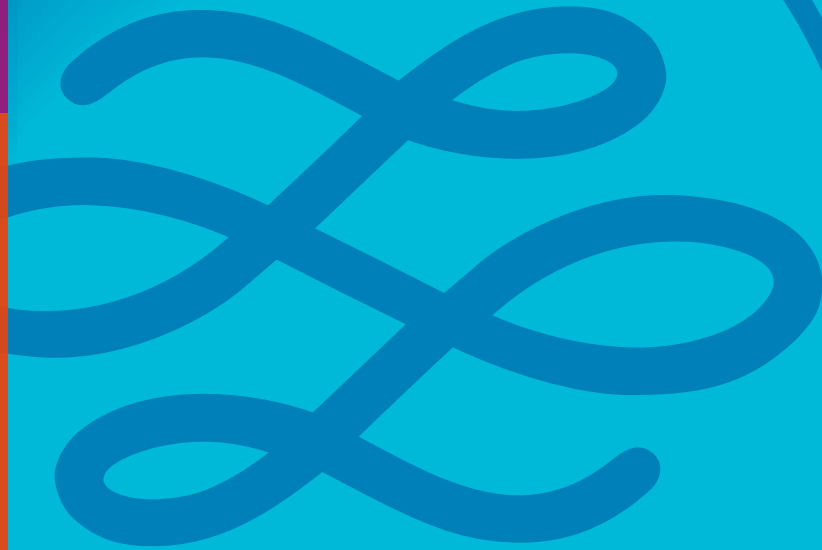


Manitoba Liquor & Lotteries

Strategic Plan 2023-2026



Manitoba Liquor & Lotteries Land Acknowledgement

Manitoba Liquor & Lotteries benefits from being on the original territories of the Anishinaabe, Cree, Oji-Cree, Dakota, Lakota, and Dene peoples, *lands now known as Treaties One through Five – and the homeland of the Red River Métis.*

We commit to respecting the Treaties made on these territories while acknowledging the harms of the past and moving forward in partnership with Indigenous communities and a spirit of reconciliation.

While we acknowledge that territorial acknowledgements are only one step in cultivating greater respect for and inclusion of Indigenous Peoples, these words will accompany actions invested in building a future and community better for all.



TABLE OF CONTENTS

MESSAGE FROM THE PRESIDENT AND CEO	4
OUR APPROACH TO STRATEGIC PLANNING	5
WHO WE ARE	6
What We Value	6
Our Purpose	7-12
SITUATION OVERVIEW	13
Enterprise	13
Gaming	14-15
Liquor	16
Cannabis	17
2023-2026 STRATEGY: EMERGING STRONGER	18
Goals	18
Goal 1: Deliver net income for Manitobans	19
Goal 2: Invest in planning, technology and continuous improvement to ensure long-term fiscal performance	20
Goal 3: Attract, develop and retain a diverse workforce by creating an engaged, enabled, and safe workplace	21
Goal 4: Evolve to meet the changing needs of our customers and partners	22
Goal 5: Deliver positive impacts to Manitoba through sustainable and responsible business efforts	23
Key Performance Measures	24
SUMMARY	25



MESSAGE FROM THE PRESIDENT AND CEO

On behalf of the Executive Team, I am pleased to present Manitoba Liquor & Lotteries' 2023-2026 Strategic Plan. Developing a strategic plan during a pandemic has shown that where there is challenge, there is also opportunity. The pandemic brought many changes to consumer behaviour, and it remains to be seen whether these changes are temporary or permanent. At the same time, the organization has been asked to continuously improve and increase efficiencies, and at every turn I am proud to say that we have been able to successfully pivot and respond.

I am confident that we will continue to meet the evolving needs of our province and ensure that our products and services are provided in a socially responsible manner. If we look to the best companies in the world, a common attribute they share is an organizational purpose that resonates with every employee. For Manitoba Liquor & Lotteries, that purpose is to Enrich the Lives of Manitobans, and you will find this at the heart of our strategic plan. When we succeed, Manitoba succeeds.

The Strategic Plan is part of Manitoba Liquor & Lotteries' strategic framework which helps us:

- **Communicate a shared purpose**
- **Provide context for our strategic direction**
- **Outline our approach to achieving our goals**
- **Ensure clear alignment with our purpose**
- **Align with Government priorities**

We have some exciting work ahead of us. The achievement of our goals will require our collective efforts. This strategic plan gives us a roadmap that brings focus and clarity to our work and, ultimately, ensures that we reach the targets we have set. Together we will make it happen.

Manny Atwal

OUR APPROACH TO STRATEGIC PLANNING

The Strategic Plan identifies Manitoba Liquor & Lotteries' strategic areas of focus for 2023-2026, and acts as a roadmap for work planning and priority setting for our employees. In short, it helps us focus our energy and resources to ensure we are all working towards common goals.



WHO WE ARE

Manitoba Liquor & Lotteries is a Crown corporation of the province of Manitoba.

Rooted in a culture of corporate responsibility, we distribute and sell liquor, provide gaming and entertainment experiences in Manitoba, and source and distribute non-medical cannabis to private retailers in the province.

Our core mandate is to provide revenue to the Province of Manitoba and support provincial programs and initiatives in areas such as health care, education, social services, housing and infrastructure.

We employ more than 3,000 people in Liquor Marts, Casinos of Winnipeg, the Shark Club Gaming Centre, our distribution centre, multi-use warehouses and corporate offices in Winnipeg and Morris.

What We Value



CARING

Everyone Matters:

We care about each other, our communities and the environment by being genuine, responsible and considerate.



COMMITTED

Keep Promises:

We take pride and ownership in making and meeting our commitments.



COLLABORATIVE

Better Together:

We work together in an open, respectful way to produce and deliver outstanding results.



CREATIVE

Courage to Explore:

We foster an environment of idea sharing, continuous learning and improvement, and push beyond what we have today to what is possible tomorrow.



CUSTOMER FOCUSED

Great Experiences:

We listen to our internal and external customers so we can anticipate, understand and respond to their needs.

OUR PURPOSE

A purpose is at the heart of every great company. It is why we are here. It remains consistent as our business changes. Our purpose is meant to engage and inspire employees, generate customer loyalty, and help chart a course towards sustainable and meaningful growth.

To Enrich the Lives of Manitobans by:



Meeting the needs of the Government by making the greatest possible contribution to the economic and social well-being of the Province of Manitoba



Anticipating the needs of customers



Enabling our employees



Engaging private sector partners and suppliers in sound business practices and mutually beneficial relationships



Supporting local communities in a way that matters to Manitobans



Meeting the needs of the Government by making the greatest possible contribution to the economic and social well-being of the Province of Manitoba

Annual dividend payment to the Province of Manitoba in support of provincial programs and initiatives related to health care, education, social services, housing and infrastructure.

- ▶ **2022/23**: Target of \$635.0 million
- ▶ **2021/22**: Target of \$570.0 million
- ▶ **2020/21**: Actuals of \$425.1 million

\$12.9 MILLION Social Responsibility funding to support responsible gambling, responsible liquor and cannabis consumption, as well as research and treatment programs (20/21)

\$133.6 MILLION to liquor and gaming partners for commissions, contributions, margins and handling fees (20/21) (\$191.2 M in 19/20)

NOTE: Where applicable, the fiscal year referenced by a statistic is included in brackets. If not specifically noted, the number is from the point in time of the publishing of this document. Where 2020/21 numbers were significantly impacted by the pandemic, 2019/20 numbers are also included for context. Updated figures will be included in the Annual Report where applicable.



Anticipating the needs of customers

Serving **547,000** customers in Liquor Marts (20/21)

Over **4,000** different beverage alcohol products available at **57 LIQUOR MARTS** and **6 LIQUOR MART EXPRESS STORES**

Over **800** new beverage alcohol products added (21/22)

93% customer satisfaction at Liquor Marts (21/22)

46 controlled entrances installed with **88%** public support (21/22)

Over **1,300** cannabis products available to retail partners

Planned return to **125** events at the Club Regent Event Centre in 22/23 (146 in 19/20)

2,008 electronic gaming machines as well as **TABLE GAMES** and **STADIUM GAMING** at **2 CASINOS** – Club Regent Casino and McPhillips Station Casino (2,427 in 19/20)

84 electronic gaming machines as well as **TABLE GAMES** at Shark Club Gaming Centre (140 in 19/20)

6,715 video lottery terminals (VLTs) across Manitoba

Serving **130,800** players on PlayNow.com online gaming website

Over **450** games available on PlayNow.com

88% of Casinos of Winnipeg customers satisfied with the casinos (21/22)

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Enabling our employees

3,015 employees

Maintain **7 COLLECTIVE AGREEMENTS**
and relations with **5 UNIONS**

2021 Your Voice Employee Survey
results*:

- ▶ **71%** employee engagement
(unchanged from 2018)
- ▶ **70%** performance enablement**
(down 2 points from 2018)
- ▶ **76%** manager effectiveness
(up 5 points from 2018)
- ▶ **81%** safety and physical work
conditions (up 9 points from 2018)

Over **28,300** training hours (21/22)
(over 42,300 in 19/20)

ENHANCED SAFETY PROGRAMS
dedicated to mental health, safe lifting
and incident prevention

86% of employees feel safer with
controlled entrances in Liquor Marts (20/21)

New hybrid work strategy:

- ▶ Approximately **600** employees plan to
work in a hybrid work arrangement
- ▶ **94%** of employees working
remotely believe they can perform
their job effectively in this way (20/21)

Diversity of our workforce (21/22):

- ▶ **51.5%** female
- ▶ **29.8%** visible minority
- ▶ **10.2%** Indigenous
- ▶ **5.4%** persons with disabilities

*Employees on temporary layoff at the time did not participate.

**Performance enablement measures employee perceptions of customer service, quality, involvement, training, and teamwork.

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Engaging private sector partners and suppliers in sound business practices and mutually beneficial relationships

233 hotel beer vendors

169 liquor vendors

8 specialty wine stores

3 duty free stores

Over **1,400** restaurant and bar locations

435 VLT business partners (342 commercial, 56 legions and 37 First Nations communities)

939 lottery ticket retailers

3 First Nations casinos

150 licensed cannabis retail stores

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Supporting local communities in a way that matters to Manitobans

\$1.5 MILLION community sponsorships & other community funding (20/21)
(**\$2.1 million** in 19/20)

Over **350** community non-profit and charitable organizations supported (20/21)
(Over 500 in 19/20)

Over **4,100** employee volunteer hours (20/21)
(Over 5,900 in 19/20)

NOTE: Where applicable, the fiscal year referenced by a statistic is included in brackets. If not specifically noted, the number is from the point in time of the publishing of this document. Where 2020/21 numbers were significantly impacted by the pandemic, 2019/20 numbers are also included for context. Updated figures will be included in the Annual Report where applicable.

SITUATION OVERVIEW

Enterprise

A sluggish economy, rising inflation, increased energy costs, disrupted supply chains, the effects of climate change, consecutive waves of COVID-19 and restrictive public health orders – the challenges facing Manitoba Liquor & Lotteries as we enter the 2022/23 fiscal year are numerous. The Corporation's commitment to invest in its systems and people has both helped it weather the storm and prepare it for new challenges. Notable among these has been the recent sharp increase in cybersecurity threats which we have countered by introducing new technologies and practices for enhanced protection across the organization.

Meanwhile, demographic pressures on our workforce (almost a third of Manitoba Liquor & Lotteries employees are eligible to retire within five years) coupled with increasing competition for skilled workers, has placed greater importance on the vibrant culture that we foster at Manitoba Liquor & Lotteries. We believe it will continue to attract the diverse and talented workforce Manitobans can be proud of.

Gaming

The pandemic continued to disrupt Gaming Operations in 2021/22 with extended closures, reduced capacity limits, public health measures, fears of infection and lower levels of disposable income. These factors combined to impact both the ability of Manitoba Liquor & Lotteries to provide gaming and entertainment experiences at casinos and VLT sites, and the desire of players to enjoy those offerings. As we begin to leave COVID-19 restrictions behind, it remains unclear how quickly our casino and VLT sites can recover to pre-pandemic levels of play.

Still, 2021/22 wasn't without its positives. First, the legalization of single event sports betting finally allows Manitoba Liquor & Lotteries to compete in this valuable segment of the gaming market. We also successfully launched stadium gaming in our casinos, which promises to grow in popularity as capacity levels return to normal. Finally, PlayNow.com continued to experience strong double-digit growth. Much of this growth is related to the pandemic and highlights the confidence level for customers to play online, which bodes well for future growth. Despite this, significant work lies ahead to maintain the competitiveness of PlayNow.com to compete against the numerous illegal options available to Manitoba players.



238%
iGaming growth including introduction of online lottery purchases in 20/21



Casino and VLT revenue rebounded in 21/22 - full recovery expected by **22/23**



PlayNow.com registrations increased **269%** in 20/21



Single-event sports betting implemented on PlayNow.com and Sportselect



PlayNow.com active players increased **179%** in 20/21



Stadium Gaming implemented in Casinos of Winnipeg and Shark Club Gaming Centre



Total gaming revenue down **-58.6%** in 20/21 due to pandemic-related closures

Liquor

Liquor retail in Manitoba continues to witness the effects of the pandemic. The trend we saw in the pandemic's first year, of shoppers entering our stores less often but buying much more each visit, continued in 2021/22. As a result, overall sales have plateaued at levels higher than those before the pandemic. We've also seen increased use of services like delivery and the new click and collect, which increased 347% in 2020/21 compared to just delivery in 2019/20 (pre-pandemic). The use of these services has declined in 2021/22 but remains much higher than before the pandemic. We've also been able to mitigate significant supply chain disruptions through anticipatory purchasing practices that ensure either sufficient stock levels or comparable product options are available for our customers.

Looking beyond the pandemic, Liquor Operations is actively investing in enhancements that will improve service to its partners and enhance the in-store experience for customers. Additionally, Manitoba Liquor & Lotteries continues to work towards the government's goal of increasing private participation in Manitoba's liquor retail market. Here, we are confident that we will find the right blend of public and private participation that not only delivers greater choice and convenience for Manitobans, but also sustainable revenue levels for the government's ongoing needs.

9.7%

growth in liquor sales in 20/21



11.2%

increase in cases shipped to Liquor Marts in 20/21



34.3%

increase in cases shipped to commercial retail partners in 20/21



347%

growth in delivery and click and collect in 20/21



Cannabis

Since the legalization of cannabis in 2018, Manitoba Liquor & Lotteries has worked hard to rapidly grow the number of cannabis retail outlets in Manitoba. As the province is approaching an optimal level of retail outlets (estimated to be between 150 and 170 stores), the strategy is meeting objectives such as providing access, reducing illicit activities, and achieving a competitive market. As well, increases in supply and product offerings have led to significant price compression and displacing the illicit market.

Going forward, Manitoba Liquor & Lotteries will support our business partners and the growth of the cannabis industry within the province with ongoing improvements to the online ordering system and an enhanced distribution model, as well as overall access to market data so that we can better understand and predict consumer trends. Manitoba Liquor & Lotteries will continue to develop its relationships with both retailers and suppliers to secure a safe supply of non-medical cannabis while continuously evolving our products, services, and processes.

On June 1, 2020, retail applications opened to the general public, accounting for 119 new retail stores and counting

150



retail stores compared to 31 in May 2020

90



suppliers on our product catalogue

2023-2026 STRATEGY: EMERGING STRONGER

Goals

As we emerge from a time of unprecedented change and challenge, the corporation must shift away from crisis management and towards planning for future success. To do that, we identified five corporate goals:

- 1. Deliver net income for Manitobans**
- 2. Invest in planning, technology and continuous improvement to ensure long-term fiscal performance**
- 3. Attract, develop and retain a diverse workforce by creating an engaged, enabled and safe workplace**
- 4. Evolve to meet the changing needs of our customers and partners**
- 5. Deliver positive impacts to Manitoba through sustainable and responsible business efforts**

Organizational Priorities, Outcomes and Measures

To support achievement of these goals, we have set organizational priorities for each goal to guide the organization in planning initiatives and activities.

For each priority, three-year outcomes have been identified to measure Manitoba Liquor & Lotteries' success by the end of the three-year strategic plan. Annual indicators were also developed to measure if we are on track throughout the duration of the plan.

Goal 1: Deliver net income for Manitobans

We enrich the lives of Manitobans by delivering net income to support provincial programs and initiatives in areas such as health care, education, social services, housing and infrastructure. Meeting the financial targets ensures proper funding is in place for those programs and the people affected by them.

Organizational Priorities		Three Year Outcomes (By March 31, 2026...)
Ensure all financial metrics are achieved for annual business plans		Annual net income of \$720 million will be delivered to the Province of Manitoba.
Improve access to products and services in:	Gaming	<p>The Lottery Retail network will be expanded to 1000 locations (including Liquor Marts).</p> <p>Two new online channels will be available for lottery product purchases (LottoSpot! app and eRetailer).</p> <p>A fully functional Playnow.com mobile app will be released.</p>
	Liquor	Liquor sales through private sector participation will increase.
	Cannabis	<p>The optimal number of cannabis retail stores will be achieved with 150-170 stores in Manitoba.</p> <p>50% of cannabis will be distributed through third-parties.</p>

Goal 2: Invest in planning, technology and continuous improvement to ensure long-term fiscal performance

Building long-term strategic capabilities is at the core of Manitoba Liquor & Lotteries long-term enterprise plan. Significant efforts are being made to improve processes, pursue efficiencies, and invest in technology that allows us to offer the highest levels of service with the lowest effort to our customers, channel partners, and employees.

Organizational Priorities	Three Year Outcomes (By March 31, 2026...)
Modernize technology	100% of Information Technology projects will be represented in the Technology Roadmap plan.
Implement continuous improvement (CI)	A baseline for tracking savings in time, cost or quality will be set.
Improve strategic planning and capacity management	80% of initiatives planned for the year in the performance dashboard will be completed on time and on budget.
Review liquor supply chain and pricing model	A robust wholesale pricing and retail pricing model will be in place.

Goal 3: Attract, develop and retain a diverse workforce by creating an engaged, enabled and safe workplace

Employees are our greatest resource and core to achieving our strategic goals. Their safety and health continues to be top of mind in the wake of the COVID-19 pandemic and its lingering effects on physical and mental health. Our focus is on enabling a healthy, diverse, productive and inclusive workplace, whether in-person or virtually, where all employees feel valued, engaged and safe.

Organizational Priorities	Three Year Outcomes (By March 31, 2026...)
Focus on diversity, equity & inclusion (DE+I)	<p>The workforce will reflect the diversity of the Manitoba population by meeting or exceeding employment equity group targets.</p> <p>The representation of equity groups in management positions will increase.</p> <p>The percentage of employees who feel a sense of belonging will increase to 75% (from 72% in 2021 survey).</p>
Focus on employee safety & wellness	<p>Workplace safety incidents will be reduced to 10 incidents per 100,000 hours worked (from target of 12.1 in 21/22).</p>
Prioritize employee attraction, retention & recognition	<p>Employee Engagement will increase to 75% (from 71% in 2021 survey).</p> <p>The percentage of employees who feel valued will increase to 64% (from 58% in 2021 survey).</p>

Goal 4: Evolve to meet the changing needs of our customers and partners

Searching for new and innovative ways to support our customers and partners is a key focus area. Not only understanding what these groups are looking for today, but keeping an eye towards the future to ensure Manitoba Liquor & Lotteries can continue to adapt to their expectations and stay competitive in changing business environments

Organizational Priorities	Three Year Outcomes (By March 31, 2026...)
<p>Enhance customer experience and engagement by aligning offerings with the changing needs of customers</p>	<p>Customer satisfaction targets will be achieved:</p> <ul style="list-style-type: none"> • Liquor Marts – Maintain 90% • Casinos – 2% over 22/23 baseline • Lottery – 2% over 22/23 baseline • VLT sites – 5% over 22/23 baseline • PlayNow.com – 5% over 22/23 baseline <p>(Note: Targets will be re-evaluated after baselines are established)</p>
<p>Support business partners</p>	<p>Partner satisfaction targets will be achieved – 2% over 21/22 baselines for:</p> <ul style="list-style-type: none"> • Liquor channel partners • Cannabis retailers • VLT siteholders • Lottery retailers





Goal 5: Deliver positive impacts to Manitoba through sustainable and responsible business efforts

We work to enrich the lives of Manitobans through strong corporate governance, socially and environmentally responsible business practices and by providing support for local communities. These contributions are enhanced by effectively delivering on our mandate of providing liquor, gaming and cannabis products and experiences in a socially responsible manner while supporting the regulatory efforts of the LGCA and Provincial Government.

Organizational Priorities	Three Year Outcomes (By March 31, 2026...)
Deliver on Truth and Reconciliation Commission Calls to Action	<p>Indigenous representation among employees and management will increase.</p> <p>100% of employees and leaders will have completed education related to the history of Indigenous people.</p>
Minimize environmental impacts	Greenhouse Gas Emissions will be reduced by 21% from the 2017 base year.
Increase awareness of Manitoba Liquor & Lotteries' contributions to the Province	<p>Public awareness targets will be achieved – 8% over 21/22 baselines for:</p> <ul style="list-style-type: none"> • Percentage of Manitobans who value Manitoba Liquor & Lotteries' economic contributions to the province. • Percentage of Manitobans who agree they would speak favourably about Manitoba Liquor & Lotteries. • Percentage of those who consume alcohol in Manitoba who are aware of the DrinkSense program. • Percentage of gamblers in Manitoba who are aware of the GameSense program.

Key Performance Measures

Manitoba Liquor & Lotteries has identified key performance measures for each goal. Key performance measures are metrics that are monitored and reported on throughout the year to ensure the Corporation is on track to achieve its goals.

Government Priority	Goal	Key Performance Measures
 <p>Value for Money</p>	1. Deliver net income for Manitobans	<ul style="list-style-type: none"> • Net income actual vs net income budget
 <p>Working Smarter</p>	2. Invest in planning, technology and continuous improvement to ensure long-term fiscal performance	<ul style="list-style-type: none"> • Percentage of annual capital commitments expended • Number of continuous improvement initiatives completed and in progress
 <p>Public Service</p>	3. Attract, develop and retain a diverse workforce by creating an engaged, enabled, and safe workplace	<ul style="list-style-type: none"> • Percentage of employees in each equity group: <ul style="list-style-type: none"> - Female - Visible minority - Indigenous - Persons with disabilities • Number of safety incidents per 100,000 hours worked
 <p>Quality of Life</p>	4. Evolve to meet the changing needs of our customers and partners	<ul style="list-style-type: none"> • Customer satisfaction scores in gaming and liquor • Percentage of customers who feel safe in facilities <ul style="list-style-type: none"> - Liquor Marts - Casinos • Partner satisfaction scores
	5. Deliver positive impacts to Manitoba through sustainable and responsible business efforts	<ul style="list-style-type: none"> • Percentage of Manitobans that value Manitoba Liquor & Lotteries' economic contributions to the Province • Percentage of Manitobans who agree they would speak favorably about Manitoba Liquor & Lotteries • Percentage of gamblers in Manitoba who are aware of the GameSense social responsibility program • Percentage of those who consume alcohol in Manitoba who are aware of the DrinkSense social responsibility program • Percentage of mandate and framework letter commitments completed

SUMMARY

This chart visualizes our strategic plan. Ultimately, the success of the plan relies on the collaboration, creativity, communication, commitment and customer focus of everyone at Manitoba Liquor & Lotteries. More than ever, we have proven that when we work together to emerge stronger, we can fulfil our company’s purpose:

To Enrich the Lives of Manitobans.

Emerging Stronger

1. Deliver net income for Manitobans

- Ensure all financial metrics are achieved for annual business plans
- Improve access to products and services in all lines of business

2. Invest in planning, technology and continuous improvement to ensure long-term fiscal performance

- Modernize technology
- Implement continuous improvement
- Improve strategic planning and capacity management
- Review liquor supply chain and pricing model

3. Attract, develop and retain a diverse workforce by creating an engaged, enabled, and safe workplace

- Focus on diversity, equity & inclusion
- Focus on employee safety & wellness
- Prioritize employee attraction, retention & recognition

4. Evolve to meet the changing needs of our customers and partners

- Enhance customer experience and engagement by aligning offerings with the changing needs of customers
- Support business partners

5. Deliver positive impacts to Manitoba through sustainable and responsible business efforts

- Deliver on Truth and Reconciliation Commission Calls to Action
- Minimize environmental impacts
- Increase awareness of Manitoba Liquor & Lotteries’ contributions to the Province



MANITOBA
**LIQUOR
& LOTTERIES**

