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**MINISTER  
OF Crown Services**

**Room 314  
Legislative Building  
Winnipeg, Manitoba CANADA  
R3C 0V8**

April 24, 2019

Mr. Randy Williams, Chair  
Manitoba Liquor and Lotteries Corporation  
842 Milt Stegall Drive  
Winnipeg MB R3G 3L4

Dear Mr. Williams:

Manitobans have elected a government that is committed to improving the province of Manitoba. Our priorities include restoring prudent fiscal management, creating jobs, improving health care and education, improving our partnerships and relationships with business, communities and indigenous Manitobans, and increasing openness and transparency of our government. We are focused on achieving results on behalf of all Manitobans.

The Government of Manitoba has entrusted you and your Board to oversee the strategic operation of Manitoba Liquor and Lotteries. This letter is an update to a previous letter and serves to set out our expectations for you.

First and foremost, Manitoba Crown corporations are part of our government family, and must align with our government's mandate to fix our finances, repair our services and rebuild our economy. As referenced in our Ministerial mandates, the old way of doing things, where government just got bigger and more expensive is over.

Crown corporations finances are consolidated in Government's summary statements and we are moving towards a "whole of government" approach to budget processes. Fluctuations in your net income impact our net income on a dollar-for-dollar basis, and thus help or hinder our efforts to move towards balance. All Manitobans expect that you deliver your important services in a fiscally sustainable, predictable, transparent and reliable manner.

In the coming year, we will be taking more steps to fully integrate Crown corporations into our summary budget process. This may affect the timing of budget processes and other financial matters. I am seeking your support in ensuring accurate, timely financial reporting to

government, in particular your vigilance in providing clear and early notice of significant variances to budgets, or changes to your medium and long term forecasts. Please continue to work with Crown Services Secretariat and Treasury Board Secretariat to strengthen alignment with government overall.

The province's efforts to achieve fiscal sustainability requires all of us to work together. In the past, our Crown corporations have struggled to properly manage their costs and strayed outside of their mandates. We expect you to scrupulously manage all operating costs, defer all non-critical capital projects without a clear return on investment, and carefully examine business plans for opportunities to achieve improved financial results. We also expect the Board to carefully examine overall staffing efficiencies. Centrally, we have reduced overall management by over 15%, conducted a "spans and layers" review of management structures, and reduced overall headcount by 8%. We expect you to work towards the same, or more.

In addition, we ask you to review all compensation agreements, including executive compensation practices and interchange agreements to ensure alignment with government policies and practices. The expectation is that compensation practices will reflect the principles of responsible fiscal management and protect the sustainability of services to customers and ratepayers.

We have a strong interest in reducing red tape for all Manitobans. As a Crown, we ask that you integrate the red-tape reduction process and reporting into your Board processes – whether by way of a new Committee or regular reporting mechanisms.

We ask that you limit advertising to responsible mandate focused advertising considered essential for you to successfully perform your core business and continue to work with Government on the alignment of all sponsorship activities with central government.

We also ask that you assume ownership and leadership in respect of our following priorities for you:

- Support the Gaming Review announced in the 2018 Speech from the Throne, including a pause on all capital spending related to the expansion of gaming pending the outcome of this review.
- Review your capital program, and defer all non-critical capital projects without a clear return on investment. Find better ways to operate your gaming and liquor operations without reliance on capital spending or high operating costs.
- Explore ways to reduce the costs of acquisition of beer, liquor and spirits, including the possibility of a shared procurement model with other provinces to gain scale and selection.
- Work with the Liquor, Gaming & Cannabis Authority to manage the implementation of Phase II of the non-medical cannabis retail strategy using an open market approach.
- Engage with the private sector to identify opportunities for increased participation in the liquor retail and distribution sectors.
- Review mark-up policies on liquor products to ensure current practices support economic development in Manitoba and submit a report to me by July 31<sup>st</sup>, 2019.
- Explore the possibility of encouraging the expansion of local brew and distillery pubs in our communities.

- Increase the dividend paid to the province through the development and implementation of operational efficiencies. This should be accomplished without increasing the corporation's capital investment, liquor or gaming footprint in the province.
- Work closely with Treasury Board to refine revised capital and operating plans.

Government is committed to advancing reconciliation with Indigenous Manitobans through the renewal of its consultation framework to ensure respectful and productive consultations. All government organizations are expected to contribute to reconciliation in their interactions with Indigenous communities and individuals.

I have also been tasked to achieve more open government through increased transparency in tendering and procurement practices. All Crown corporations should ensure their procurement practices reflect this priority and are aligned with the requirements of trade agreements to which Manitoba is a signatory. In Government, we are centralizing our procurement practices and we urge you to pro-actively join us in this process so that we can shop smarter for all Manitobans.

Government is committed to ensuring all employees are treated with dignity and respect. Respectful workplace policies need to be reviewed and updated to ensure employees have safe and effective pathways to report disrespectful or harassing behaviour without fear of repercussion.

It is my expectation these priorities and initiatives, in addition to those included in your business plan, will be reported on in your 2019/20 Annual Report.

I know you and your colleagues on the Board understand that it is an important responsibility to guide and oversee Manitoba's publicly owned corporations. I know I can count on your hard work and dedication to fulfill your Board's duties and responsibilities. I look forward to hearing your advice and recommendations and to working together on achieving results that will make Manitoba the Most Improved Province and I sincerely thank you for taking on this role and for your dedication and efforts.

Respectfully,

Colleen Mayer  
Minister



**Manitoba  
Government  
and General  
Employees'  
Union**

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**ANY QUESTIONS?**  
Call the Resource Centre:  
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**Thompson**  
19 Elizabeth Drive  
Thompson MB R8N 1S7

May 1, 2019

The Honourable Colleen Mayer  
Minister of Crown Services  
Room 314 - 450 Broadway  
Winnipeg, MB R3C 0V8

*sent via email*

Dear Minister Mayer,

I'm writing to you with questions following the mandate letters you sent to our Crown Corporations yesterday.

During the 2016 election, your government campaigned on a promise to protect public services and the people who provide them. In our 2016 election questionnaire we asked all party leaders if they had plans to privatize our Crown Corporations. The [Premier said](#), "The Progressive Conservatives have made it very clear that we will keep public services public." I'd like to know what changed and why you have asked Manitoba Liquor and Lotteries to "Engage with the private sector to identify opportunities for increased participation in the liquor retail and distribution sectors."

Research shows the public liquor sales system works the best. A [report](#) from the Canadian Centre for Policy Alternatives (CCPA) authored by Greg Flanagan, a public finance economist, clearly lays out why the public system serves us best. It's the most socially responsible when it comes to ensuring alcohol doesn't end up in the hands of minors or those already intoxicated. As well, revenue generated from the sale of liquor is invested back into public services like health care and education. The report was also endorsed by Mothers Against Drunk Driving (MADD).

We're concerned with the letter issued to the Manitoba Centennial Centre Corporation. This organization is critical to upholding Winnipeg's reputation as a Canadian leader when it comes to our strong and vibrant arts, cultural and musical industries. We are particularly concerned with your direction, "to develop a five-year plan to achieve self-sufficiency." Does this mean the government is planning to cut funding for the organizations that rely on the funds to survive?

And, finally, we'd like to learn more about what the future holds for Manitoba Public Insurance (MPI). I know when we talked at our first meeting shortly after you assumed your current ministerial role; you told me that there were no plans to privatize MPI. I'd like to continue this conversation but also would like to know more about how you are envisioning online services and what role brokers will now play in the auto insurance industry.

I am requesting to meet with you as soon as your schedule allows. I feel we have had a very open and respectful working relationship with one another and I'd like that to continue. Please contact my Executive Assistant Holly Mamchur at 204-982-6416 to set up a time to meet.

Thank you for your urgent attention to these important issues for Manitobans and MGEU members.

Sincerely,

Michelle Gawronsky  
MGEU President  
MG/hm