



Manitoba Liquor and Lotteries Corporation

2021-22 Corporate Business Plan

Table of Contents

Mandate & Strategic Direction	2
➤ Mandate	3
➤ Strategic Direction	4
➤ Corporate Values	8
Operating Environment	9
➤ About Manitoba Liquor & Lotteries	9
➤ Social Responsibility	10
➤ External Operating Environment	10
➤ Financial / Operational Risks and Opportunities	12
Financial Budgets & Forecasts	15
➤ Summary of Financial Results	15
➤ Key Planning Assumptions	16
➤ Sensitivity Analysis	16
Capital Plan	17
Human Resources	18
➤ Staffing Summary	18
➤ Management Structure	18

Mandate & Strategic Direction

The Manitoba Liquor and Lotteries Corporation Act states:

The purposes of the corporation are:

- (a) to sell liquor;
- (b) to buy liquor, and bring liquor into Manitoba, for sale in Manitoba;
- (c) to conduct and manage lottery schemes;
- (c.1) to acquire cannabis and sell it to operators of cannabis stores for resale;
- (d) to carry out functions relating to lottery schemes, liquor and cannabis conferred on it under this Act; and
- (e) to conduct or fund initiatives that promote responsible gaming and responsible liquor and cannabis consumption.

In addition to the purposes outlined above, the Minister of Crown Services issues mandate letters to the Board Chair of Manitoba Liquor and Lotteries Corporation (Manitoba Liquor & Lotteries or the Corporation). These letters, formally called framework letters, can be found at the following location:

<https://gov.mb.ca/government/proactivedisclosure/ministerials.html>

Manitoba Liquor & Lotteries is committed to encouraging the responsible use of its products and services and is required to allocate 2% of annual anticipated consolidated net income and comprehensive income to social responsibility initiatives.

➤ **Mandate**

The Board of Directors of the Corporation received its current mandate from the Minister of Crown Services in early 2019. A detailed summary of progress against the mandate is included in the 2019-20 Annual Report (see link below).

https://www.mbl.ca/sites/mbl_corporate_2/files/pamphlets/pdf/ar_mbl_final_2019-2020.pdf

Highlights accomplished to date include:

Staffing efficiencies

- Management structure reviewed and levels reduced
- Headcount reductions achieved
- Compensation agreements and executive compensation reviewed to align with government policies and practices

Gaming review and capital spending

- Pause on gaming expansion
- Capital spending limited to previously approved and committed or safety/security investments

Liquor business

- New opportunities identified for private sector participation in retail and distribution
- Shared purchasing model with other provinces explored
- Manitoba's craft brewing policies revised to include a zero percent markup eligibility to assist with expansion of the craft brewing industry

Cannabis progress

- Phase II non-medical cannabis retail strategy executed

Procurement practices

- Joint government procurement process partnership to support "whole of government" approach, ensuring transparency and alignment to trade agreements

Respectful workforce

- Respectful workplace policies updated and training on policies completed
- Annual education and awareness training supporting reconciliation with Indigenous communities developed and delivered

During the 2021-22 year, the Corporation will be focused on assisting the government in considering greater private participation in the liquor market in Manitoba, implementing the Phase III Cannabis Retail program, and in further synergizing with "whole of government" initiatives such as centralized procurement, advertising & sponsorship reductions, and continuing to reduce red tape.

➤ **Strategic Direction**

Purpose

To Enrich the Lives of Manitobans by:

- Meeting the needs of the shareholder by making the greatest possible contribution to the economic and social well-being of the Province of Manitoba;
- Anticipating the needs of Customers;
- Responding to the needs of Employees;
- Engaging private sector partners and suppliers in sound business practices and mutually beneficial relationships; and
- Supporting local communities in a way that matters to Manitobans.

Priority Areas

Manitoba Liquor & Lotteries has recognized that the Corporation would be successful when focused on three priority areas of development and work aligning with these priorities will be reflected in each of the goals:

- Enabling and Modernizing Technology
- Focusing on Employees
- Evolving with Customers and Partners

Goals & Performance Measures

The Corporation's goals are intended to support all stakeholders and have been developed, along with performance measures, in order to achieve Manitoba Liquor & Lotteries' purpose.

Goals	2021-22 Performance Measures
1. Deliver net income.	<ul style="list-style-type: none"> Delivered the net income target of \$570 million
2. Build strategic capabilities to ensure long-term fiscal sustainability.	<ul style="list-style-type: none"> Published the three-year strategic plan Implemented improvements to the strategic business planning process Implemented a portfolio management software to enhance initiative planning Established a framework for monitoring plan performance Implemented a corporate review of enterprise resource planning systems
3. Attract, develop and retain talent by creating an engaged, enabled, diverse and safe workplace.	<ul style="list-style-type: none"> Growth in underrepresented groups including in management positions is achieved 100% of eligible employees receive an Annual Performance Summary Achieved a 10% reduction in safety incidents per 100,000 hours worked Remote work model initiated
4. Increase value to Manitobans: <ul style="list-style-type: none"> Public Partners Customers Government 	<p>Public:</p> <ul style="list-style-type: none"> 2-point increase in percentage of Manitobans that value Manitoba Liquor & Lotteries' support for community events across the Province 2-point increase in percentage of Manitobans that value Manitoba Liquor & Lotteries' economic contributions to the Province 5-point increase in percentage of gamblers in Manitoba who are aware of the GameSense social responsibility program 5-point increase in percentage of those who consume alcohol in Manitoba who are aware of the DrinkSense social responsibility program <p>Partners:</p> <ul style="list-style-type: none"> Set 2021-22 survey benchmarks for: <ul style="list-style-type: none"> VLT siteholder satisfaction Liquor channel partner satisfaction Lottery retailer satisfaction Cannabis retailers <p>Customers:</p> <ul style="list-style-type: none"> Achieved 85% customer satisfaction in all lines of business Set baseline for customer experience in all digital channels <p>Government:</p> <ul style="list-style-type: none"> Achieved 100% of mandate and framework letter commitments Provided reports and updates to government departments by applicable deadlines

Enrich the Lives of Manitobans by: Redefining what's possible

Enabling and Modernizing
Technology

Focusing on Employees

Evolving with Customers and
Partners

1. Deliver net income

2. Build strategic capabilities to ensure long-term fiscal sustainability

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

4. Increase value to Manitobans;

- Public
- Partners
- Customers
- Government

By the end of 2021-22, MBLL will have delivered the net income target of \$570 M

By the end of 2021-22, MBLL will have meaningfully improved the strategic business planning process

By the end of 2021-22, MBLL will have taken steps towards increasing the percentage of employees who think Manitoba Liquor & Lotteries is a great place to work

By the end of 2021-22, MBLL will have increased value for Manitobans

Key Initiatives

Initiatives are the projects or activities that Manitoba Liquor & Lotteries invests time and resources towards to accomplish its corporate goals. Below are some examples of key initiatives planned for the year that will contribute to the goals and outcomes above.

Initiatives	Outcomes
VLT Replacement Program	<ul style="list-style-type: none"> • Maximize sustainable net income within the VLT business segment • Maintain customer engagement and satisfaction • Replacement within the network of a portion of the VLTs that are at the end of their useful life
Liquor Pricing Modernization	<ul style="list-style-type: none"> • Improved pricing structures that support increased profitability and stakeholder satisfaction • Building blocks to support increased private participation in the liquor industry
Cannabis Online Product Catalogue	<ul style="list-style-type: none"> • Enable retail customers to view product information and order products through an internet application to support an increasing numbers of retailers • Increased partner satisfaction • Reduced manual processes
Development Plans for Individuals from Designated Employee Diversity Groups	<ul style="list-style-type: none"> • Engagement and retention of targeted diversity groups to align with Government guidelines for Manitoba public service
Remote Work Strategy	<ul style="list-style-type: none"> • Reduced real estate holdings and related occupancy costs through sale of Buffalo Place office and warehouse location • Reduced travel reimbursement costs and lost productivity related to inter-office travel • Reduced environmental footprint (reduced offices and travel requirements) • Improved employee engagement and productivity through leveraging of technology solutions to enable better collaboration • Support employee work life balance and flexibility • Reduced absenteeism • Reduced employee contact and risks of communicable disease transmission
Security Firewall Replacement	<ul style="list-style-type: none"> • Enhanced cyber security • Improved resilience and availability of internet access
Technology Stabilization Program	<ul style="list-style-type: none"> • Stay current with critical maintenance and software patches • Improved stability and capacity of Manitoba Liquor & Lotteries' workstations and infrastructure • A secure network

➤ **Corporate Values**

Manitoba Liquor & Lotteries' core values are the foundation of its culture:



CARING

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



COLLABORATIVE

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



COMMITTED

Keep Promises – We take pride and ownership in making and meeting our commitments.



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.

Operating Environment

➤ About Manitoba Liquor & Lotteries

Manitoba Liquor & Lotteries is a provincial Crown corporation with a core mandate to provide revenue to the Province of Manitoba to support provincial programs and initiatives such as health care, education, social services, housing and infrastructure. The Corporation is responsible for the sale of liquor and gambling products and the supply and distribution of non-medical cannabis in Manitoba using a sustainable and socially responsible approach. All liquor, gaming and cannabis sold by private retailers and other businesses in Manitoba is purchased through Manitoba Liquor & Lotteries.

The Government of Manitoba has overall control over gaming in Manitoba in accordance with the requirements of the Criminal Code of Canada and has appointed Manitoba Liquor & Lotteries to act as its agent in the Conduct and Management of the gaming regime. Within this authority, the Corporation operates Club Regent Casino, McPhillips Station Casino, a network of Video Lottery Terminals (VLTs), and online gaming through PlayNow.com. Through a selection process, the Government has provided certain First Nations the opportunity to operate casinos. In addition, the Government has provided TN Arena Limited Partnership the opportunity to establish the Shark Club Gaming Centre. Manitoba Liquor & Lotteries maintains the Conduct and Management authority over these gaming activities.

Manitoba Liquor & Lotteries is the exclusive supplier of breakopen tickets and bingo paper in Manitoba; and distributes and sells lottery tickets at lottery retailers across Manitoba in partnership with the Western Canada Lottery Corporation (WCLC) and the Interprovincial Lottery Corporation (ILC).



The Corporation distributes beverage alcohol through a provincial retail network that includes Liquor Mart and Liquor Mart Express locations operated by Manitoba Liquor & Lotteries, as well as privately-owned beer vendors, specialty wine stores, privately-owned liquor vendors located throughout rural Manitoba, and duty-free stores. Manitoba Liquor & Lotteries also supplies liquor products to licensees across Manitoba.

The Corporation supplies and distributes non-medical cannabis in Manitoba to the privately-owned retail network of stores.

➤ **Social Responsibility**

The Manitoba Liquor and Lotteries Corporation Act requires Manitoba Liquor & Lotteries to allocate 2% of annual anticipated consolidated net income and comprehensive income to social responsibility initiatives.

This commitment to social responsibility is fulfilled in several ways. Extensive information is available to consumers on how to use Manitoba Liquor & Lotteries' products in a low risk, responsible way to ensure those who choose to consume these products have positive experiences. Social responsibility considerations are incorporated into many corporate, gambling, liquor and marketing initiatives each year. Funding support is provided to organizations such as the Addictions Foundation of Manitoba and Community Financial Counselling Services that provide programs related to liquor and gambling addictions services, education and financial planning. Funding is also allocated for research aimed at evaluation and improvement of social responsibility programs as well as understanding how consumers interact with liquor and gambling products.

➤ **External Operating Environment**

The information provided in this section is based on data available at the time of writing and is subject to change due to the continued and evolving nature of the situation.

The novel strain of coronavirus (COVID-19) has had a significant impact on Manitoba Liquor & Lotteries' operating environment. After the first cases of COVID-19 were announced in Manitoba, the Province declared a state of emergency on March 20, 2020. All non-essential businesses were closed to limit the spread of the virus, including casinos, VLT lounges and bars, while restaurants were limited to take-out and delivery. The first lockdown lasted for several months with phased reopening in May, June and July 2020. With cases increasing sharply in the fall, non-essential businesses were closed again on November 12, 2020 until the new year. When casinos and VLT lounges open again, social distancing and capacity limits are expected to remain in place for some time.

The sale of alcohol and cannabis products are considered essential services and continue to operate with additional cleaning and social distancing requirements to protect staff and customers. Although liquor sales have recorded strong growth during the pandemic, the increase

is not expected to be sustainable and sales are expected to return to normal levels when consumers have more entertainment options available. Further, the Canadian Chamber of Commerce predicted in October 2020 that up to 60% of the country's food service businesses could fail by the end of 2020.¹ As these businesses account for many of Manitoba Liquor & Lotteries' licensee partners, this could have a significant long-term impact on overall liquor sales and distribution.

Distribution of a vaccine in Manitoba began in December 2020. Only 40-50% of Canadians are expected to be vaccinated by June 2021, with the remainder to be administered through the last six months of 2021.²

At the start of the pandemic in early March 2020, entire sectors of the Canadian economy were shuttered; more than three million Canadians lost their jobs through April 2020 and even more had their hours reduced. By November 2020, Manitoba's unemployment rate improved to 7.4%; below Canada's rate of 8.5%, but still worse than November 2019 (5.6%).³

Manitoba's real gross domestic product (GDP) is expected to fall 4.6% in 2020, better than Canada as a whole (-5.8%). Despite this, Manitoba's economy is only expected to grow by 4.2% in 2021, behind the forecasted national rebound of 4.6%. Manitoba's full recovery is expected to be delayed until 2022.⁴

Liquor and gaming revenue are strongly correlated to disposable income and GDP but are susceptible to external factors. Gaming revenue declined much more sharply than GDP when the pandemic forced casinos and VLT sites to close multiple times or operate at a limited capacity. Looking forward, it remains difficult to predict the gaming landscape for the next several years until the pandemic is brought under control and the economy recovers. In contrast, liquor sales have grown since the start of the pandemic, despite GDP declining for the year. For the near future, it is likely liquor revenues will also not correlate with economic factors.

The sale of non-medical cannabis was legalized on October 17, 2018. The two types of cannabis products that were initially legalized for sale were dried flower and ingestible oils. On October 17, 2019, the Cannabis Regulations were updated to expand the range of legal cannabis products allowed to include popular categories such as vapes, edibles, concentrates and topicals. These products were made available for purchase across Canada in December 2019.

On June 1, 2020, the process opened for the general public to apply for a cannabis retailing license in Manitoba. The province had 56 retail stores at the end of December 2020, a significant increase from the 29 stores open at the same time in 2019.

¹ [Canada's restaurants and bars need forgivable loans to survive; The Star, Oct. 13, 2020](#)

² [2nd stage of COVID-19 vaccination should target those most likely to spread the virus, say some experts; CBC News, Dec. 14, 2020](#)

³ [Labour Force Survey, November 2020; Manitoba Bureau of Statistics, Dec. 4, 2020](#)

⁴ Survey of Economic Forecasts; Manitoba Finance, Jan. 8, 2021

With extremely tight travel restrictions, closures to most out-of-home entertainment (sporting events, concerts, movies, casinos, etc.), reduced shopping, and many people forced to work from home, there has been a massive move to online commerce. Manitoba Liquor & Lotteries' online gaming platform, Playnow.com has seen significantly more traffic since the start of the pandemic. The Corporation's liquor home delivery operations have also expanded significantly through the year and click-and-collect at Liquor Marts was implemented in November 2020.

Consumers continue to look for healthier choices. This is apparent in the growing interest in low-alcohol and no-alcohol products. Analysts believe that as consumers move towards the adoption of healthier products, the low and no alcohol market will become one of the fastest growing segments in some categories. It is also anticipated the interest in mocktails will increase as part of the trend toward moderation and sobriety among younger, health-conscious consumers.

➤ **Financial / Operational Risks and Opportunities**

A regular review process identifies risks and opportunities that may have a significant impact on operations at Manitoba Liquor & Lotteries. These include risks and opportunities for the Corporation as a whole, as well as those that are associated with a particular line of business.

Corporate Risks and Opportunities

The COVID-19 pandemic has significantly impacted Manitoba Liquor & Lotteries' business operations as well as the economy. Any further closures or social-distancing requirements will have a direct impact on casino and VLT operations, as well as an indirect impact through potential closures of corporate partners (liquor licensees/vendors, cannabis retailers, VLT siteholders) and erosion of GDP and disposable income. Negative impacts to employees must also be considered including safety, mental health, management, collaboration and professional development.

As a Crown Corporation, the purposes of Manitoba Liquor & Lotteries are stated in relevant legislation. Should there be changes to statutes, regulations and government priorities, this may impact the organization's goals, objectives, and plans.

As cyber threats continue to evolve and become more sophisticated, there is a risk to the Corporation's operations and reputation. The risk associated with cyber threats increases as technology becomes more prevalent. The pandemic resulted in a rapid adoption of digital workplace technologies and cyber related threats have been on the rise with the increase of employees working remotely.

A long-term remote work strategy is being planned, leveraging the technology improvements and learnings experienced during the pandemic. Other opportunities have been identified to improve efficiencies and increase net income through process improvements, technological advancements and consolidation of technology infrastructure to support continual improvement efforts.

Liquor

Liquor operations is faced with risks associated with capacity requirements, ensuring processes are as updated as possible, and the continual need to move from manual to automated processes. Strategic opportunities to modernize liquor distribution and retail must be considered to mitigate these risks.

Responding to changes in consumer preferences and expectations is essential to the viability of the products offered by the organization. There is a risk that these changes may not be identified due to challenges associated with monitoring and predicting customer behaviour. As a mitigation strategy, data analytics will be leveraged to effectively manage customer information or to increase productivity and efficiency. The development of consumer interest in the no/low alcohol category and interest in Manitoba craft beer are opportunities for liquor operations. Further leveraging Manitoba Liquor & Lotteries' channel partners through improved collaboration provides opportunities for growth of commercial sales.

Liquor operations has historically maintained a Liquor Mart store development program to ensure the retail environment in which it operates reflects industry best practices through improvements that support superior customer service and the application of operational efficiencies. Data collected through regular surveys indicate high customer satisfaction levels with the Liquor Mart brand, which is built on physical assets and service promises. There is a relationship between purchase behaviour and consumer sentiment regarding the overall look and feel of the stores in which they shop.

Recent advances in technology, customer expectations, and most recently the COVID-19 pandemic, have caused retailers to quickly pivot to offer goods & services through online channels rather than bricks and mortar stores. Through the COVID-19 pandemic came increased demand for liquor home delivery services. Short-term solutions were implemented to keep up with demand, but development of a robust e-commerce solution would best meet customer expectations and support long-term growth.

Liquor regulation changes can present new opportunities including private sector participation and interprovincial alcohol purchasing. Unlike most provinces, Manitoba has no restrictions on the importation of beverage alcohol across provincial lines. The removal of trade barriers in other provinces and territories would present both risks and opportunities for Manitoba as cross-jurisdictional competition in beverage alcohol would increase as a result.

Gaming & Entertainment

Gaming & Entertainment operations will bear the majority of the risk related to the COVID-19 pandemic due to closures, capacity restrictions and reduced product offerings. The future gaming landscape will remain uncertain until the pandemic is brought under control and the economy recovers.

Gaming & Entertainment operations are heavily reliant on third party suppliers for key offerings. Should these parties express an inability or unwillingness to provide innovative products that align with consumer preferences, this will negatively impact operations. This risk is mitigated through maintaining good relationships with vendors and eliciting regular discussions regarding product and technology roadmaps to discover emerging trends in products.

Challenges also exist around monitoring and predicting customer behaviour and the ability to identify consumer preferences. These challenges could lead to decisions regarding products and services that are not in line with changing consumer choices and expectations. Cross-jurisdictional meetings with other Canadian gaming entities and leveraging data analytics from the customer loyalty program are tools used to gain insights into consumer preferences.

The gaming market in which the organization operates is mature and a sustainable business model involves broadening product and event awareness across all demographic groups as well as continually refreshing product offerings to meet the expectations of customers. Single event sports wagering legislation has recently been introduced at the federal level, which could open the possibility of legal sports wagering facilities being established in Manitoba, offering an opportunity for revenue and new customer development.

Legal online gaming in Manitoba has steadily grown since its inception in 2013 and throughout the COVID-19 pandemic, when other gaming options were not available, the demand increased substantially. This increased awareness of the online gaming product category can be leveraged to find opportunities to maintain these customers through the development of new, and the enhancement of existing, product offerings.

Cannabis

As the cannabis industry continues to evolve and mature, the Cannabis line of business actively monitors the external environment, leveraging retail, channel partner, other jurisdictions and customer sources of data and expertise.

The primary factor for increased sales will be lower prices at retail as legal retail prices remain high compared to the illicit market, which is reducing the attractiveness of the legal channel to consumers. On June 1, 2020 retail applications opened to the general public for Phase 3 Retail. Many applications have been received and 23 additional retailers had been licensed as at December 31, 2020. Legal cannabis sales will increase in Manitoba as additional suppliers and retailers drive down prices.

New product categories (edibles, extracts and topicals) were introduced in December 2019. The continued increase in availability of these new products along with the expansion of the retail network in Manitoba should result in overall growth in this industry.

Financial Budgets & Forecasts

➤ Summary of Financial Results

Manitoba Liquor & Lotteries (\$000s)	2019-20 Actuals	2020-21 Forecast	2021-22 Budget
Revenue	\$ 1,462,304	\$ 1,208,266	\$ 1,409,580
Cost of sales	(577,012)	(563,731)	(590,637)
	885,292	644,535	818,943
Operating expenses	(236,276)	(196,132)	(227,796)
Depreciation and amortization	(66,707)	(47,665)	(50,553)
Goods and Services Tax	(6,784)	(4,943)	(5,838)
	(309,767)	(248,740)	(284,187)
Operating Income	575,525	395,795	534,756
Share of profit of Western Canada Lottery Corporation	62,041	56,789	63,688
Interest expense on long-term debt	(13,774)	(13,065)	(12,988)
Interest income	1,091	758	969
Income Before Allocations and Payments	624,883	440,277	586,425
Allocations and payments	(18,581)	(19,177)	(16,425)
Net Income and Comprehensive Income and Total Allocation to the Province of Manitoba	\$ 606,302	\$ 421,100	\$ 570,000

The primary driver for Manitoba Liquor & Lotteries' 2021-22 budgeted net income is the COVID-19 pandemic and the associated impact to operations. It is forecasted that Manitoba Liquor & Lotteries' net income for 2020-21 will be below budget and last year due to the pandemic closures of casinos and VLT locations for a significant portion of the year, and increased requirements for personal protective equipment and cleaning supplies at Liquor Marts, distribution centres and corporate offices.

The 2020-21 forecast and 2021-22 budget have been developed based on data available at the time of writing and are subject to change due to the continuing and evolving nature of the COVID-19 pandemic.

➤ Key Planning Assumptions

The 2021-22 Corporate Business Plan is based on the following assumptions. If these assumptions do not hold true, Manitoba Liquor & Lotteries will need to adjust its plans accordingly.

- With social distancing requirements in place:
 - the Casinos of Winnipeg will be allowed to operate at a minimum of 65% of normal slot floor capacity and table games offerings will be at 44% of normal operations
 - the VLT network will operate with a minimum of 70% of the VLT machines operational.
- There are no further public health orders in Manitoba requiring closures of the Corporation's lines of business or increased social distancing measures that decrease budgeted operational capacity.
- There are no other major economic disruptions or major environmental catastrophes.
- Manitoba's inflation will return to pre-pandemic levels, between 2.0 - 2.5% annually.
- The capital program will proceed as planned, without significant interruptions or delays.
- Current partnerships with existing stakeholders will continue without significant change.
- There will be no major unanticipated changes in legislation relating to Manitoba Liquor & Lotteries' lines of business.

➤ Sensitivity Analysis

The preparation of the annual budget includes analysis of current trends as well as adjustments for planned projects and initiatives that may affect revenue or expenses. For more information on major capital projects, please see the capital plan section.

Budgeting and business planning at Manitoba Liquor & Lotteries involves multiple assumptions regarding the expected growth rate of revenues and expenses. The following table outlines the sensitivity of net income to a 1% change in the items outlined:

1% Change in:	Impact on 2021-22 Budgeted Net Income
Revenue	± \$14.1 million
Cost of Sales	<u>± \$5.9 million</u> ± \$8.2 million
Operating Expenses	± \$2.3 million
Depreciation, Amortization, GST and Interest	± \$0.7 million

Capital Plan

Summary of Capital Expenditures					
(\$000s)	Actual 2019-20	Forecast 2020-21	Budget		
			2021-22	2022-23	2023-24
Regular Capital Program					
Information Technology (IT)	\$ 4,491	\$ 4,190	\$ 6,844	\$ 4,423	\$ 1,650
Operational Equipment	3,285	2,534	1,540	1,555	1,369
Casinos HVAC Replacement	682	10,000	13,700	-	-
Other Necessary Maintenance - Facilities	-	855	500	-	-
Liquor Store Renovations & Development	600	-	-	15,265	10,904
Casino Renovations	-	-	-	5,000	13,000
Specialized Equipment - Gaming	-	-	11,000	33,780	34,335
Corporate Footprint Reduction	-	-	5,234	-	-
Previously Approved Continuing Projects	15,962	15,987	24,301	-	-
First Nations Capital Program					
IT Windows 10 Compliance	-	-	1,400	-	-
Specialized Equipment - Gaming	-	-	1,250	2,085	2,085
Total	\$ 25,020	\$ 33,566	\$ 65,769	\$ 62,109	\$ 63,343

The 2021-22 Regular Capital Program primarily consists of funding for the completion of projects having contractual obligations and other projects that are required for the necessary maintenance, safety and security of Manitoba Liquor & Lotteries' facilities, equipment, infrastructure, systems, employees and customers. Other projects include the development of liquor online wholesale and retail solutions and an opportunity to reduce the Corporation's real estate footprint as a result of a long-term working remotely strategy introduced based on the learnings of the COVID-19 pandemic.

No budgeted requirements for liquor store development or casino renovations have been included at this time.

The 2021-22 First Nations Capital Program consists of funding for necessary maintenance to the casino management system to become compliant with the Windows 10 operating system as well as amounts for regular replacement of gaming equipment that is fully depreciated and underperforming. All costs associated with these capital projects are fully recoverable (including interest) from the First Nations Casinos.

Human Resources

➤ Staffing Summary

Manitoba Liquor & Lotteries provides employment to more than 3,000 full-time, part-time and casual employees throughout the province of Manitoba. These employees are members of the executive team, fulfill management roles and include employees and front-line staff required to appropriately service the Corporation's customers.

Full Time Equivalents (FTEs)	2019-20	2020-21	2021-22
	Actuals	Forecast	Budget
Executive	10	8	
Management	117	107	
Employees	1922	1893	
Total	2049	2008	1964

More than 88% are unionized and are represented by 5 unions which operate under 7 collective agreements. There were two collective agreements in negotiations in 2020, with three more pending. The remaining agreements are set to expire between March and June of 2022.

Salaries & benefits are budgeted to increase in 2021-22 to \$154.4 million from the 2020-21 forecast of \$134.8 million. This increase is due to the partial return of salaries & benefits to levels required to support the re-opening of casino operations for the full year at the anticipated reduced capacity levels. Salaries & benefits and FTE counts will be managed through a formal vacancy management program; a focus on operational efficiencies; and a review of spans of control and layers of supervision to ensure an optimized workforce complement to meet operational requirements.

➤ Management Structure

Manitoba Liquor & Lotteries is overseen by a Board of Directors consisting of at least six and not more than ten Board members recommended by the Minister of Crown Services and appointed by the Lieutenant Governor in Council.

The organizational structure as at March 2021 is as follows:

