



MLCC

MANITOBA LIQUOR
CONTROL COMMISSION

85th ANNUAL REPORT

08

For the Fiscal Year April 1, 2007 to March 31, 2008





MLCC MISSION STATEMENT

To regulate, distribute and sell beverage alcohol, generating revenue for Manitobans within a framework of social responsibility, customer service excellence, business effectiveness and workplace quality.

CORPORATE VALUES

Social Responsibility – promote the responsible sale and consumption of beverage alcohol

Importance of People – foster a positive work force by working together as a team towards our common goals

Integrity and Fairness – develop respectful and ethical relationships where we are fully accountable for our actions, decisions and behaviours

Service Excellence – provide superior service to our customers, partners and co-workers

Change – embrace change and encourage our employees to be innovative and creative

MLCC Executive F08:

Don Lussier – President & Chief Executive Officer

Roman Zubach – Vice-President, Human Resources & Administration

Ingrid Loewen – Chief Financial Officer

Fred Johnston – Director, Retail Sales

Tracy Crawford – Director, Purchasing

Maureen Spier – Director, Licensing and Inspection

Bill Bodner – Director, Information Technology

Signy Shaw – Director, Internal Audit



TABLE OF CONTENTS

GOVERNANCE AND BOARDS	2
CHAIR'S MESSAGE	3
PRESIDENT'S MESSAGE	4
BUSINESS PLAN REVIEW	5
FINANCIAL	6
SOCIAL RESPONSIBILITY	7
CUSTOMER SERVICE	9
BUSINESS EFFECTIVENESS.....	11
WORKPLACE QUALITY	14
FINANCIAL STATEMENTS	16
CHARTS AND GRAPHS	29
LIQUOR MARTS.....	34
LIQUOR VENDORS	35

GOVERNANCE AND BOARDS

THE **BOARD OF COMMISSIONERS** is the governing body that oversees the activities of the MLCC. The Board Chair reports to the minister responsible for *The Liquor Control Act*, who, in turn, reports to the Legislative Assembly. The day-to-day operation of the MLCC is the responsibility of the President and Chief Executive Officer (CEO) who reports to the Board.

The Board of Commissioners is comprised of nine Board Members who are appointed by the Manitoba Government. One person is appointed as chair and another as vice-chair.

The Board meets no less than six times per year and is responsible for the following general governance processes:

- adoption of a strategic planning process, approval of strategic plans and monitoring performance against plans;
- approving annual capital and operating plans and monitoring performance against those plans;
- approving policies and processes to ensure the integrity of the MLCC's internal control and management information systems;
- assessing the contribution of the Board, committees and all Board Members annually;
- preparing recommendation(s) to the minister responsible respecting the appointment or termination of the CEO;
- succession planning, performance evaluation and leadership development for the CEO and senior management;
- approving the standard compensation structure and benefits package for all employees; and
- approving a communications policy for the MLCC.

The Board is assisted by the work of several committees. These committees include:

- Governance Committee;
- Strategic Planning and Budgeting Committee;
- Audit Committee; and
- Human Resources Committee.

In addition, the Board operates under a well-articulated Governance by-law, which includes specific responsibilities for the Chair and Board Members, as well as Terms of Reference for various committees. A corporate Code of Conduct also guides the actions of the Board and all MLCC employees.

THE **LICENSING BOARD** considers applications for licences and determines the appropriate disciplinary action for breaches of *The Liquor Control Act*. These decisions may be appealed to the Board of Commissioners.



Licensing Board:

(standing left to right): Cliff Bernhardt; Dale Neal (Vice-Chair); Les Barrett; Louise Wilson; (seated) Vic Wonnacott (Chair)

The Licensing Board is comprised of five persons appointed by the Lieutenant Governor in Council. The Board may be called to meet at any time by the Chair of the Board. All meetings of the Licensing Board are open to the public.

CHAIR'S MESSAGE

On behalf of the Board of Commissioners, I am pleased to present the 85th Annual Report of the MLCC. This report stands as a record of achievement for F08 and highlights the MLCC's accomplishments in each of its strategic goal areas: Finance, Social Responsibility, Customer Service, Business Effectiveness and Workplace Quality.

Financially, the MLCC has once again exceeded its obligations to the Government of Manitoba. Under the leadership of the Board of Commissioners and the Executive Management team, the MLCC continues to demonstrate sound business practices with a strong focus on customer service.

This past year was exceptional, not only for the growth in beverage alcohol sales, but also the MLCC's significant investment in the future of its business. Major capital expansions at the distribution and retail levels were made with a mind to providing customers with a continued high level of customer service.

The Board continues to take pride in the MLCC's social responsibility initiatives. While balancing retail and regulatory obligations, the MLCC has ensured that social responsibility remains the hallmark of its corporate and business practices.

This past year, the MLCC unveiled a new social responsibility program to address the issue of youth and their first exposure to alcohol. The program, called *Be the Influence*, maintains that parents are the single greatest influence on their children's lives. The program provides parents with conversation-starter tools, in booklet and on-line forms, to help them begin an important dialogue with their children – all with the aim of preventing future alcohol related problems.

The MLCC also continued to raise awareness through such public information programs as *Show Your Age*, aimed at preventing minors from purchasing alcohol; *Be Undrunk*, aimed at curbing binge drinking among young adults, and *With Child-Without Alcohol*, which addresses the use of alcohol during pregnancy and its relation to Fetal Alcohol Spectrum Disorder (FASD).

In F08, the MLCC's partnership with the City of Thompson addressed bootlegging and alcohol abuse issues in the city and surrounding



Board of Commissioners:

(seated left to right): Fran Frederickson (Vice-Chair); Carmen Neufeld (Chair); Garry Hammerback

(standing left to right): Janine Ballingall Scotten; Maria Moore; Ed Azure; Myrna A. Phillips; Robert Rae; Les Crisostomo

communities. Working with the city, licensed businesses, as well as local health and police organizations, the MLCC introduced initiatives that are reducing alcohol sales but, more importantly, are making a positive contribution to the city's social well-being.

These initiatives demonstrate values embraced by the MLCC in all corporate and retail activities.

On behalf of the Board of Commissioners, I would like to thank Executive Management for their continued leadership and vision. The Board remains confident in Executive Management's abilities to charter a successful path for the future. Thank you as well to the management team and all employees for their continued dedication and commitment in service to the people of Manitoba.

CARMEN NEUFELD
Chair, Board of Commissioners

PRESIDENT'S MESSAGE

I am pleased to report that once again the MLCC has surpassed its financial goals for the year, returning an amazing **\$219.2 MILLION** to the Government of Manitoba in F08.

To say this past year has been a big year for us would be an understatement. Sales have now surpassed a half billion; making us one of the Top 100 businesses in the province. Although buoyed by a strong economy, our success is the result of foresight, commitment and determination exhibited by everyone from our Board of Commissioners to our store front employees.

INVESTING IN THE FUTURE

This past year was notable for significant capital investments in our business. We completed a \$10 million, 43,000 square foot expansion of our Distribution Centre; the first major expansion in over 40 years. This expansion will ensure our ability to meet the growing needs of our customers well into the future.

We also committed to a new point-of-sale system for our Retail Division. This two-year project will see a new cash register system, new merchandising software to manage product inventory, assortment and replenishment, and a data warehouse designed to help us better store and access product and sales data.

WE'RE PAYING ATTENTION TO OUR CUSTOMERS

Today's customer is very knowledgeable about beverage alcohol products and is demanding more assortment, more information and greater convenience. Through our ongoing Category Management initiative, we are able to provide the right product at the right place and at the right time.

This past year the MLCC expanded its complement of Liquor Marts, adding two new stores in the north part of the City of Winnipeg. Plans also began for two new stores in Steinbach and Brandon, which are scheduled to open next year.

We've also created a new level of product consultant, called Product Ambassadors. Providing superior knowledge and in-house training, these individuals will help to grow our knowledge base, promote our services and act as business ambassadors throughout the province.

OUR PEOPLE MAKE THE DIFFERENCE

For the second year in a row, the MLCC was named one of the Top 100 Employers in Canada and one of the Top 15 Employers in Manitoba. We're very proud of this recognition and believe that we have found a winning combination of enjoyable working environment, challenging careers, and generous employee benefits.

Especially pleasing was a Top 100 employee engagement survey that showed 73% of employees would recommend the MLCC as a good place to work; 81% understand their role in the organization and 88% understand how their department contributes to the success of the MLCC. It was also very gratifying to see that these responses outscored Canadian norms.

Thank you to all employees for your commitment and contributions to the success of this past year. Thanks to Executive Management and the entire management team for leading your respective areas with passion and determination to succeed, and lastly, thank you to the Board of Commissioners for your unwavering support this past year.

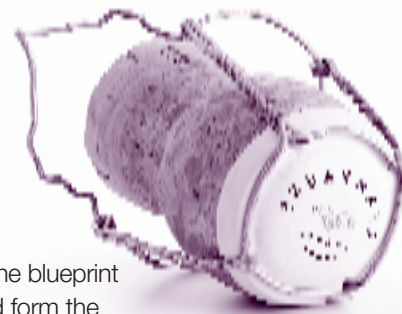
Together we have built a strong team that is laying the groundwork for a bright future.



DON LUSSIER
President & CEO



BUSINESS PLAN REVIEW



THE MLCC'S STRATEGIC PLAN is comprised of five goal areas. These areas provide the blueprint for incorporating the mission statement and corporate values into our daily activities and form the basis for the Business Plan. The five goal areas are:

FINANCIAL

SOCIAL RESPONSIBILITY

CUSTOMER SERVICE

BUSINESS EFFECTIVENESS

WORKPLACE QUALITY



The following is a review of the annual Business Plan and highlights of the MLCC's accomplishments in F08.

GROWING FOR THE FUTURE

FINANCIAL: \$219.2 MILLION

Every Friday, the MLCC makes a deposit into the provincial treasury in support of Manitoba programs and services. In F08, we delivered a record-setting profit of \$219.2 million; which in turn, helps to support current and future provincial programs in health care, education, social services and community projects.

SOCIAL RESPONSIBILITY:

The MLCC believes social responsibility should be part of everything we do: from education and enforcement of *The Liquor Control Act* to public awareness and education on the responsible consumption of alcohol. Our efforts are focused on programs and initiatives that address alcohol related issues, such as our new public information program called *Be the Influence*; designed to help parents talk to their kids about alcohol.

CUSTOMER SERVICE:

As always, we remain focused on excellent customer service through ongoing employee

training and education, as well as ensuring we have the right mix of products and store locations. This past year, we added two new Liquor Marts in Winnipeg and approved two new stores for Brandon and Steinbach. Now approaching 50 stores province-wide – our service is growing!

BUSINESS EFFECTIVENESS:

With an expanded Distribution Centre now operational, the MLCC is able to meet the growing demands for products from both our commercial and retail customers. We're also upgrading our point-of-sale system to handle growing customer expectations in Liquor Marts and ongoing technological changes. These significant investments will assist the MLCC in meeting its operational obligations well into the future.

WORKPLACE QUALITY:

To ensure we can meet growing customer service expectations, we're committed to providing a workplace environment that is challenging and inclusive, and allows employees to reach their full potential through training and support. For these efforts, we're proud to be named a Top 100 Employer in Canada and a Top 15 Employer in Manitoba for 2008 for the second consecutive year.



FINANCIAL

GOAL:

Meet the net profit requirements of the Manitoba Government through the controlled sale of beverage alcohol.

OBJECTIVES:

1. Meet the net profit requirements of the Manitoba Government.
2. Exercise control over markup rates while maintaining transparency.

PERFORMANCE RESULTS:

Each year, the MLCC creates a budget to achieve a net profit that it expects to turn over to the Manitoba Government for the fiscal year. The net profit amount is agreed upon with the government and forms part of the Provincial Budget. To achieve its financial objectives, the MLCC sets targets for all sales areas.

Net Profit	Target: \$213 million
Net Profit	Actual: \$219.2 million
Net income exceeded budget by 3%	

Sales were more than \$15 million and gross profit was \$4.5 million greater than forecasted. This is attributed to a number of factors including low unemployment, the strength of the economy, a warm summer and the success of promotional programs.

Volumes also exceeded forecast in all categories, but most significantly in the beer category with gross profit exceeding budget by \$5.5 million. This was offset by a \$2.8 million price variance resulting from lower than expected supplier price increases for beer. With the continued trend

toward premiumization, customers paid more for spirits than expected. They also paid less than expected for wine products, but more than last year.

Spirits – Deluxe/Premium Category: (Share of Market)	
Target:	61.5% annual
Actual:	61.5% year-to-date

Expenses were approximately \$1 million less than budget; most notably for depreciation of capital acquisitions; which were deferred to F09. A significant contribution of \$1 million was made to the Canadian Human Rights Museum. The liability for future retirement allowances was reduced by \$1 million to reflect actuarial values.

The MLCC continues to monitor prices through a cross-Canada comparison with an aim to being competitive with Saskatchewan and Ontario. In F08, MLCC prices were somewhat higher than Ontario, but most prices remained lower than Saskatchewan. MLCC maintained the lowest price in the country for domestic beer.

NET PROFIT: \$219.2 MILLION RETURNED TO MANITOBANS!

SOCIAL RESPONSIBILITY



GOAL:

Promote the safe consumption and responsible service of beverage alcohol to Manitobans through education and regulation.

OBJECTIVES:

1. Support programs to promote the socially responsible consumption of beverage alcohol, setting aside a minimum of 0.20% of estimated gross profit to fund these programs.
2. Optimize compliance with *The Liquor Control Act*.

PERFORMANCE RESULTS:

- The MLCC launched a new social responsibility program in fall 2007 called *Be the Influence*. The program is aimed at helping parents talk to their children about alcohol through a free booklet available in Liquor Marts and an interactive website. The program is supported with a television ad, as well as print and washroom “Johnny” ads.
- Two new television ads were launched for the *Be Undrunk* program in fall 2007. The new ads continue to promote the consequences of binge drinking among 18-24 year olds and are supported by “Johnny” ads and posters in licensed establishments, as well as print ads in post-secondary student handbooks.
- A new television ad was unveiled in May/June 2007 for the MLCC’s award-winning *With Child-Without Alcohol* program, which addresses alcohol consumption during pregnancy and Fetal Alcohol Spectrum Disorder. The ad featured women from different cultural backgrounds making positive statements not to drink during their pregnancy. The TV ad is supported with print and “Johnny” ads throughout the year.
- New backlit signs were installed in Liquor Marts to provide greater in-store prominence for the MLCC’s social responsibility programs.
- The MLCC partnered with the City of Thompson, local community organizations and businesses in the development of the Thompson Downtown Strategy to address alcohol related issues in the city. The MLCC committed to a number of initiatives in support of the strategy:
 - Continued the refusal of service within Liquor Marts if alcohol can be detected on an individual.
 - Expanded in-store security guards to 38 hours per week to patrol both inside and outside the Liquor Mart.
 - Instituted a maximum bottle purchase on select products.
 - Participated in universal barring of problem customers in conjunction with licensed establishments.
 - Maintained annual financial commitment of \$2,000 for the sherry bottle pickup program.
 - Sponsored a downtown patrol program with the City of Thompson.
- The MLCC is a member of the Canadian Association of Liquor Jurisdictions (CALJ) and has representation on CALJ’s Social Responsibility Committee. The committee is developing a national moderation campaign and reviewed two creative concepts for development in F09.
- The MLCC’s Alcohol Education Committee reviewed the recommendations of the National Alcohol Strategy and made recommendations for implementation in F09.

- The MLCC also supports and participates on numerous community committees to address alcohol-related issues, such as Mothers Against Drunk Driving (MADD); Non-Potable Abuse Committee; Manitoba Addictions Awareness Week Committee; and the Downtown Winnipeg BIZ Association. The MLCC is also a sponsor of Operation Red Nose and the #Taxi program.

LICENSING & INSPECTION

- The MLCC continued to balance education and enforcement to ensure compliance with *The Liquor Control Act*.
- Licensing & Inspection uses a risk-based inspection program dependent upon the type of licence held and the previous history of operation. Establishments where liquor is the primary component of the operation, such as a beverage room, cabaret, beer vendor, and cocktail lounge, are inspected more frequently than those where food is the primary component of the operation. The average number of inspections by licence type was on target in F08.
- Progressive disciplinary action is recommended for those licensees, permittees and banquet hall operators who continue to breach *The Liquor Control Act*.

NUMBER OF INSPECTIONS

Licensed Premises: Target: 25,000
Actual: 26,110

Sale Permit Functions: Target: 20%
Actual: 23.3%

of Inspections with No Breaches: Target: 97%
Actual: 97.1%

NUMBER OF EDUCATIONAL SEMINARS

Licensed Premises: Target: 100
Actual: 100

Banquet Halls: Target: 75
Actual: 61

Note: Although the number of seminars for permittees and banquet hall operators are less than target, the number of attendees at these seminars has increased. Greater attendance was noted at community seminars with 74 attendees in F08 compared to 46 attendees in F07.



RETAIL SOCIAL RESPONSIBILITY SHOPS

- The MLCC uses professional shoppers to shop its Liquor Marts and rates stores on frequency of checking photo-identification for proof of age.

Target: 100% rating per store

Actual: 103 of 140 store shops scored 100%.

Note: Management has taken action to improve results. Staff that had not received social responsibility training were scheduled to attend in March and April 2008. Stores will continue to be shopped until they receive 100% rating.

CHECK AND REFUSALS

- In addition to checking customers for proof of age, Liquor Mart employees also refuse service to minors and impaired customers.

Proof of Age Requests: F08: 27,738
F07: 22,523

Minors Refused: F08: 2,302
F07: 1,960

Impaired Refused: F08: 4,012
F07: 3,699

LEGISLATIVE CHANGES

The Liquor Control Act

- At the request of the Manitoba Government, the MLCC formed a working group to make recommendations on improving safety within licensed premises. Preliminary work commenced to bring 10 proposed amendments before the legislature to address safety concerns in licensed premises; to promote the responsible consumption of beverage alcohol; to satisfy needs of the public, industry associations and stakeholders; to keep pace with changes in the industry and to ensure a level playing field within the industry. These amendments will be addressed during the spring session of the legislature in early F09.
- Amendement of M/R 177/94 Liquor Licensing Regulation by M/R 76/2008, requires a licensee to notify the MLCC of the primary manager responsible for licensed premises, and to submit this individual to a criminal record check; and to require a licensee to submit management agreements to the MLCC for approval, received approval by the Board of Commissioners on March 27, 2008.
- Amendement of M/R 176/94 Licence Application & Appeal Regulation by M/R 75/2008, requires an applicant for a cocktail lounge, beverage room, cabaret or spectator activities licence to submit a security plan as part of the application for licence, received approval by the Board of Commissioners on March 27, 2008.

Regulations:

- Amendement of M/R 48/99 Liquor Control Commission Fees by M/R 164/2007 was approved on December 22, 2007 to increase licence application fees from \$200 to \$300 or \$500; licence fees from \$200 to \$300 or \$500; late filing fees from \$50 to \$150 and
- Regulations changes M/R 75/2008 and M/R 76/2008 are effective April 2008 and are the first steps being taken to deal with issues addressed in the *Safety in Licensed Premises* report.

CUSTOMER SERVICE

GOAL:

Deliver excellent customer service to our retail and commercial customers.

OBJECTIVES:

1. Enhance service to our public customers by continuing to elevate customer service levels to meet increasing expectations.
2. Enhance service to commercial customers by continuing to elevate customer service levels in response to increasing expectations.

PERFORMANCE RESULTS:

Service Shop Ratings at Liquor Marts:

Target: 90%

Achieved: Winnipeg/Brandon – 90%
Rural and other cities – 88%

Liquor Vendor Sales Growth:

***Target:** 5.3% less than Liquor Marts
Achieved: 6% less than Liquor Marts

*Target set at 2.9% less than % of sales growth of Liquor Marts





LIQUOR MART DEVELOPMENT

- Lac du Bonnet – a new 4,000 square foot store opened in September 2007.
- Bunns Creek (Henderson Highway, Winnipeg) – a new 7,300 square foot store opened in November 2007.
- Rivergrove (North Main Street, Winnipeg) – a new 6,000 square foot store opened in January 2008.
- Madison Square – renovations to this location commenced in February 2008.
- Brandon – discussions are underway for a new boutique-style store for construction in F09.

- Steinbach – continued discussions with city administration to open a new store in F09.

COMMUNITY SUPPORT

- Manitoba Liquor Marts continue to assist communities with hosting wine festivals in support of community and charitable organizations. These events also provide the MLCC with opportunities to enhance product knowledge. The largest event is the Winnipeg Wine Festival, held each May in support of Special Olympics Manitoba.

WINE FESTIVALS AND TASTINGS

Community	Amount Raised	Recipient
Brandon	\$9,400	Brandon Rotary Club (Elspeth Reid Family Resource Centre)
Carman	\$3,800	Carman Active Living Centre
Dauphin	\$6,800	Dauphin Rotary Club
Flin Flon	\$3,000	Flinty Committee
Gimli	\$2,000	Gimli Rotary Club and Westshore Foundation
Neepawa	\$3,700	Viscount Cultural Centre
Portage la Prairie	\$3,100	Glesby Centre
Roblin	\$2,600	Life & Arts Centre
Russell	\$3,500	Russell Recreation Commission
Swan River	\$1,350	Swan River Ladies Curling Club
The Pas	\$1,200	The Pas Health Complex Foundation
Thompson	\$1,900	Thompson Community Foundation
Winnipeg	\$36,000	Flatlander's Beer Festival in support of Manitoba Moose Yearling Foundation
	\$261,000	Winnipeg Wine Festival in support of Special Olympics Manitoba

- Throughout the year, the MLCC also helps to support approximately 100 charitable organizations involved in health, community, arts and sports programs through sponsorships, an in-store coin box program, and customer "Donate-A-Dollar" programs.

PRODUCT AMBASSADORS

- As a pilot program, five Product Consultants were seconded to become Product Ambassadors for a 24-month term. The role of the ambassadors is to enhance public image, expand product education and training and maintain professional business relationships within our industry and with the media. In their inaugural year, the Product Ambassadors conducted approximately 30 public product courses and 15 private tastings/courses to over 1,000 customers.

SUPPLEMENTARY FEES

- Elimination of the supplementary fees was approved by the Board of Commissioners for April 1, 2008.

SERVICE RECOGNITION

- Winnipeg Liquor Marts received the 2007 Consumers' Choice award for "Liquor and Wine" for excellence in quality, service, value and store appearance. The award was presented at a Gala Dinner in July 2007.

BUSINESS EFFECTIVENESS

GOAL:

Manage processes and systems efficiently and economically.

OBJECTIVES:

- Initiate programs that consistently demonstrate the MLCC as a leader among Canadian liquor jurisdictions and Manitoba Crown Corporations.
- Act as a good corporate citizen ensuring our actions align with our social, economic and environmental well-being of the communities in which we operate.

PERFORMANCE RESULTS:

G & A expenses:

Target: \$62 million

Achieved: \$61 million

Note: Expenses were approximately \$1 million less than budget; most notably for depreciation of capital acquisitions; which were deferred to F09. The liability for future retirement allowances was reduced by \$1 million to reflect actuarial values. Further savings were realized due to the delay/deferral of opening new stores.

- The MLCC annually reviews productivity and the cost-effectiveness of strategies to determine the most efficient way of handling inventory at its Liquor Marts and Distribution Centre. Targets are set for productivity for both the Retail and Purchasing divisions and the Distribution Centre.

LIQUOR MARTS

	TARGET	ACHIEVED
In-Stock Service Levels	94%	98%
Productivity (Units/Labour Hour)	Winnipeg – 35 Rural – 30	33.93 30.21
Inventory Turns	Winnipeg – 13.0 Rural – 11.0	12.27 10.47





PURCHASING AND DISTRIBUTION CENTRE		
	TARGET	ACHIEVED
Cases per Labour Hour	27	27.64
Inventory Turns	8	7.26*
In-stock Service Levels (general listings)	96%	98.2%**

**Customer shifts to import products resulted in increased safety stock of inventory. Additional staff have been added in Purchasing to ensure inventory levels are appropriate to meet consumer demand.*

*** A reduction in inventory turns is offset by higher in-stock service levels.*

NEW POINT-OF-SALE PROJECT (CHEERS)

- A two-year project to replace the MLCC’s aging point-of-sale system was initiated in F08. Public tenders were conducted for gift card services and new point-of-sale hardware and vendors were selected for both. At year end, the project was on budget; however the pilot was slightly delayed.

RECORDS MANAGEMENT

- A records manager was hired to implement best practices for records management and plans were developed for phase one of the records management project. The MLCC planned to hire an administrator, but was unsuccessful in finding a suitable candidate. Alternate plans will be developed for F09.

SUSTAINABLE DEVELOPMENT ACCOMPLISHMENTS

- The MLCC remains committed to supporting sustainable development activities under its Sustainable Development Action Plan for F08-F10. F08 highlights:
 - A decision was made to discontinue the use of disposable plastic bags, saving 2.8 million such bags from land fills each year. The MLCC will continue to provide alternative bags, such as paper and cloth and will introduce a reusable polypropylene bag with eco-logo certification in early F09.
 - A sustainable development clause was incorporated into all MLCC tenders and RFP documents giving additional weighting to suppliers with sustainable development initiatives and/or environmental management programs.

- The MLCC continues to use ethanol fuel in fleet vehicles.
- As part of the Distribution Centre expansion, a number of environmental improvements were made, such as T5 lighting; Power Smart UV windows and skylights; solar wall panels for pre-heating and cooling; dual flush toilets; improved hydraunic high efficiency boilers; and installation of re-usable portable walls.
- Energy Star standards were adopted for appliance purchases.
- Parking lot controllers were installed to reduce power consumption during winter months.
- Concrete curbs were replaced with recycled curbs made from discarded plastics.
- The Listing Committee pursued products with alternative packaging options such as tetra packs, plastic and re-usable aluminium cans. The MLCC also approached larger suppliers regarding the potential to reduce paper and packaging of gift packs.

SPONSORSHIPS

Throughout the year, the MLCC supported hundreds of community and charitable organizations, as well as sports and arts groups through sponsorships, silent auction donations and in-store fundraising activities. In recognition of its unique status as the only national museum outside Ottawa and its potential to draw international and national visitors to the province, the Board of Commissioners approved a one-time, \$1 million contribution to the Canadian Human Rights Museum.

SPONSORSHIPS IN F08 INCLUDED:

Winnipeg Blue Bombers	Folklorama	Alzheimer Society
Winnipeg Goldeyes	Minnedosa Rodeo	Heart and Stroke Foundation
Manitoba Moose	Gimli Film Festival	SCE Lifeworks
Brandon Wheat Kings	Manitoba Museum	Winnipeg Humane Society
Winnipeg Folk Festival	Portage la Prairie – Island of Lights	Winnipeg Harvest
Dauphin Country Fest	Osborne House	United Way
Festival du Voyageur		Special Olympics Manitoba

ENTERPRISE RISK MANAGEMENT

- Limited progress was made in implementing an Enterprise-wide Risk Management Strategy as resources were required elsewhere. To ensure the strategy progresses, new resources have been committed for F09.

INTERNAL AUDIT

- The MLCC continues to monitor internal operational activities, as well as activities of its business partners. The MLCC works with its business partners to address and resolve issues arising from the audit process.

PRODUCT LISTINGS	
SPIRITS	
general list	507
specialty list	297
WINE	
general list	1,132
specialty list	1,145
BEER	
MLCC distributed	83
privately distributed	428
REFRESHMENT BEVERAGES (COOLERS/CIDERS)	
general	72
specialty	7
TOTAL: 3,671 active listings as at March 31, 2008.	



08

WORKPLACE QUALITY

GOAL:

Create a fair and equitable work environment that is challenging, diverse and inclusive.

OBJECTIVES:

1. Enhance an inclusive culture that encourages participation of all employees.
2. Ensure a flexible, well-trained staff and management workforce that has the capability to undertake new responsibilities.
3. Maintain a work environment that enables employees to meet their responsibilities and achieve our objectives.

PERFORMANCE RESULTS:

TRAINING:

- With a focus on customer service, the MLCC continued to make employee training an important priority. The following training courses and awareness sessions were conducted:
 - Basic Product Knowledge
 - Higher Certificate
 - Non-violent Crisis intervention
 - Security, Privacy and Whistleblower Awareness
 - CPR/First Aid
 - Back Safe
 - Business Writing



COMMUNICATING THE STRATEGIC PLAN

- Management participated in workshops to improve their understanding of the Strategic Plan and to prepare them for sharing the plan with their staff. Following the workshops, managers conducted staff meetings where they distributed the *Strategic Plan at a Glance* and engaged their employees in a discussion about their role in strategic initiatives.

DIVERSITY

- The MLCC continued to develop its Aboriginal Employment Initiative to ensure diversity in its workforce.

of Aboriginal Cultural Awareness Sessions:

Target: 17

Actual: 23

of Aboriginals hired or promoted:

Target: 8

Actual: 10

EMPLOYEE ENGAGEMENT/AWARD RECOGNITION

- Employees participated in an engagement survey as part of the application for Mediacorp's Top 100 Employers in Canada competition. Survey results showed 73% of employees would recommend the MLCC as a good place to work; 81% understand their role at the MLCC and 88% understand how their department contributes to the success of the MLCC. Employee responses outscored the Canadian norm in almost every area of the survey!

- These results helped the MLCC to be named one of the Top 100 Employers in Canada and one of the Top 15 Employers in Manitoba for 2008. This is the second consecutive year the MLCC has received this recognition.

HEALTH AND WELLNESS

- As part of its Wellness program, the MLCC conducted an organization-wide Health Risk Appraisal in F08. Following the appraisal, the Employee Wellness Committee began developing initiatives to address weight management, physical activity, nutrition and alcohol consumption. These initiatives will be launched in early F09.

JOB HAZARD ANALYSIS

- Inspection Services developed an action plan and implemented control measures identified in their Job Hazard Analysis, while the Retail division continued to implement control measures under its action plan.

MANAGEMENT DEVELOPMENT PROGRAM

- A middle-management program was developed to include an orientation program for new hires, as well as coaching managers for succession planning.

EMPLOYEE COMMUNICATION

- “What’s On Tap” an employee-focused, interactive Intranet site was launched in fall 2008. The Intranet provides employees with information on MLCC and industry news, as well as benefits, health and wellness initiatives,

internal contacts, job postings, and awards and recognition programs. To ensure those employees without desktops have access to the site, computer kiosks were placed in the Distribution Centre, Head Office cafeteria, city store lunchrooms and in larger rural stores.

SCHOLARSHIP PROGRAM

- A scholarship program to provide financial assistance to the children of MLCC employees pursuing post-secondary education was approved and announced for implementation in F09.

AWARDS OF DISTINCTION

- The MLCC introduced a new level of award recognition for its employees. The Awards of Distinction are intended to recognize superb contributions to the MLCC and the community across a number of categories, such as Community Service; Business Innovation; Leadership and Customer Service Excellence.

FACILITIES

- Construction was completed on the 43,000 square foot expansion to the Distribution Centre.

WHISTLEBLOWER LEGISLATION

- In compliance with *The Public Interest Disclosure (Whistleblower Protection) Act*, the MLCC conducted eight employee awareness sessions in F08.
- There are no disclosures to report in F08.



08



FINANCIAL STATEMENTS

MANAGEMENT REPORT

MARCH 31, 2008

The accompanying financial statements are the responsibility of Management and have been prepared in accordance with the accounting policies disclosed in note 2. In Management's opinion, the financial statements have been properly prepared and of necessity, include some amounts based upon Management's best estimates and judgments.

As Management is responsible for the integrity of the financial statements, Management has established systems of internal control to provide assurance that assets are properly accounted for and safeguarded from loss.



D.V. Lussier

President & Chief Executive Officer



Ingrid Loewen

Chief Financial Officer



AUDITORS' REPORT

To the Board of Commissioners of
The Liquor Control Commission

We have audited the balance sheet of **The Liquor Control Commission** [an Agency of the Government of the Province of Manitoba] as at March 31, 2008 and the statements of income and cash flows for the year then ended. These financial statements are the responsibility of The Liquor Control Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of The Liquor Control Commission as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Ernst + Young LLP

Chartered Accountants

Winnipeg, Canada
May 9, 2008

STATEMENT OF INCOME [IN THOUSANDS OF DOLLARS]
 YEAR ENDED MARCH 31

	2008 \$	2007 \$
Sales [schedule]	554,769	521,380
Cost of sales [schedule]	279,543	261,558
Gross profit [schedule]	275,226	259,822
Other income [note 5]	4,978	4,639
	280,204	264,461
General and administrative expenses [note 6]	58,328	53,934
Depreciation [note 2]	2,666	2,583
Net profit paid or payable to the Province of Manitoba	219,210	207,944

See accompanying notes

BALANCE SHEET [IN THOUSANDS OF DOLLARS]

AS AT MARCH 31

	2008 \$	2007 \$
ASSETS		
Current		
Cash and cash equivalents	10,024	7,143
Accounts receivable	21,669	19,722
Inventory [note 4]	34,052	26,953
Prepaid expenses	972	999
Total current assets	66,717	54,817
Cash [restricted] [notes 8 and 9]	45,271	—
Property and equipment, net [note 7]	23,117	14,643
Long-term loan receivable from the Province of Manitoba [notes 8 and 9]	—	45,271
	135,105	114,731
LIABILITIES		
Current		
Accounts payable - trade and other	36,596	32,900
Goods and Services Tax payable	1,029	2,179
Manitoba Retail Sales Tax payable	1,398	1,304
Net profit payable to the Province of Manitoba	41,141	24,644
Environmental Protection Tax payable	135	133
Deferred licence fees	351	352
Total current liabilities	80,650	61,512
Provision for employee pension benefits [note 8]	51,124	48,844
Provision for retirement allowances [note 9]	3,331	4,375
	135,105	114,731

See accompanying notes

On behalf of the Commission:



Chair of the Board



Chair of the Audit Committee



President and Chief Executive Officer



Chief Financial Officer

STATEMENT OF CASH FLOWS [IN THOUSANDS OF DOLLARS]

YEAR ENDED MARCH 31

	2008 \$	2007 \$
OPERATING ACTIVITIES		
Cash receipts		
Sales - spirits, wine, coolers/ciders and beer	554,026	520,561
Annual and supplementary licence fees and other	3,798	4,194
Goods and Services Tax	32,641	33,044
Manitoba Retail Sales Tax	18,505	17,063
Manitoba Waste Reduction and Prevention Levy	485	467
Environmental Protection Tax	1,943	1,868
	611,398	577,197
Cash disbursements		
Purchases - merchandise, federal duty, excise and sales taxes, etc.	283,973	264,706
General and administrative expenses	55,997	50,754
Goods and Services Tax	33,791	32,173
Manitoba Retail Sales Tax	18,411	16,950
Manitoba Waste Reduction and Prevention Levy	485	467
Environmental Protection Tax	1,941	1,864
	394,598	366,914
Net cash available from operating activities	216,800	210,283
INVESTING ACTIVITIES		
Acquisition of property and equipment	(11,206)	(4,579)
Net cash available for transfer	205,594	205,704
TRANSFERS TO PROVINCE OF MANITOBA		
Current year's net profit	178,069	183,300
Prior year's net profit	24,644	22,438
	202,713	205,738
Excess (deficiency) of cash receipts over disbursements and transfers	2,881	(34)
Cash and cash equivalents, beginning of year	7,143	7,177
Cash and cash equivalents, end of year	10,024	7,143

See accompanying notes



SCHEDULE OF SALES, COSTS OF SALES AND GROSS PROFIT [IN THOUSANDS OF DOLLARS] YEAR ENDED MARCH 31

	Spirits \$	Wine \$	Coolers/ Ciders \$	Beer \$	Total \$
SALES					
Stores	135,774	78,673	11,468	37,786	263,701
Liquor vendors	33,967	8,960	3,536	5,589	52,052
Licensees	20,030	4,998	2,037	198,696	225,761
Specialty wine stores	161	13,025	69	—	13,255
Total sales for 2008	189,932	105,656	17,110	242,071	554,769
Total sales for 2007	178,929	96,671	16,112	229,668	521,380
COST OF SALES					
Total cost of sales for 2008	75,018	48,135	8,006	148,384	279,543
Total cost of sales for 2007	70,157	43,540	7,529	140,332	261,558
Gross Profit for 2008	114,914	57,521	9,104	93,687	275,226
Gross Profit for 2007	108,772	53,131	8,583	89,336	259,822

See accompanying notes

NOTES TO FINANCIAL STATEMENTS

[IN THOUSANDS OF DOLLARS]

MARCH 31, 2008

1. NATURE OF ORGANIZATION

The Liquor Control Commission [the "MLCC"] was formed in 1923 as an agency of the Government of Manitoba under *The Liquor Control Act*. The MLCC's mandate is to purchase, sell and regulate beverage alcohol; to determine locations for retail liquor outlets; to licence and regulate facilities used by the consuming public; to provide revenue to the Province from the activities of the MLCC; and to do all such things necessary to effect the provisions of *The Liquor Control Act*.

2. SIGNIFICANT ACCOUNTING POLICIES

[a] Cash and cash equivalents include cash on hand, balances with banks and outstanding electronic fund transactions forwarded to banks.

[b] Restricted cash consists of cash balances held in a trust account, which has been advanced by the Province of Manitoba to fund the employee pension and retiring allowances benefits.

[c] Accounts receivable includes electronic fund transactions to be forwarded to banks after March 31.

[d] Inventories of goods for resale are valued at average cost.

[e] Revenue is recognized at the time the product is shipped, title passes, the sales price is fixed and determinable, and collectibility is reasonably assured.

[f] The property and equipment are recorded at cost less accumulated depreciation. Depreciation is provided on the declining balance basis at the following annual rates:

Automobiles	30%
Equipment and furnishings	20%
Paving	8%
Systems development	30%

Leasehold improvements are depreciated on a straight-line basis over the remaining term of the lease or a minimum of five years.

Buildings are depreciated on a straight-line basis over 40 years.

[g] Substantially all of the employees of the MLCC are eligible for pension benefits based on length of service and average annualized earnings calculated on the best five years prior to retirement, termination, or death that provides the highest earnings. Pension costs, included in salaries, benefits and pension costs, consist of the employer's share of pension benefits paid to retired employees, as well as the increase in unfunded pension liabilities during the fiscal year. This liability is determined actuarially every three years with the balances for the intervening years being determined by formula provided by the actuary as detailed in note 8. Actuarial gains and losses are recognized in income immediately as detailed in note 8.

[h] In preparing the MLCC's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.



3. CHANGES IN ACCOUNTING POLICIES

Effective April 1, 2007, the MLCC adopted the Canadian Institute of Chartered Accountants [“CICA”] Handbook Section 3855, “Financial Instruments – Recognition and Measurement”, Section 3861, “Financial Instruments – Disclosure and Presentation” and Section 1530, “Comprehensive Income”. The principal changes in the accounting for financial instruments due to the adoption of these accounting standards are described below.

Section 3855 sets out the standards for the recognition and measurement of financial assets and financial liabilities. The new standard prescribes when to recognize a financial instrument in the balance sheet and at what amount. Depending on the balance sheet classification, fair value or cost-based measures are used. Under the new standards, all financial instruments are classified into one of the following five categories: held-for-trading, held-to-maturity investments, available-for-sale financial assets, loans and receivables, and other financial liabilities. This standard also prescribes the basis of presentation for gains and losses on financial instruments. Based on financial instrument classification, gains and losses are recognized in net income or other comprehensive income.

Section 1530 introduces new standards for the reporting and disclosure of comprehensive income. Comprehensive income is the change in equity of the entity during the reporting period from transactions and other events and circumstances from non-owner sources such as changes in the fair value of financial instruments designated as cash flows hedges.

Because the MLCC has no items related to other comprehensive income under Section 1530, comprehensive income for the year is equivalent to net income.

The MLCC’s financial assets and financial liabilities are measured as follows:

Cash and cash equivalents are classified as held-for-trading and measured at fair value. The gains or losses arising on the revaluation at the end of the year are included in net income.

Accounts receivable are classified as loans and receivables and recorded at cost; which upon their initial measurement is equal to their fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method.

Accounts payable, net profit payable to the Province of Manitoba, and other taxes payable are classified as other financial liabilities and are initially measured at their fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method.

It is management’s opinion that the MLCC is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of the MLCC’s financial instruments approximates their carrying value unless otherwise stated.

The adoption of these standards was done retroactively without restatement of the financial statements for prior years.

4. INVENTORY

Inventory consists of the following:

	2008	2007
	\$	\$
Warehouse inventory	23,377	17,919
Stores inventory	10,675	9,034
	34,052	26,953

The amount of unpaid and unrecorded Customs and Excise duties on owned merchandise held in bond is approximately \$3,858 at March 31, 2008 [2007 – \$3,385].

5. OTHER INCOME

Other income consists of the following:

	2008	2007
	\$	\$
Supplementary licence fees	816	788
Advertising revenue – other	780	733
AIR MILES® revenue	766	663
Miscellaneous	717	569
Annual licence fees and licence application fees	590	599
Occasional permit additional fees	581	581
Administration charges	305	222
Occasional permit fees	237	240
Border point fees	159	221
Specialty wine store fees	27	23
	4,978	4,639

6. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses consist of the following:

	2008	2007
	\$	\$
Salaries, benefits and pension costs <i>[note 8]</i>	35,253	33,824
Leased premises – rentals <i>[note 10]</i>	5,854	5,415
Maintenance and repairs	2,558	2,106
Delivery charges	1,651	1,504
Bank charges	1,502	1,356
Community support	1,450	480
Utilities	1,355	1,291
AIR MILES® program	1,096	991
Equipment rentals <i>[note 10]</i>	1,076	1,113
Professional fees	879	608
Printing, postage and supplies	789	789
Alcohol education	720	563
Protective services	607	500
Health and Post Secondary Education Tax Levy	606	551
Grants in lieu of taxes	581	603
Miscellaneous	500	507
Staff training	461	457
Advertising and promotions	432	463
Travel	339	325
Communications	239	122
Vehicle expenses	212	205
Product analysis	90	77
Crown Corporations Council Levy	78	84
	58,328	53,934



7. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	2008		
	Cost	Accumulated depreciation	Net book value
	\$	\$	\$
Land	123	—	123
Buildings	14,819	3,777	11,042
Leasehold improvements	9,187	4,018	5,169
Systems development	10,931	8,026	2,905
Equipment and furnishings	8,214	4,778	3,436
Automobiles	617	368	249
Paving	326	133	193
	44,217	21,100	23,117

	2007		
	Cost	Accumulated depreciation	Net book value
	\$	\$	\$
Leasehold improvements	12,203	3,720	8,483
Systems development	9,706	7,043	2,663
Equipment and furnishings	7,108	4,128	2,980
Automobiles	635	338	297
Paving	338	118	220
	29,990	15,347	14,643

Land and buildings for the head office and nine other buildings previously leased from the Government of Manitoba were transferred to the MLCC on April 1, 2007 at net book value of \$302. Improvements to these buildings previously classified as leasehold improvements have been transferred to buildings and accumulated depreciation buildings on April 1, 2007 at net book value of \$10,904.

8. PROVISION FOR EMPLOYEE PENSION BENEFITS

The MLCC maintains a defined benefit pension plan in accordance with the provision of *The Civil Service Superannuation Act* administered by the Civil Service Superannuation Board. An actuarial valuation of the provision for employee pension benefits was conducted by Ellement & Ellement Ltd. Consulting Actuaries as at December 31, 2004. The service to date projected benefit method was used and the liabilities have been extrapolated to March 31, 2008 using a formula provided by the actuary.

	2008 \$	2007 \$
Accrued benefit liability, beginning of year	48,844	47,025
Benefits accrued	1,506	1,434
Interest accrued on benefits	3,416	3,289
Benefits paid	(2,423)	(2,765)
Manitoba Finance matching pension contributions	(219)	(139)
Accrued benefit liability, end of year	51,124	48,844
Pension expense	4,922	4,723
Employee contributions	1,393	1,326
Employer contributions	2,642	2,904

The pension expense consists of benefits accrued of \$1,506 [2007 – \$1,434] and interest accrued on benefits of \$3,416 [2007 - \$3,289].

The key actuarial assumptions used in determining the MLCC's provision for employee pension benefits were at the following weighted average rates:

As at March 31		
	2008 %	2007 %
Expected long-term rate of return	6.50	6.50
Inflation	2.50	2.50
Rate of future compensation increases	4.25	4.25

In addition, post retirement indexing is at two-thirds of the inflation rate.

The amount of the long-term provision for employee pension benefits of \$40,731 as at March 31, 2003, has been funded by the cash advanced by the Province of Manitoba. The funds are held in a trust account and are recorded as restricted cash [note 2[b]]. The funds are to be used to fund the employee pension.

9. PROVISION FOR RETIREMENT ALLOWANCES

Effective April 1, 1998, the MLCC commenced recording accumulated retirement allowances for its employees. Eligible employees are entitled to receive a retirement allowance equal to one week's pay to a maximum of 25 weeks for each year of continuous employment, based on the current salary at date of retirement. The provision recorded is calculated based on a formula provided by the Province of Manitoba.

The amount of the opening provision for retirement allowances of \$3,165, as at April 1, 1998, has been funded by the cash advanced by the Province of Manitoba. The funds are held in a trust account and are recorded as restricted cash [note 2[b]]. The funds are to be used to fund the employee retirement allowances.



10. FUTURE COMMITMENTS

- [a] The MLCC leases 42 buildings. Leases have expiry dates ranging from 2009 to 2024.

The future minimum lease payments for each of the next five years and thereafter are as follows:

Year ending March 31	\$
2009	4,217
2010	3,972
2011	3,411
2012	3,054
2013	2,900
Thereafter	15,666
	<hr/>
	33,220

- [b] The MLCC leases computer equipment. Leases on this computer equipment have expiry dates ranging from 2009 to 2013.

The future minimum lease payments for each of the years to the expiry of the lease contracts are as follows:

Year ending March 31	\$
2009	943
2010	527
2011	318
2012	51
2013	51
	<hr/>
	1,890

- [c] The MLCC entered into a contract for software and implementation services associated with the installation of a new point-of-sale system. The balance of the contractual obligation to be paid in 2009 is \$806.

11. FUTURE ACCOUNTING PRONOUNCEMENTS

Section 1535, "Capital Disclosures", establishes standards for disclosing information about an entity's capital and how it is managed and is effective for fiscal years beginning on or after October 1, 2007. The MLCC does not expect this section to have an impact on the financial statements.

Section 3031, "Inventories", replaces the existing Section 3030, "Inventories", and is required to be implemented for fiscal years beginning on or after January 1, 2008. The MLCC does not expect Section 3031 to have an impact on the financial statements.

Section 3862, "Financial Instruments – Disclosure" and Section 3863, "Financial Instruments – Presentation", replaces the existing Section 3861, "Financial Instruments – Disclosure and Presentation" and are required to be implemented for fiscal years beginning on or after October 1, 2007. The new standards enhance and expand disclosure standards to complement the changes in accounting policies adopted in accordance with Section 3855. These new standards are related to disclosure only and will not impact the financial results of the MLCC.

12. COMPARATIVE FIGURES

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the current year's financial statements.

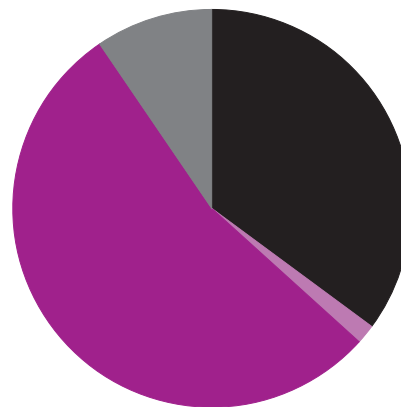
CHARTS AND GRAPHS

\$219.2 MILLION
FOR MANITOBBANS



■ Federal Gov't	\$54.8	10%
■ Merchandise	\$224.7	40%
■ Operating Expenses	\$61.0	11%
■ Provincial Gov't	\$219.2	39%

RETAIL OUTLETS



■ MLCC Liquor Marts	48
■ Private Liquor Vendors/ Duty Free Stores	177
■ Specialty Wine Stores	8
■ Private Beer Vendors	271

Additional payments to the Province (in millions)

Retail Sales Tax – \$18.4
Environmental Protection Tax – \$1.9
Waste Reduction & Prevention Tax – \$0.5

Additional payments to the Federal Government (in millions)

Goods and Services Tax – \$33.6

PROFIT AND EXPENSE RATIOS [IN THOUSANDS]

FISCAL YEARS ENDING MARCH 31

	2004	2005	2006	2007	2008
Sales	459,199	472,134	486,734	521,380	554,769
Gross Profit	218,191	229,842	243,526	259,822	275,226
Net Profit	174,066	185,273	196,238	207,944	219,210
General and Administrative Expenses	45,850	46,706	50,279	53,934	58,328
Depreciation	2,432	2,449	2,448	2,583	2,666
Gross Profit as % of Sales	47.5%	48.7%	50.0%	49.8%	49.6%
Net Profit as % of Sales	37.9%	39.2%	40.3%	39.9%	39.5%
General and Administrative Expenses as % of Sales	10.0%	9.9%	10.3%	10.3%	10.5%

VOLUME SALES (IN MILLIONS OF LITRES)

	Beer	Spirits	Wine	Coolers/Ciders
2004	73.1	6.5	7.1	2.9
2005	70.6	6.3	7.4	2.7
2006	74.2	6.4	7.7	2.6
2007	78.0	6.5	8.2	2.6
2008	79.0	6.7	8.7	2.7

PRODUCT \$ SALES (IN MILLIONS)

	Beer	Spirits	Wine	Coolers/Ciders
2004	212	159	72	16
2005	215	164	78	16
2006	215	170	87	15
2007	229	179	97	16
2008	242	190	106	17

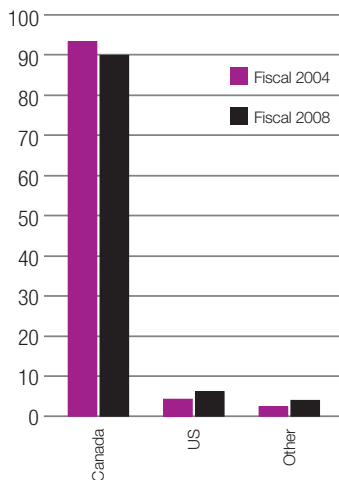
PER CAPITA CONSUMPTION (IN LITRES)

	Beer	Spirits	Wine	Coolers/Ciders
2004	83.3	7.4	8.1	3.3
2005	79.9	7.1	8.4	3.1
2006	83.5	7.2	8.7	2.9
2007	87.1	7.3	9.2	2.9
2008	87.5	7.4	9.6	3.0

Source: Manitoba Health Population Report based on population over the age of 17 as of June 1 of each year.

BEER SALES BY COUNTRY

Fiscal 2004 and Fiscal 2008 (%)



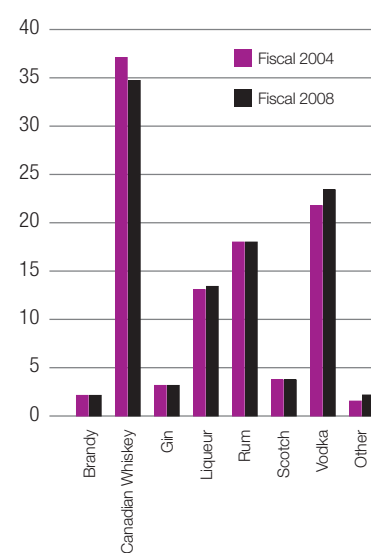
WINE SALES BY COUNTRY

Fiscal 2004 and Fiscal 2008 (%)



SPIRIT SALES BY TYPE

Fiscal 2004 and Fiscal 2008 (%)



NUMBER OF HOTEL REGISTRATIONS AND LICENCES

Class of Licence	2004	2005	2006	2007	2008
Hotel Registration	327	322	318	312	300
Retail	301	297	292	289	275
Beverage Room	276	271	267	262	252
Dining Room	1,124	1,138	1,148	1,143	1,132
Transportation	11	11	11	9	8
Cocktail Lounge	450	466	475	471	483
Cabaret	20	24	26	26	29
Spectator Activities	41	38	40	42	44
Private Club	263	263	262	260	252
Canteen	18	15	15	15	15
Sports Facility	156	151	152	147	151
Manufacturer's	37	37	21	22	22
Totals	3,024	3,033	3,027	2,998	2,963

INSPECTIONS, INVESTIGATIONS AND EDUCATIONAL SEMINARS

	2004	2005	2006	2007	2008
Licensed Premises					
Licensee visits	27,338	25,858	23,550*	25,097	26,110
Investigations/Final inspection of premises	915	438	518	385	397
Education of licensees/their staff	142	84	111	146	100
Total	28,395	26,380	24,179	25,628	26,607
Occasional Permits					
Inspections while in progress	1,707	1,576	1,664	1,783	1,582
Investigations prior to issue	1,208	1,415	1,617	1,844	1,838
Education of hall owners/ permittees/public	93	62	88	73	56
Inspection of new banquet halls	93	55	191**	241**	236
Total	3,101	3,108	3,560	3,941	3,712
General and Public Concern Investigations					
	1,162	1,326	975***	902***	1,264

* Fewer inspections in F06 due to vacancies in inspector positions, and a move to risk-based inspections.

** Effective F06, includes free-standing banquet halls and those located within licensed premises.

*** Effective F06, applications for Photo ID are pre-screened by licensing advisor, resulting in fewer investigations.

DISCIPLINARY ACTION

	2004	2005	2006	2007	2008
Licensees:					
Administrative:					
– warning letters	121	80	214	259	248
– meetings with Manager, Inspection Services	11	19	14	41	40
Total	132	99	228	300	288
Board:					
– disciplinary hearings	35	29	33	49	29
– appeal hearings	3	3	8	11	1
Board Action:					
– warnings	7	5	4	3	3
– suspensions	26	20	26	42	25
– cancellations	3	0	2	1	0
– other	0	1	2	4	2
Total	36	26	34	50	30
Total days suspended	433*	119**	67	106	70
Note: Board actions may not equal number of hearings due to appeals carried forward to next fiscal year, or more than one action taken at a hearing.					
Permittees/Hall Owners:					
Administrative:					
– warnings	11	12	13	6	6
– suspension of privileges	4	1	2	1	1
Total	15	13	15	7	7

* 365 days suspended attributed to one licensee (suspension began in F03 and extended into F05).

** 85 days suspended attributed to one licensee (suspension began in F03 and terminated in F05).

Breaches of *The Liquor Control Act* are dealt with through a process of progressive discipline.

- Cautions – usually given where there is no previous record (which include educating licensees regarding breach).
- Warning Letter – usually given where there is a record of operation and the breach is of a less serious nature.
- Meeting with Manager, Inspection Services – to discuss solutions to the problem.
- Licensing Board Hearing – usually for breaches of a more serious nature. Appeals are heard by Board of Commissioners.

These disciplinary actions form part of a licensee's record of operation.

Breaches of *The Liquor Control Act* by banquet hall operators and occasional permit holders are normally handled by administration of the Commission.

PROGRESSIVE DISCIPLINE

Type of Discipline	2008
Cautions	513
Warning Letters	248
Informal Meetings	40
Hearings	29

OCCASIONAL PERMITS ISSUED

	2004	2005	2006	2007	2008
Liquor Sold	7,569	7,468	7,102	7,020	6,796
Liquor Complimentary	4,425	4,356	4,360	4,316	4,443
Total	11,994	11,824	11,462	11,336	11,239

08 LIQUOR MARTS

The MLCC's 48 Liquor Marts operate in the following areas:

Beausejour

619 Park Avenue

Brandon

10th & Victoria Avenue
Brandon Shoppers Mall

Carman

3 Centre Avenue West

Churchill

203 Laverendrye Avenue

Dauphin

130 First Avenue
North West

Flin Flon

26 Hapnot Street

Gimli

52 Centre Street

Killarney

516 Broadway Avenue

Lac du Bonnet

99 – 2nd Avenue

Minnedosa

16 – 2nd Avenue
North West

Morden

331 North
Railway Street

Neepawa

393 Mountain Avenue

Pine Falls

17 Pine Street

Portage la Prairie

300 Saskatchewan Avenue

Roblin

124 Main Street West

Russell

202 Shell River Avenue North

Selkirk

377 Main Street

Swan River

716 Main Street

The Pas

333 Edwards Avenue

Thompson

131 Selkirk Avenue

Virden

197 – 3rd Avenue

WINNIPEG

Bunn's Creek

Shopping Mall
2001 Henderson Highway

Charleswood

1D – 3900 Grant Avenue

cityplace

333 St. Mary Avenue

Crestview

Shopping Centre
170 – 3393 Portage Avenue

Dominion

Shopping Centre
21 Marion Street

Eastwinds

Shopping Centre

23 – 1530 Regent Avenue

Fort Garry

1235 Pembina Highway

Fort Richmond

2855 Pembina Highway

Garden City Square

Unit 2 – 915 Leila Avenue

Grant Park Plaza

Shopping Centre
1120 Grant Avenue

Hargrave & Ellice

325 Ellice Avenue

Kenaston Crossing

8 – 1650 Kenaston Boulevard

Madison Square

P – 1600 Ness Avenue

Main & Jefferson

1662 Main Street

Main & Pritchard

1005 Main Street

Northdale

Shopping Centre
965A Henderson Highway

Portage & Ainslie

2549 Portage Avenue



Portage & Burnell

923 Portage Avenue

Rivergrove

2615 Main Street

River & Osborne

469 River Avenue

St. Vital Square

5 – 827 Dakota Street

Southdale

Shopping Centre
21 – 67 Vermillion Road

Southglen

Unit A – 730 St. Anne's Road

Transcona Square

1 – 620 Kildare Avenue East

Tuxedo

168 – 2025 Corydon Avenue

Tyndall Market Mall

850 Keewatin Street

LIQUOR VENDORS

Liquor vendors are partners with the MLCC. By combining liquor sales with their existing business, these local entrepreneurs help to ensure their viability. There are currently 174 liquor vendors operating in Manitoba.

Alexander Stahl's Food Mart	Carberry Spud City Food Mart Ltd.	Fisher Branch Fisher Branch Health Centre	Holland Holland Home Hardware
Alonsa Zdan's Family Store	Cartwright Cartwright Health Centre	Fraserwood J & J Store	Ile Des Chenes Ile Des Chenes Country Store
Altona Altona Cleaners Ltd.	Clandeboye Clandeboye Store	Garson Garson Grocery Ltd.	Inglis Jordie's Food Mart
Anola Anola Lucky Dollar	Clearwater Lake Wally's Place	Gilbert Plains Gilbert Plains Pharmacy	Inwood Inwood Food Town
Arborg Arborg Pharmacy	Cowan Kolisnyk's General Store	Gillam Trappers Shack	Kelwood Kelwood Store
Argyle Meridian Trail General Store	Cranberry Portage Streamer Hardware	Gladstone Gladstone Pharmacy	Kenton Houston's
Ashern Ashern Pharmacy	Cypress River Cypress River Lucky Dollar	Glenboro Glenboro Pharmacy Ltd.	Komarno Komarno Quality Store
Austin J & J Grocery	Deloraine Myrna's Fabric Boutique	Glenella Preisntanz's General Store	La Broquerie Le Bon Ami
Baldur Baldur Variety Store	Dominion City Dominion City Food Town	Glenora Glenora Mall	La Salle Jeni's Food & Hardware
Belmont Belmont Hardware	Dugald Dugald Convenience Store	Grand Marais Grand Marais Village Store	Lake of the Prairies Kilman Resort
Benito Benito Pharmasave	Elgin Mack & Sydney's	Grand Rapids Grand Rapids Esso	Lake Metigoshe Turtle Mountain All Season Resort
Big Whiteshell Lake Big Whiteshell Lodge (2000) Inc.	Elie Elie Grocery Store	Grandview Grandview Home Hardware	Langruth Farncombe's Food Centre
Birch River Birchwood Grocery	Elkhorn Twin Valley Co-op Ltd.	Great Falls Great Falls Foods	Laurier Molgat Shopping Centre
Bird River Tall Timber Lodge Ltd.	Elm Creek Elm Creek Co-operative Oil & Supplies Ltd.	Grindstone Grindstone General Store	Leaf Rapids Kings Health & Variety
Birds Hill Birds Hill Store	Elma Elma Country Store	Gull Lake Sherwood Grocery	Lee River Osprey Landing General Store
Birtle Birtle Pharmacy	Emerson Emerson Bigway	Gypsumville Rawluk's Grocery & Pro Hardware	Letellier Gallant's Lucky Dollar
Boissevain Hazlewood Enterprises	Erickson Mountain Park Pharmacy	Hadashville Kiedyk's Convenience Store	Lockport Lockport Grocery
Brunkild Rawleigh's Store	Eriksdale Eriksdale Shop Easy	Hamiota Rawlings Home Hardware	Lorette Dauphin Trail Country Store Inc.
Bruxelles Marginet's Grocery & Hardware	Ethelbert Bird's Corner Store	Hartney Hartney Variety Store	Lundar Lundar Pharmacy Ltd.
Camperville McKay Grocery	Falcon Lake Lumber One Building Supplies	Hecla Hecla Island General Store	Lynn Lake Clarke's Health & Variety
CFB Shilo Canex Super Mart		Hodgson Buckskin Trading Post	

MacGregor MacGregor Lo-Cost (2004)	Oakville Oakville Super Market	St. Adolphe St. Adolphe Esso	Springfield Garven Grocery Store
Mafeking Doan's General Store	Onanole B & D Hardware Inc.	St. Ambroise Ducharme's General Store	Starbuck "Dawn 'Til Dusk" Convenience Store
Manigotagan Kara's Convenience	Pierson Edward Consumers Co-Operative Ltd.	St. Claude Phillippot's Shop Easy Foods	Stonewall Stonewall Pharmacy Ltd.
Manitou Manitou Variety & Health	Pilot Mound Dobson's Foods Ltd.	St. Eustache Magasin Beaudin Store	Stony Mountain Pick 'N Pay
Mariapolis Pouteau Foods	Pinawa The North West Company LP	St. Francois Xavier S.F.X. Country Store	Strathclair Strathclair Consumers Co-op Ltd.
McAuley McAuley Country Grocery Co-op Ltd.	Pine River Semeniuk's Groceteria	St. Jean Baptiste St. Jean Home Centre	Swan Lake B & B Store
McCreary Reischek's Pharmacy	Pipestone Pipestone Main Street Market	St. Laurent Depanneur Entre-Lacs	Teulon Teulon Pharmacy
Melita Liquid World	Plum Coulee Tri-Coulee Investments	St. Lazare Fafard's Place	Tolstoi Tolstoi Super Mart
Miami Westaway's Pharmacy	Plumas Plumas Stop & Shop	St. Malo St. Malo Co-operative Ltd.	Traverse Bay Traverse Bay Corner Store
Miniota Miniota C-Store	Pointe du Bois Pam's Place	St. Pierre-Jolys St. Pierre IGA	Treherne Treherne Pharmacy
Minitonas Nemetchek Enterprises (1992)	Poplarfield King Buck Inn	Ste. Agathe De'Panneur Cheyenne Convenience Store	Vassar Vassar General Store
Minto Minto Community Market	Poplarfield Groceteria (Beer only)	Ste. Anne Ste. Anne Sundries Ltd.	Vita Sunthing Special Florist & Gift Shop
Moosehorn Moosehorn Consumer Co-op Ltd.	Rapid City Rapid City Insurance Services	Ste. Rose du Lac Ste. Rose Variety Shop (2001)	Wabowden Dwyer's General Store
Morris Morris Super Variety	Rathwell Rathwell Solo & Hardware	Sandy Lake Sandy Lake Hardware	Warren Pete's General Store
Narrows The Narrows General Store	Rennie Rennie General Store (2005)	Sanford Sanford Lumber & Building Supplies	Waskada Wilbro Enterprises Inc.
Newdale Strathclair Co-Op (Newdale Branch)	Reston Reston Drugs	Sarto Sarto General Store	Waterhen Waterhen General Store
Ninette The Grocery Box	Richer Burnells Food Plus	Seven Sisters Tirschman's Esso	Wawanesa Gullett Pro Hardware
Niverville Niverville Bigway Foods	Ridgeville Ridgeville Cooperative Community Club (Beer only)	Shoal Lake Shoal Lake Pharmacy	West Hawk Lake West Hawk Lake Resort
Notre Dame Notre Dame Shopping Centre	Rivers Rivers Super Thrifty Drug Mart Ltd.	Sifton Boguski Grocery	Whitemouth Whitemouth Sundries
Nutimik Lake Nutimik Lodge	Riverton The Other Place	Snow Lake Cornerview Enterprises Ltd.	Winnipeg Beach Ford's Groceries
Oak Lake Valleyview Oak Lake Co-op	Roland Roland General Store	Somerset Somerset Lucky Dollar	Winnipegosis Winnipegosis Meat Market
Oakbank Family Fare	Rorketon Tracy's Insurance Agencies	Souris Souris Valley Foods	Woodlands Studler's Enterprises Inc.
Oakburn Oak-site Foods	Rosburn L.P.K. Enterprises	Sprague Carl's Solo Store	Woodridge Woodridge General Store

For more information about the MLCC, or to request printed copies of this annual report, please contact the Communications Department:

Telephone: **(204) 474-5656**

The 2008 Annual Report is also available online at **www.mlcc.mb.ca**



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