

**Second Session - Fortieth Legislature**  
**of the**  
**Legislative Assembly of Manitoba**  
**Standing Committee**  
**on**  
**Crown Corporations**

*Chairperson*  
*Mr. Bidhu Jha*  
*Constituency of Radisson*

**Vol. LXV No. 4 - 6 p.m., Monday, April 15, 2013**

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**MANITOBA LEGISLATIVE ASSEMBLY**  
**Fortieth Legislature**

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## STANDING COMMITTEE ON CROWN CORPORATIONS

Monday, April 15, 2013

**TIME – 6 p.m.**

**LOCATION – Winnipeg, Manitoba**

**CHAIRPERSON – Mr. Bidhu Jha (Radisson)**

**VICE-CHAIRPERSON – Ms. Melanie Wight (Burrows)**

**ATTENDANCE – 11 QUORUM – 6**

*Members of the Committee present:*

*Hon. Ms. Marcelino, Hon Mr. Rondeau*

*Messrs. Allum, Cullen, Eichler, Jha, Marcelino, Smook, Wiebe, Ms. Wight, Mr. Wishart*

**APPEARING:**

*Mr. Winston Hodgins, President and Chief Executive Officer, Manitoba Liquor Control Commission*

*Ms. Tannis Mindell, Chairperson of the Board, Manitoba Liquor Control Commission*

**MATTERS UNDER CONSIDERATION:**

*Annual Report of the Manitoba Liquor Control Commission for the fiscal year ending March 31, 2010*

*Annual Report of the Manitoba Liquor Control Commission for the fiscal year ending March 31, 2011*

*Annual Report of the Manitoba Liquor Control Commission for the fiscal year ending March 31, 2012*

\* \* \*

**Mr. Chairperson:** Good evening. Will the Standing Committee on Crown Corporations please come to order.

The first item on the business is the election of a Vice-Chairperson. Are there any nominations?

**Mr. Matt Wiebe (Concordia):** I nominate Melanie Wight.

**Mr. Chairperson:** Melanie Wight has been nominated. Any other nominations?

Hearing no other nominations, Melanie Wight is elected Vice-Chairperson.

The meeting has been called to consider the following reports: Annual Report of Manitoba Liquor Control Commission for the fiscal year ending March 31st, 2010; Annual Report of Manitoba Liquor Control Commission for the fiscal year ending March 31st, 2011; Annual Report of Manitoba Liquor Control Commission for the fiscal year ending March 31st, 2012.

Before we get started, are there any suggestions from the committee as to how long we should be sitting this evening?

**Mr. Cliff Cullen (Spruce Woods):** Mr. Chair, I suggest that we sit 'til 8 o'clock and reassess the situation then, and maybe we'll be fortunate and we'll be out of questions before 8 and we can all go home before there's more snow on the ground.

**Mr. Chairperson:** Eight o'clock has been suggested. Is this agreed by the committee? *[Agreed]*

Before we get started, we'd like to see—how do you see the order in which the report should be considered?

**Mr. Cullen:** Again, if we could review the reports in a global nature, I think that would be hopefully acceptable to the committee.

**Mr. Chairperson:** Very good, global reports have been suggested. Any suggestion or agreements? *[Agreed]*

Now we—before we start the meeting I'd like to remind the members that whenever you ask questions and answers please raise your hand and the Chair will recognize you and then you can answer or ask questions. So we thank all of you and we'd like to see if—honourable minister—wish to make an opening statement.

And would you introduce your staff, Minister?

**Hon. Jim Rondeau (Minister charged with the administration of The Liquor Control Act):** Good evening. It's truly a pleasure to be here with all the honourable members to review the 2010, 2011, 2012 annual reports of the Manitoba Liquor Control Commission and, hopefully, pass them.

I would like to take the moment to introduce you to some very good people: first, the chair, who's Tannis Mindell; Winston Hodgins, who's the

president and CEO; Tracy Graham, who's the chief financial officer; Larry Landowich [*phonetic*], chief community relations and marketing—raise your hand or something there; Gerry Sul, who's the vice-president facilities, central services, security and surveillance; Al Roney, who's the executive general manager of the retail stores; we have Corrine Scott, who's the director of regulatory services—you can guess which one that is; and Gary Shewchuk, who is the manager of inspections.

Before I speak about the business activities of the Manitoba Liquor Control Commission, I would like to first take a moment to acknowledge the ongoing work in progress towards integration of the commission and the Manitoba Lotteries. Several milestones have been realized in the year since the announcement was first made, including the creation of a new organizational structure, executive leadership team, the identification and, in many cases, the realized merging of common functional areas, and the projected cost savings associated with amalgamation of certain processes and systems.

Since last year's announcement, the MLCC has not only busied itself with the incredible complex work associated with merging the two large organizations and blending of workforce that's in excess of 3,000 people, it has continued to regulate, distribute and sell beverage alcohol generating revenue for all Manitobans.

Alongside the integration of the Manitoba Liquor Control Commission and the Manitoba Lotteries, there's a second integration that's going on, and that's the MLCC's regulatory services and the Manitoba Gaming Control Commission. So we're putting the sales in one area and the regulatory in the other. Inspection and other regulatory services are being brought together, meaning a one-stop for business in getting their liquor permits and VLT licences and a combination of inspection services, all under one roof, which will create better services.

This fall we consulted with Manitobans to get their view of modernizing rules from this new regulatory authority for liquor and gaming. And thanks to members from Fort Garry-Riverview who oversaw the public meetings that were held in six communities across Manitoba and started a great consultation. Building on the hospitality strategy of 2011, consultations were based on three broad themes: reducing red tape, improving consumer choice and enhancing public safety and social responsibility. Presentations and written submissions

were made by a wide range of stakeholders including industry associations, individual licensees, law enforcement, municipalities and community issue-based groups and private citizens.

I would like to note that many called for streamlining and reducing regulation, however, it's also clear there's broad support for public safety and social responsibility and—community input and taking a balanced approach and cautious approach to modernization of reform was also a theme. At this point, there are ongoing consultations and discussions with selected stakeholders and follow up on their submissions from the fall.

Looking forward briefly, there will be new legislation that will formalize the merger of the Crown corporations and the creation of the new regulatory authority. As previously announced, the merged corporation will be called the Manitoba Liquor and Lotteries Corporation and the new agency for liquor and gaming regulation will be called the Liquor and Gaming Authority of Manitoba.

The new regulation will be brought to this Assembly in due course and will enjoy the full legislative process and more public hearings.

This past year, as in previous years, MLCC has continued to demonstrate as a major contributor to the provincial economy. In fiscal 2011-12, the MLCC returned an unprecedented \$254.3 million to the Province to support government programs in health, education and social services. This was achieved while the organization successfully balanced social responsibility initiatives and exceptional customer service; they do a great job.

Before we open for questions, I'd like to briefly highlight some of the accomplishments this year. MLCC prides itself on delivering excellent customer service and it's committed to providing convenient modern shopping experience. With this comes a strong commitment to socially responsible service, with liquor mart employees receiving dedicated training to prevent minors and intoxicated persons from purchasing alcohol. Without question, one of the most significant 'undertakings'—undertakings by the MLCC in the period covered, was the development and execution of the hospitality strategy, comprised of 40 different initiatives. The hospitality strategy began the process of modernizing the liquor laws, creating new opportunities for economic development while maintaining a sharp focus on social responsibility and safety.

\* (18:10)

A couple of things I'll point out: (1) Manitobans have increasingly busy lifestyles and are looking for more convenience. To this end, the hospitality strategy has provided for the establishment of up to 10 Liquor Mart Express locations. We have five of these within urban grocery stores; to date, three of these have opened. The first was at James Armstrong international airport and has been very positive. Another one was one that was opened in December with the Pembina Village Safeway and is great. And I actually had the opportunity to open it. And the other one was an—first express store in Brandon, and it's the second one that was opened in a grocery store, and it opened on March 27th in the West End Sobeys. And these have been very, very popular.

To further increase customer convenience, ciders and coolers are now available for purchase at beer vendors as well as select rural beer vendors. Guidelines were developed with industry partners. It's moving forward quite nicely. The other aspect of reduction of red tape under the strategy allows for multi-year liquor licensing, prorated licensing fees and a streamlined process for business owners to apply for a business licence and permits can now be filled out online.

And so we've been a leader among liquor jurisdictions on social responsibility programming, the responsible consumption of alcohol, and it was this mandate that was set out in law and will continue as part of the mandate of the corporation. Of course, there has been some other things that I'd be remiss without mentioning. One is the risk—the awareness of the risk of alcohol consumption. The program be With Child-Without Alcohol is wonderful; it's been consistent and it's done a good job. The issue of binge drinking among adults, Be Undrunk program has been moving forward and it's been very good. The importance of taking your child—talking to your child about alcohol, Be the Influence is another program that MLCC has moved forward. And the issue of impaired driving has been dealt with with Be Safe and Sober program.

All these are very good programs that are out there in the community. This past holiday season, MLCC sponsored Operation Red Nose as well as the Winnipeg and Brandon Check Stop programs. I am also pleased to report that MLCC along with MPI and MADD Canada and the Brandon Police Service have a program—that's Report Impaired Driving, Call 911 program—in Brandon, which encourages people

to report impaired driving. And so, this program has been very successful and has expanded to both include Thompson and Portage la Prairie. Under—and I'm pleased the minister—member from Portage la Prairie is here to say—hear that.

One key aspect of the hospitality strategy is the underage drinking issue, and this includes strengthening identification requirements for young adults. And it's interesting that it's been—it's an offence under The Liquor Control Act to provide ID for a minor, and it's also prohibitive to—possession of alcohol by a minor, licensed premises and that occasional permits we've moved forward on that. It's interesting to note that it is the law not to sell alcohol to minors. MLCC has Show Your Age—requires staff to ask every customer who appears 25 years of age or under for identification. It's nice to hear that the—in January, the social responsibility, their shoppers, they go in and try to see if people follow this rule, and over—they, the liquor mart staff in Winnipeg and Brandon scored a perfect 100 per cent for checking identification for those who were under 25. So that's wonderful. The—recognizing the foundation of hospitality is to provide a safe environment, the hospitality strategy has continued to move forward.

Other things that I'd like to say before concluding is that we have moved forward on the markup to the price of beer and spirits. The markup for beer and liquor does occur from time to time, started in—it was in 2004, last time it was 2012. We tried to tie it with other infrequent increases. For beer, the MLCC increase was 80 cents for a case or 6.6 cents per bottle. It was levied in March 8th, 2013 to coincide with the scheduled product supplier increase that happens almost every year. And for spirits, there was a 47-cent increase to a bottle—a 750-millilitre bottle of liquor as of April 1st, 2013. And this was—we did not extend the surcharge to microbreweries like Half Pints and Fort Garry.

Thank you very much.

**Mr. Chairperson:** We thank the honourable minister.

Does the critic of the official opposition have an opening remark?

**Mr. Cullen:** Just briefly, certainly, welcome to the chair and the CEO of the corporation. Certainly, all the staff members that are here tonight, we appreciate you coming out tonight. And I know the minister probably has more to add to his comments, so I'm sure he'll have an opportunity later on, but I do

thank him for his comments. And clearly, be going through an interesting process here over the next couple of years in terms of the amalgamation, so looking forward to having some questions on that process as well.

**Mr. Chairperson:** Thank you, Mr. Cullen.

Do the representatives from Manitoba Liquor Control Commission wish to make any official statements?

**Floor Comment:** No.

**Mr. Chairperson:** Thank you.

Now the floor is open to questions.

**Mr. Cullen:** The minister, you made reference to the store opening in Brandon—I think it's a Sobeys store, that there's a location open there now—and having a conversation with the member that represents Brandon West this morning, he wasn't invited to that opening. Is that an oversight on behalf of the corporation, the ministers? It's something that the local MLA is normally invited to or not?

**Mr. Rondeau:** I actually didn't go either. So I guess it was an oversight, and if we open another one in west Brandon we'll invite him.

**Mr. Cullen:** I will take that back to the member for Brandon West (Mr. Helwer) and, hopefully, one opportunity to visit that store there.

In terms of the new board, when was the new board of directors appointed?

**Ms. Tannis Mindell (Chairperson of the Board, Manitoba Liquor Control Commission):** Yes, sorry. The order was effective April 24th, 2012.

**Mr. Cullen:** Thank you for that response.

The—I believe there's 10 board members there now. Were any of those board members that are currently serving, were they on the previous board, either the lotteries or the liquor board?

**Mr. Rondeau:** Yes, there were some members that were from the previous board.

**Mr. Cullen:** Maybe the minister could kind of take us through the process here of the appointment. Obviously, now, we have basically two corporations under one governing board. Was each minister allowed to appoint five board members?

**Mr. Rondeau:** What usually happens is we look for the skills and attributes that we believe are necessary for board members, and we endeavour to go find the

people who have those skills and attributes and we put forward names as per normal, and it went through the normal agency, board and commission process. And so we find good people. We provide the names for the people that fit the skills that we believe are necessary to manage and direct the corporation, and that's the process we followed.

**Mr. Cullen:** How many of the current board members, then, were actually on the previous two boards? The minister have that information at his fingertips?

**Mr. Rondeau:** I believe three. I can get you the information in writing, if you wish, at a later date.

**Mr. Cullen:** I'd appreciate that.

And also, just—you talk about the attributes and the expertise you're looking for. Could you kind of explain what kind of expertise you're looking for in that regard?

**Mr. Rondeau:** I'll just give as the board chair. We have a person who's experienced in government, experienced in economics and money and finance, and also very experienced in knowing how to work with systems. And we knew that we needed a person who knew finances, understands—and worked within systems and go towards a vision. And I'm pleased to say that the board chair has done an extremely good job of (a) providing guidance and support for the corporation. But also what happens is that she has been able to look, because of her past experience at other mergers at other corporations in how to integrate systems—and I have to compliment her for doing an absolutely admirable job of bringing this together and moving the process forward.

\* (18:20)

**Mr. Cullen:** Thank you, Mr. Chair, and appreciate that response.

Does the minister know how many of the 10 current board members have made contributions to the New Democratic Party in the last six years?

**Mr. Rondeau:** No, I don't know. It wouldn't be something that I would look at.

**Mr. Cullen:** Just for the minister's knowledge, seven out of the 10 are actually—have made contributions to NDP party in the last six years, just for your information.

So, of the quite a few board members then that were in the previous corporations are no longer serving, is there any severance awarded those board

members that were not either reappointed or were terminated?

**Mr. Rondeau:** No.

**Mr. Cullen:** Any other remuneration that could be attributed to their position once they were terminated?

**Mr. Rondeau:** No, not that I know of, except I did go and take one for coffee and chat about it afterwards. And I did buy the coffee.

**Mr. Cullen:** I want to talk a little bit about the amalgamation process. I know we had a certainly a discussion back in the lotteries meeting about it but give me a little further sense of the amalgamation process and how it's going. And I'm going to reference some of the Meyers Norris Penny report that was commissioned by the new organization, as well, and get into some of the specifics in that report. And one of the areas where there's talking about savings is in terms of the executive and senior management, and the detail is that there is potentially nine executive and senior management positions that could be terminated—we use that phrase. I—just wondering where you're at in that process, and where you expect that particular assessment to fall out.

**Mr. Winston Hodgins (President and Chief Executive Officer, Manitoba Liquor Control Commission):** Yes, there were nine positions that were identified as either being a duplicate of, say, positions in the two organizations. And I can tell you that for the most part we had been able to achieve a number of those reductions already. There are some that will take place over time, but I would say that probably within the next year to 18 months that all of the nine positions that were identified by Meyers Norris Penny will have been, I guess—I don't like to use the term terminated because nobody was terminated as part of this process, but they were reduced from the staffing complement of the organizations or will—or taken out of the staffing complement of the two organizations. So, in all—at the end of the day, we will achieve those savings.

**Mr. Cullen:** So, for clarification, in other words, we're not saying that nine people are being terminated. How will that evolve then? How will these positions be removed? *[interjection]*

**Mr. Chairperson:** Mr. Hodgins.

**Mr. Hodgins:** Sorry. You would think after one go at this, I'd get a little better at this but, sorry, I'll try and do better.

Just to give you an example, there were two chief executive officers in the two organizations and one of those positions was vacant and so that, you know, has now been removed out of the staffing complement of the corporation. There was a chief—two chief financial officers and one of the chief financial officers has left the organization. So through that process, we—and when that happened, of course, we'll take that position out of the complement of the organization.

So that's the process that we're going through. So through either the positions being vacant or people retiring from the organization or maybe going on to different positions within the new organization, we'll be able to accomplish those savings.

**Mr. Cullen:** Meyers Norris Penny actually talked as well about a million dollars potential savings in general expenses, and there's quite a list of things there they're looking at there. Can you give us a bit of a sense of where you're at in that—in terms of scaling back on some of those areas' cost savings, or is that something that you don't expect or anticipate until potentially two years down the road?

**Mr. Hodgins:** Yes, we have actually achieved some of the \$3 million in savings already. We're anticipating that we're going to achieve further savings in this current fiscal year and there would be some further savings going out into '14-15.

I think when we talked about this the last time I had mentioned to you that we were anticipating that we expect to achieve savings in excess of \$3 million. That was identified by Meyers Norris Penny. And, I guess, based on my personal experience in, well, Manitoba Lotteries and other organizations, that this would be an ongoing process. We have got teams that are set up that are looking at where we can achieve ongoing savings. So I would say that this is a process that's probably going to be going on for a couple of years.

**Mr. Cullen:** The report also highlighted, you know, potential cost savings for the head office relocation and that's something we didn't talk about in our last meeting. I guess, if you could give us a bit of an understanding of where you're at now in terms of office space, administrative office space, and where—what you're looking at in terms of administrative office space.

**Mr. Hodgins:** Well the—I guess, ultimately, I think that to achieve all the efficiencies that we anticipate that it would be ideal to have all of the staff located

in one head office. But that's probably going to be a piece down the road.

On an interim basis of what we're looking at are some collocation of staff. There was some vacant space that existed at Buffalo Place where the Manitoba liquor staff are housed and so we're using that space to collocate staff.

And just to give you an example what I mean by collocating, we have finance staff at Empress as part of the Manitoba Lotteries organization and we also have finance staff at Buffalo Place that were with liquor. And what we're going to be doing is that we're going to collocate all of the finance staff at Buffalo Place and that will allow us to achieve some efficiencies. But just from an operational perspective it's going to probably be a better way of operating because all the finance staff will be located together in one space and so you're not going to have this, you know, this separation of space and people moving back and forth.

So we're going to—in towards the end of May we're going to be going through a major collocation of staff between those two head offices so that we can try and bring the functional areas together in a way in which it'll allow them to operate more efficiently. So that would be sort of an interim step, and I would think that'll probably be in place for some time until, you know, maybe potentially some point down the road there would be the location of all the staff both from Buffalo Place and from Empress—well, the—what we call the head office staff at Empress, in one location.

But that's going to take some period of time to accomplish that and I know Meyers Norris Penny had made the recommendation that we should be all located together in one space, but that's going to take some time.

One of the things that Meyers Norris Penny told us is that this is going to be a process that's going to go on for some time, and it really will. There's a lot of detail that's in—and, you know, I guess there's just a variety of minor kinds of processes that have to be brought together, but when you start looking at all of the—it, it's a very significant task to bring everybody together in this new structure. So it is going to take a period of time to go through this.

**Mr. Cullen:** So the two locations you've talked to, Buffalo Place and on Empress, do you currently own or lease those locations?

**Mr. Hodgins:** Well, at Buffalo Place that is a facility that's owned by the corporation. On Empress Street there's actually space that—well, the building on Empress if you're familiar with it, we own that building. Manitoba Lotteries owns that building, but we lease a lot of space over on Milt Stegall way and on St. James, and it's what we call the corporate campus for Manitoba Lotteries. So we have both owned space and we have leased space. There's also some leased space over at Buffalo Place as well that's being occupied by the regulatory staff, so they have some leased space. But the distribution centre and the head office space is owned by the corporation, so the bulk of it is owned.

\* (18:30)

**Mr. Cullen:** So do you have long-term plans for those—the locations that you own? And I guess another question there, is what types of terms are your lease agreements? Can you easily get out of your lease agreements? Are they a short-term lease that you're currently involved in?

**Mr. Hodgins:** Well, I'll start with Manitoba Lotteries, we—the leases that we have on Milt Stegall way and St. James—those are short-term leases. If we made a decision tonight that we're going to move to a new head office, someplace that would probably take us 18 months to two years to accomplish that, so we will have a period of time to be able to finish off our lease.

So that—I guess in terms of the facilities that we own, we'd have to make a decision as to whether there's any other need for that space. It's quite possible that we might sell it if we don't require it.

At Buffalo Place, for example, the distribution centre is a—occupies the majority of space at Buffalo Place, and that's a very large, significant operation, so to move that would be a major effort. So there isn't any intent at this point in time to do that, but we also have a warehouse that lotteries has over on—*[interjection]* oh, yes, Pacific Street—I don't know if you're familiar with it at all, but it's just off Notre Dame. Again, a very large part—well, warehouse, and a very important part of our operation. So that's also something if we were looking at, you know, the distribution centres for the—for both organizations, and if we wanted to consolidate them at some point down the road, that would certainly be a very major effort on the part of the corporation to do that.

**Mr. Cullen:** I think there's been some discussion in the public about potential sites for a new site, a new

office, if you will, for administration. Is your executive group or the board having any discussions about where that location might be?

**Mr. Hodgins:** I would expect that if we were going to, you know, be, I guess, moving ahead with a new head office location, there's always exceptions to everything, but I would think that we would probably go to an RFP process to determine where we should be going. But again, there—you know, there's—sometimes there's public policy decisions have to be made and that could be the case here that, you know, could be an exception, but I guess that would have to be a government decision should that occur, but we're not at that point yet.

**Mr. Cullen:** So the decision hasn't been made, I guess, is the bottom line. You haven't made any recommendations as either a board or executive group to where a new office might be?

**Mr. Hodgins:** No. We have so many other things to do right now that we haven't really got to that point.

**Mr. Cullen:** I want to get a bit of a sense here, we're making quite a change in terms of—you know, we're establishing a separate Liquor and Gaming Authority. I want to get a sense of how this is going to transition and where—how you see this, kind of, playing out. And I'm not sure who the best one to answer this one is, whether it's Mr. Hodgins or—but, you know—but clearly we kind of have the gaming under another minister altogether right now, and I'm trying to figure out how this relationship is going to work as we move through it and then what the final outcome is going to be. Do you have a sense of how it's going to look when everything's said and done?

**Mr. Hodgins:** I'll start off the conversation—there may be others that want to participate in it, but if I could just go back a little bit in the case of Manitoba Lotteries. Manitoba Lotteries used to be similar to the Manitoba liquor in that the regulatory and the operating functions were together in one organization. And in the mid-'90s there was a decision that was taken, they were going to separate off the regulatory function and set it up as it is today, the Manitoba Gaming Control Commission. And that's—that is actually best practices, to have your regulatory function in a separate entity from the operation.

And so a similar thing is going to be happening with liquor and I guess—this is my opinion, anyway—this is really best practices, to separate the regulatory

function from the operations, and to consolidate it with the Manitoba Gaming Control Commission.

In—and I think you're aware that there's new legislation that will be brought to the—I guess—the Legislature in due course, and the legislation will set up a regulatory entity and it will also set up a operating entity, the operating entity being Liquor and Lotteries Corporation. So they'll—those two pieces of legislation will have to be approved to legally—to separate and make the regulatory function part of the Manitoba Gaming Control Commission.

What we talked to our lawyers about was whether there was the possibility that we might be able to move that regulatory function over to the Gaming Control Commission to start reporting to them, even though it's still responsible to the Manitoba Liquor Control Commission, but to move it over there and have it start to function before all of the legal, I guess, legislation is put in place. And so that's happening as we speak. So, it's the beginning of how that's going to function over the longer term.

**Mr. Cullen:** So, in terms of the regulatory staff within liquor commission, how many people are we talking about making that transition? And if you could give me a little better sense in terms of when you expect that process to happen. Like, are we talking six months or within the year?

**Mr. Rondeau:** One of the interesting things that we have here is these people will still be employed. What we're trying to do is, as we found out from the member from Fort Garry-Riverview, people didn't find it very efficient to have two inspectors often going into their own thing, one with liquor and one with lotteries. And what this is is we're not anticipating cutting bodies. What we're trying to do is make sure that people get the training, they get the experience from each other and then there'll be one inspector going into the different establishments. We think it's more efficient.

We're not anticipating cutting any people. In fact, we believe that this'll actually provide better regulatory oversight and we think that it'll cut the amount of red tape there is. And I think also—I think that the—Ms. Scott, who's involved in this, has a great deal of experience in regulatory matters and is moving forward quite expeditiously.

So I think that this is a positive step. We're not going to cut any bodies. Actually, I think this is going to have a very positive benefit on regulating

the industry and making sure things are happening as they should.

**Mr. Hodgins:** I think you're asking how many full-time equivalent positions will be moved over to the Gaming Control Commission. There's approximately 50.

**Mr. Cullen:** Yes, and then a follow-up: Could you be more specific in terms of when you see that occurring?

**Mr. Hodgins:** Maybe just to clarify for you, there's—we've got some interim measures in place to allow the regulatory functions to start, I guess, dealing with the Manitoba Gaming Control Commission. In terms of when it will actually legally and formally take place will be when the new legislation is put in place. And so I'm assuming that that might be during this session.

**Mr. Cullen:** Well, I'm very curious in that, in terms of when the legislation might be coming forward. Like, clearly there's a lot of stakeholders that are involved in both—on the liquor side and lottery side who have a lot of questions out there, and they're very interested when this whole thing is going to take place. You know, we could be looking at a substantial change in legislation and certainly regulation that's going to have a direct impact on their operations. And I think whether it be, you know, new facilities that are under development or, you know, existing facilities that are maybe looking for change, I think they want to get a bit of a sense in terms of when these changes are going to be coming forward. And if we could just get a bit of a sense of the time frame I think it would not just be beneficial to this committee, but to a lot of Manitobans involved as stakeholders.

\* (18:40)

**Mr. Rondeau:** We anticipate the legislation being brought earlier in the session, and we have been in dialogue with many industry players in—and I have personally worked with different people in the industry to listen to them. I think we've gone out to the communities and—with one of our members here at the committee. He was able to go and talk to in—six hearings, I believe. He heard what we wanted to do. I don't think it's a secret. We were talking about making it more efficient—talking about social responsibilities, cutting red tape and making sure that we modernize it in a very socially responsible method.

So we're going to do that. We have got some feedback from different jurisdictions and different people. As I mentioned in my opening remarks, what we're now doing is we're crafting it. We're in discussion with the industry. We're in discussion with the hotel association, the restaurant association, different proprietors about how we're moving forward, and I would suggest that the legislation will be brought forward soon. We will be in dialogue with the industry players as this moves forward. And, you know, part of it is that we want to make sure that we do it sure-footed. So, an example is when you take the regulatory you get them to talk to each other. You get the—we talked to the hotel association and the different bar operators and the restaurant. So we have done those dialogues. We'll continue to do those. As Winston said, one of the very important things is to not be in a rush, to do it in a very sure-footed manner to engage people. And we've done that. We'll continue to do that. I would be very remiss to set there and say this will be done exactly on this date. What we want to do is take our time and get it right, and I think that the legislation will be brought in soon.

The regulations will take longer. And the actual merging the corporation we're not talking a period of months; we're probably talking years before all of it's done. And then, if we actually look at the hospitality strategy, that doesn't mean we stop; it means we continue to work with the industry players to continue to be progressive and move forward, and we want to do that.

**Mr. Cullen:** You talk about kind of the ongoing consultation process. How do Manitobans, then, continue to be involved in that discussion? Is there either a system through either your office as ministers or is there something through the corporation itself where organizations or Manitobans can continue that dialogue? What's the format?

**Mr. Rondeau:** I think the answer is, yes, all of the above. We want to have the corporation engage stakeholders. I've been engaging in stakeholders, and what's interesting is that, from what I understand, is Fort Garry-Riverview, he still is getting feedback from different players and then providing it into the system too. So, I think it—the answer is all of the above.

And I think if we want to be intelligent, we want to continue to talk to all players. And it's interesting because even up north when I went up to Churchill and Thompson just a few weeks ago, they were

talking about social responsibilities and having an ongoing dialogue about that. And it was really interesting because I think we've done a good job engaging not only the social responsibility but the industry, and we're listening to them.

**Mr. Cullen:** Speaking of the member for Fort Garry-Riverview (Mr. Allum) and that exercise that that group went through, will there be a formal report that's made public?

**Mr. Rondeau:** So far, what we continue to do is listen to the member from Fort Garry-Riverview, actually read his report as it sort of comes in dribs and drabs and continues to get it done, because I think the idea is to continue to consultation, continue the dialogue. I hope that he's not finished. I actually have been looking at some of the stuff that he's been providing us for guidance on the legislation and regulatory changes. I have a lot of respect for the member, so I'm hoping that we can continue to have him engaged for the next while to provide us some guidance. I wish I had've had the time to go do all the public consultations and engage the public. He's gotten lots and lots of people, and lots of reports that he's been talking to, and I think just last week he was talking to me about other issues, so we'll continue the dialogue. There hasn't been a conclusion of his report or the submission of it to is.

**Mr. Cullen:** So when there is a final submission, which I anticipate there will be at some point in time, I would assume there's going to be some parameters in terms of when that will close—will that report be a public document?

**Mr. Rondeau:** I actually hadn't considered whether it was going to be public or private as yet. I'll definitely consider that, and we'll make some decisions once I finally get the final report and have a chat with the member.

**Mr. Cullen:** The minister, then, hasn't set a time frame for submission of that report then?

**Mr. Rondeau:** No, I haven't. We really wanted it to be a dialogue, and an open dialogue not a closed dialogue, and so I haven't set a specific deadline.

**Mr. Cullen:** So, in the meantime, when we have companies and individuals who are making decisions on their facilities and potentially in the stage of actually designing buildings, they have questions regarding rules and potentially what the rules could be, who can they go to to ask questions in that regard? Is there a protocol or a system that you have set up that people can go to to ask, kind of the—it's

kind of like the what-if questions, what are we anticipating?

**Mr. Hodgins:** What I've been advised is that the individual that should be consulted on this is a licensing and permit adviser, and if you like what we can do is we can get you the name and the telephone number of that individual.

**Mr. Cullen:** Yes, I would appreciate that. It's—and we're getting some calls on that, so if we could have a number that we could pass them onto, I think they'd be—would appreciate that, and hopefully alleviate some of the concerns they have. And again, it goes back to that—the time frame, you know, there's a lot of—as I said, a lot of stakeholders are looking forward to some changes, quite frankly, but nobody really knows what those changes are going to be, so it leaves a lot of questions out there. They're looking at investing considerable amount of money so they want to get it right the first time, so that's where they're coming from.

So, in terms then of the amalgamation going forward, and I—again, I'm going back to the Liquor and Gaming Authority—currently the gaming regulators are—I guess, in essence, they're probably employed by the Province of Manitoba, am I correct?

**Mr. Hodgins:** That's correct.

**Mr. Cullen:** So then what is going to happen then, we're going to move the liquor regulators, if you will, over to the same group. Again then, so these regulatory staff then will become employees of the Province of Manitoba, is that correct?

**Mr. Hodgins:** I should clarify, when you ask about them being employees of the Province of Manitoba, they are, but they do work for the commission and when they get moved over to the new entity they will become employees of the new authority that will be established. But they are, I guess, as others are, employees of the Province of Manitoba, but working in the Crown corporation.

**Mr. Cullen:** Well, I guess I'm ultimately wondering who's going to be paying the salaries of those people in the—I call them regulatory workers—in the new Liquor and Gaming Authority of Manitoba.

**Mr. Chairperson:** May I request Mr. Hodgins, that kindly speak a little bit louder and closer to the mike. I myself have difficulty in hearing. So kindly, just a little bit louder. Thank you.

\* (18:50)

**Mr. Hodgins:** Well, there are fees that the Gaming Control Commission have in place, so those will pay for some of the staff costs. There's work that's going on now to determine exactly how, you know, the balance of the funding that will be required for the staff when they move over to the authority how they will be paid. Currently, they're being paid by the commission and so when they move over to the authority there'll have to be determination as to how all of the staff will be paid. So those are details that are being worked out.

**Mr. Cullen:** So is it the intention under the amalgamation going forward that the staff and the expenses of the new Liquor and Gaming Authority will be covered through, well, we call them operations, of the newly amalgamated corporation? Is that the intent so that the taxpayers won't be paying for the operation of the Liquor and Gaming Authority?

**Mr. Rondeau:** The interesting question is is which pocket is the money coming out of? One of the things is there's about a quarter of a billion dollars profits that liquor commission has provided to the government. We then use that for normal tax revenue et cetera. Right now, as I understand it, part of the operations of Manitoba liquor is a regulatory function which is being—is paying for these 50-some-odd people. There's no difference if we move it to a regulatory sector and have all the regulatory for both liquor and gaming together and then the operating agencies are a separate function.

What we're trying to do is keep the same regulations that are already being paid. They're already being paid out of the proceeds of liquor. They'll continue to be paid and it's not a question. It's just a question of which [*inaudible*] actual accounting for the staff and how it's paid. But the amount of money they're paid, which method they're getting paid, or which—the process hasn't been determined yet. We're still determining that. But the same 50 people approximately that are working in regulatory will continue to do that. They're being paid by liquor commission now. They'll continue to get paid and they'll continue doing their function.

**Mr. Cullen:** We, certainly, looking forward to hearing how that evolution goes in terms of that process.

One thing that I think Manitobans are interested in is the rebranding of the corporation, if you will, and how you're going about marketing yourself. You must have a strategy moving forward in terms of

how you're going to introduce yourself to Manitobans as a new corporation and, then, as well—and I guess this may be, once we get to that point you're going to be able to wash your hands out of the new Liquor and Gaming Authority. But, again, Manitobans are going to have a sense of what exactly the new corporation is doing and the new gaming and liquor authority is going to do as well.

So can you give me a bit of a sense in terms of what your strategy is moving forward on the imaging and the branding?

**Mr. Hodgins:** Well, we have started that process already. You're quite right. We will have to rebrand the new organization and we have started that through the development of a new logo for the new corporation, and when I say the new corporation I'm referring to the Liquor and Lotteries Corporation. But we'll have to ensure that we have appropriate communications so that people understand what the roles and responsibilities are of the two organizations.

In terms of liquor and lotteries, in terms of, you know, branding, I think it's fair to say that the brands that both Manitoba liquor and Manitoba Lotteries have are well known and so we don't want to lose those.

So in looking at how we're going rebrand the new corporation we have been looking at how we can retain some of the existing branding that both organizations have. For example, the liquor marts, I mean everybody appreciates what the brand is at the liquor marts and we don't want to lose that. And it's certainly that it'll be a more cost-effective approach to ensure that we retain some of the branding that exists with the different lines of business that we have in the new organization.

So you're quite right. We will have to ensure that there's ongoing communication with the public to make sure that they understand what the roles and responsibilities would be of the two new entities when they're—I guess, when they're officially put in place through the approval of the new legislation.

**Mr. Cullen:** I appreciate your response to that.

I want to talk a little bit about the price increases that were just announced. I wonder if you could—I know the minister went over some of those price increases, but I'd like to get into those in a little more detail and, again, for each specific product. So, if you wouldn't mind for me just going through the price increase on the various products. I'm thinking of

beer, and when that came into effect, and then again the spirits, how much that was and when that came into effect, and then on the wine products as well.

**Mr. Hodgins:** Well, maybe what I'll do is I'll start off with the beer first. The increases are really twofold. One is that there was a supplier increase and there was also an increase that was—that's approved of by the corporation. And the total increase—and I'll use a 12-pack of beer as an example to explain this. On a 12-pack of beer, the increase—this would be, for example, Molson's or, say, Labatt's or those products, is \$2—is the increase. So 80 cents of that is the price increase that was approved by the corporation, and the supplier increase was \$1.20, okay.

Now, that price increase was implemented on March the 8th, and there was—I guess there's what's called the privately distributed beer, and those are the more popular ones such as the Labatt's and the Molson's and Budweiser. Those are—and they're the products that are distributed by the—it's called BDL, but it's the brewery's distribution limited. So the products that are distributed by them—that—the price increase related to those products, was March the 8th. Now there are some beer products that are distributed by the corporation itself, and those are kind of, say, premium beers. Now those—the price increase on those was April the 1st. So that was the pricing for the beer.

In terms of the spirits, that was—the price increase for that was—on a 750-millilitre bottle of spirits, the price increase was 47 cents and the increase was April the 1st.

**Mr. Cullen:** So, on the spirits' side, it was 47 cents per 750. Now that's a straight increase. Was there any money going back to the suppliers? Was there a suppliers' increase at that time as well?

**Mr. Hodgins:** No. That was just—the 47 cents was the price increase adopted by the corporation.

**Mr. Cullen:** What is then the expected extra revenue for the increase in the spirits alone? You probably have these broken down by category, I would think, so what do you anticipate will be the extra revenue generated by that 47 cents?

**Mr. Hodgins:** Now, there's a lot of assumptions that goes into calculating these, and so things can always change as the year goes on, but based on the assumption that we're—I guess adopted in calculating this, we're estimating that the revenues would be roughly \$4.4 million. That was for spirits.

**Mr. Cullen:** Maybe we could go on—there was an increase in wine, as well, at the same time. Could you expand a little bit on that?

**Mr. Hodgins:** There was no increase in wine.

**Mr. Rondeau:** I'd also like to remind the member there was no surcharge increase on local Manitoba microbreweries, including Half Pints and Fort Garry. So, therefore, if you want to save money, you could do that. And I'd also like to point out that overall our prices remain very comparable to Saskatchewan and other provinces. In fact, Saskatchewan price for beer is slightly more expensive, so we do remain competitive.

\* (19:00)

**Mr. Cullen:** And in your annual report you talk about coolers and ciders. Obviously, that's a lower volume, but was there an increase in coolers and ciders this—in this increase?

**Mr. Hodgins:** No, there was no increase in coolers and ciders.

**Mr. Cullen:** I want to go back to the beer then, and the breakdown. So, just to clarify now, there was different amounts on—depending on the brand of beer, I guess, as much as anything, is that how we interpret that?

**Mr. Hodgins:** Sorry—each of the suppliers can establish what increase they want for their products. So, when I was giving you the example that I did, that's kind of like, I guess, just picking out an example of a price increase of a typical product. So it's quite possible that Labatt's may have a different supplier increase than what Molson's may have; that's their decision to make. But the 80 cents was what we had adopted as a price increase.

**Mr. Cullen:** Right. Now that's the 80 cent that—your increase. And it's a \$1.20 that's applied to the—the suppliers are getting \$1.20 increase in their product, is that correct?

**Mr. Hodgins:** Yes, it was a supplier increase, it was \$1.20. Now, it's made up of various elements, but it's—that's what the suppliers adopted.

**Mr. Cullen:** What then will the impact of the—the increase in their price of beer? What will the impact on revenue be to the corporation?

**Mr. Hodgins:** We're estimating that it will increase revenues by \$12.5 million.

**Mr. Cullen:** Then what do you expect will be the added cost to you, that you're going to be turning back to the suppliers, out of that \$12.5 million?

**Mr. Hodgins:** That's our net increase. That's what the corporation will make. That's what our profits will be on the 12—[interjection] Yes, on the 80 cents.

**Mr. Cullen:** Thank you very much for clarifying. So that's net profit on that 80 cents is the \$12.5 million. I—thank you very much, I do appreciate that.

So, in terms of the suppliers' revenue, if I will, and the suppliers' markup, how do you go about that process? Is it something that the suppliers will indicate to you on an annual basis, that they're looking for markups, or how is that supplier markup negotiated?

**Mr. Hodgins:** Well, I wouldn't really describe it as a negotiation process. They will advise us what they would like to increase the—their products by. So they will inform us of what they would like to increase their—well, in this case—beer, by.

**Mr. Cullen:** And so each company then can advise you of what they're going to set their price at and then you would just purchase it and market that from there?

**Mr. Hodgins:** Yes, that's right.

**Mr. Cullen:** So there is never any negotiation over the price that the supplier is—like, if a supplier puts on whatever price he wants, you're not in position to negotiate?

**Mr. Hodgins:** I'm advised that there's never a negotiation process. Now, this product is price-sensitive. So, you know, one company, you know, if they choose to set it at whatever, there's other companies that may choose to bring it in at a lower price. So, you know, the marketplace will ultimately establish what that will be.

**Mr. Cullen:** And you did mention, too, of course, you're kind of speculating in terms of what your revenue is going to be going forward with these tax increases. In previous tax increases have you seen a change in the demand? Clearly, it's the old supply and demand and price. Have you seen any change? You know, as the prices go up, is there a drop in the sales?

**Mr. Hodgins:** Well, as I mentioned, it is price sensitive, and—now, there haven't been that many price increases, quite frankly. There was one in 2010 and there was one in 2004, and as I recall it now, I

think that there was some impact on volume when the price increase was introduced.

**Mr. Cullen:** You know, in view of some of these increases, I'm wondering about the relationship, then, you have with your vendors such as the hotels and, you know, the various private liquor outlets. Is there—are they going to see any increase in the margins on their sales?

**Mr. Hodgins:** Yes, they will receive some benefit out of the supplier increase, and I'm told that it's roughly about 14 per cent.

**Mr. Cullen:** You know, my understanding is these vendors are entering into a contract with the commission. How often is their contract reviewed and is this—are we setting up a—establishing a new contract with the vendors now with this new price in mind or is there something sort of interim that's increasing this percentage?

**Mr. Hodgins:** You're referring to the beer vendors now? Yes. We don't have a contract with the beer vendors. They get a licence to operate as the hotel and as a vendor, but we don't have a contract with them.

**Mr. Cullen:** I'll look at the—what's the proper term here?—the other liquor outlets that are quite often privately owned, you have contracts in place with them, I understand.

**Mr. Hodgins:** That's correct.

**Mr. Cullen:** Can you give us an understanding of where the contracts are with those private vendors? Are they all at a certain period of time? They all—their term and end all at a certain time?

**Mr. Hodgins:** The contracts are five years long and they were renegotiated in 2010.

**Mr. Cullen:** I appreciate that response.

I'm going to go back to the annual report, and page 10 of the 2012 annual report, and this is a financial goal of the corporation. It says: meet the net profit requirements of the Manitoba government through the controlled sale of beverage alcohol.

I interpret that that the Province of Manitoba is setting a goal for you to meet, and I'm just wondering how you would explain that particular goal and that statement in your annual report.

*Madam Vice-Chairperson in the Chair*

**Mr. Rondeau:** What we do is we do put budget projections in the budget. When we do put budget

projections, part of that is the revenue from Crowns, and we actually have that in our budget and that will be tabled soon. And we'll make guesstimates on to what the revenue from either liquor or lotteries is in that document, and I assume that this is a direct link towards the budget.

\* (19:10)

**Mr. Cullen:** Appreciate the minister's response there. And is—if we look back here in history, too, certainly the—I would say the expectation of the Province is that Manitoba liquor commission turn over more money to the Province to the Treasury, and it appears by the increases that have been introduced here over the last month or month and a half, that that trend is going to continue.

Does the minister—would the minister agree with that statement?

**Mr. Rondeau:** I think the revenue that's obtained from liquor and lotteries allows us to continue to enhance public services. It in—allows us to have the health-care system and education system we enjoy, and I'm pleased to say it also allows the Liquor Control Commission to actually have some very, very good responsible programs, and we talked about some of them, the be With Child-Without Alcohol, et cetera. And I think that by having a Crown corporation, what we are able to do is balance both the social responsibilities in the obtaining of finances to allow us to do the work that government's mandated to do.

**Mr. Cullen:** Yes, thanks for the political response, and we'll certainly be paying attention tomorrow to see what else is going to coming out of our pockets.

The—you know, the increases that we talked about here, like, clearly the corporation intends to pick up, well, close to \$17 million is what you're budgeting. I'm wondering what the impacts of the provincial sales tax is going to be on that amount as well. Can—is the—does the corporation have numbers in terms of what these price increases will generate on the provincial sales tax as well?

**Mr. Hodgins:** We haven't calculated what that amount is. We could do that, but we haven't actually gone through a calculation of how much that would be of the \$17 million.

**Mr. Cullen:** And maybe it's not a—something that you'd have to undertake. I would assume maybe the Minister of Finance (Mr. Struthers) and fellows in his department have probably already done the math

on that for you, so you might save yourself some work and phone the Minister of Finance for a response on that one. But if you would undertake to get me a number, I would certainly appreciate that.

**Mr. Hodgins:** Just to clarify, what your question is is you would like to know of the net increase in our revenues that we were just talking about; you would like to know how much of that is PST—*[interjection]* On the gross, yes.

**Mr. Cullen:** What I'm interested in is the markup, you know, in terms of the price increases that we had over the last six weeks, whatever it is. Clearly those increases in liquor prices will impact the provincial sales tax that is collected. I'm interested in what that extra net is going be. Clearly, that will be turned over to the Province once the sales are made, so that's where I'm coming from.

**Madam Vice-Chairperson:** Mr. Eichler?

**Mr. Ralph Eichler (Lakeside):** Sure—going back to the minister, since he's so keen to talk about what a great job he's doing, how much more are you going to spend on your programs that you talked about with this increase of \$17 million?

**Mr. Rondeau:** I'm not exactly sure of the exact numbers that the social responsibility is. I can go through it: The Be Undrunk program, it's be With Child-Without Alcohol program, Be Safe and Sober, Be the Influence, the Report Impaired Driving and the Operation Red Nose, are all parts of this social responsibility. It's also the fact that we actually have training for all servers and all staff in MLCs and in the restaurants in the bar industry. And I think what it also is, is we want to try to work throughout government, so even if you're talking about government programs like the FASD, even part of my ministry where you're talking about addiction, we want to make sure that we have programs like that throughout the province, throughout government, so that people actually have the supports and services they need. And the money that's earned by the liquor commission goes to the Province's bottom line, and we are able to use that. And I think that all those programs are good programs and they make a difference to people and make it safer. And so I think the liquor commission's done a very, very good job of balancing both the profits and the social responsibility.

**Mr. Eichler:** I'll make the question a little clearer for you. In regards to the programs, you spent X number of dollars in 2011 and 2012. You're anticipating an extra \$17 million in revenue.

How much are you going to spend on your programs—extra?

**Mr. Rondeau:** I'll endeavour to get that back to you in the next few days, where I'll get you the actual numbers of where we put it into social responsibility and positive programming.

**Mr. Eichler:** In regards to your comments earlier, Mr. Minister, you were talking about the brewers, the Manitoba beer brewers. In Manitoba there was no increase to those particular breweries.

What about our spirit, our Diageo plant in Gimli—which is a Manitoba product that we're all very proud of, of course—why were they excluded from not having an increase in their cost?

*Mr. Chairperson in the Chair*

**Mr. Rondeau:** I believe that it was all beverage—sorry—products were included with the 47-cent increase and so all—for a 750-millilitre bottle, and so that was just a policy decision that all beverage alcohol was covered like that.

It might be noted that they are eligible for certain tax breaks within the province. So we appreciate Crown Royal and Diageo being here. They are eligible to good tax rates and good tax breaks, and we'll continue those.

**Mr. Eichler:** Were they consulted with—about this increase?

**Mr. Rondeau:** I don't believe they were consulted about the increase.

**Mr. Eichler:** What formula did you use to establish the increase?

**Mr. Hodgins:** It's not a formula that we use to determine price increases. We look at, you know, the provinces that are next to us to see, you know, the relative price of our products versus theirs. That's one of the measures that we use, but in terms of, you know, a formula, we don't have a formula that we use to calculate how the 47 cents was arrived at, if I understand your question.

**Mr. Eichler:** Well, partly, but when we're talking \$4.4 million, that's a substantial amount of money to put on the backs of your clientele. To me, it would make some type of sense to have some type of formula that you would base this on in order to project how much more revenue you're going to need, rather than just have a blanket 47 cents per 750 millilitres levied across all outlets in Manitoba.

**Mr. Hodgins:** Again, I mentioned to you, we don't have a formula per se that we use. But in terms of calculating what it is we do look at, you know, the price structure—they in Ontario and Saskatchewan—and we look across the country to see what, you know, what prices other jurisdictions are charging. I can tell you, in the case of beer it's, you know, it's the third lowest in the country. So, you know, that comes into play in determining what, you know, the price that we're going to recommend.

But, in terms of a formula, I mean, we have—it's the average price per litre times the total number of litres that we anticipate that, you know, that are going to be sold in the forthcoming year. If you're looking for a formula, that's how we arrive at it. And that is how we come up with, you know, the \$4.4-million calculation.

So it isn't sort of setting 4.4 and working backwards. We look at what the increase should be and then determine, you know, the volumes that are going to be sold during the year, estimate what they're going to be and, then, that's how we arrive at the \$4.4 million.

**Mr. Eichler:** In regards to the calculation, then, on this anticipation of \$4.4 million, is that approved by the board?

\* (19:20)

**Mr. Hodgins:** Yes, it is.

**Mr. Eichler:** And the involvement from the minister's office?

**Mr. Hodgins:** Well, we take it to our board for consideration, and then it is—there's a process we go through where we table it with the government for consideration.

**Mr. Rondeau:** Yes, the board does let me know what they're planning to do. And that's done through the CEO, to the board, to me. And they let me know what their plans are.

**Mr. Eichler:** Coming back to the beer vendors in Manitoba that we're all so very proud of, did you have consultation with those brewers in order to get feedback from them to—in regards to no increase for their particular product?

**Mr. Hodgins:** We did not have a consultation process with the beer vendors. They do obviously benefit from this, as we talked about earlier, but in terms of sitting down and coming to some, I guess,

amount based on a consultative process, no, we didn't go through that process.

**Mr. Ian Wishart (Portage la Prairie):** Mr. Chairman, and through you to whoever wishes to answer this, I'm quite interested in the sponsorships you've both have—MLCC has a long list of organizations that it sponsors, and I guess the first question would be: What kind of dollars does that list entail, in terms of sponsorships to public organizations?

**Mr. Hodgins:** Yes, the figure for '11-12, is that the one that you're looking for? *[interjection]* Oh, okay.

The amount of our sponsorships in fiscal year '11-12 was, in round figures, \$769,000. I can give you the exact figure if you want it, but that's roughly what it was.

**Mr. Wishart:** And following up on that then, you—both the MLCC and lotteries have a long history of sponsorships. Now that you're in a process of amalgamating these two, what will happen in terms of sponsorships? There's clearly a lot of duplication in that area, too. What is the intention?

**Mr. Hodgins:** You're quite right. We certainly will be looking if there are areas of duplication and that's something that we have already started to do. You know, surprising as it might seem, we don't have a lot of duplication that exists between the two corporations. There's some, which, you know, we've looked at, but—in—it's—there's not an awful lot. What the—Manitoba liquor, their sponsorship program, a lot of it entailed product sponsorship but if that's happening in the case of a, you know, an organization that, say, Manitoba Lotteries is supporting, we'll take a look at that, whether we should continue with both or whether we should be cutting it back to recognize that there is maybe some duplication.

**Mr. Wishart:** I guess I'm—would appreciate an explanation perhaps from the board chair who was here as to what the thought process is in—around your board table, as to which ones you decide to sponsor and which ones you don't. And whether or not it's focused on benefiting the organization or whether it is focused on the business plan for MLCC or Manitoba Lotteries.

**Mr. Hodgins:** Well, we have very clear guidelines in the case of Manitoba Lotteries for those organizations that, you know, that we support. They

have to be not-for-profit or charitable organizations. This is one of the criteria that we have.

So we—I guess another criteria that we have is that we do not support capital initiatives for the most part. There are certain occasions when there might be a one-off if there's a, you know, a project that's deemed to be of value. But we have a lot of requests coming from different organizations that are looking for capital funding and we don't have a program in place to support that. We try and look at distribution across the province. We don't want to have it all, you know, all of our money going into one area.

For example, a program that was introduced a couple of years ago is a festival program, and it's very popular in rural Manitoba. We give small grants to, I guess, communities for their festivals and that to support them. We also have a rural tour of the Manitoba Theatre Centre that is travelling in—for the most part in rural Manitoba. We have a lot of programs in Winnipeg that we support as well. But what we try and do is we try and, I guess, look at how we can distribute our money across the province as opposed to, you know, just in the—say in one particular region.

I'll give you another one. The Flight Deck that there's—it's a program that's offered to youth sports teams across the province. It's very popular all across the province, and so it's done through a random draw process and so teams from across the province are selected to go to Jet games.

And so I guess to answer your question, we do have criteria in place for the programs that we offer through our sponsorship program and, certainly, there're some sponsorships in Manitoba liquor that, you know, are very—I guess very worthwhile. We—one of the major ones is the Special Olympics. It's one of the festivals that is supported.

There's also, I guess, wine tasting, I think they call it festivals that are held throughout the province as well. So we try and as much as what we can distribute our money across the province, and we try and support different, I guess, organizations in our program.

**Mr. Wishart:** You brought out the issue of the Jets, and a year ago they made quite a bit of press that you certainly were involved with. And you have, I understand besides the Flight Deck, you have some tickets that you have purchased, I assume over the five-year period that was contractually required.

How many tickets did you buy and do you now have a policy in place to deal with how those are distributed?

**Mr. Hodgins:** Yes, we do have a policy in place, and I can share with you what that policy is if you like. We have—in terms of Jets tickets we have 24 tickets that are for the Flight Deck. Manitoba Lotteries has eight season tickets and the Manitoba liquor has 10. And those tickets—the eight and 10—or the 18 season tickets that we have are used primarily for promotional purposes for our customers. They can be used for some of our—for staff draws, but they're largely used for promotions and we also use them for charitable organizations as well.

**Mr. Wishart:** I guess I fail to understand why it was necessary for the two corporations who have monopolies—lotteries and liquor—in the dealing with the Jets and other jurisdictions in the province, why it was necessary for them to buy as many tickets as they did. And, clearly, it was not necessary to help the Jets out in terms of ticket sales; they were oversubscribed. And I guess we'd appreciate some thoughts on whether you think it's necessary and valuable to maintain those or whether they should be offered to the public.

\* (19:30)

**Mr. Hodgins:** I would—I guess this is—I'll tell you what I personally think about it. I can tell you that the Flight Deck program is an extremely popular program and it is—and we can show you some of the testimonials we get from some of the young people that—people from I think it's eight to 17 that are able to go and people who probably would never have the opportunity to go to see the Jets play if we didn't have this program. And so there's—so from that perspective, I think that it's a great program and it's one that, you know, I hope we can continue in the future. In terms of the others, in terms of the public, in essence, we really are through—you know, the promotions that we offer through both of the organizations, these are, you know—these customers are coming to our facilities and their tickets are given to them through various promotional programs that we have. So, in essence, the public is getting—or they are getting the tickets. So that's how the policy is in place now, that most of the tickets are being used for that purpose.

**Mr. Wishart:** And yes, my questions were specific to the tickets because certainly the message that we've been getting back on the Flight Deck is it is a very good promotion—somewhat questionable when

the liquor commission is sponsoring youth, but we'll have to live with those realities in life, perhaps.

But going back to the tickets, we have a partial listing of who received the tickets and, of course, it doesn't list it when it's an employee. But there are a number of board members that received tickets on a fairly regular basis. In fact, over the course of the season, and I don't think I have a complete listing here, I count 48 times.

Was that public promotion, Mr. Chairman, or is that a reward?

**Mr. Rondeau:** I'd like to state categorically that the board no longer uses tickets nor do any members or elected members. So the policy is such that no board members use these tickets nor does anyone who is elected.

**Mr. Wishart:** Well, and I certainly appreciate, Mr. Chairman, that that has been corrected, but there are actually financial implications to this. Those tickets that were given to the board members are taxable benefits under federal law. Were they—were there tax receipts, actually, 4As, issued to these board members to show that they received this taxable benefit?

**Mr. Rondeau:** We can look into that and we'll make sure that appropriate tax information is provided, if it has not already been done.

**Mr. Wishart:** Well, thank you, Mr. Minister, and I do hope you'll get back to me on that. I wouldn't want the Province to forgo the revenue that they deserve from these taxable benefits.

Moving on from that—

**An Honourable Member:** They haven't thought of that.

**Mr. Wishart:** I did.

Moving on from that, we were talking earlier about the price of beer and how it had increased to the liquor institutions, whether they're breweries or brew pubs or whatever. How are the legions handled as part of this, and then did they face the same kind of price increase?

**Mr. Hodgins:** The price increase was across the board, so it did impact the legions.

**Mr. Wishart:** I understand that you also often make donations back to the legions as well for their fundraising events. Is that—in terms of future plans

for fund—or for donations, will they still be on the list and will they still be given a special priority?

**Mr. Hodgins:** I'm sorry, I'm not sure what you're referring to. If you could maybe just clarify your question.

**Mr. Eichler:** Yes, in particular, I know that the various organizations have fundraising events and I understand that in the past there has been some donations of prizes for fundraisers donated to the legion. Is that still part of it? Is there a program that—how do you determine what—who to give to?

**Mr. Hodgins:** I'd have to look into the details of it. I can tell you that there's many organizations that come to both Manitoba liquor and Manitoba Lotteries and ask for prizes for various functions that they're having. And we do, as much as we can, try and support those organizations. So, in answer to your question, there hasn't really been any change in our policy, so I would expect that if organizations are coming forward and asking for donations for various events that they're having, that we would certainly try and accommodate them as much as what we can.

**Mr. Cullen:** I want to get back to the Express Marts, I think is the term you use—the minister mentioned earlier in his remarks. And just to clarify, I know you've got one out at the airport and I think there was one Pembina, and one now in Brandon location.

If you could just confirm that for me and what your expectation is moving forward?

**Mr. Hodgins:** You're right in the ones that you mentioned, the three. When the hospitality strategy was introduced by the government, they indicated that there were going to be 10 express stores that were going to be approved for the province. There's five that would be located in grocery stores and five that would be in other locations. As you mentioned, there is one express store that's in a grocery store in Brandon, in the Sobeys store and there's one on Pembina Highway. So that—those are the ones that are in place now and there's others that are under consideration within this overall limit of the 10 that I was mentioning.

**Mr. Cullen:** You mentioned five other locations. Could you give us an idea of what type of locations you're looking at outside of our grocery stores?

**Mr. Hodgins:** Well, one of them is the airport that the minister mentioned earlier. And, trying to think—I was trying to find my notes here. There's one that's going to be open in Charleswood Park West, as a

standalone; it's not going to be in a grocery store. So that's another one that's under development now. If you give me a minute, I just want to find some—so—sorry—I'll get with it here.

Those are the only ones that have been approved at this point in time. We are looking at some other locations but I guess I'm not in a position tonight to be able to, I guess, talk about the specific locations, but I can tell you that there are some other locations that are being looked at.

**Mr. Chairperson:** Mr. Cullen.

**Mr. Cullen:** Yes, it has been a long night all right.

What, like, what criteria does the board—I'm assuming this is a board decision—what criteria does the board look for in looking at these particular sites?

**Mr. Hodgins:** Well, there was an RFP that was put out for the selection of sites and so, the two—going through RFP process, the two grocery chains that were selected is Sobeys and Safeway. And, as I mentioned, the one in Brandon is a Sobeys. The one out on Pembina Highway is a Safeway.

Some of the criteria that we would be looking at is, obviously, we are going to want to have some geographic distribution of these, you know, these express stores. We also would look at, you know, if there are other operations in proximity to a location that we're looking at; we don't want to put an express store across the street from, say an existing operation. So we would certainly would be looking at, you know, a criteria such as that. So those are some of the things that we would be looking at.

**Mr. Cullen:** So my understanding, then, only Safeway and Sobeys will be having the Express Marts?

\*(19:40)

**Mr. Hodgins:** I've forgotten what the question is now. It has been a long night.

**Mr. Cullen:** Just to clarify: Like, I know there's five grocery store locations and you had the RFP proposal, and you accepted a Safeway and a Sobeys. Is it just those companies that have been accepted, or are there other grocery stores going to be available there as well?

**Mr. Hodgins:** To this point, the only ones that have been accepted are the Safeway and Sobeys, but there could be others in the future.

**Mr. Cullen:** So, then, the other five could potentially be stand-alone stores, or they would be associated with another type of a retail outlet.

**Mr. Hodgins:** Well, in total, there's going to be five that are going to be in grocery stores. That was part of the initial plan that was adopted as part of the hospitality strategy. And then there'll be five stand-alone express stores.

**Mr. Cullen:** And when is the time frame? You were asking for requests for proposals at this point in time, and when will that—I guess I'm trying to get a sense of the time frame, how this is going to roll out.

**Mr. Hodgins:** There is no other RFP process that's going on at the moment. We are looking at roughly about two new stores per year.

**Mr. Cullen:** Can you indicate how profitable the mart has been out at the airport?

**Mr. Hodgins:** I don't have, I guess, what—the figure that you're looking for, but what I can tell you is that the store at the airport is doing better than what we had, I guess, expected when we put together the initial budget calculations, and it is making a profit.

**Mr. Cullen:** I want to move to the actual liquor marts now that you have across the province. I think the last annual report said you had 51 liquor marts across the province, and you could maybe confirm that that's still the number.

**Mr. Hodgins:** There's 50 liquor marts and three express stores. So 53.

**Mr. Cullen:** I guess I'm wondering the criteria here again. We're selling product in the different fashions. We have—we've got the private liquor marts out there, if you will. We've got the liquor marts that you operate, and now we've got the express.

How do you differentiate between what—whether you're going to operate it or whether you're going to have a franchisee look after it? What kind of criteria do you look at there?

**Mr. Hodgins:** I guess the criteria that's used for, say, the liquor vendors, they tend to be in smaller communities, and I guess the ones that are—have a smaller population base and the liquor marts, if you look at them across the province, they tend to be in the larger communities in—that can support a liquor mart. So we—you know, we'll do an analysis of whether, you know, a community can support a liquor mart.

**Mr. Cullen:** Yes, out of the 50 liquor marts that you have, are those all leased space or does the corporation actually own any of those buildings that they have liquor marts in?

**Mr. Hodgins:** Well, there are some that are owned. The majority of them are in leased space. We own eight of the liquor marts, the buildings that the liquor marts are in.

**Mr. Cullen:** Are those eight, are they in the city of Winnipeg or are they rural liquor marts?

**Mr. Hodgins:** They're in rural Manitoba, the eight.

**Mr. Cullen:** Thank you very much. How does the corporation go about determining whether they're going to own a building or whether they're going to lease a building?

**Mr. Hodgins:** For the most part, you know, we usually lease and that's because of, I guess, changing, I guess, shopping patterns and that, so if in your travels you'll notice in, say, in the city of Winnipeg that the liquor marts tend to be close to either, I guess, a grocery store or a strip mall. Now, if shopping patterns change and, you know, we're at the end of a lease, we'll assess whether we should stay there or potentially move to a different location, but, you know, it's—that's generally, I guess, how we determine whether we should be, say, in one location or another. And so, if we have leases, that gives us some flexibility to do that. If we were to own all of our stores, it would be more difficult to, I guess, to leave that location.

**Mr. Cullen:** So how does that work? If you determine you're going to go into a community and you're going to set up a liquor mart there, do you ask for a request for proposals for space?

**Mr. Hodgins:** When we move into a location, we generally try and work with a, say, a developer that's in the, you know, got, I guess, property in the area that we're interested in locating in. So that's the process that we use.

**Mr. Cullen:** So you're suggesting you would deal with a local developer in most cases, then?

**Mr. Hodgins:** Yes.

**Mr. Cullen:** Do you have individuals that have more than one or two buildings that are leased to, as a liquor mart?

**Mr. Hodgins:** Yes, we do have developers that own more than one property.

**Mr. Eichler:** Is there a formula you use based on a per square foot, and are the terms of leases more than one year and if so, how many years normally?

\* (19:50)

**Mr. Hodgins:** Well, we'll do a market analysis of what the rates are in a particular area so that the rates that we're paying are competitive and, you know, we'll have various lease terms so they can be—some of them can be up to 10 years, but it depends on, you know, the particular location and what we can negotiate. Certainly, we want to pay market rates for whatever we're leasing.

**Mr. Eichler:** Could you give us an example, what the rate would be say in the city of Winnipeg and what it would be based in rural areas, product per square?

**Mr. Hodgins:** I'll just give you a couple of the examples, here. Hargrave and Ellice, which I think you're probably familiar with, maybe it's not the best example to use, but we're currently paying \$12 per square foot. And, let's see, one that I have here, Flin Flon is \$14.50 a square foot. I'll see if I can find one in the south.

**Mr. Rondeau:** Just to make sure that we're not breaking any confidential rules on leases or something like that, why don't we get you an average of what we pay in the city and outside the city. We'll provide it to you in writing, so that we don't want to break some sort of confidentiality or whatever rules. Is that okay, Mr. Eichler?

**Mr. Eichler:** Yes, that will be fine.

While you're doing that, would you also provide us a list of the suppliers of those facilities?

**Mr. Rondeau:** We'll provide everything that we can legally do, okay? On that case where, I don't think we can match the supplier in what we pay. We can just give you averages and we can tell you suppliers. But I don't think we can, we can't match them. I know I'd get in trouble on that.

**Mr. Chairperson:** Thank you.

Mr. Wishart?

**Mr. Wishart:** I wanted to do a little further follow up in terms of the retirement of the board members, and I know it was made clear that they didn't receive any severance. But they are eligible, or were eligible, when they were part of the corporation board for other benefits such as workman's comp and pensions contributions.

Did any of those board members avail themselves of that, and are as such, are they receiving any?

**Mr. Rondeau:** I don't believe they are. I can—I will endeavour to look and make sure, and if they are we will report it accordingly.

**Mr. Wishart:** Thank you, Mr. Minister and Mr. Chairman.

Moving on from that, then, to those individuals whose positions have been vacated in the amalgamation process: Have they received any severance packages of any description?

**Mr. Hodgins:** There are some people who have received a retirement package, yes.

**Mr. Wishart:** And are those retirement packages consistent with labour standards for the Province or are they in excess of labour standards?

**Mr. Hodgins:** I should really get back to you. I'm not a labour relations expert, so I should—I can get back to you on that question.

**Mr. Wishart:** That would be appreciated. There's a defined formula for every year of service, so much time is allowable. And those are standard terminations. But were there any other—if you're going to get back with additional information on any excesses—but were there any other conditions that they were allowed to continue? I noted in your financial statement that there are some benefits—and it was not defined what they were—that were continued after retirement in some cases.

**Mr. Hodgins:** I—you're looking at '11-12, which is not really related to what I was talking about in the merger. So we can get some information on that specific item in the annual report, if you like.

**Mr. Wishart:** I'll look forward to that.

I noted also in '11-12 where there was a adjustment, an actuarial adjustment to the pension program, of \$2.7 million, and a writedown of assets by \$3.5 million. I guess I'd like some explanation as to what was the nature of that and why such a significant adjustment in a pension program that has been so long standing.

**Mr. Hodgins:** There's—I'm advised there's no change in the plan, but it was the adjustments we were—that we were making was based on some actuarial calculations that were done, and I think you're aware that there's been changes in, I guess, the marketplace,

which has an impact on pension plans. So it is based on an actuarial calculation.

**Mr. Cullen:** Just in view of it's coming up to 8 o'clock, I just wondered if we could have the committee's indulgence just to have a few more questions. I don't think it'll take more than, hopefully, 10, maybe 15 minutes at the most.

**Mr. Chairperson:** Agreed? *[Agreed]*

It's agreed. Go ahead. Mr. Smook.

**Mr. Wishart:** Thank you very much, Mr. Chairman.

So, really, it's a response to the lack of support in the marketplace, lack of revenue from the marketplace. It is, however, fairly unusual for an actuary to make that significant a change. So I'm guessing that this had gone on for some period of time before this adjustment occurred.

**Mr. Chairperson:** Correction, it should be Mr. Wishart. Kindly go ahead—yes, Mr. Hodgins.

**Mr. Hodgins:** I'm told that IFRS—and I'm not an accountant, so I'm probably really getting out of my element here to try and explain—but I'm told that, I guess, some of the accounting changes that were introduced by IFRS also had an impact on the value that was put in there.

**Mr. Wishart:** Thank you to the board chair for—the CEO—for responding to that. That is probably the best explanation because that has occurred in—certainly in other jurisdictions but usually not to this level.

I also noted that there was a—from '11 to—'10-11 to '11-12, there was a fairly substantial increase in general and administration costs, and I guess I'd like some explanation as to why that occurred.

**Mr. Hodgins:** I think the figures that you're looking at are on page 37 of the annual report. This is—you're looking at the general and administrative expenses, and the increase from 67 to 76, roughly. Is that—are those the figures that you're looking at?

Well, the—I think we're talking about the same figures here, I—and I'm looking at '10-11 versus '11-12. Are those the two years that you're looking at? So the—some of the increase was related to the salaries and benefits, and that was based on the collective agreement that was in place for the corporation at that time. So that went from 36 to 39 million dollars. So there was about a \$3-million increase related to the collective agreement.

\* (20:00)

You had pointed out the, I guess, this pension adjustment, which was also very significant, it went from about 2.6 to 7.2, so that was a part of the—*[interjection]* Yes, that's in there, too. There's—there was also about half a million dollars for new store leases because of the new stores that were being brought on stream, as we talked about earlier. So I think those are the big ones. There's a variety of smaller ones in here, but those are the large ones.

**Mr. Wishart:** I appreciate that explanation. I had assumed, frankly, because of separate note for the actuarial adjustment that that was not included in that. So that's a duplication in statement.

Just following up a little bit further, you also have environmental protection taxes listed of \$2.1 million. I'd like to know what that's for and who benefits from those tax revenues, what they're used for.

**Mr. Hodgins:** This is actually a tax that goes back to 1989, and it was—the corporation pays 10 cents for each non-deposit container sold, 5 cents is for containers smaller than 750 millilitres. And these funds are paid to the Minister of Finance and they're—I guess those funds are used for the Sustainable Development Innovations Fund, but we turn them over to the Province.

**Mr. Wishart:** Thank you very much for that explanation.

I would like to follow up with one other statement and looking back over the three years that we have available to us here, I noted that there—the president's statement is very focused on the business plan and innovations and I certainly applaud that, but this year I noticed that there was also an additional statement added. It says, and I quote: I am very proud of the fact that these funds will be used to support health care, education, social service programs, and will benefit all Manitobans. And, while that's technically correct, that is certainly where the money does eventually go; the minister said a little earlier that this is not dedicated funding and actually goes into the Treasury Board. And, of course, any dollar that goes into the Treasury Board we don't really know where it goes. So I have a little problem with a statement that is clearly saying it's only used for these things, when, in fact, it goes into Treasury Board.

**Mr. Rondeau:** I think, in general, the money goes into general revenues. The vast majority of the money goes to health, education, social services, et cetera, and so that's a general statement. Although you couldn't track each individual dollar, if you look at the percentage there spent, that's a very accurate statement and reflects, when the money goes into general revenues, that's how it's spent.

**Mr. Wishart:** So the 250 million that is net benefit from MLCC, what percentage of that is of the total provincial budget of 11.2 billion?

**Mr. Rondeau:** It's 2 per cent of the budget, but if you'd take note of the 250 million, in general, about 40 per cent of our budget goes to health care. You know, a certain amount goes to justice; a certain amount goes to education. So it is split up; \$250 million is a lot of money. I'd like to say thank you to the corporation for contributing to the quality of life that we all enjoy. So I know that it's not an huge piece of the budget, but it is an important one and it's a good contribution.

**Mr. Wishart:** I certainly recognize that anything that helps improve the quality of life in this province is probably a worthwhile contribution, but I do think you're overstating when you only flag the very high-profile and socially popular versions. That money could very well have also gone to guards at the penitentiary, or water treatment, or any one of a number of other things, or paving a chunk of highway, or putting gravel on a chunk of road, or any number of other things that are to the benefit of all Manitobans but are a little less high profile and a little less feel good. So I think it would be very fair to restate that, more—in line with what we saw in previous years where it was a very business-like approach on the part of the corporation. And I recognize that you may be making a reattempt to rebrand yourself in the future. I wish you well with that but I do like correct statements.

**Mr. Dennis Smook (La Verendrye):** I just have a couple quick questions here.

The first one is in regards to the public consultation meetings that were going on and as to when we can expect the results from them, as to what is happening with that. And, when the results—who looks at these results and decides what should be done? Is it the Province or is it the Manitoba Liquor Control Commission?

**Mr. Rondeau:** I think the dialogue is between the government, the liquor commission and the people of

Manitoba. I don't think the dialogue has ended, so rather than have it say that it's ended, we're still trying to get information; we're still conducting dialogue with multiple groups still. And, I think what we'll do is we'll introduce legislation and we'll continue that dialogue right till the regulations are being drafted and presented. So I don't expect the report shortly; I expect it in due course, though.

**Mr. Smook:** The second question I have is—it's in regards to licensing. I have to compliment the MLCC on promoting the wine the way they do with the foods of Manitoba. I think it's an excellent promotion, you know, promoting all the foods in Manitoba and, you know, the cooking show, great foods of Manitoba, I think it's excellent.

Now I'm just hoping that, in the near future, the MLCC will look at promoting, like, issuing licences to more people who are trying to promote that in Manitoba. Like, I'm hoping that some of the consultation information coming back would state that. And I was just wondering what the MLCC's stand was on that.

**Mr. Rondeau:** I think what we're going to do is look at modernizing the regulations and the industry. It is, I believe, long overdue. I think the hospitality strategy is moving forward and I think that when we hear your comments during the legislative discussion, the public presentation will continue to evolve. I don't think this is a stopping point. It is a starting point where we're moving forward from. And so I look forward—I've read the letter from your constituent. I don't mind trying to move forward.

**Mr. Smook:** I'd just like to thank you for that information. But one of the things I'd like to suggest is, out there the public also is trying to move forward as well. And there are businesses out there that are trying to move on and they don't know what they have to plan for, and if they have to wait for one year, two years, three years, you know, I understand that you want to do it the best possible way, but I think the Liquor Control Commission should take a good look at what they—the way they offer licences.

**Mr. Cullen:** Just in closing, I want to thank Ms. Mindell for being here and Mr. Hodgins and certainly all the staff for helping us out tonight. We do appreciate your time. So I just wanted to say thank you.

And I also want to close by recognizing one of my local fruit and fruit wine producers in Killarney, Rigby estates. They got a tremendous product out

there, and I think it's a good Manitoba-based product, so I encourage the liquor corporation to do whatever they can to promote that good quality Manitoba product.

**Mr. Chairperson:** Thank you. Thank you all the members.

And now, there is no questions.

Annual Report of the Manitoba Liquor Control Commission for the fiscal year ending March 31st, 2010—pass.

Shall the Annual Report of the Manitoba Liquor Control Commission for the fiscal year ending March 31st, 2011 pass?

**Some Honourable Members:** Pass.

**Some Honourable Members:** No.

**Mr. Chairperson:** The report is not passed.

Shall the Annual Report of the Manitoba Liquor Control Commission for the fiscal year ending March 31st, 2012 pass?

**Some Honourable Members:** Pass.

**Some Honourable Members:** No.

**Mr. Chairperson:** The report is not passed.

Some reports which are not passed, I request the members to leave the copies on the table for the future meetings and reference.

Now this concludes the business of the meeting and what's the will of the committee? Shall we rise?

**Some Honourable Members:** Committee rise.

**Mr. Chairperson:** The hour being 8:10, the committee rises. Thank you.

**COMMITTEE ROSE AT: 8:10 p.m.**

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