in the province—that's a quote from a news story that I have a copy of here—in March and April of 2020 as compared to the previous year. Also, according to other reports, the Saskatchewan Liquor and Gaming Authority reported 4.8 million litres sold in March and April this year versus 3.6 million litres for that time period in 2018 and about the same in 2019.

So you reference this a bit, but just maybe dig in a bit further, has MBLL seen a comparable increase in liquor sales during the months of March and April?

Mr. Atwal: And, for clarity, relative to March and April of the previous year?

An Honourable Member: Yes.

Mr. Atwal: Yes, we've seen an increase in total liquor sales for those two particular months year over year. If you'd like I can get that number for you.

Mr. Sala: Yes, please. That would be wonderful. Thank you.

Mr. Atwal: So, for the same period over last year, we are \$4 million higher in revenue dollars.

Mr. Sala: What's the net income anticipated from these sales?

Mr. Atwal: The net income is approximately \$2 million at the gross margin level.

Mr. Sala: Thank you for that.

Is it accurate to say that liquor operations are the primary revenue driver or most significant revenue driver of MBLL? You know, they account for about 50 per cent of net revenue of the corporation.

Mr. Atwal: I think they're—liquor and gaming are almost equal. If the one's 50 per cent, and our cannabis business is relatively small, the other's pretty close to 50 as well. So I wouldn't say it's primary. If it is, it's by a few percentage points.

As of right now, yes. Absolutely. Right now, it's the primary driver, while COVID in—the COVID impact is in place, but prior to that, it was close to 50-50 with our gaming.

Mr. Sala: The Premier (Mr. Pallister), along with various ministers, raised concerns regarding the revenues Manitoba Liquor & Lotteries provide to government as a result of the impact of COVID-19. Did they consult with you or seek your input regarding the statements that they made?

Mr. Atwal: The direction we received was from our board, and our board direction is continue to do business and try to achieve your plan levels, but I didn't get direct direction from government.

Mr. Sala: If I could direct a question to the chair of the board, did the Premier or members of Cabinet engage with the board to seek your input regarding the statements that the government made regarding concerns about income levels or revenue levels with Liquor & Lotteries?

Mr. Randy Williams (Chair of Board of Directors, Manitoba Liquor & Lotteries): No, they did not.

Mr. Sala: Thank you very much for those responses.

The Treasury Board Secretariat published a document on or around April 14th, 2020, stating that Manitoba Liquor & Lotteries—this is quote: Manitoba Liquor & Lotteries normally returns more than \$600 million a year to the Province, and it could become cash flow negative.

Did they seek any input on the factual basis of that claim? And this question is directed to Mr. Atwal.

Mr. Atwal: We provide regular financial updates and financial reports to our board and to our Crown Services.

Mr. Sala: Just like to redirect the question again to the chair of the board.

Did the government seek your input on the factual basis of that claim that was made in that Treasury Board Secretariat document from April 14th where it—which stated Manitoba Liquor & Lotteries normally returns more than \$600 million a year to the Province, and that they could become cash flow negative.

Mr. Williams: No, they did not.

Mr. Sala: It's curious, as a member of the opposition, to learn that the government is making statements concerning revenue levels from a Crown corporation without any engagement with the board or with the

CEO to actually validate that information. And it's quite concerning because we know that information was used as a basis for arguing for layoffs and for cuts to various government services. So that's a real concern to learn that information. I appreciate that answer from you guys.

My next question is, is Manitoba Liquor & Lotteries cash flow negative? Do you expect to be cash flow negative for the last fiscal year ending on March 31st or the next fiscal year?

And this question is directed towards you, Mr. Atwal.

Mr. Atwal: Yes, just for clarification, are you talking cash flow or are you talking net income?

Mr. Sala: Thanks for that clarification: cash flow.

Mr. Atwal: Our most current projections show that we would likely not be cash flow negative at this point in time. Our projections go forward to the end of the second quarter at this point, and there's still a number of assumptions and variables in there that could impact that number at this point in time.

Mr. Sala: What about the next fiscal year?

Mr. Atwal: We're in the process of recasting the full fiscal year. As I said, we've gone forward two quarters. So we're in the process right now of recasting this current fiscal, at which point we'll also look at the next two fiscals.

Mr. Sala: So, from your position and given what you've outlined, I think I might know the answer but, in your opinion, was it reasonable to claim that Liquor & Lotteries could become cash flow negative this year? Was there any indications that would have given government a reason to make that type of statement?

* (13:40)

Mr. Atwal: I'm not privy to which other documentation government receives besides what I submit to our board and to Crown Services. So I can't comment on that.

Mr. Wharton: In respect to—thank you, Mr. Chair—respect to the member's questioning, it's quite clear that COVID-19 has had devastating effects around the world's economy. We know that we've certainly lived through it. Businesses have lived through it. Corporations are living through it. You know, quite frankly, it is very clear to, I believe, everybody around the table that there is going to be a lot of reflection on the last two to three months and going forward; and,

in turn, to ensure that we come out of COVID stronger than before as well.

So, you know, to the member's question, I think—I know the member has an understanding of business and certainly appreciate that along with myself and, certainly, he would understand that when you have no revenue you have no income and you have no bottom line and no net.

So it certainly is reasonable to understand that all—whether it be a Crown corporation, businesses or anybody that's in the profit business would be suffering through this very traumatic time.

Mr. Sala: I think, given that we've learned that there were no indications given at all to government that there was risk of becoming cash-flow negative, and we've learned that there's been no communication on these specific questions between either the CEO or the chair of the board that there is, in fact, no reason to consider that there may have been the type of financial scenario that was painted by the Premier (Mr. Pallister) and by members of the Cabinet. So I think it's important we really clearly state that, especially given what we've learned here today.

So going back to the line of questioning, do statements that materially represent the current state of the corporation help or hinder MBLL? Because we can see that government made some statements about the financial position of the corporation that turned out not to be accurate, as we've learned here today. Was that helpful to the corporation?

Mr. Atwal: We run and operate our corporation the way we need to and the way we're supposed to to meet the—get the best return for Manitobans and the Province of Manitoba. If there are statements that are made that aren't directly to us or direction to us which we receive from our board outside that then we don't have an impact.

Mr. Wharton: Certainly, want to ensure that we put on the record and understand that the false information the member has put on the record, of course, is—he's indicating that there were—there are no financial concerns for anybody in the world during COVID. Mr. Chair, I certainly disagree with that, and I mean I—as a business owner I know what our corporation has gone through the last three months, and I would assume that the member would understand and appreciate that companies, in particular—in this case, Crown corporations—are feeling it as well.

Mr. Sala: I just want to clarify for the record that I wasn't suggesting, of course, that corporations, businesses, organizations around the world were not in any way dealing with the various ramifications of COVID-19. We're here to discuss today the specific financial impacts on the Manitoba Liquor & Lotteries Corporation.

And so, just to be clear, the minister's stated that I put false information on the record. I would challenge him to identify anything that was identified today that was false.

So maybe I'd like to ask the minister a question. Just given his position here, could the minister please clarify anything that was stated today that he deems to be false about my claims about the financial situation that Hydro finds itself in and the claims of his government?

Mr. Wharton: It's shameful that the member is trying to paint a picture of fear again, Mr. Chair, when it comes to the realities of today's situation that we're living through. You know, it's unfortunate that the member doesn't recognize the fact that there is a lot of pain out there right now, and in particular in businesses and corporations as we're talking about today.

So I will hold steadfast with my statement that the member needs to acknowledge that this is a financial issue. It is a concern for Manitobans. It's a concern for Canadians. It's a concern for the world, and COVID has presented that and, certainly, I would hope the member would agree.

Mr. Sala: I'd just like to ask the question or direct the question to the board chair whether or not statements that materially misrepresent the current financial state of the corporation have an impact on MBLL.

Mr. Williams: MBLL is a business. We run it as a business. We don't look at statements or news releases or things like that. Regularly, on a weekly basis, discuss the business operations and what we need to do to get the best return to the people in the province of Manitoba.

Mr. Sala: Thank you very much for that answer.

We're going to move on to talk about casino workers, and I'd like to direct these questions to you, Mr. Atwal. Can you please indicate the number of regular employees who have been laid off as a result of the pandemic and whether these layoffs have been temporary or permanent?

Mr. Atwal: Point of clarity, what's a regular employee?

Mr. Sala: I'll say full time, FT.

Mr. Atwal: Okay, so in total we have had 1,309 regular employees impacted that are on temporary layoff. They have a range of management positions. There's a full-time, part-time mix in there as well and some casual, and there's both employees that are directly within gaming itself.

But there's also some non-gaming impact as well, given the situation that we were at, and they support some of those areas and those projects no longer needed for a period of time. All layoffs at this point are temporary.

Mr. Sala: What direction have you received from government regarding workforce reduction savings during the pandemic and have you received any direction, formal or otherwise?

Mr. Atwal: I've not received direction direct from the government on pandemic workforce adjustments.

Mr. Sala: I'd like to direct the same question to the chair of the board.

Mr. Williams: I have not received any direction from the government regarding pandemic workforce reductions.

Mr. Sala: And that's formal or otherwise?

Mr. Williams: Yes, it is.

Mr. Sala: Thank you very much, and I know I'm getting the hang of this too. We'll get there.

Have any employees who have been temporarily laid off qualified for the federal government's workshare program and have you applied on their behalf?

Mr. Atwal: I don't know the details of the federal government workshare program. But I do know for a fact that our HR team did everything we could to ensure that all of our employees received as much support as they can during this period of time, whether it was the CERB or other items related to the CERB that are available and, as a matter of fact, we can go on record to say that MBLL is actually covering the benefit to any employees while they are temporarily laid off as well so they don't end up in a situation where their prescriptions or other requirements cause undue harm to them.

Mr. Sala: I just want to state that I think that's fabulous that you guys are following through on that commitment and taking care of those workers.

In a memo dated April 1st that concerned temporary layoff notice sent to employees, you stated that, quote, a top-up to EI benefits is not available. End quote. Can you confirm this is in reference to the federal workshare program?

Mr. Atwal: I cannot confirm that.

Mr. Sala: Could you confirm what they may have been in reference to?

Mr. Atwal: On April 1st our HR teams would have looked at any programs that are available and from their review and their work that they had done. That statement was what would have come out of there. There wasn't anything else available that we could use that was available to us as a Crown corporation, again, per that date.

Mr. Sala: Was there any communication to the corporation that employees who were impacted by the layoffs would not qualify for a federal workshare at the government on April 1st or any—sorry—at any time?

* (13:50)

Mr. Atwal: I don't know the answer to that. There was no direct communication to myself on those lines. If there was direct communication through to our HR team I would have to confirm or validate that. I don't know the answer.

Mr. Sala: Could I request that we do, and it doesn't have to be right now, but that we do get confirmation of whether or not that was communicated by members of your team to impacted employees?

Mr. Atwal: We will take that action and provide a response.

Mr. Sala: Thank you very much for that.

This question's for the minister: Why did the Premier (Mr. Pallister) state that it was possibility to qualify for federal work share two weeks later as he made demands for cuts? Why did he mislead Manitobans in that regard?

Mr. Wharton: Well, certainly, we are very proud of the steps that our government have taken, in particular our Premier, on combatting this horrific disease and, quite frankly, pleased of the way our government, in particular our Premier, has approached this with the, again, safety of Manitobans

as No. 1, Mr. Chair. And we know that because safety is No. 1. So we've also come up with a number of programs to assist Manitobans, as well, going through this process, and we know that we've been working hard to ensure that we assist in any way we can to direct Manitobans to the appropriate funding levels where they can find comfort in knowing that they either—we fill the gap and we know that they can either look at a federal program or a gap program through our provincial government and, certainly, that program is working and working very well.

Mr. Sala: I just want to clarify that I think there is a reason to be concerned that the Premier (Mr. Pallister) did state that it was a possibility for employees to qualify for federal work-share programs two weeks after he potentially knew that that was not the case. And that's concerning because it would appear that there's a possibility there was an attempt to mislead Manitobans.

Did MBLL—and this, returning back to Mr. Atwal—did MBLL prepare scenarios regarding 10, 20 and 30 per cent reductions in its operations?

Mr. Atwal: No, we did not prepare those scenarios.

Mr. Sala: Did the corporation prepare any variety of scenarios not adhering, necessarily, to those percentage points but to a variety of scenarios that would've outlined a variety of types of cuts that may have been made?

Mr. Atwal: We did not work towards a percentage target or a percentage number. What we did is we took a look at our business and we took a look at the areas that were impacted, and then we determined that based on those impacted areas, these are the things that we will need to do, and the percentages are end result of it; they were not a target.

Mr. Sala: Do you anticipate any further layoffs or workforce reductions as a result of the government's directive that, quote, 4.9 per cent of non-essential operating expenses and 2.2 per cent of non-essential workforce expenditures, end quote, be cut, as stated in its May 4th press release?

Mr. Atwal: At this point in time I do not expect any changes or any further reductions or changes to our workforce or those operating expenses. We, as a corporation, took action that we needed to, and that's what we continue to move towards.

Mr. Sala: I'd like to direct this question to the chair of the board.

Was there any communication between the government and yourself or the board indicating that this request for 4.9 per cent of non-essential operating expenses and 2.2 per cent of non-essential workforce expenditures that that would result in further cuts or that there was an expectation of further cuts as a result of that statement?

Mr. Williams: No, there was no communication like that.

Mr. Sala: Thank you very much for that.

Have you had any subsequent communication of any kind from government regarding the nature of workforce reductions that have been mandated by government? And I ask this question to Mr. Atwal.

Mr. Atwal: No, we have not had any other discussions on workforce-related items.

Mr. Sala: Same question to Mr. Chair.

Mr. Williams: No, I have not.

Mr. Sala: Like to move forward now to discuss thefts in liquor stores and corporate responsibility, and I'm going to again direct questions towards Mr. Atwal.

Can you please indicate the dollar amount of loss associated with thefts from liquor stores in the last fiscal year?

Mr. Atwal: At the retail level, approximately \$2.9 million in the previous fiscal year to today.

Mr. Sala: How does it compare to multiple previous fiscal years? Can you give us an indication of how that compares relative to maybe the last two fiscal years?

Mr. Atwal: It's approximately doubled from the year before and the year before that it was substantially less.

Mr. Sala: MBLL committed to having controlled or secured entrances at all of its locations in early 2020. What number of Liquor Mart stores have a secured entrance in Winnipeg and how many do not?

Mr. Atwal: I would prefer not to provide an exact number on this date just for safety, security reasons. The majority, almost all locations in Winnipeg, have a secured entrance and we are looking to put additional entrances outside of Winnipeg. And within the next very short time all entrances will have that put in place, but until—because we're in a public area here and until we're completed, I'd rather not give that number.

Mr. Sala: Could I just get confirmation that that information could be provided to us at a future date?

Mr. Atwal: Yes, absolutely.

Mr. Sala: MBLL created a loss prevention officer team to combat thefts in liquor stores. How many people are on this team?

Mr. Atwal: During the theft crisis we had five loss prevention officers on that particular team.

Mr. Sala: Is the team fully staffed relative to the FTEs that have been allocated to that team or is it operating at a reduced level?

Mr. Atwal: The team was fully staffed to the extent that we had at that point, and where needed we supplemented with the Winnipeg police force.

Mr. Sala: Thanks for that information.

Individuals must show ID upon entering a Liquor Mart location. This ID is then scanned. Where is that information stored once it's scanned?

Mr. Atwal: The licence is scanned. The scanner picks up three key pieces of data from that licence, so name, birth date—I think those are the primary two—and that gets stored in a central server at our secured location on Pacific in our security offices.

So nobody at the Liquor Mart or store has access to that information or data, and then that data is purged every night, unless there is a specific incident at which point the liquor store would call our security office and security services, indicate what the incident was, when it happened. They would then review the video, review when it happened and will follow that person back to when they entered, be able to get the ID at that point and then contact Winnipeg Police Service at that point. But nobody in the store has access to it.

I'd also like to indicate for the record that the entire process—and there's some more nuances and detail specifically tied to it. We reviewed with the Manitoba Ombudsman and have fully been proved to use that process that we have in place.

Mr. Sala: Just—and if you did indicate this, I apologize if I missed it—but could you just clarify who exactly has access to that information, and I'd like you to identify, if possible, all folks within the organization that would have access to that in any way.

Mr. Atwal: So our security leadership at our head—security headquarters would have access to the information. In terms of all the people that have

access, I do not know that at this point in time. That's something I would need to find out, who's got access to that particular piece of data. But it is controlled and it was reviewed by the Ombudsman in our process.

Mr. Sala: Is that information shared at any point, and if you could just review the—how that information is stored again and maybe just dive into a bit more detail about is that on an on-site server? Does that go to a headquarter? Where does that data go? where does it travel to?

Mr. Atwal: As I indicated, the scanner that we used does not store any data on the unit or at the location that the ID is presented. No data is stored there whatsoever. The data goes directly from that unit to a secured server that we have at our security headquarters and the data is stored there.

And the only access to that data is if there is an incident at that particular store, the security team would then review the video footage to see the time. They would review the person that had the incident, then they could backtrack to when they presented their ID and at that point they would access that particular ID and present that to Winnipeg Police Service.

* (14:00)

That—the data is purged every 24 hours. Nobody else has access to it. There is no other use for the data, period. It is specifically for an incident at a location—at a retail location.

Mr. Sala: Thank you for that.

So, just to be clear, is that data in any way compared to any other databases or any other sources of information that would be used to draw or create a red flag for MBLL in noting whether or not that individual should be permitted to enter the store?

Mr. Atwal: That data's not compared to any other database or anything that is out there at this point in time.

Mr. Sala: Is there a privacy policy that MBLL has developed for the holding of this information, and, if so, could you just maybe describe a bit about that?

Mr. Atwal: The privacy policy is on our website, and you're more than welcome to take a look at it and review it at that point. It'll describe the various elements of privacy. It's more than just the ID check.

Mr. Sala: Thank you very much for that.

What amount did MBLL have available and what amount did MBLL expend on social responsibility in fiscal 2019-20?

Mr. Atwal: I think that's outside the scope of our discussion today. I think it's '19—or, '18-19 is our fiscal that we're presenting.

Mr. Sala: If you'd like to reference '18-19, that's all right as well, but we'd really like to get clarity on where we're at in fiscal 2019-2020.

Mr. Atwal: As we do each year, we allocate 2 per cent of our net income. So in 2018-19, in round numbers, that it comes just over \$600 million, so, roughly \$12 million would be allocated; 2019-20, it's in the ballpark. You know, COVID impacted us the last couple weeks of 2020-'19-20 fiscal. So, barring that, it'll be pretty close to, again—to that \$600 million in total net income roughly—so, roughly \$12 million.

Mr. Sala: Of that \$12 million that was budgeted, how much was spent in '19-20?

Mr. Atwal: In '18-19, we spent \$12.6 million, and in '19-20, it'll be close to \$12.7 million.

Mr. Sala: So is it fair to say, then, that you've spent the entire 2 per cent of that social responsibility funds in '19-20?

An Honourable Member: Point of order.

Point of Order

Mr. Schuler: Mr. Chair, if we look at matters under consideration, there are five annual reports ending March 2015, '16, '17, '18 and ending March 2019. The committee has been called to go over the reports. There's a stack of the reports in front all of us.

May I suggest that maybe the committee would spend time—what is under consideration and not asking the corporation to speak about an annual report that has not yet been published or presented to the Legislature, that we would focus on what's in front of us?

Mr. Chairperson: Mr. Schuler does have a point of order. I guess it's entirely up to the representatives if they choose to answer, but the reason we are here today is to look at the five reports that are out there.

* * *

Mr. Sala: I think this is a question that is—goes to the, you know, the heart of the good work that the corporation does. I don't see why this should be a threatening bit of information to request and if they choose not to provide it, we'd like to know why, but if

there is an ability to answer that question, that would be appreciated.

If not, I will just ask, relative to 2018-19, is it fair to state that the entire social responsibility budget was spent?

Mr. Atwal: Like to make a quick correction on the dollar amount here as well. We did spend a total of \$12.6 million in 2018-19. Of that there was a carry forward from the previous year of \$1.9 million. So there—so the new spend was a little bit less than—it would be \$1.9 million less than the 12.6.

That said, that 1.9 carries forward into this year and that number will be less—the carry-forward will be less going forward as well. So there could be timing issues with when we spend the money on social responsibility when it gets allocated out of here as well. So—but when you factor in multiple years in a row, yes, we're pretty close to that 2 per cent plus or minus a couple point 2s or point 1 per cent.

Mr. Sala: Thank you for that.

Could you provide any clarity as to what resulted in that carryover in, I think you said 2016-17?

Mr. Atwal: In the bulk of the carryover, it would be programs that we're supporting and the timing may have been before or after our fiscal year ends that would happen. So that's why when you take a look at multiple years in a row the average is out to 2 per cent in terms of total spent. Some years our carryover report's a little bit higher; other years it's going to be much lower or closer to zero.

Mr. Sala: Thank you very much.

What amount did MBLL provide to services that combat alcohol addiction? So, for example, transfers to AFM or Addictions Foundation of Manitoba in the last fiscal year?

Mr. Atwal: Addiction support funding as a line item within our social responsibility was \$8.2 million for '18-19.

Mr. Sala: Thank you very much for that.

Does MBLL have access to adequate PPE for its staff and, most importantly, for its staff that deal directly with the public?

Mr. Atwal: Just for clarity, just getting back to our retail side of the business—entire business.

Mr. Sala: Thanks for the clarity. So I'd asked about those staff who deal with directly with the public.

Mr. Atwal: The answer is yes. We have adequate PPE for all of our staff and all the environments that they're working in, which includes those that deal with the public, those that are working in our distribution centres, those in our corporate offices as well.

Mr. Sala: I'd like to ask: Did MBLL experience any delays in obtaining access to the PPE that was required to keep its employees safe?

Mr. Atwal: In a perfect world we would have liked all the PPE on day one, hour one. But, in order to get the PPE that's required—and also, if you look back to mid-March, the requirements were changing almost daily, sometimes a couple times a day. We recommend X, recommend Y, recommend Z. So, as each recommendation would come forward and we would be meeting twice a day at that point, we would try to acquire that PPE for our staff and for our customers as needed.

We've always had PPE on hand for whatever the minimum requirements were from Manitoba Health. We were never below the minimum requirements, and in most cases we exceeded what the Manitoba Health minimum requirements were.

Mr. Wharton: While we're on the topic of PPE, of course, I would certainly like for the record to advise—and I know the member knows, that we were as a government and as a province the first to step forward to join the federal government in a joint procurement in excess of \$30 million for PPE equipment pre-COVID really showing itself here in Manitoba. So certainly proud of that we were the first to the table, and I think our No. 1 goal, as I mentioned earlier, was the safety of Manitobans and I think, also, Mr. Atwal has made that very clear as well.

Mr. Sala: I thank the minister for that information.

I'm going to move on now to talk a bit about mandate letters and reviews, and these questions again will be directed towards you, Mr. Atwal. In the mandate letter dated April 24th, 2019, the government states, quote: Centrally we have reduced overall management by over 15 per cent. We conducted a spans-and-layers review of management structures and reduced overall headcount by 8 per cent. We expect you to work towards the same or more. End quote.

* (14:10)

Are you planning on reducing your overall head count by 8 per cent?

Mr. Atwal: Not—temporary layoffs notwithstanding, prior to all that, we had already met those requirements prior to the—or, around the time or slightly prior to the mandate letter coming out, or shortly thereafter. It was before I was there. But, when we take a look at the number of employees, number of managers, et cetera, with the organization, those targets were already hit or achieved close to that point when the mandate letter came out.

Mr. Sala: So, to be clear, the mandate letter didn't trigger any further review of reductions that would have tied to this 8 per cent request that had been put forward in that mandate letter?

Mr. Atwal: I can't speak on—between April and November 2019, but from November onward when I was there, the mandate letter did not trigger any changes for us.

Mr. Sala: The government also stated, quote: Review your capital program and defer all non-critical capital projects without a clear return on investment. Find better ways to operate your gaming and liquor operations without reliance on capital spending or high operating costs. End quote.

Do you normally conduct return-on-investment analyses for your capital program?

Mr. Atwal: Yes, we do. An ROI is done for all capital.

Mr. Sala: The Premier (Mr. Pallister) stated that he disagreed with the corporation's plans to expand the Club Regent Casino.

Can you tell the committee if the corporation did a return-on-investment analysis for this proposed project?

Mr. Atwal: That was prior to myself starting, but there was a business case and return-investment analysis done for that project.

An Honourable Member: Point of order.

Point of Order

Mr. Schuler: Probably, political questions like that should be directed to the minister and not to non-partisan staff of the corporation. Reflections on what the Premier said or didn't say would be more appropriate for the minister to answer.

Mr. Sala: I would argue there's nothing political about this at all. I think this is very reasonable for the public to understand some of the decision-making of the corporation as it relates to an investment that they

were looking to make and had done 'analyses' on—analyses on.

And I think the base here, thing that we're looking to identify is that it's highly unusual for a government to be engaging in the day-to-day decisions of our Crown corporations, who are Crown corporations for a reason.

And so I would just ask—

Mr. Chairperson: Mr. Sala, just—could I have one second here?

I don't believe that it's a point of order, but it is—that's why I have been recognizing minister—the honourable Minister Wharton as to who can answer the question. So, if there are questions there, if Mr. Wharton—Honourable Mr. Wharton is interested in that's asking the questions, he may do so.

* * *

Mr. Sala: This question is for Mr. Atwal.

Could you share what the projected ROI was on that Club Regent proposed expansion?

Mr. Atwal: I don't have the business case handy with me right now.

Mr. Sala: Would you commit to sharing that ROI with us at a later date?

Mr. Chairperson: Mr. Sala.

Mr. Sala: I'd like to ask if it's appropriate for Mr. Schuler—Minister Schuler to be engaging and directing a member of our Crown corporation here in their responses.

Mr. Schuler: Yes, I'm not too sure I heard where that was a point of order or just a statement, and I want to assure committee no one's directing the Crown corporation.

I believe I was having a sidebar conversation with the minister responsible as a former minister responsible, the first one, in fact, who took over Crown Corporations that were terribly politically mismanaged by an NDP government that had inserted themselves completely and totally, hundred per cent, in the running of the Crown corporations; we put an end to that nonsense. That was in the first mandate letter that was given to the First Minister, that there was not to be political interference and we've lived up to that. We have—now have legislation where direction is given in an open and transparent way. Member should avail himself of that great piece of legislation; I would suggest it highly to him.

I would also suggest that the minister—or the member—should also, perhaps, speak to his former ministers about what their ideas were and their thinking was for putting the money into gambling institutions and expansion of gaming in the province. He could speak to his own fellow party members who were the ones who put forward the business case. Maybe they even have a copy of it somewhere in one of the boxes they took with them.

However, we are here to deal with the—any reports that are in front of us, and perhaps we could focus on those.

I don't know if there was a point of order, but at least there's a clarification.

Point of Order

Mr. Sala: Would like to raise that as a point of order, Mr. Chair, that Mr. Schuler was actively directing a member of our Crown corporation here, trying to ensure that the—he answered questions in a way that was favourable, according to Mr. Schuler.

I'd also just like to clarify to Minister Schuler's points there to this question about his government moving away from some form of interference with Crown corporations. It rings hollow, Mr. Chair, because we've got a quote here from a Conservative-appointed chair of MBLL, and this is Polly Craik, who was turfed, not thanked, and let go for reasons that she herself were—said were directly related to government interference in the affairs of that Crown corporation. So very difficult words, I'm sure, for Mr. Schuler to hear. But only in 2019 a Conservative-appointed chair made those very statements.

So I think it's important to keep that in mind as we make any comments about this government's supposed lack of interference in a Crown corporation.

Mr. Chairperson: The honourable Mr. Schuler, on this point of order.

Mr. Schuler: To the same point of order, there is no point of order. This seems to be becoming a debate. At no point in time did anyone direct the corporation at this table. I'd like to point out, as the individual who appointed Polly Craik as a first chair of Manitoba Liquor & Lotteries, we thanked her profusely and I have thanked her publicly and at committee after her term expired. There's a little bit of a funny use of words by the member opposite. The term expired and a new chair was appointed. That does happen from time to time; terms expire and new people are appointed as the corporation grows and moves on.

Polly Craik is a hero for all Manitobans and did a outstanding job and we have thanked her previously and thank her again at this committee. We thank Polly Craik for her wonderful contributions.

I don't think this is a point of order. I think this is becoming a debate.

Mr. Chairperson: The honourable Mr. Wharton, on the same point of order.

Mr. Wharton: Actually, just a comment, if I may, Mr. Chair, regarding the point of order.

Mr. Chairperson: Yes, the honourable Mr. Wharton.

Mr. Wharton: Okay, to the point of order, Mr. Chair, Mr. Schuler was engaging myself in a conversation with respect to—and I thank the member for his many years of service, especially as the Crown Services minister, for his dedication to transparency, unlike the members opposite.

Mr. Chair, I suggest, though, that we do get back to the formal proceedings here and talk about the important issue of the state of our Crown corporation, in particular, Manitoba Liquor & Lotteries. I would hope that the members around the table would agree and we can get on to the business that we are here today to discuss.

Mr. Chairperson: I think we've heard enough on this point of order. It is not a point of order; it's a matter of dispute by the members of this committee over the facts.

The member may continue with his questions, and it would be up to the members to who decides as to who answers the questions, whether it be the honourable Mr. Wharton or members of the ML–MBLL.

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Mr. Chairperson: The—sorry—Mr. Sala.

Mr. Sala: This is—I'll direct this question towards the minister. In your opinion is it the role of government to direct the day-to-day operations of the corporation?

*(14:20)

Mr. Wharton: Mr. Chair, I thank the member for the question, and certainly, we have a very capable board, board chair and a capable CEO and team running the Crown corporation.

That's the way it should be and that's the way it will continue to be.

Mr. Sala: Thank you very much for that, Minister. It's—I'm glad to hear that, given the quote that we had, of course, that was put on the record earlier by Polly Craik, which—where she said, quote, total disregard for proper governance protocol, end quote, in reference to this government's behaviour towards the corporation. So that's great to hear that we're moving into a better direction.

I'm going to direct this question towards Mr. Atwal. The government also mandated MBLL to work closely with Treasury Board to refine, revise capital and operating plans. End quote. Can you please explain to the committee how this work happens on a day-to-day basis?

Mr. Atwal: In terms of a capital plan, we would—and part of our annual business planning process, we would go through and identify which capital project we would be identifying to intake the next fiscal and the fiscal after as well—so, part of our strategic plan and our overall business plan. We'd attempt to understand what the capital costs would be for those particular projects. We have our own business case design for those and what the ROI might look like based on assumptions that we would have at that point in time.

That goes in as part of our annual business plan, and our capital plan and fiscal plan is part of that. And that would be submitted to our board for approval. And then from our board, we would receive approval whether we have to make changes or adjustments to that plan or if it's approved by the board going forward there as well.

Mr. Sala: Thank you very much for that.

I'd just like to return to the question about the ROI on that project. We didn't get an answer on that. Can we just confirm that that will be provided to us?

Mr. Wharton: Again, I—we seem to be looking in the rear-view mirror again, Mr. Chair. And, certainly, the member would have access to that information from former members of his government.

So, certainly, I believe that we have some very, very, very interesting discussions ahead of us in the next hour and, certainly, I would hope the member would want to move forward and get down to the business of talking about MBLL '18-19 fiscal and before.

Mr. Sala: Does Treasury Board—I'll wait 'til—this question is for you, Mr. Atwal.

Does Treasury Board have to approve capital plans of MBLL?

Mr. Atwal: The Treasury Board would approve the loan act, but not the capital plan.

Mr. Sala: And I think going to this question about the ROI, I—it seems like there's a lot of unwillingness on part of the government here to share that information. I'm not sure why. It's pretty basic data point and I think that information would be useful for Manitobans to get a hold of because it would be useful to know or important for us to know whether or not a project that was potentially slated to be quite profitable for the Province was in any way stopped by this government for reasons that we—are yet unclear.

Mr. Schuler: To that, and to committee, we have to be very careful.

First of all, we release information that's 'proprietary'—so there are documents that are produced by a Crown corporation or to a Crown corporation that are proprietary to the Crown corporation. So we would not release something that would show how the corporation comes to conclusions, how they do their primary business, how they tender projects out.

Secondly, we do have a system in our democracy that one government does not prosecute another. That would all be documents that came under a previous government, and it would not be up to our government to release those documents. In fact, I have learned very early on I was not privy to documents under the previous government. And I had to ask specifically for certain general briefing notes, but we are very careful. That was something that was done under the previous government. It was done under a completely different—[*interjection*]*—no, no, I still have the floor.* [*interjection*]

Mr. Chairperson: Mr. Wasyliw, the member still has the floor.

An Honourable Member: Well, I'm raising a point of order.

Point of Order

Mr. Chairperson: Oh. On a point of order, Mr. Wasyliw.

Mr. Mark Wasyliw (Fort Garry): The member is out of order. There's absolutely no reason for him to be speaking right now, so I'm wondering what's going on here other than him making a speech.

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

Mr. Schuler: To the same point of order, government can choose who answers the questions, as the opposition can ask who—can choose who asks them.

I'm just making it very clear that this is not a document that the government could produce. It is something that's, first of all, proprietary and, second of all, it was something that was done under the previous government and we suggested to members opposite they should go speak to former ministers and they could explain it all to them. They could lay it out for them, maybe even give them a copy.

But I'm not convinced that this is something that this government would be prepared to release to the opposition, seeing as it's actually their document.

Mr. Chairperson: Again, Mr. Sala, on the same point of order.

Mr. Sala: Yes, I mean, just to continue on that—on this question. I think that we're continuing to get this interference and speeches when we need to be focused on the question at hand. [*interjection*]

Mr. Chairperson: Could we just stop for a second, please?

It's not a point of order. We will give the floor back to Mr. Sala and he can address that question to the minister. I was assuming that Mr. Schuler was answering the question on behalf of the government, so if Mr. Sala would like to take the floor again and ask the question again to the minister.

* * *

Mr. Sala: We've got the chief executive officer of MBLL here, we've got the chair of MBLL and we've got the minister responsible. So I think it's very reasonable that one of those three individuals should be in a position to answer these questions and not need to rely on Mr. Schuler's commentary here.

I'm going to proceed with my questions, and this is directed towards Mr. Atwal. With respect to the mandate letter that I referenced earlier—and did you want me to—do you recall which one I'd referenced? This is the mandate letter dated April 24th, 2019. It states, quote: Review markup policies on liquor products to ensure current practices support economic development in Manitoba and submit a report to me by July 31st, 2019.

Did the corporation submit a report?

Mr. Williams: Mr. Atwal was not there at the time. I was there and I presented that report to the minister.

Mr. Sala: Will you please share the main findings and recommendations of that report with the committee?

Mr. Williams: I will not, because I believe that's a document that's—was requested by the minister and presented to the minister, and it's the minister's responsibility.

Mr. Wharton: As the member knows, we rely on advice, obviously, to move any issue or issues forward, whether it be through a mandate letter or whether it be through other means, Mr. Chair. So this would be deemed as advice to government and, certainly, on a go-forward, as that advice is reviewed, certainly the members opposite will have an idea at that time and have an opportunity to speak to it at that point.

Mr. Sala: So just to confirm, you are not in a position to provide any clarity of what the main recommendations from that report are to us here today?

Mr. Wharton: Mr. Chair, I think I've answered that question and I have the—

An Honourable Member: Advice to government.

Mr. Wharton: It is advice to the government—thank you, Mr. Schuler—and we will again ask the members to stay tuned, because when that comes available we'll certainly welcome that discussion.

Mr. Sala: The government announced a gaming review in the fall of 2018. In its mandate letter of 2019, it stated: Support the gaming review announced in the 2018 Speech from the Throne, including a pause on all capital spending related to the expansion of gaming pending the outcome of this review. End quote.

To the best of your knowledge, has this review commenced?

Mr. Wharton: If you may, just run that question by me again.

* (14:30)

Mr. Sala: Gladly. The question was directed towards the CEO, but, hopefully, we can get a response, even if it is from the minister.

The government announced a gaming review in the fall of 2018. In its mandate letter of 2019, it stated, quote, support the gaming review announced in the 2018 Speech from the Throne, including a pause on all capital spending related to the expansion of gaming pending the outcome of this review, end quote.

To the best of your knowledge, has this review commenced?

Mr. Wharton: I thank Mr. Sala for repeating the question. I want to make sure I had understood exactly what he was looking for. I believe I do, and I'll elaborate on the fact that, of course, our government is very proud of the throne speeches we've been able to deliver, and in our throne speeches, as the member knows, sets out the path for government and the gaming review was mentioned and is continued to be worked through and is—an engagement with stakeholders will continue. And, again, for the member and member opposite, certainly, when we are at that the position in the review, we will certainly engage them.

Mr. Sala: Who's conducting that review?

Mr. Wharton: Again, reviews are something that I know the members opposite are in consultation there's—are—they're devoid of, so I'll just again reiterate that we are in consultation with stakeholders, Mr. Chair, and, certainly, we appreciate the input, as we have, for the last four and a half years, from stakeholders, to ensure that we get it right for Manitobans. There has not been a review, as the member knows, of the gaming entity of MBLL, and it's appropriate that we do so. And, certainly, an area like this will take some time to ensure that we get it right.

Mr. Sala: I'd like to ask again, because we didn't get a response, who is conducting the review?

Mr. Wharton: Well, again, in the Throne Speech, we had committed as a government, Mr. Chair, to do a review, and that's exactly what we're doing.

Mr. Sala: I'd like to direct the question to towards the board chair, if you could provide the names of who is actually conducting the review.

Mr. Wharton: Again, the member knows, and I've said it now three times, government is working on the review, as indicated in the 2018 Throne Speech.

Mr. Sala: It's pretty mysterious that the government is unwilling to identify who's conducting the review, but, seeing that we're continuing to be stonewalled here, I will proceed.

Has anyone sought information or advice from you or the corporation regarding the government's gaming review? And this question is directed towards Mr. Atwal.

Mr. Wharton: Well, again, I'm—the member is mentioning that he's a little perplexed about who's involved, well, I mentioned stakeholders; it's on the record. If he wants to play back Hansard, he's more than welcome to this evening or whenever we depart from today's discussions, Mr. Chair. And, certainly, stakeholders are Manitobans, and those are the folks that are going to help lead this process.

Mr. Sala: Maybe, because I'm asking too broad a question, I'm challenging the minister in giving me the response here. I'll ask quite clearly: Is government actually leading the review, or has a private consultant been engaged to lead the review?

Mr. Wharton: You know, I'll keep saying it, Mr. Chair, and I'll say it again. Government committed in 2018 Throne Speech to conduct a review of gaming, and that's exactly what we're doing.

Mr. Sala: I wonder if Minister Schuler would like to switch spots with the minister here since he seems to be continuing to engage in responding on his behalf.

Do you know the expected end date for the gaming review? And I can—I suppose this question will be responded to by Minister Wharton, so I'll direct it towards him.

Mr. Wharton: Certainly, we don't want to prejudge the outcomes of the review, and, certainly, to put an end date on it at this point would be premature and not prepared to do that at this time.

Mr. Sala: I think there's a lot of Manitobans who would like to know the answer to this question. The gaming review was announced in the fall of 2018, which is going on almost two years here and—more than two years—and this is a critical question for a lot of communities who are benefiting from gaming, and I think especially some of the indigenous communities in the province would like to get clarity on this question.

So I would like to ask again: Do we have any expected timeline for the end date of the gaming review?

Mr. Wharton: Stay tuned.

Mr. Sala: Have there been any discussions with First Nations communities or leadership regarding their participation in a gaming review?

Mr. Wharton: Well, again, the member is not either understanding the comments of earlier or just refusing—outright refusing to. The stakeholders are engaged and stakeholders are all of Manitobans

and stakeholders are organizations and groups that are directly involved in gaming, so stakeholders, Mr. Chair, are the folks that are involved.

Mr. Sala: Obviously, First Nations partners are critical in this gaming review, and I think this is a very simple question and I am having no issues understanding that the minister's avoiding responding to the question.

I'll ask one more time on this point: Have there been any discussions with those crucial First Nations partners in those communities or their leadership regarding their participation in a gaming review?

Mr. Wharton: Well, I can tell you, Mr. Chair and member opposite, that we have engaged more with First Nations than the previous government ever did in 17 years. And, quite frankly, we have ongoing dialogue with our First Nations, and I must, at this time, for the record, put a—commend my colleague, Minister Clarke, for her hard work and consistent work and the ability for her to sit down and communicate, on a regular basis, not Monday to Friday; we're talking seven days a week. This minister, in particular, has done incredible work with not only rebuilding a relationship that, quite frankly, was left behind by the former government but, quite frankly, has never been better and will continue to grow under this government.

Mr. Sala: Given the incredible relationship between this government and our First Nations communities here in Manitoba, I look forward to learning about the discussions that they did have with First Nations regarding this gaming review and learning about the degree to which they did engage those communities here in Manitoba, given the nature of the relationship that Minister Wharton just outlined.

I'm going to direct a question again towards Mr. Atwal. I think this one should, hopefully, be answerable by yourself.

Is it your opinion that gaming is saturated in the city of Winnipeg or the province of Manitoba?

Mr. Wharton: Again, one thing about a gaming review, and again I'm a little disappointed in the member, but the review is a review, and that review will determine whether the market is fairly being run or is saturated or not.

So, again, why would we prejudge a review that is under way, and I, quite frankly, think that that's not an appropriate line of questioning when we've already said that the review is under way and the outcome of

the review will be public, as everything we do in government, unlike the members opposite.

Mr. Sala: I'm actually—[interjection]

An Honourable Member: Well, there's a—raising a point of order here—

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

Point of Order

Mr. Wasyliw: The question was directed at Mr. Atwal as to his personal opinion, and the minister has no relevance answering what Mr. Atwal's opinion is, and, as a point of order, Mr. Atwal should be able to answer what he believes under those circumstances. Again, the minister is interfering with Mr. Atwal's ability to give evidence here today.

Mr. Chairperson: Mr. Schuler, on the point of order?

Mr. Schuler: On the same point of order.

To you, Mr. Chair, we are here to have a look at five different annual reports and they're all listed here under matters under consideration. One of the things that is not under consideration is personal opinions on a government review, and that is not under the matters under consideration. We're here to look at five different annual reports.

* (14:40)

We'd suggest the minister is right to take those questions because the opposition wants the corporation to give personal opinions on a government policy, on an announcement that was made by government, by a government undertaking. And that is not appropriate to ask officials from a Crown corporation to reflect on something that the government has stated is a policy that they're going to do review. So may I suggest that this is not a point of order.

And I understand the opposition is frustrated after 17 years of mismanaging Crown corporations. Now they have to face a government that's actually dealing with their Crown corporations in a fair and a non-political fashion.

Mr. Chairperson: Mr. Sala, on that same point of order.

Mr. Sala: No, this is just a question.

Mr. Chairperson: We'll deal with the point of order first.

It is not a point of order. It is the minister's right to answer any questions that are posed to him. And it

is not the duty of the Chair to decide on the quality of the questions—or, the quality of the answers.

* * *

Mr. Sala: I'm just going to, again, direct a question towards Mr. Atwal.

I think, as the chief executive officer of our large Crown corporation here, of MBL, it is useful to get a sense of your take on things and where we're at in Manitoba in terms of the level of saturation of gaming in Manitoba.

In 2016, we did do a gaming review that did indeed find that the market was saturated in Manitoba. So—just providing that for context. That's background here. In your experience as the chief executive officer to date, what's been your assessment of the market?

And even if you don't want to use the word saturated or unsaturated, even a broader assessment would be useful and helpful for us here.

Mr. Wharton: Well, I—again, I, you know, it's very frustrating that we can't get down to the annual reports and the matters under consideration. Certainly, if the member wants to have a political discussion, you know, depending on when we rise today, I'd be more than happy to sit down with him and do that.

I think we should be directing—the member should be directing questions respect to the operating of the Crown corporation and maybe have an opportunity to review the reports as we're going through them and direct questions that way.

But again, I'm—I would certainly be more than happy to have a political discussion with the member.

Mr. Sala: This question is directed towards Mr. Atwal.

Would you support increased participation for First Nations gaming in the province and—including the city of Winnipeg?

Mr. Wharton: Again, that leads to the gaming review, Mr. Chair.

You know, the member is trying to—maybe the member wants to sit on the board. Maybe we can have that discussion with him, again, as a political discussion. But, you know, the member is looking for an answer that, quite frankly, isn't there and—but he's refusing to appreciate the fact that the review is still on. And it would be unfair to prejudge it and it would certainly be unfair to ask a CEO or anybody else at a

Crown corporation at this point in structure of the review to answer a question like that.

Mr. Sala: I just think it's completely reasonable that we should ask whether or not this government supports increased participation from First Nations in Manitoba in gaming. There's nothing remotely inappropriate about that, and that's, I think, a very reasonable question for us to ask.

I'd like to direct that question, again, to the chair of the board. Is it your perspective that we should be seeing increased participation—or, sorry, would you support increased participation from First Nations in gaming in the province?

Mr. Wharton: Asked and answered, Mr. Chair.

Mr. Sala: Okay, here's one for the minister so I'll make it easy for them.

Would this government support a revenue-sharing model for gaming with First Nations in Manitoba?

Mr. Wharton: Well, again, when we said we were, in the 2018 Throne Speech, conducting a review of gaming, you know, essentially, everything is on the table, of course, when you do a review. And the member had mentioned that, in '16, their government did a review and the review determined that there was saturation in the marketplace.

Well, certainly, you know, four, five years later we're still working with—and, again, our Throne Speech was very clear that we want to ensure that we get it right. And stakeholders are at the table and, again, we've answered the question and I continue to answer the question.

If the member wants to continue to waste the afternoon on one particular area and get on with the orders of the day here under consideration, I'd be glad to answer any questions related to that.

Mr. Sala: So we know—it's been clear from our experience here today that the government doesn't seem very interested in answering any questions about this review, I suspect, because, again, it was announced in the fall of 2018. And we hope to see the results of this prior to the end of their current mandate. That would be helpful for all of us.

I'll direct another question to Mr. Atwal: Is there an anticipated date by which the corporation will turn VLT machines back on?

Mr. Atwal: We will work with Manitoba Health, and the guidelines are provided by Manitoba Health. So,

as they—as Manitoba Health provides guidelines on what can—we can and can't do with our VLTs, we'll abide by those guidelines, and we'll apply any and all protocols necessary for the safe return—safe turn on of those machines within Manitoba.

Mr. Sala: Thank you for that response, and if we could just ask the same question: What's the anticipated date by which the corporation's expected to resume operation of the casinos?

Mr. Atwal: The—again, the answer is pretty much the same, in terms of when we get guidance from Manitoba Health and we're able to open the casinos and have the approval to do so, we will look at that.

The public documentation right now says phase 3 is when the casinos may be looking to open, which, I believe, is June 21st, but that's not set in stone by any means. It'll, again, be dependent upon making sure that we follow what Manitoba Health is asking us to do and the chief public health officer's asking us to do and, again, make sure that we are able to have all the necessary protocols and safety procedures in place for our employees and for the customers.

Mr. Wharton: Certainly, I'd like the opportunity to, again, put on the record that Manitoba Liquor & Lotteries stepped up early during COVID with social distancing, physical distancing; with their licensees and their stakeholders, did a wonderful job at ensuring that they were following the chief public provincial health officer's mandate to ensure safety was No. 1.

So, for the record, I just wanted to put that on to commend the corporation and its leadership and our board for ensuring that safety was No. 1.

Mr. Sala: We're going to move on now to discussions around potential privatization here, questions around privatization. The government's mandate letter states, quote: Engage with the private sector to identify opportunities for increased participation in the liquor retail and distribution sectors. End quote.

Can you outline, in your view, what are the benefits of a publicly operated and integrated corporation that retails and distributes liquor in Manitoba?

Mr. Wharton: The member knows that, particularly in rural Manitoba, there is a large private sector footprint currently in place; has been in place for a number of years as a matter of fact, Mr. Chair.

And, certainly, the private-public model has worked for a number of years, and if there are ways

that can enhance that model, certainly, I would assume that that would be something to look at and absolutely would be for the betterment of all Manitobans.

Mr. Sala: I assume that the CEO, Mr. Atwal, joined this corporation because he understood that it was an opportunity to help do good in the province and believed in the mission of that organization, so I think it's quite reasonable that he's able to answer on his own terms this question.

So I'll ask him again: Can you outline, in your view, what are the benefits of a publicly operated and integrated corporation that retails and distributes liquor in Manitoba?

Mr. Wharton: Well, you know, again, same question asked a little differently, I suppose but, you know, we—there is currently a model in place that engages the private sector. And, certainly, the public sector is engaged and has been and continues to be, Mr. Chair. And, certainly, that model has been around for quite some time.

So I think if the member had a question, I think the question would be along the lines of maybe what the current model is doing, instead of maybe throwing a partisan question into the mix, Mr. Chair.

* (14:50)

Mr. Sala: Really unfortunate that the minister doesn't seem want to let the CEO to describe the reasons why he believes in this corporation, so I'll just move on here to another question.

Does MBLL, is it—is MBLL an effective corporation at living up to its mission, and I'll again direct this towards Mr. Atwal.

Mr. Atwal: Yes. MBL is living up to our mission that we've got, which is to provide regulated products such as alcohol and gaming and cannabis in a safe way to Manitobans to ensure that we are also supporting Manitobans from a social responsibility angle and providing it in a socially responsible manner, and also making sure we provide adequate return on investment for all the work that we're doing to the province as well.

So the answer is, yes, I believe we are living up to our mandate.

Mr. Sala: How do you think your ability to live up to that mandate would be altered with a greater private role in the sale of liquor in Manitoba?

Mr. Wharton: Well, again, here we go, Mr. Chair. The member is—you know, knows there's a model in place and certainly is on a fishing expedition and, quite frankly, fishing—it opened a couple weeks ago, and I know the catching is good, but, certainly, not here.

So the member should also, if he's going to direct a question, should be directing a question that is relevant to today's discussions.

Mr. Sala: I'll ask the question to the minister.

Would further private sector activity pose a negative threat to the revenues of the corporation?

Mr. Wharton: Well, again, this is, and I thank the member for the lob question because it's—currently, you know, we have a model, a private-public model that's been around in Manitoba for a number of years and it works. Coming from rural Manitoba I know that, certainly, the liquor marts—privately run liquor marts—are doing a fabulous job, along with the publicly run liquor marts.

So, you know, it's a model that's been working, and, certainly, as we go forward, you know, if there's a—the mandate letter is clear. If there's a way that we can enhance the model then certainly I'll, you know, we'll have those discussions.

Mr. Sala: I thank the minister for the response.

The question wasn't whether or not the current model is working; it's whether or not further private sector involvement in MB—in liquor sales in Manitoba would threaten the revenues of the corporation.

Can the minister please respond to that?

Mr. Wharton: Well, the mandate letter is clear, Mr. Chair. You know, it is to pursue, you know, private sector involvement, an enhanced private sector involvement. There's no—look, those are public documents; the member knows that, and, as we go forward with that mandate, we will continue to engage and have those discussions.

Mr. Sala: Again, still struggling to get responses there. I think, given that the government's mandate letter is requesting that the corporation pursue further private sector involvement it should be an easy answer for this minister to state that, in fact, he is confident that further private sector involvement would, in fact, enhance revenues. Otherwise, I have no idea why he'd be pursuing that.

I'll ask the minister again: Does he feel as though private sector activity poses any kind of threat, and if

he doesn't want to respond to that, how does he perceive it to pose a benefit to Manitobans?

Mr. Wharton: Well, I'm going to put on my private sector hat for a minute, Mr. Chair, and, again, to comment and respond to the member's question, you know, if in business, we relied on the same old, same old, we would become irrelevant in the marketplace and, certainly, we know that as business people. We have business people around this table. As a matter of fact, the member knows what business is all about. We've had those discussions, and, certainly, if we don't diversify or engage or look at alternatives, then why would we even bother existing, Mr. Chair?

We need to ensure that models are looked at, whether it be 20 years old, 40, 50, 60 years old. That's something our government is committed to right across the whole-of-government approach. That is to ensure that we're delivering the best opportunities for all Manitobans as we go forward.

Mr. Sala: Has the government provided any direction or communication regarding what it means to, quote, engage with the private sector on these issues? Has MBLL or the government identified any opportunities for increased participation? And I'd like to direct that question towards Mr. Atwal.

Mr. Wharton: Well, it's a government question, so I'll gladly take it.

No.

Mr. Sala: Does MBLL plan to increase its home delivery services in the short-to-medium term? And, again, this question's directed towards Mr. Atwal.

Mr. Atwal: We've already increased our home delivery services in—expedited, as a matter of fact. We've always had home delivery as part of our strategic plan, but we had to expedite implementing that due to COVID-19. So we're at a point now where we believe that home delivery is what—where we need to be for the market today. That doesn't mean we stop looking at it; we'll always continue to look at it and see if we need to make changes.

Mr. Sala: Could you offer any sense of the size of that business to date?

Mr. Atwal: To be fair, for a period of a week or two, it was our second busiest store, but now that things have settled and we're in a normalization, it's about mid-rangish for one of our stores in terms of total volume.

Mr. Wharton: Just to again add a little bit more context for the member, liquor delivery is, again, a private-public model right now. We have Skip, we have DoorDash, we have a number of firms delivering wine from restaurants, Mr. Chair, and also picking it up at MLCCs and delivering it. So, again, a good example of a partnership between public and private, working together for the betterment of Manitobans.

Mr. Sala: I thank the minister for that response.

Does MBLL plan to alter any of its service delivery channels in the short term? And this question, again, is directed towards Mr. Atwal.

Mr. Atwal: Maybe some more clarity on that; I'm not quite sure what you mean.

Mr. Sala: Are there any further plans relating to changing your channels for distributing or retailing liquor?

Mr. Atwal: We have a project that we're looking at that's similar to a click-and-collect-type scenario that Home Depot and some others have utilized. We're not ready to launch that yet, but it is on our plan, to try to look at that going forward.

Again, our home delivery, it's, for lack of a better term, it's little bit archaic right now, in terms of how you interface and how the product gets to you.

So, again, we had to rush it, but as part of our strategy we want to try to improve that interface and make that easier for our customers to get it and know when they're get their product as well. So those are the two key items that we have right now.

Mr. Sala: Fantastic. I think those sound like some great innovations.

Moving on, can you give an overview of the current physical locations for corporate operations of MBLL?

Mr. Atwal: Today we have corporate facilities at Buffalo Place and on Empress avenue and then our IT group is right behind Empress on Milt Stegall.

Mr. Sala: And what office space is owned or rented by MBLL for its corporate operations?

Mr. Atwal: We own Buffalo Place, we own Empress and we lease Milt Stegall.

Mr. Sala: In normal times, how many employees are working in those various locations that are owned or rented by MBLL?

Mr. Wharton: Could the member define normal times?

Mr. Sala: Pre-pandemic.

Mr. Atwal: I'd have to get the exact number for you, but in terms of how we're structured, Buffalo Place currently has our liquor operations group. So HR team, our finance team and our safety team is at Buffalo. Empress will have corporate services group, part of our gaming group—it's on Empress—and some marketing and communications team on Empress. And then our Milt Stegall group has our IT team in that group there as well.

I'd have to get a breakout as to who's got—who's sitting where specifically, though.

Mr. Sala: And could we get clarity on the number of employees who are working in those locations at this point in time?

*(15:00)

Mr. Atwal: Given our real focus trying to work from home, we have very limited number of folks that physically come into the—do—you mean physically, I assume? Yes. There are a very limited number of people that physically come in.

We may have some people come in to utilize certain systems that are not easily accessible remotely. Our—and anybody that does come in, again, we—they make sure we follow all the protocols in terms of spacing, cleaning, screening before you come in and all the requirements of Manitoba Health to make sure we follow those.

I would say, as a rough number, less than 10 per cent of the normal group would be in at any given point in time on any given day.

Mr. Sala: MBLL had previously purchased the Medical Arts Building and had, at one point, planned to consolidate its office locations into a new headquarters there.

How much did MBLL spend on the purchase of the Medical Arts Building?

Mr. Atwal: MBLL spent \$4 million on the building, \$800,000 on the land, and then some subsequent spending on design fees, et cetera brought the total cost to \$9.6 million.

Mr. Sala: So can you clarify, for how much money did MBLL sell the Medical Arts Building?

Mr. Atwal: The sale was at \$15 million—just over \$15 million, for a net gain on disposal by approximately \$5.8 million.

An Honourable Member: Wow, good minister.

Mr. Sala: Sorry, Minister Schuler's comment took me off the rails there. I like their—I like the government's attempt to take credit for corporation activities. I'm sure if there was a loss they wouldn't be as eager to claim those—that credit.

Next question is, does MBLL have any current plans to consolidate its physical footprint?

Mr. Atwal: I think, like any corporation—sorry, like any corporation that's existing today—when I mean today, I mean post-pandemic—we are looking at ways to become better and more efficient. We've been—implemented a number of tools to become more efficient and work remotely. We're trying to determine what we need to do to try to look at our future going forward.

We do not have a formal plan in place right now to consolidate into one location or one building. We don't have a project kicked off to be able to do that. But we do have initiatives that our teams are working on, due to COVID—how can we work more effectively as a leadership team and as a management team. So we continue to work on those.

Mr. Sala: So does MBLL have a central headquarters?

Mr. Atwal: What would your definition of a central headquarter be?

Mr. Sala: I suppose a location where the majority of your executive and business operations are located.

Mr. Atwal: We try to do our best to put our executive closest to their teams and where their teams are located.

So to answer your question, the best answer would be—Empress would be our corporate headquarters because myself and a few of our core team are there, but our CFO is with their finance—with her finance team at Buffalo. Our VP HR is at Buffalo with his HR team. Our liquor ops group is in Buffalo right now with his liquor ops group as well. Our IT person—our IT leader, she's in Milt Stegall with her team, again, across the street but right there, as well. Our gaming VP is also on—at Empress with most of his team, although he spends more of his time at the different casinos than in the office.

So the object—or the focus that we have are trying to make sure our executive and leaders are as close to their teams as they can be. So we don't have everybody in one location.

Mr. Sala: Are there any plans to consolidate those teams into one more, you know, consolidated location?

Mr. Atwal: Again, I think I answered the question, but, no, there's no plans to come into one physical location.

Mr. Sala: Is MBLL planning to move any of its corporate staff from its current locations?

Mr. Atwal: As we indicated earlier, we acquired a distribution centre on King Edward. And our current distribution centre is in Buffalo Place. And Buffalo also has our liquor operations group, so the senior leadership team and liquor ops group for that as well.

Our intent is to move that group to the distribution centre, where the distribution group will move. So we do have an intention to do that. Outside of that, we do not have plans to physically move anybody. We do have our Buffalo location up for lease. We don't need that location anymore. So, if somebody will take on that lease, then we would have to move the other teams out of that location to one of our other locations or a different location.

Mr. Sala: Thanks for that information.

Are there any other leases other than the Buffalo lease that are going to expire in short order?

Mr. Atwal: Buffalo we own. We are currently looking for a—we posted for a lessor to take over. Yes.

Mr. Sala: And are there any leases in any other properties from which you guys operate that are going to expire in short order?

Mr. Atwal: Do you mean all of our retail locations as well and our corporate offices, or just our corporate-like, our support offices, and what's short order?

Mr. Sala: I'd love to know both corporate and operational or retail, and then I'd say within the next year.

Mr. Atwal: That information is available. It's—we have 62 retail locations—61 retail locations. We've got five or six other facilities, buildings that we use.

What would be the best way to try to provide that?

Mr. Sala: Any format. If you'd be willing to provide that after the committee meeting today, we'd be just happy to receive that.

Thank you.

Mr. Atwal: We will take that as an action to provide.

Mr. Wasyliv: I want to get back to the COVID layoffs, for lack of a better word.

Were there any alternatives considered, other than laying off that 1,300-plus staff?

Mr. Atwal: Yes, absolutely. We looked at a variety of different potential options. We looked at if we can workshare in some way. We looked at part-time a couple of days, et cetera, in some of those locations or can somebody just work for a few days and move forward from there.

We're presented with a couple of challenges to that. First and foremost, we have two business units that have zero work. So the casinos are zero. It's not like they're down. They're out. Our VLTs weren't down; they were out. So there wasn't work that was being able to do for those locations for the majority of the staff.

We did retain staff to keep operations in those—like, those facilities running, so, maintenance crews. There was some work that needed to get done. We, you know, there's no customers in there, so—point, so we kept some employees to be able to do some of that work that needed to get done as well. So we provided there.

We were able to reposition and we worked very closely with all the unions and got total union support to reposition 136 employees from our gaming unions to our liquor groups. So they provided everything from additional cleaning support that we needed for COVID support, some of the additional security that I talked about to make sure people are social distancing. They provided support in our distribution centre, because we saw spikes in that part of the business as well.

I will have to say that the unions and MBLL worked very closely, collaboratively and came up with a very good solution to save almost 140 jobs just from there. But yes, we did look at a bunch of different options.

The other variable that was out there that we—that normally wouldn't be there is the CERB. So that was something that we closely talked to the unions about and talked to the employees about and with the CERB

available retroactive to March 15th, it was another avenue for us to feel that we were able to take care of some of the employees along those lines there as well.

Mr. Wasyliw: Because the CERB was in place, would there—well, I'll ask it this way. If the CERB wasn't there in place, would the jobs have been maintained? Would there have been more effort to keep more people employed?

Mr. Atwal: I can confidently say there was no way to put more effort in. We did everything we could to keep our people employed. So I can confidently say that. So I can't say we would have done more effort. The situation was what the situation was, and I also can't speculate whether CERB was there or not.

We did the right thing for the business, and we also tried to do everything right for our employees. And we repositioned as many as we could. We kept benefits going for all the employees as well because that's really, really important, especially at this point in time, especially with prescription services and other services that are relevant to those employees.

So we did everything we could in my heart and in my mind, everything we could to—for our employees, and worked well with them.

* (15:10)

Mr. Wasyliw: So I appreciate you repositioning about 140 positions. So your layoffs would have been 140 more than they currently are today because of those actions. Is that fair? Is that clear?

Mr. Atwal: Yes, that is correct.

Mr. Wasyliw: Now, I imagine you follow the news like everybody else. The school boards were repurposing education assistants. The City of Winnipeg was repurposing workers from various departments to do socially useful things that may not have been related to sort of the core jobs of the—either the City or the school boards.

Was there any consideration, say, with all those casino staff, to do something socially useful that may not have gone to sort of your core, you know, services that you provide and that would have kept them on the payroll?

Mr. Atwal: Again, I think that what we've done is everything we could to try to keep as many on the payroll as we can, which I believe that we did. Again, working with the different labour groups, we've tried to find the best solution going forward.

To your point, what if the CERB wasn't there—I can't answer that. I don't know. But the CERB was there and we tried to leverage that as best we could for our employees. And, again, keeping the benefits in place really, really helped them going forward as well.

I've heard of other organizations of—I've got family that are in different businesses and doing different things. And the CERB is—was important for them as well. So it made a difference for how people reacted and did what they needed to do.

Mr. Wasyliw: Just getting back to my question.

So I appreciate a casino worker, you can put them into maintenance or cleaning and stuff like that, but outside of that, like I said, could they have done something other socially useful, like deliver hampers or something else to keep them on the payroll? Was any consideration given to them being on the payroll doing other non-, you know, MBLL activities, but socially useful activities to make sure that they maintained a paycheque?

Mr. Atwal: I'm not sure the—how to answer that question because we'll look at what's—what we can do at MBLL and what's important for our group and how we can use our people in any way we can within our business.

Once you exit our business and start to look at other entities and other organizations, we can provide support, we can tell people what's out there, but we don't—we didn't have the—necessarily, I guess, the ability or the—maybe the wherewithal, then, to look at paying our employees to do something completely outside the scope of what they were supposed to be doing outside of our organization, potentially outside of government. That wasn't something that we took a path down on.

Mr. Wasyliw: I appreciate your candour, but I guess my question is, is being a Crown corporation with a social mission, did it not occur to any of the executive that maybe that was your role and that maybe that was an important contribution you could make to Manitoba in a time of crisis?

Mr. Atwal: Again, I think we've done everything that we could with the levers that we had and the situation that we were in and what we needed to try to achieve. And we used tools out there that didn't exist before. And we repositioned employees across bargaining units, which typically is not easy to do, but we were able to do that with our bargaining units and get that completed.

So I can still stay that I think we've done everything we can within that scope and within our mandate as to what we need to deliver as an organization.

Mr. Wasyliw: How much with—are you saving in wages per month on the 1,300-some-odd people who were laid off?

Mr. Atwal: The savings are approximately \$1.3 million per pay period. So at a month, it can maybe look at two and a half pay periods roughly within a month.

Mr. Wasyliw: The—I'm wondering if you can advise, what is the revenue from e-betting before all this occurred? Or i-betting—

Floor Comment: iGaming.

Mr. Wasyliw: iGame—sorry, I'll learn it.

Mr. Atwal: Yes, so 2018-19, which is in context here, we were at just over \$20 million in total revenue, with a net income of approximately \$8.2 million.

Mr. Wasyliw: Now, what has been the impact of Bill 28 on your wage negotiations? This is—to remind you, this is the one where the government brought in the bill, but it hasn't been proclaimed, where wages would be frozen for the, I think, first year for zero, second year zero, then .75 for the third year, if I have my numbers right.

Is that—are you using that as directive in your negotiation with your unions?

Mr. Atwal: Our collective agreements, as they've come up for renewal, those have been the guidelines that we've been working to in those agreements.

Mr. Wasyliw: You had indicated, because of the COVID crisis, that a number of projects have been delayed. I'm wondering if you could list for us what projects have now been delayed and when do you anticipate they will be restarted or recommenced.

Mr. Atwal: We had some projects related to VLT and slot upgrades. As machines age, they require some potential replacement and that. So those projects were slated for this year.

We had some projects related to IT infrastructure that need to be looked at at some point. We were looking at combining a few IT systems as well. So those projects are the ones that we looked at to try to delay, specifically things that would have a high cash outlay but that we don't necessarily need to do today.

Anything that's safety related, anything that's legal, anything that's related to our employees and our labour agreements and that: none of those projects in those were delayed or touched. It's just items that had a high cash outlay.

In particular, our VLT upgrades are very expensive, and so for us to push those out right now made a lot of sense because there's no casinos open, no VLTs open, so we don't actually lose by pushing that out. So it made a lot of sense for us to do. Then we could redirect those resources to more specific items related to the COVID situation, how we can try to enhance and change our business in spite of that.

Mr. Wasyliw: One of the comments you made early on this afternoon, which I found really interesting, was that the teleworking or, you know, working from home, you actually didn't see a drop in productivity and you actually have found it—I don't want to put words in your mouth and you'll clarify—that you've actually seen increases in productivity.

Is that fair? I'll let you clarify your comments on that.

Mr. Atwal: I've seen our leaders find that the people that are teleworking in most cases are as productive or more productive than a typical situation, typical day. But now, that said, the situation lended to that as well. COVID wasn't a 8 to 5 or 9 to 5 or whatever that situation there is, it's not that.

We had people—we had seven-day meetings. We had leadership calls on every weekend, twice during the week everyday. We had evening discussions. So I think part of it was driven by the crisis and the situation, and part of it was people had the ability now to focus on stuff. Maybe after stuff was taken care of with their family, they can close out a few things before heading to bed.

But, overall, the feedback from our leadership team and our employees has been extremely positive.

Mr. Wasyliw: So, obviously, you've learned some valuable lessons from this experience. Will it change how you structure your work environment in the future? Will there be more flexibility when it comes to how your workforce is organized?

I've heard some commentary from other business leaders that have also agreed with your observations and there's been even some talk about a four-day work week and the efficiencies that come from that. I'd be interested to hear your comments on those.

Mr. Atwal: Well, I'd be delighted to talk about some of the efficiencies that we've seen. I will also like to point out that the industry I came from was highly remote-workable and I could be in any place in the world and host and manage work and calls and this and nobody would know where I'm at, so is that efficient.

I've also experienced a number of organizations that have restructured or reorganized themselves physically to accommodate for people working remotely at different periods of time, so those are some best practices out there that other organizations have seen.

What we are going to do is go through an analysis of what are the best practices: what works, what doesn't. There is actually a couple companies in Winnipeg that had already moved to this model prior to pandemic, and so we're in dialogue with them and asking them: what did you experience, what were some of the challenges you saw, what were some of the outcomes of that, what are some unintended outcomes that came of that.

* (15:20)

So I think the answer to your question is, just like every company out there that's been impacted, it's going to change us in some way. To what extent and what it looks like, I can't tell you that now, but we are actively working on what that would look like in the future.

Could it be a very small change? Maybe. Could it be a massive change? Maybe. But I honestly can't tell you 'til we go through it and determine what's best for our employees and for how we work with our investment—return on investment and pay back the shareholders.

Mr. Wasyliw: Could it result in workforce reductions?

Mr. Atwal: As I mentioned, the people that are out there working are working productively and doing everything we need them to do. Could things result in work reduction? Well, anything technically could. Are we planning to do it because of that? No, that's not our plan or intent. That's not a tool we're using to do anything like that.

But we are looking to do what's best for the business, and so this is helping our business and we're happy about it.

Mr. Wasyliw: I'm wondering if you could advise us, the 1,300-some layoffs that you had, what percentage of your workforce is that a reduction of?

Mr. Atwal: It's approximately 40 per cent. But if you want a closer number, I can calculate that for you. *[interjection]* Approximately 40 per cent in total, yes. Approximately. But I can get an exact number for you. *[interjection]*

Mr. Chairperson: Mr. Wasyliw, please put your hand up, so I can recognize you. Otherwise, they can't record you.

Mr. Wasyliw: How about operating expenses reductions? What would you consider that your expenses have been reduced now by?

Mr. Atwal: Sorry, just for 'clar'—as a percentage of our total expenses, or—just one moment.

That's a difficult question to answer, and I'll kind of explain why.

We've had some of our costs increase because the increased requirements for PPE and some of the protocols that we put in place for our current liquor business and what we need to do there and our distribution centre. We still have the casinos as infrastructure, so all those physical locations, we still have to keep lights on, keep them safe and that as well.

In—if you're going to ask me how much do you think you're saving in terms of total operating costs, I'd say, if I ballpark it, somewhere between 15 and 20 per cent is probably where we'll end up.

Mr. Wasyliw: Is the loss prevention team fully staffed today at this point and operating?

Mr. Atwal: The answer is—on this date—yes, they are, as we finish up the last stores in Winnipeg.

Mr. Wasyliw: Now, I respect, for strategic reasons, why you don't want to publicize what stores do or don't have these countermeasures. Can you at least give us a percentage of how many of the Winnipeg stores have sort of been covered off at this point?

Mr. Atwal: Again, I don't think that's something I want to make public out there. We're substantially complete.

Mr. Dougald Lamont (St. Boniface): Just to say that we've had five years of reports overlapping three governments, multiple ministers, that both the CEO and the chair here are new compared to the entire period of time here, so we're not able to ask questions of Polly Craik or the CEO at the time when there were

allegations of political interference under this government.

So I would like to ask Mr. Atwal, if you were made aware of the attempts by the government to contact your predecessor, and who from government was interfering.

Mr. Wharton: Not sure how that is related to what we're here to discuss today, the—under the—under consideration—the matters under consideration. So I would suspect that I know the member's been waiting for just over two hours to get a question in, and I would suspect that he probably has a lot more questions to ask that are under the scope of the matters under consideration.

Mr. Josh Guenter (Borderland): Chair, question I'd like to direct to Mr. Atwal.

As you know, there's currently legislation before the House that will change how the Civil Service Superannuation Fund is governed. As one of the large employers that participates in this fund, could you discuss for us, please, the—your position on these changes to pension governance?

Mr. Atwal: To clarify, what was the exact question at the end—just the last part of the question?

Mr. Guenter: As one of the large employers that participates in the Civil Service Superannuation Fund, just wondering if you could discuss a little further your position on the changes before the House, Bill 43, to pension governance?

Mr. Atwal: I think, in terms of the actual changes, superannuation—

Mr. Chairperson: Mr. Atwal, we need to interrupt you for a second.

The question that Mr. Guenter has asked is out of order because those are questions that can be asked in the House. The bill is currently before the House.

So we will continue on with questions.

Mr. Lamont: I noticed when I looked at the reports, when I look at the social responsibility funding, in 2017, it was \$9.7 million; in 2018, 9.8; but by 2019 it had dropped by \$1.7 million to one—\$8.1 million. At the same time, the Crown Services Secretariat was up.

So can you explain why social responsibility funding is down while the funding to the Crown Services Secretariat is up?

Mr. Atwal: I think, to clarify that answer, I'll—again, we'll have to provide the numbers specifically, but

while it's down in the one specific category that you've got—that you've identified there, it's actually, in line, at \$12 million and \$11.8 million as a total and as an aggregate. So it can be coded or allocated a different bucket.

Mr. Lamont: There's a reference to a whistle-blower complaint on page 21 as well. So—or, no, sorry, it might have been in a different—a report, sorry, in the—in 2017-2018.

How do you resolve whistle-blower complaints? What's the process for when it was said that it wasn't found to be justified? What's the process? Who actually decides whether a whistle-blower complaint is relevant or not?

Mr. Atwal: So, when we have a whistle-blower situation, we try to take the core of our corporation out of that discussion, and we've got a corporate secretary that reports directly to the board and they would take leadership on that whistle-blower situation.

Mr. Lamont: I did want to return to a question, simply because when it came to Ms. Craik's allegations, one of the issues around the government interference with the corporation was that board members are, of course, liable, and if government is going to interfere in the operations of a Crown corporation, that it actually puts the officers, the Crown—the—sorry, the members of the board at risk.

So were—if there were—were there discussions afterwards in order to be able to make sure that this type of interference did not happen at the Crown—at the board level?

Mr. Wharton: I remind the member that question period was on Wednesday, and, certainly, if he has any political questions, we'd be more than happy to take them.

Again, I would assume that the member would revert back to the matters under consideration today at this table.

Mr. Lamont: I would note that the—we are talking about the last five years of the operations and finances of the—of MBLL, and that when it comes to the governance of this Crown corporation, which contributes significantly to the finances of the Province, that there are certainly some extremely important issues around liability.

* (15:30)

So maybe I'll just ask the question: What happens if a government official directs MLCC—or, sorry—

MBLL to do something which ends up falling on the shoulders of—I'll just—I'll be more clear about that.

Is it the case that if the government makes a mistake in advising or interfering with the operations of government—

Mr. Chairperson: Excuse me. The hour being 3:30, as per previously discussed that we would sit 'til 3:30 and then revisit, what is the will of the committee?

Mr. Schuler: Committee rise.

Mr. Wasyliw: I know that the independent member still has questions to ask and I'd like to accommodate him. I'm going to ask the indulgence of the rest of the committee members for another 10 minutes. I think, Mr. Lamont, you can get it done in 10 minutes

Mr. Wharton: Well, certainly, to the member comment about more time, certainly, I would certainly agree that he wasn't given any time by the—his colleague from the NDP next to him simply because they ran the clock. But under that—and, certainly, we're—this has not been at this table for a while, I think it would be fair to allow the member another 10 minutes to pose his questions to the committee.

Mr. Chairperson: So is that the will, to allow another 10 minutes and then we would call the—put the questions forward on the reports? *[Agreed]*

Mr. Lamont: So just to, in terms of clarification, is that because of the structure, the structure of liability and responsibility that, ultimately, that if a government official were to direct MBLL, that the liability would still fall on the members of the board rather than on, say, the government?

Mr. Wharton: Well, again, the member knows we were sitting here with a number of years of reports. I'm sure we've all had the opportunity to go through them, and corporate structure is one of the areas that's covered off, year over year, where they have a board, board chair or they have committee members. They certainly have—MBLL has their CEO, CFO and down the ranks just like any other corporation or company, Mr. Chair.

So—and with that comes protocol, and I would assume that, you know, not only Crown corporations, but businesses alike would be following those protocols and appropriate discussions would be handled at the appropriate venue and the appropriate manner.

Mr. Lamont: I understand the MBLL had developed a different plan for the sale of cannabis that would've

generated \$95 million a year. What was that plan, and who decided not to go ahead with it?

Mr. Atwal: I wasn't here at the time that the plan was developed, or that particular plan was developed, so I'm not familiar with it. So I'm not really able to comment on that particular plan.

Mr. Lamont: Would it be possible for—I don't know—as I understand, it was something that was developed under the current government. Is that something that it would be possible for the government to release? I understand it was a—it was just a different model. I don't know that it's—whether it's within your capacity to do it or whether the government is able to release—it was a different model.

Originally, there were projections that MBLL could be—have \$95 million a year in revenue. I'm just wondering what the difference is between that and—so, even if, perhaps, if MBLL can't, perhaps the members opposite can commit to releasing that report.

Mr. Wharton: This takes us back to an earlier discussion with members opposite with respect to public-private relationships in our Crown corporations, Mr. Chair. Cannabis currently is on a—the same track. It has a public-private partnership, a wholesale public and retail private. It's a model that, quite frankly, is looked at as one of the top models throughout Canada.

As the member knows, the Liberal government of the day rushed through the legalization of cannabis and put, quite frankly, every jurisdiction in Canada in a very, very difficult situation.

And I can tell you, and for the record, never been so proud of the relationship and the model that's been put together in collaboration with our public and private sectors that can take care of the needs of Manitobans when it comes to cannabis and to ensure that there—with phase 3 opening, Mr. Chair, that Manitobans can have access to a retail cannabis store within 30 minutes anywhere in Manitoba.

So, quite frankly, I think the member would agree that, in light of the federal 'libbelor' government essentially saying, look, it's opening on October 1 whether you like it or not, I think Manitobans responded 'admirally'. And, quite frankly, it's a model that's working.

Mr. Lamont: Well, I just—I would remind the minister that I believe the federal Liberal government was elected in 2015 and the legalization didn't happen 'til—for another two years. So that was hardly a rush.

But the question is serious, though. I understand that there were—was a different proposal, a different model that would have meant that MBLL had \$95 million instead of the current level, which, I believe, is under \$5 million in revenue right now.

And one of the issues is also the question of ownership, whether—who is benefiting from the profits, right, is that in these public and private ownerships is that a fairly small—is that a fairly large number of the businesses involved to—are not Manitoba-owned or -operated, so that we're actually seeing profits, taxes and so on leave the province when we could have been seeing a much higher level.

So I—if that plan is available, I certainly would like to see what it was and understand why the government decided to walk away from \$95 million a year in revenue for MBLL.

But the other—the question that actually—in terms of—because we are expanding it, the initial thing—the initial plan was to sort of have what I would say invite Walmart to town first and then try to open up some corner stores.

But what's going to be the availability in terms of—is there a focus on local ownership, or will there be any focus on Manitoba ownership in terms of expanding the availability of cannabis retail in Manitoba.

Mr. Wharton: Well, I really thank the member for the question, because it gives me an opportunity to put, again, some facts on the record.

You know, phase 3 is going to be a model that's going to engage ma-and-pa shops throughout Manitoba. They're going to engage a store within a store so that—the member talks about Walmart or, how about Shoppers Drug Mart or any other retailer that currently is in Winnipeg that is maybe looking at expanding. Phase 3 is going to do exactly that.

And, by the way, for the record, too, we do have one of the largest retailers right now in a company, Delta 9, Mr. Chair, that is operating in Winnipeg and Manitoba. And, quite frankly, locally owned and doing a wonderful job at expanding growing and also creating jobs for Manitobans, Mr. Chair. That's exactly what the focus is on, and that's why this model is so successful.

We have a model now that focuses on job creation and focuses on the economy and growing the economy.

Look, Mr. Chair, we made a promise to grow the economy in the next four years—40,000 private sector jobs. We're going to do exactly that, and this model's going to help us get there.

Mr. Lamont: Will MBLL continue to support the LGCA with its operational budget?

Mr. Atwal: Yes, we will.

Mr. Lamont: I'm just wondering, also in terms of these reports that there are, you know, there are financial reports, but in terms—we all recognize that one of the reasons why we have—or, I think—I hope we do—that we have the kind of regulation we do around alcohol, cannabis and gambling is that are—all have—they're vices; they have social impacts that are negative.

So I'm just wondering, is there—I'm—I notice there aren't any reports here about the impacts—the negative impacts and whether we're seeing any, because clearly there are problem gamblers, there are problem drinkers and so on—what the impacts are.

Would you consider including the direction we're seeing people going if we're seeing bankruptcies, mental illness or more serious impacts driven by—as a metric? Would that be something that you'd consider putting into these reports?

Mr. Atwal: I think the intent of the reports is to identify what the organization is doing and what the company is doing and the responsibility that we have within that organization.

To maybe further on your question there, part of what we do do is make sure that we're socially responsible. We have at all of our casinos social responsibility, and—you know, if there are people that have problems, they can self-exclude themselves. We can exclude people if we see some issues there as well.

So those programs are available. We support a number of alcohol and addictions programs in general within Manitoba and Winnipeg. We work very closely with the organizations in Winnipeg that support these endeavours as well.

* (15:40)

So I think we're already proactive in that particular approach, and I think for us to put metrics in that aren't part of what we do and how we do it or as part of our core business, I think that's really stretching it at that point.

Mr. Chairperson: The hour being 3:41, as per the agreement, I will now put the question on the reports.

Annual Report of the Manitoba Liquor & Lotteries Corporation for the fiscal year ending March 31st, 2015–pass.

Annual Report of the Manitoba Liquor & Lotteries Corporation for the fiscal year ending March 31st, 2016–pass.

Annual Report of the Manitoba Liquor & Lotteries Corporation for the fiscal year ending March 31st, 2017–pass.

Annual Report of the Manitoba Liquor & Lotteries Corporation for the fiscal year ending March 31st, 2018–pass.

Annual Report of the Manitoba Liquor & Lotteries Corporation for the fiscal year ending March 31st, 2019–pass.

The hour being 3:42, what is the will of the committee?

An Honourable Member: Committee rise.

Mr. Chairperson: Committee rise.

COMMITTEE ROSE AT: 3:42 p.m.

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