

**First Session – Forty-First Legislature**  
**of the**  
**Legislative Assembly of Manitoba**  
**Standing Committee**  
**on**  
**Crown Corporations**

*Chairperson*  
*Mrs. Colleen Mayer*  
*Constituency of St. Vital*

**Vol. LXIX No. 3 - 1 p.m., Friday, October 21, 2016**

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**MANITOBA LEGISLATIVE ASSEMBLY**  
**Forty-First Legislature**

<b>Member</b>	<b>Constituency</b>	<b>Political Affiliation</b>
ALLUM, James	Fort Garry-Riverview	NDP
ALTEMEYER, Rob	Wolseley	NDP
BINDLE, Kelly	Thompson	PC
CHIEF, Kevin	Point Douglas	NDP
CLARKE, Eileen, Hon.	Agassiz	PC
COX, Cathy, Hon.	River East	PC
CULLEN, Cliff, Hon.	Spruce Woods	PC
CURRY, Nic	Kildonan	PC
DRIEDGER, Myrna, Hon.	Charleswood	PC
EICHLER, Ralph, Hon.	Lakeside	PC
EWASKO, Wayne	Lac du Bonnet	PC
FIELDING, Scott, Hon.	Kirkfield Park	PC
FLETCHER, Steven, Hon.	Assiniboia	PC
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GERRARD, Jon, Hon.	River Heights	Lib.
GOERTZEN, Kelvin, Hon.	Steinbach	PC
GRAYDON, Clifford	Emerson	PC
GUILLEMARD, Sarah	Fort Richmond	PC
HELWER, Reg	Brandon West	PC
ISLEIFSON, Len	Brandon East	PC
JOHNSON, Derek	Interlake	PC
JOHNSTON, Scott	St. James	PC
KINEW, Wab	Fort Rouge	NDP
KLASSEN, Judy	Kewatinook	Lib.
LAGASSÉ, Bob	Dawson Trail	PC
LAGIMODIERE, Alan	Selkirk	PC
LAMOUREUX, Cindy	Burrows	Lib.
LATHLIN, Amanda	The Pas	NDP
LINDSEY, Tom	Flin Flon	NDP
MALOWAY, Jim	Elmwood	NDP
MARCELINO, Flor	Logan	NDP
MARCELINO, Ted	Tyndall Park	NDP
MARTIN, Shannon	Morris	PC
MAYER, Colleen	St. Vital	PC
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MICKLEFIELD, Andrew, Hon.	Rossmere	PC
MORLEY-LECOMTE, Janice	Seine River	PC
NESBITT, Greg	Riding Mountain	PC
PALLISTER, Brian, Hon.	Fort Whyte	PC
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PIWNIUK, Doyle	Arthur-Virden	PC
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SARAN, Mohinder	The Maples	NDP
SCHULER, Ron, Hon.	St. Paul	PC
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SMOOK, Dennis	La Verendrye	PC
SQUIRES, Rochelle, Hon.	Riel	PC
STEFANSON, Heather, Hon.	Tuxedo	PC
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**LEGISLATIVE ASSEMBLY OF MANITOBA  
THE STANDING COMMITTEE ON CROWN CORPORATIONS**

**Friday, October 21, 2016**

**TIME – 1 p.m.**

**LOCATION – Winnipeg, Manitoba**

**CHAIRPERSON – Mrs. Colleen Mayer (St. Vital)**

**VICE-CHAIRPERSON – Mrs. Sarah Guillemard (Fort Richmond)**

**ATTENDANCE – 11 QUORUM – 6**

*Members of the Committee present:*

*Hon. Messrs. Eichler, Schuler*

*Messrs. Allum, Curry, Mrs. Guillemard,  
Ms. Klassen, Mr. Lindsey, Mr. Marcelino,  
Mrs. Mayer, Messrs. Reyes, Smith*

**APPEARING:**

*Ms. Polly Craik, Chairperson of the Board,  
Manitoba Liquor & Lotteries Corporation*

*Mr. Peter Hak, Acting Chief Executive Officer,  
Manitoba Liquor & Lotteries Corporation*

**MATTERS UNDER CONSIDERATION:**

*Annual Report of the Manitoba Liquor Control  
Commission for the fiscal year ending  
March 31, 2014*

*Annual Report of the Manitoba Lotteries  
Corporation for the fiscal year ending  
March 31, 2014*

*Annual Report of the Manitoba Liquor &  
Lotteries Corporation for the fiscal year ending  
March 31, 2015*

\* \* \*

**Clerk Assistant (Ms. Monique Grenier):** Good afternoon. Will the Standing Committee on Crown Corporations please come to order.

Before the committee can proceed with the business before it, it must elect a new Chairperson.

Are there any nominations for this position?

**Mrs. Sarah Guillemard (Fort Richmond):** I nominate Colleen Mayer.

**Clerk Assistant:** Mrs. Mayer has been nominated. Are there any other nominations?

Hearing no other nominations, Mrs. Mayer, will you please take the chair?

**Madam Chairperson:** Good afternoon. I just would like to remind everyone to please have your phones on silent while we are conducting business in this committee room, please.

Our next 'item' of business is the election of a Vice-Chairperson.

Are there any nominations?

**Mr. Nic Curry (Kildonan):** I nominate Sarah Guillemard.

**Madam Chairperson:** Sarah Guillemard has been nominated.

Are there any other nominations?

Hearing no other nominations, Mrs. Guillemard is elected as Vice-Chairperson.

This meeting has been called to consider the following reports: Annual Report of the Manitoba Liquor Control Commission for the fiscal year ending March 31st, 2014; Annual Report of the Manitoba Lotteries Corporation for the fiscal year ending March 31st, 2014; annual report of Manitoba Liquor & Lotteries Corporation for the fiscal year ending March 31st, 2015.

Before we get started, are there any suggestions from the committee as to how long we should sit this afternoon?

**Mr. Ted Marcelino (Tyndall Park):** Yes, for as long as it took for us to consider all the matters that are under consideration, or 5 o'clock.

**Hon. Ron Schuler (Minister of Crown Services):** How about we set the time at 3 o'clock? Two hours would give us a lot of time to have a look at the matters at hand and then revisit the time if we aren't quite complete with all the questions. But I would suggest we would set the time at 3 o'clock and then revisit.

**Madam Chairperson:** Does the committee agree to revisit at 3 o'clock or just before 3 o'clock? *[Agreed]*

Thank you.

Does the honourable minister wish to make an opening statement—*[interjection]* Oh, I apologize.

Are there any suggestions as to the order in which we should consider the reports?

**Mr. Marcelino:** Global, please.

**Madam Chairperson:** Globally? Is it agreed? *[Agreed]*

It's agreed to consider these reports globally.

Now, does the honourable minister wish to make an opening statement, and would he please introduce the officials in attendance?

**Mr. Schuler:** Yes, Madam Chair. Well, thank you very much, and welcome to each and every one of you here today, and it's a beautiful fall day in Manitoba. I know there are a lot of important things and other things we would like to do, but this is a very important part of the legislative process. I'd like to welcome all my colleagues here today and certainly members of the opposition. This is very important to keep our Crown corporations accountable.

Madam Chair, before I get into my formal comments, I would also like to say how pleased I am that you're joining us today. You're back, and that's great. We hope that you mend quickly and that you enjoy your time here at committee, and we'll try to be as easy on the Chair as possible.

So, with that, thank you, Madam Chair. I'd like to welcome everyone here this afternoon.

As Minister of Crown Services, Manitoba Liquor & Lotteries falls within my portfolio. I am pleased to present for your approval today the final annual reports of the former Manitoba Liquor Control Commission, MLCC, and Manitoba Lotteries Corporation for the fiscal years ending March 31st, 2014, as well as the Annual Report of the Manitoba Liquor & Lotteries Corporation for the fiscal year ending March 31st, 2015.

Through the distribution and sale of liquor and gambling products in the province, Manitoba Liquor & Lotteries generates revenue that is invested in provincial health care, education, public safety initiatives and social and community services. It is my pleasure to introduce to you—my staff always

says I shouldn't go off message here, but I'm going to—I—it is definitely my pleasure to introduce one of the most dynamic and one of the most incredibly smart and just great individuals, our new chair of the board, Ms. Polly Craik, and we're so pleased that you are here today and that when you were approached to take on this position you, you actually said yes. Very pleased that you've agreed to chair the board of directors of the Manitoba Liquor & Lotteries Corporation. And I know Manitobans are really pleased with your leadership.

\* (13:10)

And I understand that there are also members of the board of directors in the audience, and I'd like to thank each and every one of them for also agreeing to have taken on this position. These are incredibly responsible positions to take within our society. Our Crown corporations are very important to our province, they are a big part of the economy of our province and we know that you take your responsibilities very serious. And from what we've seen coming from Manitoba Liquor & Lotteries, you have taken those very serious and we applaud your efforts. I understand that the rest of the team will be introduced by the chair herself, so I don't want to steal all her thunder on that.

I'd also like to introduce Peter Hak, who is the acting chief executive officer, and welcome. I understand this is also your first committee meeting here. So I would say, at this table, other than our Clerk, everybody here is here either for the first time or on a different role. So the committee has certainly changed. And so has the leadership at the top. So I'd like to once again welcome you, Peter, as the acting CEO.

We also have Robert Holmberg, vice-president, Liquor Operations, who is sitting just behind the acting CEO, and Heather Mitchell, acting vice-president of finance. And welcome, as well. I take it these are also new role—this is also a new role for you, and welcome to committee and to this great room.

Our government is committed to reducing red tape, providing quality service, strengthening accountability and delivering value for the money that Manitobans invest in all government services. As we would all agree, Manitobans expect a high quality of service delivered by their public Crown corporations. And we have gone on the record to state that our government intends to allow the professionals of our Crowns to run their business in

the best interest of Manitobans and of taxpayers, with no political interference. We believe this is the best way to restore prudent fiscal management and to improve business partnerships and increase openness and transparency.

Before we proceed to questions from members opposite, I would like to provide an overview of some recent initiatives and the major milestones achieved by Manitoba Liquor & Lotteries since it last appeared before standing committee in September 2015.

For the last reported fiscal year, 2015-2016, Manitoba Liquor & Lotteries returned \$583 million in profits to the Province to support priority programs and investments in health care, education, public safety initiatives, social and community services and economic development. In terms of business performance, property improvement projects are currently under way at McPhillips Station Casino and Club Regent Casino. These capital investments are necessary to maintain the two properties and to ensure they remain competitive entertainment destinations and support the province's tourism industry.

The Club Regent Event Centre, which is the flagship attraction at the venue, has hosted nearly 100 concerts, banquets and private events that drew nearly 80,000 guests, employed approximately 40 trades and generated over 435 person-years of employment during its construction and has created significant economic spinoffs to Manitoba's economy. Building on the success of Club Regent as a destination experience, Liquor & Lotteries is also looking to partner with the private sector to create a new 50,000-square-foot hotel and restaurant development to further enhance the casino's amenities.

Liquor & Lotteries is also making significant capital improvements at McPhillips Station Casino. This project will include an addition to interior and exterior upgrades, entry relocation and a link from the parkade to the casino.

On the liquor side of the business, the Liquor Mart Express store concept has resonated well in Manitoba. And three more locations were opened last year, bringing the total number to nine—the total number to nine in Winnipeg and Brandon. The corporation envisions further opportunities to offer this retail option to Manitobans in other rural and urban locations.

In terms of full-size Liquor Marts, a new Bridgwater Forest location is currently under construction and expected to open ahead of the 2016 holiday season. And, in Thompson, following consultations with the mayor and council, site selection and design work is under way for a new, free-standing Liquor Mart at City Centre Mall.

Recently, Liquor & Lotteries has begun the process of reframing and strengthening its business relationships with its private-sector partners. This is in recognition that Manitoba's hospitality industry receives nearly \$100 million through Liquor & Lotteries' video lottery–lotto and beer-vendor programs. To that end, beer vendors, liquor vendors, video-lotto site holders, private wine stores and other business partners are now part of the channel partners advisory committee.

This committee provides a forum for members to discuss overlapping business interests and exchange ideas on how to strategically approach common challenges and opportunities. Manitoba Liquor & Lotteries is committed to maintaining this innovative approach to communication and planning in order to maximize opportunities to better serve Manitobans.

In the area of social responsibility, the legislation for Manitoba Liquor & Lotteries includes a requirement that 2 per cent of budget net income goes towards initiatives that promote responsible gambling and responsible liquor consumption. This is achieved by funding a broad range of programs and developing initiatives focused on consumer information and education, research and addictions treatment programs. In the last reported fiscal year of 2015-2016, this equated to \$11.6 million.

For instance, the Game Sense Info Centres at the casinos of Winnipeg provide players with information on how games work, resources and tips on how to keep gambling fun.

Madam Chairperson, once again, it is a great pleasure to be here at committee. I thank all members of this committee for being here today. This is an important process. I have now had the opportunity to sit on both sides of the table, and I respect and I appreciate the roles and duties and responsibilities of all members of this committee and look forward to going through this process and our discussions this afternoon.

Thank you, Madam Chair.

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

Does the critic for the official opposition have an opening statement?

**Mr. Marcelino:** Yes, Madam Chair. First of all, I want to welcome all members of the committee, old and new, and, of course, the persons responsible for the corporation now, and of course the other members of the board who might be present.

It is a very thankless job to be running a Crown corporation, but then I guess what I'm trying to say is that you are never paid enough. It's a billion-dollar corporation, actually, that's in the hands of the board and those who are running it, so it is part of our wishes and desires that all the Crown jewels, which is comprised of Hydro—that's Manitoba Hydro, Manitoba Liquor & Lotteries Corporation, the Centennial Corporation and of course Manitoba Public Insurance Corporation, remain in the public hands for the rest of our lives, because they serve the public good.

\*(13:20)

The province has been well-served by a succession of very competent members of the public who are serving on the boards, and the approach that we had, always, was to find a way to make things easier, especially for our corporations to exist. When there is a so-called allusion to political interference, sometimes it's just a matter of choices of words. When a direction is given as to the goals of the corporation is made, sometimes it's not political interference but more as a reassertion of the public nature of those Crown corporations. It is owned by our people. It's not owned by the Conservatives. It is not owned by the NDP. It is not owned by the Liberals. It is—all of those corporations are owned by our people. And our people have always relied on the revenues that have been contributed by those corporations over the number of years that they have been in existence.

And I think we will have some questions regarding those directions, and we won't call them political interference. And feel free to—for those who will respond to the questions from this committee, feel free to tell us what you have in your mind, and don't take it personal. It's nothing personal. It's always what's the best for our province.

And, with that, Madam Chair, thank you for allowing me.

**Madam Chairperson:** We thank the member.

Do the 'representatives'—representatives for the Manitoba Liquor & Lotteries Corporation wish to make an opening statement?

**Ms. Polly Craik (Chairperson of the Board, Manitoba Liquor & Lotteries Corporation):** Yes, thank you. Thank you for the opportunity.

I would just like to say that it is a privilege to serve as the chair of Manitoba Liquor & Lotteries. We are less than six months into our mandate, so it's been a lot of learning, a lot of getting up to speed, and I concur with your comments, Minister Marcelino, that we take our job very seriously. We are looking after the public purse, and we have a very passionate board of members, of which I believe we have one of our board members here, Jennifer Plett, who has joined us today.

So, although that, you know, we often see me as the front person being chair for Manitoba Liquor & Lotteries, it's important to know that there is a team of passionate individuals that are doing the work behind the scenes. We are very blessed to have a very dedicated team of individuals that are running Manitoba Liquor & Lotteries, and I thank Peter Hak for stepping up to the challenge to take on the role of our acting CEO, on an interim basis, as well as all the professionals that we have here in—both in the audience, who have really stepped up to bat. There's been a lot of change at Liquor & Lotteries over the past years, so our role as a board is to give sound financial direction and make sure that we are there to support and give oversight, always keeping in mind that we are looking after our public's best interest, as you very well pointed out.

So thank you for the opportunity, and it's my sincere pleasure to be a part of this. Thank you, Madam Chair.

**Madam Chairperson:** Thank you. Thank you for that.

The floor will now be open for questions, but prior to starting questions, I just would like to make a statement as the Chairperson. In order to allow balance and the right of all members, I am going to be keeping a list and alternate back and forth between members to ask questions. That, I feel, will be a balanced approach to allowing everyone the opportunity to speak.

So, with that, Mr. Reyes, I saw you first, and then Mr. Allum.

**Mr. Jon Reyes (St. Norbert):** I notice that the Liquor Mart Express located in the arrivals level of the Winnipeg James Armstrong Richardson International Airport will close permanently at the end of business day on Monday, October 31st, on 2016. What led to the decision of the closure?

**Mr. Peter Hak (Acting Chief Executive Officer, Manitoba Liquor & Lotteries Corporation):** Yes, you're correct. We are planning to close that liquor store. That liquor store is—currently pays the highest rent of all our liquor stores in the province, plus it generates about half the annual sales of a similar store. And the lease is up for renewal and, as part of the renewal, you know, they want to increase the rent even further, and there would be additional relocation costs. So, after our assessment, it really didn't make any business sense for us to maintain that store.

About a quarter of its sales are from other licensees that purchase product, and they'll be served through other means. So, in our view, to be prudent, we're always looking for efficiencies, and it really didn't make any sense for us to continue with that store.

**An Honourable Member:** So it didn't make any—

**Madam Chairperson:** Sorry, Mr. Reyes, did you have a clarification?

**Mr. Reyes:** Yes. So it didn't make any good business sense for the public in general, whether it's airport—people travelling—when—people in the general public and—for the best interests of our province.

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

**Mr. James Allum (Fort Garry-Riverview):** First of all, I wanted to welcome Ms. Craik and Mr. Hak. Congratulations on your various appointments, and we certainly wish you well in your endeavours. I also, if you'll allow me, wanted to just thank the 'previousy' chair, Tannis Mindell, previous president and CEO, Winston Hodgins, and previous CEO, John Stinson, for their valuable contribution to the corporation as well. I tend to think that we stand on the shoulders of those who came before us, and I think it's important to put on the record our collective appreciation for the work that they did as well.

I do—I did have the chance to work with members of the organization in the past and quite appreciated the excellent staff that works at MBLL, and I see some of them in the crowd today, and I just

wanted to acknowledge them as well and welcome the new board members. I think it's important to know that we appreciate their efforts on behalf of the people of Manitoba as well.

As you can appreciate, we'd like to revisit some of the decision making around the head office consolidation with you today. And if you could tell us, to begin with, what the project, in your view, contributed to getting the best value for money, or what did the former board think were the choices that were made that the head office consolidation resulted in getting best value for money for Manitobans?

**Madam Chairperson:** Mr. Hak? Oh, Ms. Craik?

**Ms. Craik:** I can't speak on behalf of the previous board, of course, and so if Mr. Hak would like to jump in—he was part of the decision making—but I can't speak on their behalf.

**Mr. Hak:** Yes, so I think, if I understand the question, you're looking at why they decided it was—it made financial sense to move into that building. Well, we did an RFP in terms of locating downtown. The direction at the time was for us to look for a location downtown. There were no limits whether it was a building we could either own or purchase or lease. So, as part of that process, we received a number of proposals. We engaged Deloitte to assist us in the evaluation of those proposals. And part of the solution was for us to purchase an existing building which did have tenants. But the solution only made sense for us if there was going to be an addition to that building.

So, based on the estimated costs of renovating the building, that was factored into their formula and based on that formula, if those costs were to hold true, it was to generate a net present value for us, and it was really the best of three proposals we had at that time.

**Mr. Allum:** Thank you. I think I heard you say this, but could you just tell us which outside experts were engaged or consulted regarding the development and management of the RFP process for the head office consolidation project? *[interjection]*

**Madam Chairperson:** Mr. Hak.

**Mr. Hak:** Yes, we engaged Prairie Architects in terms of the design and how much space was required to accommodate the number of staff who were planning to move. We engaged Deloitte to assist with the process to ensure that the RFP was a fair one. And we also engaged Thompson Dorfman

just to ensure we were on board from a legal perspective.

**Mr. Andrew Smith (Southdale):** I do thank everyone for being here today. Of course, Mr. Hak and Ms. Craik, I appreciate your time with us.

Just a question regarding the—I know there was a change in the CEO at Manitoba Liquor & Lotteries earlier this month. Did the outgoing CEO receive a severance package?

**Ms. Craik:** With regard to the CEO, yes, he did, according to his contract that was negotiated with the previous board. He was paid out accordingly.

\* (13:30)

**Madam Chairperson:** Mr. Smith, do you have a clarification?

**Mr. Smith:** Yes, absolutely, I just—what was the total severance paid out to the outgoing CEO?

**Ms. Craik:** According to the contract, we were required to pay Mr. Stinson one year salary and that was equal to, I believe, \$243,000.

**Mr. Allum:** This will be a challenge keeping our—the narrative of questions going, but anyways that's understood with your decision.

So could you tell us, if you could, what forms of due diligence did the corporation take with respect to the proposed head office consolidation and, in addition to that, what forms of due diligence did the corporation's consultants take with respect to the home office—head office consolidation?

**Mr. Hak:** So, as part of the RP process we had narrowed down the top three proposals, and part of due diligence was to—(a) to satisfy ourselves that the information they provided in their proposals was accurate. So Prairie Architects engaged engineers and other consultants to look at the state of the buildings and the quality of the system so that when we compared the three proposals we had a pretty good idea of what the cost would be to put them all sort of on the same level. And, again, Prairie Architects was there to ensure that the proposals we got would accommodate the 400-plus staff we were planning to relocate.

**Mr. Allum:** Was there an in-depth analysis conducted of the mechanical and electrical systems at the various sites that were considered for the head office consolidation and was that same kind of

in-depth analysis conducted of the mechanical and electrical systems of the Medical Arts Building?

**Mr. Hak:** Yes, I can't speak to how in-depth it was, but they did engage the engineers to look at the mechanical and electrical systems of all the building and they did. It was their opinion on its condition and what it would cost to bring those systems up to current standards.

**Mr. Curry:** So a lot of people are very excited for this weekend. We have the wonderful Jets coming. Not a lot of people realize, but I myself was a part of the Jets returning to the city of Winnipeg having worked at the MTS Centre. So I had the opportunity where we could, you know, watch a bit of the game in between running around and the work that we did at the MTS Centre. It was very good work with a wonderful company and I'm very happy about that.

So my, essentially, paid ability to go see a bit of the Jets game. Very different from, unfortunately, the well-documented case that under the NDP Crown corporations and their boards enjoyed Jets tickets paid for with tax dollars.

I'd like to know that—can the board chair please tell us how many Jets tickets she has taken to use in her time as the chair of the board either last season or this season or even the pre-season of this current Jets' schedule?

**Ms. Craik:** I have not attended any Jets' games with the use of the corporation's tickets this season or ever.

**Mr. Schuler:** Yes, and I'd like to be very clear to the committee that neither the minister's office, nor the minister, neither the board chair nor any board member has availed themselves of any professional tickets. If I understand correctly, the board has brought in their own policy or is going to abide by the policy that exists that they not avail themselves of any tickets.

I would suggest to members of this committee that they have far too much work to do. If they've got time to go to Jets' games, well, then we're not working them hard enough. They've been putting in almost 24-7, and working hard and they do not feel—neither the board chair, the minister, minister's office or any member of the board, feels that they're entitled to any professional tickets. I suspect if they go, they pay for it themselves, and I can speak on behalf of the minister, he has not been to any of the professional games, neither tickets from the corporation or himself personally, and I think that

sets a tone at the top. It's important that we lead by example, and I am incredibly—incredibly pleased with the tone that's being taken not just at Manitoba Liquor & Lotteries, but the same at Manitoba Hydro and the same at Manitoba Public Insurance Corporation that tickets that come with a sponsorship of one form or another are not there for ministers, board members, board chairs or staff.

**Madam Chairperson:** Mr. Curry did you have a follow-up?

**Mr. Curry:** Yes, Madam Chair. Just a—so quickly follow up on that. And I think the minister might have stolen my thunder on this, and then, unfortunately, I didn't hear fully.

And my question is: Has the minister himself taken any free Jets tickets in the last six months since the last provincial election on April 19th?

**Mr. Schuler:** Well, thank you very much for this question.

I've actually been to—not one Jets ticket. I bought them and I went along with a colleague of mine, and we got the two seats where, I think, you can still see our shoulder blades imprinted on the top of the building, the furthest we were literally—the—I said to my colleague, the member from Steinbach: We are probably the two cheapest MLAs here, because, boy, we've got two of the grimmest seats in the building.

And I have never received—I want to be very clear. I have never received a free ticket, nor has anyone ever purchased a ticket, nor have I availed myself of any professional sports ticket at any given time in my 17 years in this building. We believe that the tone should be set at the top with this new board. And I have to tell you that, as minister, I am incredibly proud of this chair and of this board, that they set the tone themselves. They made it very clear that they will not accept—and that includes vendors or otherwise, they will not accept freebies. If they want to go, they will pay for it themselves, as will the minister. I do not take any free tickets from anyone who offers them, whether it's involving this corporation or any other corporation. I turn all of it down. The closest I get to any of those games is walking on the outside and smelling the popcorn through the vents. If I want to go, I will pay for my own tickets, as will the chair of the board, as will the board.

And I'm very proud of the tone that the board chair and the board has taken at the top.

**Mr. Allum:** I think this is why my friend from Tyndall Park suggested that we would need to sit longer than 3 o'clock to begin with, but, anyways, we'll get back to the important business at hand. That's serving the people of Manitoba.

How important is the due-diligence phase in the assessment of various RFP respondents?

**Mr. Hak:** Are you talking specifically on this RFP or in general? [*interjection*]

**Madam Chairperson:** Okay, so, just so we're clear, because I, too, have to watch for cues of when you identify, when you'd like to talk. I need to recognize you in order to speak. And sometimes we get bantering back and forth, but, Mr. Allum, would you please clarify?

**Mr. Allum:** Thank you. I should have—I should know better by this point.

Yes, I'm referring to the head office consolidation project at all times in my question.

**Mr. Hak:** Yes, I think, because of the nature of the RFP and—we knew it was going to be a fairly public exercise. We wanted to ensure that the financial analysis that Deloitte did was, sort of, as accurate as could be. So we probably did a little more due diligence than we would typically do on an RFP.

**Mr. Allum:** So we discussed, in a little bit of detail, some of the technical due diligence that was done.

Was there financial modelling done as well?

**Mr. Hak:** Yes, with Deloitte, part of their responsibilities was to calculate the net present value of the three options. So they would have calculated the capital—using capital and ongoing operating costs to do that analysis.

**Madam Chairperson:** Did you need a clarification on that last question, Mrs. Guillemard?

**An Honourable Member:** Well, it's just they're following along.

**Madam Chairperson:** Okay, you've had two questions. I'd like to see another member ask. So I'll allow you, this once, to ask one further question, and then we'll go to Mrs. Guillemard.

**Mr. Allum:** Thank you.

Was there an economic impact assessment done as part of the corporation's due diligence?

**Mr. Hak:** Yes, I recall there being an impact analysis done.

**An Honourable Member:** Clarification?

**Madam Chairperson:** I think I just stated that I would allow for that one further, and then it would be Mrs. Guillemard's turn. So would you mind holding off until she asks her question?

\* (13:40)

**Mrs. Guillemard:** I just want to reiterate that I appreciate all the hard work that has been done by the current board and all the work that is required to run such a respectable corporation.

I'm just wondering if you could share a little bit of the steps that you're taking to provide top-rated service while also increasing some of the revenues coming in.

**Mr. Hak:** Yes, customer service in our business is actually a very key component and a key driver of our revenue, so when we hire new employees they all must attend a customer service training course at the casinos. Prior to every shift, we sort of reinforce the importance of customer service. As issues come up from time to time we also reinforce it.

We also do customer intercept surveys, just to keep on top of how our customer service—where it's at on the spectrum. And the last few surveys, on average, they've been rating over 80 per cent, which is actually very good.

But, having said that, it's a—it's the constant focus of our management to keep customer service as a forefront of both of our staff at the casinos and at the liquor stores.

**Mr. Allum:** Was it—and it's to Mr. Hak, I guess—was it your impression that the due diligence phase in the RFP process sufficiently mitigated risk to the corporation associated with unforeseen major mechanical, electrical, structural, other infrastructure problems?

**Mr. Hak:** Having been involved in a number of, I guess, construction projects, it's impossible to entirely mitigate those risks. The cost of construction depends on a number of factors, including—which are separate from the building. It's the market at the time, other projects going on, the cost of—that you'll get in the RFP, so the best we could do is, as best as possible, satisfy ourselves that we've mitigated that risk as best as we could.

**Mr. Allum:** Again, for clarification, if this is how we want to proceed, which is all good. Was it your impression, though, that it was more than sufficient in that regard? *[interjection]*

**Madam Chairperson:** Order.

Mr. Hak.

**Mr. Hak:** Yes. We thought we had done the—an adequate amount of due diligence and the numbers that were used were probably reasonable. And Deloitte did their financial analysis.

**Mr. Allum:** What outside consultants were engaged to help in the selection process regarding the proposed head office consolidation while the due diligence phase was completing?

**Mr. Hak:** Clarify the question?

**Mr. Allum:** Well, we're interested in—what outside consultants were engaged to help in the selection process regarding the proposed head office consolidation while the due diligence phase was completed?

**Mr. Hak:** It went through the same consultants. It would've been Prairie Architects on the design side, and they managed all the engineers underneath them, and then Deloitte assisted on all the financial analysis.

**Mrs. Guillemard:** I know that there's been a lot of progress made in retrofitting certain buildings with accessibility features to accommodate the public better.

Can you tell us a little bit about some of the details of your buildings and some of the initiatives you've taken to make these places more accessible? *[interjection]*

**Madam Chairperson:** Mr. Hak.

**Mr. Hak:** Sorry.

**Madam Chairperson:** That's okay.

**Mr. Hak:** Yes, so we're well aware of all the requirements under the new act and we're working towards ensuring that we can meet all those requirements. I don't have all the specifics with me today, but I know that we have a group of folks looking at all that.

**Mr. Allum:** Again, returning to the subject at hand from our side of the table, under the RFP requirements, how are the principles of best value

apply to the various respondents to the RFP in the selection stage of the process?

**Mr. Hak:** In our—well, what we typically do is we assign a certain rating to the quantitative aspects and a certain rating to the financial aspects and then we combine the two to come up with the best value. So, in that project, the qualitative aspects, I think—I believe were worth 60 per cent and the financial were worth 40 per cent.

**Mr. Allum:** Was there extensive due diligence conducted by the corporation on the Medical Arts Building?

**Mr. Hak:** As I've indicated, we've—we did due diligence in all of the top three proposals.

**Mr. Smith:** I know that the corporation does introduce new products. Would you mind kind of going through and helping us understand the process of introducing new products to the market?

**Mr. Hak:** Well, I could speak both probably on the liquor side and on the lotteries side.

On the liquor side, we do have a process for listing new alcohol products every year. So, at certain scheduled times, vendors can send in their samples, and then we go through an assessment to see whether those products will fit in our marketplace from a price point and customer demand. And we have staff that, you know, sample the products before they come—go on the shelf.

On the casino side, we constantly introduce—refresh our slot floors. So vendors do bring in new games, and we generally have arrangements with them that if machines don't do well, they just take them back; if they do well, we keep them on the floor. But we try and keep the gaming floor as fresh as possible.

**Mr. Allum:** So is kind of three-part question here, but they're all related. What was the appraised value of the Medical Arts Building prior to its purchase? What was the purchase price? And what is the appraised value of the Medical Arts Building today? So, in summary, while you're checkering—checking, what was the appraised value prior to purchase, what was the purchase price and what is the appraised value of the building today?

**Mr. Hak:** The building that was appraised prior to purchase at \$10.73 million. We purchased it for \$7.9 million. And we don't have a current appraisal.

**Mr. Allum:** That said, just out there, that sounds like a pretty good deal to me, but there you go.

What revenue opportunities did the purchase and renovation of the Medical Arts Building present to the corporation at the time?

**Mr. Hak:** Well, in that case, there were tenants in the building, so we would have received some revenue from the tenants. The building also included a parkade. So there would have been revenue associated with the parkade.

**Mr. Allum:** Just for clarification, no additional revenue opportunities other than those you just mentioned?

**Mr. Hak:** From the Kennedy building?

**Mr. Allum:** From the Medical Arts Building.

**Mr. Hak:** Yes—no, the only two sources of it would be the tenants that are paying rent and people parking.

**Mr. Allum:** Were there cost contingencies included in the cost estimates made by the corporation in relation to the selection of the Medical Arts Building?

**Mr. Hak:** Yes. The financial analysis, it would have included contingencies.

**Mr. Allum:** What was the estimated cost of the construction and renovation of the Medical Arts Building? And what amounts of the construction costs associated with the Medical Arts Building were set aside as a contingency for the potential cost overruns?

**Mr. Hak:** The project budget was \$66.8 million, which does not include the cost of the building. Included in there was an contingency of \$6 million, and included in the detailed construction numbers there would have been additional contingencies. I don't have those numbers.

**Mr. Allum:** I'm certain Mr. Hak would be agreeable to sharing those? *[interjection]*

**Madam Chairperson:** Mr. Hak, could you please answer again, so it's on the record?

**Mr. Hak:** Yes, we could share those.

**Mr. Allum:** Maybe this is hard, since you don't have the numbers in front of you, but what percentage of the construction costs associated with the Medical

Arts Building was set aside as a contingency for potential cost overruns?

**Mr. Hak:** I can get that information back to you when I provide you with the contingencies.

\* (13:50)

**Mr. Allum:** I appreciate that. That would be greatly appreciated.

Without having the numbers, I appreciate this, but would you say it was a significant contingency percentage? A generous contingency?

Fair enough.

**Madam Chairperson:** Sorry. Mr. Allum.

**Mr. Allum:** Yes. So the question was if he could—without having the numbers, would he characterize that percentage, contingency percentage, as being generous?

**Mr. Hak:** I think the contingencies in the numbers, the estimate would have—probably would have just been their standard typical contingency including construction estimates.

**Mr. Allum:** Standard in relation to?

**Mr. Hak:** Other construction projects.

**Mr. Allum:** Was there a management reserve set aside with respect to the selection of the Medical Arts Building by the corporation?

**Mr. Hak:** Yes. That was the \$6 million I referred to.

**Mrs. Guillemard:** I'm going to kind of switch focus a little bit here. But I'm curious to hear a little bit about your initiatives surrounding corporate responsibility and whether you're undertaking any at this point or in the past, if you could share some of that.

**Mr. Hak:** Corporate social responsibility is very important for our organization, given the business that we are in, and we're really sort of the leaders in this area in both, probably, the liquor and the gaming side. On the gaming side, just for example, at our casinos, we have Responsible Gaming Information Centres. I believe we were the first casinos in Canada to do so. We also have customer—game—sends customer information at all our locations. We have extensive training programs for our staff. And all our products, the VLTs have responsible gaming features. They have tools that allow our customers to gauge how long they want to play.

And on the liquor side, we've seen some of the DrinkSense information. We have, you know, media on With Child Without Alcohol, Be the Influence, be the undrunk, so we do spend a fair amount of effort on the responsible side of our business.

**Madam Chairperson:** Oh, did you have a follow-up, Mrs. Guillemard?

**Mrs. Guillemard:** Yes. I was just wondering if you would be able to expand a little bit on one of these initiatives, and what impacts do you feel that they do have on your customers.

**Mr. Hak:** In our act, we're required to set aside 2 per cent of our net income for all our responsible gaming programs, and it's really—the objective is to provide our customers proper information and proper tools so they can either manage or play in terms of how much alcohol they consume, but we—as I indicated, we really are sort of—we keep on top of what's happening everywhere else in the world, and we're sort of leading edge in most of these areas.

**Mr. Schuler:** I just want to make it—

**An Honourable Member:** On a point of order.

#### Point of Order

**Madam Chairperson:** Mr. Marcelino.

**Mr. Marcelino:** It has been a practice of the standing committees in this Legislature that allows the opposition critic and members of the opposition the uninterrupted opportunity to question the board and CEO of the Crown corporations. It's part of what I recognize from way back. I've been here five years, and I have been a member of some of the committees, the standing committees and also the special committees struck.

And I find it quite unusual that the Chairperson is allowing the interruption of questions from our members of the opposition. So that comment was already made by Mr. Allum, member from Fort Garry-Riverview, saying that it's very hard to thread your thoughts when there are questions that seem to have been given as part of a concerted effort to interrupt the flow of thought, because when you ask a question, you're supposed to be pursuing a line, and it's been interrupted, of course, with the Chairperson's approval.

So I'm raising that as a point of order. And it is my belief that—it's my desire to ask the Chairperson to recognize the long-standing practice and not allow members of the government to interrupt the

questioning from the opposition's side. I remember that when we were in government, not too recent, we usually just kept our questions to ourselves. And, with this process, we have formed and framed about a hundred questions. And the way that it's being done it's as if it's a deliberate way of doing things another way. So I'm raising that as a point of order.

**Madam Chairperson:** Thank you, Mr. Marcelino. And I can appreciate those comments very much. And I understand that there is some frustration.

**Hon. Ralph Eichler (Minister of Agriculture):** I know the member may be a bit frustrated, but we need to keep in mind that these reports go back prior to our government being elected to represent those people that put us here. And it's very important that we have answers to the questions.

I realize that they may be a bit frustrated. These reports were made under their administration at the time, Madam Chair. He does not have a point of order, and we strongly suggest that we have the opportunity to be able to ask questions in a very timely manner. Unfortunately, that's our right as government and their right as opposition for us to move forward in a very timely way.

**Madam Chairperson:** Thank you, Honourable Minister.

In response to Mr. Marcelino's concerns, I can appreciate the frustration that is coming from the members.

**An Honourable Member:** It's a point of order, Madam Chairperson.

**Madam Chairperson:** Right, however, legislation states that it's the Chair's decision. And I would like to hear both questions from both sides; I think it's balanced and I think it's fair.

Just because things had been practised for many years does not mean that it is the way we need to continue to do business in this House. And I think that it is upon all of us to do balanced and fair. I have given Mr. Allum multiple questions in a row when no one from either the—Ms. Klassen now is on the list—or members from the government side to ask questions. I have allowed Mr. Allum to continue on in a fashion until someone else spoke forward.

I think that, as the Chair, I am doing my best to be balanced and, yes, Mr. Marcelino, you may have a little more experience, but, as the Chair, sitting here, this is the way I would like to see us proceed. So I do

not believe there is a point of order. And I think we will proceed, as we will continue.

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**Mr. Schuler:** Mine was just a very short point of clarification. The member for Fort Garry-Riverview (Mr. Allum) asked for some information and the corporation said they would present it. It'll go through the Clerk's office, and every member of committee will get a copy of that just so that members don't think that they don't get a copy. The—it's a Committee of the Whole, and every member will get a copy of those answers. That was just my point I was trying to make.

**Madam Chairperson:** Okay, now we'll proceed. I'm sorry, Mr. Marcelino, Mr. Allum was ahead of you.

**Mr. Allum:** Well, I thank the minister for that important clarification.

That's right. This is the Committee of the Whole, and information that's requested of the corporation certainly goes to all members of the committee, as it should be, and we wouldn't want it any other way.

I will reserve comment on the point of order. It's hard for me to do that, as my friends would probably appreciate, but I will reserve comment on that so that we can get back to our line of questioning here.

\* (14:00)

As you can appreciate, we're trying to just establish the 'vera' thorough process that was undertaken by the corporation in the purchase of the Medical Arts Building before we proceed into understanding the decision making around the decision not to proceed with that particular project. And so it's—was—it was important for us as a line of questioning, Madam Chair, which is why we kind of wanted it to roll over, but I appreciate your ruling and accept it as is, that we were just trying to establish a foundation there for a line of questioning.

However, so I want to return to Mr. Hak and I want to remind him we're talking about the head office consolidation here when we're asking questions.

What efficiencies would have been achieved through head office consolidation?

**Mr. Hak:** Presently, we're located at five different locations, so part of the efficiencies would have been obviously reducing those. We have a building on Empress; the plan was to sell it, and we have a couple of buildings that we presently lease. So

there'd be some savings there. There would have been some staff savings, because every—right now we have a reception—every building. If you only have one building, you only need one reception. So there would have been some staff savings as well.

**Mr. Allum:** In your opinion, then, those were significant savings, significant efficiencies that would have benefited both the corporation and the people of Manitoba?

**Mr. Hak:** Well, they were all part of the analysis that Deloitte did when they came up with their estimate of the net present value of us moving into the Medical Arts Building.

**Ms. Judy Klassen (Kewatinook):** Thank you for coming.

I'm curious, it says that the operation of VLTs contributed nearly 30 per cent of your net income, and I'm looking at the First Nations portion of that is nearly 47 per cent of the 98.7. I'm worried that for—in regards to addressing gambling and drinking addictions, is there a certain amount that the First Nations have to set aside in—as well as your pot, to make sure that those issues are addressed on these First Nations?

**Mr. Hak:** What—where are you look—what page are you looking?

**Madam Chairperson:** Ms. Klassen, can you please mention the report and the page number so that Mr. Hak can give you the proper answer?

**Ms. Klassen:** It's the 2014, Making an Impact, Manitoba Liquor & Lotteries, page 24.

**Mr. Hak:** So the table on page 24 represents the VLT commissions that are paid to both the siteholders, rural and the city, as well as to the First Nations that have video lottery terminals.

So what was your question, sorry?

**Ms. Klassen:** Is there—are they—are those First Nations mandated to ensure that there's funding set aside to support gambling and drinking addictions?

**Mr. Hak:** We don't control or have any say in where the First Nations spend their commissions. They are required to report to the LGA in terms of what they do with the money they make. But we have no role in where they spend the money.

**Madam Chairperson:** Subsequent question, Ms. Klassen.

**Ms. Klassen:** Can you clarify LGA?

**Mr. Hak:** It's the gaming authority, used to be the Gaming Control Commission, so Liquor and Gaming Authority of Manitoba.

**Mr. Allum:** I want to take a moment, too, to congratulate Ms. Klassen, the member from Kewatinook, on her appointment as Leader of the Liberal Party. She has been a splendid addition to the Legislature. And so I want to congratulate her on taking on that responsibility and look forward to working with her in the future. And forgive me for that little interlude, but I thought it was important to acknowledge that. I meant to do so earlier and—

**Madam Chairperson:** Please, if you're next with your question, yes, please.

**Mr. Allum:** Yes, okay, well, I'll get back.

So, just a reminder to Mr. Hak that we're still on the head office consolidation at this point.

How will the absence of the head office consolidation affect the ongoing operations of the corporation?

**Ms. Craik:** Well, I respect the questions regarding the changes in consolidation and the reviews that were done in the past. The current board has taken an in-depth look at the work that had been done and we made a decision on a go-forward basis that there was no need for us to consolidate into one head office moving forward, no need to spend the additional \$66 million, at a minimum, to have the head office put in place and, most importantly, that we need to focus on the business at hand. We are not in the business of being landlords and real estate developers. We are in the business of liquor, gaming, and entertainment.

**Mr. Allum:** Thank you for that. So the suggestion, I'm taking it from the chair, is that the head office consolidation won't affect the ongoing operations of the corporation?

**Ms. Craik:** Can you—I need a clarification on that question—is it a question?

**Mr. Allum:** Yes, it was a question.

**Madam Chairperson:** Would you repeat the question? I think she's looking for—or reword it in a way.

**Mr. Allum:** Well—

**Madam Chairperson:** Repeat it, maybe. Sorry.

**Mr. Allum:** Understood. Thank you. So is it your suggestion to the committee that the absence of head

office consolidation won't affect the ongoing operations of the corporation?

**Ms. Craik:** That's correct. We feel that we do not need the changes made to our head office. We do not need the amalgamation at this point.

**Mr. Allum:** So, for either of you at this point, I suppose it's only fair.

Will the absence of the head office consolidation lead to cost increases for the corporation due to lost opportunities for cost efficiency gains?

**Ms. Craik:** We feel very strongly that we will not have increased costs to the corporation. We are looking at a new strategic direction that will require—that will allow us to operate within the space that we have through reallocating people and redesigning how we run the corporation.

**Ms. Klassen:** So I'm new to this. I want to know that, then, in regards to corporate governance, does your body ensure that there are funding or programs for gambling and/or drinking addictions?

**Mr. Hak:** Yes, sorry. Is that related to the previous question?

**Ms. Klassen:** Yes.

**Mr. Hak:** Yes. So as I indicated the First Nations, and it shows how much the First Nations make as their commission that they get from the video lottery terminals. This corporation has really no role in what they do with that money. They are required to report it to the regulator.

**Ms. Klassen:** For clarification, I meant the LGA specifically do fund and support places like AFM, those kinds of programs?

**Mr. Hak:** Yes. We have—as part of our mandate we allocate 2 per cent to responsible gaming. A good portion of that goes to AFM.

**Mr. Allum:** I just want to return again to the head office consolidation and the decision making of the new board. I think we established, in our preliminary questions, even though the narrative went in different directions, that it was a very thorough process that was undertaken by the previous board to come to its decision to purchase the Medical Arts Building to consolidate the corporation in one area.

Could the chair tell us what other than—what analysis was undertaken by the new board? Who did you hire? Who did you consult? What information did you utilize to make your decision?

**Ms. Craik:** We had one of our board members, Jim Morden, who was the lead on this file, who did an extensive amount of research going through, specifically, the previous research that was done to come up with the decision to do the consolidation.

\* (14:10)

In addition to that, looking forward at our direction, this is about focusing on the business at hand and really putting the people of Manitoba first. Is it really the best decision to spend \$75 million on a building that is unnecessary at this time?

**Mr. Allum:** So, if I understand you correctly, the decision by the previous board, evidence-based, based on a variety of consultants and others—put together a very thick file of analysis on it, while the new board asked one of their members to have an overview of it and then decided against it. Is that a fair characterization of what happened?

**Ms. Craik:** I don't believe that that is a fair 'characterization'. If you look at some of the numbers, what you'll find is that often there are more cost overruns that come into play when you're dealing with an older building. And some of the discussions that were had with experts in the field were taking into consideration the amount of work that would have to be done. Were we up for that challenge? We want to focus, again, on the business at hand. We are not in the business of being landlords, nor are we in the business of being property developers. We want to stick to our core businesses.

**Mr. Allum:** So what—I'm trying to understand exactly what evidence, what analysis was actually used by the board, and today you've said that a board member kind of reviewed the numbers and then the board made a decision. Is there something for the committee and the public of Manitoba to look at in regard to the decision making that was undertaken by the board at the time?

**Mr. Schuler:** I'd like to thank the member for the question and for his new-found interest in this process. As a minister in the previous government, he could have availed himself of all those documents. In fact, I believe he probably did. And I just love the fact that under our new open and transparent government, we can actually have members of the opposition—the former government can now come as members of the opposition to find out information of stuff that they did that they didn't

have access to the information on, even as a minister of the Crown of the previous government.

The member was asking for something concrete on the decision-making process, and I'd point the member out to a building called the former Canada Post office building, which the City of Winnipeg endeavoured to redevelop, a building that was meant to be a post office and then decided they would buy it and redevelop it as a police station, and found out the costs doubled. And I would suggest to members of this committee that they use that as one of their examples of why we potentially dodged a very costly process.

As government, we sent a framework letter to the corporation—very public, very open, very transparent. I tabled it for the critic and for all members to have a look at, and we made it very clear that a facilities review was to take place. We are appreciative of the work that was done. I think the CEO is—I'm sorry, the chair of the board is being very humble when she says that they had one individual; it was one individual and a team who put a lot of time and effort into the analysis. We accept that analysis.

I think Manitobans universally support the decision of the board, and I would suggest to the member that he need look no further than the new police station to see, when you open up the walls of an old building, and the Medical Arts Building—please recognize the name—the Medical Arts Building, built in 1922, was then going to be retrofitted as a corporate headquarters, a building that was built to be a building for medical offices was then going to be retrofitted to be a corporate headquarters.

Changing that building over would have been probably equal to taking a post office and turning it into a police station. And I suspect the cost would have been accordingly.

**Mr. Allum:** I thank the minister for that very important clarification he just provided to the committee. No one was suggesting anything other than to try to understand the basis upon which the new board made their decision. It's not meant in anything else; it's to get an understanding of the process by which the new board went about making this decision.

We'd already established it was a very thorough process that was 'understaken' by the previous board in the head office consolidation project, we'd already

established that there was a significant contingency fund set aside to address potential issues that the minister quite rightly raises it. I think it's objectionable that he would somehow compare this to the police—new police station, as—which has significant issues surrounding it that are far beyond what we're asking here about business cases. That's all we're intending to do.

And so I—he's—the minister indicated that a member of the board had done a very thorough analysis. Is that for public—is that report been made public, and can people of Manitoba look at it?

And, finally, his suggestion that it's universal isn't universal. I can think of five people right down this side of the table who don't agree with that decision. So it's not universal.

But I'm asking whether or not there is a report which the people of Manitoba can look at to look at the business case used by the new board, as well as whether a consultant was hired to look at potential problems going forward.

**Mr. Schuler:** Well, I thank the member for that question, and I just, again, point out to the member that it's rich that a member of Executive Council of the previous government, who would have seen all the reports, now finds that he has to come to committee and ask questions to find out if due diligence was actually done on a project that he was minister of a government that was responsible for doing it. Like, I find that incredibly rich.

Insofar as the process and what came out afterwards, the corporation made a very public declaration in which they stated, categorically and very clearly, they are not property managers. And that was a choice of the board, and I think Manitobans universally support that, and the fact that five New Democrats don't, doesn't surprise anybody. I mean, but the rest of the public—the other 99 point whatever per cent of the population—thinks that this was a good move because a Crown corporation that is tasked for selling liquor and lotteries should not become a property management company, and that's what the board had decided.

Insofar as reports being released and not being released, I would suggest that the corporation would no more release reports than they did previously, when the member was a minister. Because I sat at the table and asked for reports, and I was told flat out by then Ron Lemieux, the minister, that, no, I wasn't entitled to them. Those are within the corporation.

There is—it is about the running of the corporation and, no, those are not documents that are released to the public.

And the member, as a minister of the Crown, would know that. And now to sit here as somehow that he's being denied information is a surprise, because it was less than—well, more than six months ago, less than seven months ago that he sat on that other side of the table and denied members of the opposition access to reports. So that is gratuitous at best.

Insofar as decision of the general public is behind the decision, the Crown corporation is not a management corporation. I believe that the board of directors did their fiduciary responsibility; they laid it out clearly, they made it public, they held a press conference, they were open and transparent and I believe that they should be applauded for, basically, dodging a bullet on behalf of taxpayers because the analysis and the comparative of taking a post office and turning it into a police station is exactly paralleled with taking a building built in 1922 that was built to be a doctor's office and trying to turn it into a corporate headquarters. I believe those are very good comparatives.

**Mr. Curry:** To Chairperson Craik, to paraphrase you had said that the focus away from this purchase—the focus of business at hand. What we're talking about, of course, business at hand, Liquor & Lotteries provides services to Manitobans. It's a wonderful Crown corporation, we're very proud of this public corporation, and those services have to be carefully managed because these are delicate products that people are, essentially, consuming—not necessarily in terms of the lotteries, per se, but certainly the alcohol products. And, in some economic terms, you can consider the use of gambling as a consumptive good—or a service, excuse me.

\* (14:20)

So, for these things, how does the focus on business at hand emphasize the customer service aspect that the Crown corporation provides for the people of Manitoba?

**Ms. Craik:** Well, customer service is really about front-line people dealing with the public. We take great care in making sure that we have well-trained and positioned people that understand the needs of the public when they're interacting one to one. And, when you do it right up front, and based on my

background has always been customer service, when you train people and provide them with the ability to service people on the front line, it makes for a healthy organization all the way through.

**Madam Chairperson:** Do you have a follow-up, Mr. Curry?

**Mr. Curry:** Just to follow up on that and so as, if I had known, I hope, comes to these committees are keeping track of how many jobs I've mentioned, but I myself was essentially a provider—I've worked as a bartender for many years and at smaller restaurants.

Now, we internally had—essentially our performances were reviewed; soon we had management that would work along with us in that. We'd have training sessions, and many times we'd have a re-emphasis on learning new—about new products. How does Liquor & Lotteries monitor their services that they provide, their customer service, that is, and then how do they report on the level of, say, customer satisfaction? I think the greatest tool to find out are services well, do customers like the place, is a great way of monitoring if that customer service is being adequately addressed.

**Mr. Hak:** So, to reiterate, customer service is obviously very important from both lines of our business about customer service, or, ultimately, you wouldn't have any customers. But we do spend a fair amount on energy, on making sure we have customer service. I mentioned when staff get hired, they're trained, there's the casinos, there's pre-shift meetings, and there's ongoing programs that we offer our front-line staff. And, as issues come up, we deal with them with a focus of improving our service.

We do have tracking studies of customer service that we undertake every year, and I think the latest results are the customer service levels in our liquor stores, where we're rating over 90 per cent, and in our casinos we're over 90 per cent. Overall, all our product lines, they are now rating over 80-plus per cent. Having said that, we still—we always like to improve those numbers, and we will continue to train and offer programs to do that, so.

**Madam Chairperson:** Mr. Allum, you had—Mr. Allum had indicated next. Are you foregoing your turn, Mr. Allum?

**An Honourable Member:** I want to raise another—

**An Honourable Member:** And that would be a yes.

**Madam Chairperson:** Well, I'm—

**An Honourable Member:** On a point of order, Madam Chairperson.

**Point of Order**

**Madam Chairperson:** Mr. Marcelino.

**Mr. Marcelino:** It's precisely the point that I was making, that the—when there is an interruption in the line of questioning of members of the opposition, it is a violation; I would say it is a violation of the long-standing practice and traditions in committees of this Legislature. And I know that I have been ruled out, saying that the Chairperson is the boss in this committee. And I will not suffer through such arrogance. We are the committee; the Chairperson only presides. And, as a result, the same question that I had before, when the member from Fort Garry-Riverview was trying to form a line of questioning, especially regarding the way that the subsequent kiboshing of the headquarters of the Manitoba Liquor & Lotteries, when even the minister gets involved and goes on a rant about the Post Office building, which became a police station, it is amazing that my point of order has always been to re-establish the way that we do things in this Legislature and not be surprised by a change in the rules just because a Chairperson suddenly decides that she's the boss.

As a member of this committee, I'm entitled to say what I am saying, and it's up to this committee to decide how this is run and not the Chairperson. And the arrogance is unnerving. And I want that on the record.

**Madam Chairperson:** Thank you, Mr. Marcelino.

I am going to ask the committee if it—with their permission, to take a five-minute recess to consult, that the committee can come to a better understanding of how we wish to proceed. I am going to consult, as well, and, if that's okay, a five-minute break—if possible. Is that agreed? *[Agreed]*

*The committee recessed at 2:26 p.m.*

*The committee resumed at 2:42 p.m.*

**Madam Chairperson:** Going to call committee to order, please.

**An Honourable Member:** Long five minutes.

**Madam Chairperson:** I apologize for that delay.

First of all, I want to thank those who have provided me with input on moving forward in this committee. It was very valuable information and I want to thank those involved—thank the clerks' department as well.

Right now is not the time for us to debate process on how committee meetings should go forward. I think that that is something that has to transpire, and I will be taking it to the Speaker and the House leaders and the Opposition House Leader going forward in future meetings.

But, as it has been long-standing Manitoba practice for the critic or his designate, which was Mr. Allum, to hold the floor in committee until we've concluded the line of questioning, we will revert back to that. And like I mentioned, I will take it to the Speaker and the House leaders to iron out this decision going forward for subsequent meetings.

\* \* \*

**Madam Chairperson:** So thank you, everybody. I think that's—oh, and I would like to caution members, all members present today, that reflecting on decisions made by the Chair should be not—should not be happening at this time, and we're going to move forward and try to get through the meeting in our allotted time. However, Honourable Minister has a question or a statement.

**Mr. Schuler:** Could you canvass the committee, Madam Chair, and see if there would be leave to extend the committee meeting to 3:30 and then revisit the time again?

**Madam Chairperson:** Does the committee agree to extend the meeting time 'til 3:30? *[Agreed]*

Thank you very much. We will proceed. I did have a few names on my list, but we will go back to Mr. Allum and allow him to proceed.

**Mr. Allum:** Certainly want to appreciate the decision making that you've gone through in the last few minutes. Much appreciated.

When we left off questioning, notwithstanding the minister getting all excited there, all we were really trying to establish in the questioning was to articulate the very strong analysis that was done by the previous board in the purchase of the Medical Arts Building, the business case that was established

for it, the efficiencies that would have resulted from it, the contingency that was set aside in the event that there were unforeseen circumstances occurring—all of that was done prior of—by the former board. And so the new board comes along, their prerogative, no argument there, but trying to establish what business case, what business analysis was used by the new board to come to its decision. To date—I'm going to let the chair answer that again—but, to date, what we've heard so far in the committee today is that a member of the board had a look at it and a decision was made.

But I'll ask the chair again: What was the business case used to go a different direction with the headquarter consolidation project?

**Ms. Craik:** The business case is black and white.

The board decided, and made the decision to abandon the amalgamation and the purchase—the decision to, now, sell the building that we purchased—the Medical Arts Building—is because we are not in the business of being landlords, nor are we in the business of being land-property developers, period.

**Mr. Allum:** So, for—just for the record—purposes of clarification: No experts were involved in that analysis. No outside consultant was retained to establish the business case for your decision?

**Ms. Craik:** With reference to the Medical Arts Building, the board made the decision. We did not go out and spend unnecessary money on additional consultants because it was not required.

The decision was made that we are not in the business, as a Crown corporation, to be landlords and property developers. We did not require an outside consultant, nor the unnecessary expense to have somebody come in and tell us that.

**Mr. Allum:** Okay. So, for the record—and if I've got it wrong, let the chair answer—but, for the record, it's clear to this side of the table, anyways, that no business case was undertaken by the new board and compared with the very thorough business case that was prepared by the previous board. No business cases were set side-by-side with one another to compare whether or not this was good for the corporation and good for the people of Manitoba.

**Mr. Schuler:** I thank the member for the question because I think what we need to make very clear is the board of directors, first of all, has amazing

expertise and were chosen for their expertise to give direction to the corporation.

Secondly, they didn't have to spend further millions of dollars to tell them what is the right thing to do. I know that the previous government, with their decade of decay and deficit, that they would have needed to have spent another several million dollars for other people to tell them what the right thing is to do. And I think we have a board of directors who have the expertise, who have some of the best expertise that you can find in the city, across the province and the country. And they sat down and they had a fulsome discussion. They looked at all the reports, and the reports were not entirely conclusive. I think there were things in the reports, probably, that they would have challenged, and some of the conclusions they might have challenged.

But what we did is put together a board of directors that was second to none. And, if the member—if the critic for the opposition wants another recess, we can give him that, but, you know, we want to be respectful here. On this, the board doesn't need to spend millions more dollars to tell them that they're not property managers. They don't need to spend millions of dollars to tell them that the corporation doesn't have the expertise to be property developers. And, in fact, if you go back to the original RFP, nowhere did it say that the corporation was going to buy and renovate their own building. It was looking for headquarters space.

\* (14:50)

The corporation and the new board took their time. This was not a rushed decision. They took lots of time, and they did what they felt was in the best interest of the taxpayers of Manitoba, and should be applauded for that. We have given examples here before of where these decisions have gone sideways when individuals take it upon themselves to be everything except for what they are. And we have a corporation that is there to sell liquor, beer, spirits and lottery. And nowhere in that mandate does it say be a property management company or be a property developer. That was a stretch at best. Thank you, Madam Chair.

**Mr. Allum:** The minister referred to the time length. The former board took two years with significant analysis and review by experts and outside consultants—is a very careful, very thorough process.

So can I ask the chair how long after she was named chair was the decision made to abandon the project?

**Ms. Craik:** I don't have the exact date, but the current board took over in May of 2016. And we started doing the review based on—that was really our number one issue, was taking a look at the major decisions that have been made. We started undertaking our review immediately, and the decision, I don't have the date on the top of my head, was made—I'd have to get back to you—but it's public, whenever the announcement came out is when the decision was made.

**Mr. Allum:** Ballpark—could you please ballpark it for the committee on the record what—was it a month, six weeks?

**Madam Chairperson:** Take your time.

**Ms. Craik:** The decision was made September 19th, 2016.

**Mr. Allum:** Okay, so I just want to put into context the minister's suggestion that lots of time was taken. Two years, a very thorough process, experts involved in the process, was undertaken by the previous board. In a few months, without any experts, without any analysis done by anything other than board members, the board came to its conclusion.

Is that a fair characterization of what happened?

**Ms. Craik:** Fortunately, it didn't take us very much time, nor did it take us expenses to hire consultants to tell us that Liquor & Lotteries is not in the business of being property managers and property developers. It was an easy decision, because our focus is on what is in the best interests of the public. It would take a minimum of \$75 million, which would include the purchase of the building, never mind the additional costs to move and taking hard-working people within Liquor & Lotteries to refocus on a move versus on being in the business at hand. We did what is in the best interests of the public. And that is our fiduciary responsibility.

**Mr. Allum:** Well, I appreciate you came to that decision. I have no doubt that you came to that decision using your best wisdom and judgment. That's not what we're asking here.

We're asking you to compare the business case for the efficiencies that were being undertaken by going to the new location and all of the efficiencies that would have produced for the corporation that

were quite clear in the business case that was undertaken by the previous board. And it sounds to me, respectfully, that no interest was taken in the business case that was prepared over two years by numerous reputable consultants to make your decision. At the time, when the board made that decision and the announcement was made, there was a very solid business case, both from the corporation's point of view and for the public's point of view, that this was a very, very good project.

And so I'm just trying to establish, and it doesn't sound like it's much, what analysis was undertaken by the board in order to make the decision in the face of a two-year, thorough, exhaustive, expert process?

**Mr. Schuler:** Thank you very much, and I thank the member for his question, because it allows us to put some of the facts on the record. Our government was elected April 19th to fix the finances of this province, and we were under severe pressure in certain circumstances to get things done.

In the case of Manitoba Hydro where cost overruns on decisions that were made by the member opposite took them, I take it, longer than four or five months, and they got that wrong. So I don't think this is a time issue. Whether it takes you four months or two years, under the previous government, doesn't matter how much time it took them, they still got it wrong. The PST increase, I think it took them longer than four months to make that decision; they got that one wrong. And, you know, we could sit here for the rest of the day and talk about the decisions whether it took them a little bit of time or a lot of time and they got them wrong in every case.

In this case, a new board stepped in, a dynamic board, and I would say—I'm sorry if this makes our board chair uncomfortable. I have two young daughters, and I say to them if you want to know a hero or somebody that you want to model your life after it would be a Ms. Polly Craik, who is just a dynamic woman and businesswoman and outstanding Manitoban and Canadian in our society, and by the way, just absolutely dynamic. And I thank her very much for having taken this on and for taking tough decisions and for making the right decisions.

And it's this—if the member is trying to make this a time thing, I would suggest he look at his own track record of the last 17 years of—decade of decline and decay, deficits. There were decisions they made over a long periods of time that were a disaster, and over short periods of time.

In this case this was done in the fullness of time. They took their time and they made the right decision, and I know that Manitobans when that decision was announced stood up and applauded.

I have—other than the four opposition member—NDP opposition members at this table, I've not heard anybody in all of my travels since then say to me anything other than this was the right decision.

**Mr. Allum:** Honestly, I have no doubt that what the minister is suggesting in relation to the new board chair is absolutely true. This is simply trying to establish, especially with the level of alleged financial expertise on the new board, just how thorough a business case was established for deciding to abandon a project that would've improved efficiencies for the corporation. I think that seems eminently clear to most folks and had additional public benefits, which we're going to explore in a few minutes, additional public benefits for the downtown and otherwise that would've continued to build Manitoba as has been done over four terms of NDP government.

But what I, Madam Speaker—Madam Chair, this is directed to the minister, what I just heard him say, and I think members agree with me on this side, was, in fact, it was a very political decision to abandon that project.

Am I correct in saying that?

**Mr. Schuler:** Actually what the member is saying is that it took his government two years—two years—of trying to force a square peg into a round hole, and finally somehow they got it to work. It took them two years to actually make a business case for doing what they wanted to do. And by the—if you want to talk about political interference, dare I point out to the member that after 17 years of political interference in the Crown corporations, this is the first time since the last 17 years came to an end, thank goodness, that we've given our board of directors the mandate.

We gave them framework letters to do what was in the best interest of the taxpayers and the ratepayers of Manitoba, and we support them on this. This was a board decision and the fact that it took two years to twist and turn and force somehow some kind of a business case to buy something that shouldn't have been done, to actually make something work that didn't work. And that it took another group of professionals and, yes, I would suggest that the member avail himself of the list of

names, and there's this new thing Al Gore invented called the Internet. It's Google. Google these names and find out the kind of professionalism we put on that board—dynamic, outstanding Manitobans.

And I'd like to point out to the committee not necessarily supporters of the Progressive Conservative Party. In fact, I never asked any one of them—not one of them—what they voted, who they support, and I suspect we'd probably find they maybe donated to the new interim Leader of the Liberal Party's party—I've no idea.

\*(15:00)

We went out and we found the best we could find to come forward and take on the corporations devoid of political interference and do what was best. And it didn't take them two years to come to that conclusion. It took them an appropriate amount of time, and they made the right decision. And I'd like to point out to this committee never once was there political interference from my office or from government. The board was allowed to have their deliberations, to do due diligence, and to come up with a decision. It was the board's decision, listening to the professionals within their corporation who, by the way, often didn't even agree with the former government, who came with good advice. And we support the board's decision, as do Manitobans on this issue and on behalf of the government one hundred per cent.

**Madam Chairperson:** I'm just going to remind members to direct your questions and your responses through me, not to each other. It does not allow for respectful response, and I think that it's important that we remember we're trying to establish that, in this House and we're all trying very hard and we're all very passionate.

So, please, Mr. Allum, continue.

**Mr. Allum:** And really, we're trying to have an objective conversation with the board chair on the extent of the analysis undertaken by the new board to compare a very thorough exhaustive business case that was put together, I might add, not by—just by the board but by the staff of the corporation as well. So he ought to—I caution him about throwing everybody under the bus at the same time.

But what I would like to ask, finally, on this line of questioning, and then we'll move on: Did the minister, at any time, ever direct you on this decision?

**Ms. Craik:** The minister never, at any time, gave me or the board direction related to the Medical Arts Building.

**Mr. Allum:** Did you and the—thank you, Madam Chair, through you to the chair: Did you and the minister discuss it before the decision was made?

**Ms. Craik:** The only time—the first time that it was discussed was—with the minister was after the board made the decision. I requested a meeting with the minister to advise him of our decision.

**Mr. Allum:** Just so—thank you very much. Just so I can get the timeline correct, the chronology. We said that the board was appointed, in May, I think. I think he said that it was announced in September.

When did the board make that decision?

**Ms. Craik:** I would have to check my notes on a specific date, but I can get that back to you.

**Mr. Allum:** I appreciate that and, in addition to that, would you—because you're providing all the committee with the same information, would you also—I—be able to identify, then, when you had your conversations with the minister about it as well, so that the chronology that you just described is actually the accurate chronology of events? *[interjection]*

**Madam Chairperson:** Do you wish to continue?

**Mr. Allum:** The question has been asked.

**Madam Chairperson:** Okay.

**Ms. Craik:** I will get that information and provide it.

**Mr. Allum:** Thank you very much.

We would like to turn to—we're on the same topic, but we're now going to move to a little different line of questioning.

I think I know the answer to this based on what you've said so far, but I want to make sure that I understand it completely.

Does the present board believe that it is part of its mandate to contribute to the revitalization of downtown Winnipeg?

**Ms. Craik:** If I can speak on—my own personal belief is absolutely. Downtown is important. I'm a property owner downtown. I've always had my business downtown. I'm past chair of CentreVenture Development Corporation.

As it relates to Liquor & Lotteries, we are in the business of being in liquor and lotteries, not in the

business of being landlords, property developers, and should we look to invest in downtown, it would need to make solid business sense. We believe, from a personal standpoint, that it's the right thing to do, but we are not officially mandated to support downtown.

**Mr. Allum:** Did the corporation consult with the Downtown BIZ prior to cancelling the head office consolidation project?

**Ms. Craik:** No, there was no consultation with Downtown BIZ.

**Mr. Allum:** Did the corporation consult with the mayor of Winnipeg prior to cancelling the head office consolidation project?

**Ms. Craik:** No, we did not consult with the mayor.

**Mr. Allum:** So, in answering both those questions, no additional consultation was taken as to the additional benefits this particular investment in consolidation. The initial analysis indicated that there were significant benefits to the corporation, and there would be significant indirect benefits, if I could call that, to the revitalization of downtown. So that was not part of the calculation undertaken by the board at the time?

**Mr. Schuler:** Well, I thank the member for the question, because some of these questions are getting into political statements and deviating from facts.

At no point in time was it established that there was going to be economic benefits to any of the taxpayers in Manitoba if the corporation moved downtown. In fact, I think we have established here that this was going to be a fairly expensive exercise done by a corporation that did not have expertise in the field of being property managers or a construction company, that if we looked at the history of these kinds of projects, it is often the case—it is usually the case that there are costs that were unforeseen, and the costs would have—more than likely have spiralled far higher than initially proposed.

I think the \$75-million price tag is small-c conservative at best. It would have been more than likely more than that. It was an ambitious construction project. I don't think all the different factors that make a project that size complete were necessarily all included. That is a building that will need a lot of work. A company that has that expertise will have a better opportunity at developing that building, not a company that has been mandated by legislation to sell liquor and lotteries. So I don't think

the premise that anything has been established—that this was a money-saving or money-making exercise on behalf of the corporation—has ever been established. I think the opposite has: that this was, at best, a risky venture—at best.

And I would suggest that the member avail himself of comments that were made outside in the community, individuals who have a lot of know, whether it was in the newspaper or otherwise indicated, that this was, at best, a risky venture on behalf of Manitoba Liquor & Lotteries. So the premise that somehow this was a money-saving is as a conjecture by the member and his other three colleagues at this table, and it is not what is believed by the professionals and by the general public. The general public saw through this, that this was going to end up costing them, as all the other appalling decisions that were made the last 17 years, that now costing the general public, and they saw through this. And there's a universal—universal—cheer that went up when this decision was made because in the end it's always the public who has to pay for NDP missteps.

**Mr. Allum:** So, in light of what the minister just said, is he prepared, Madam Chair, to table the business case that he—that was looked at by the board to support the many, numerous allegations that he just made?

**Mr. Schuler:** It was just tabled. Chair of the board said, (a) they're a property management company—there, that's been tabled; (b) they are not a construction company. That's been tabled. What more does the member need?

\* (15:10)

This would have been, at best, a risky venture on behalf of the corporation, and we've given all kinds of examples this afternoon on other ventures that were gotten into that got way out of hand when governments got into a project. And, again, when you take, for instance, a post office, and you make it into a police station and the cost overruns, because they weren't up to the task of the magnitude of that building. The same thing could have conceivably—and probably more than likely would have happened—with the Medical Arts Building, taking a building that was supposed to be used for medical offices and turning it into a corporate headquarters.

The board chair has, on the record, made it very clear. They are not in the business of being a management company nor are they a construction company. That's been tabled. And, insofar as any

other documents, I would suggest to the member maybe some of them are in his own filing cabinet in his office. He was—he could have made himself available. He was a minister of the Crown. He was a Cabinet minister. Where are all the documents that he supposedly references that are supposed to be available? Because I would suggest to him, never once in committee were any of those offered. And he used to sit on committee. Never once did the member raise his hand and say: Absolutely, I think we should give all of those confidential reports up, which could actually compromise the corporation, the way they do business.

And my colleague, the critic who sat here, and he said, you know, he sat at committee and never asked questions. Well, maybe he should have. Maybe he, too, should have asked some questions of his government. And maybe we would have had a far more wholesome discussion on this project.

The minister says it took two years to come to this point. Never once was it debated here. We weren't allowed to see any of the documents. Maybe he'd like to produce them. We would love to have them presented at committee. Maybe he has them in his cabinet downstairs. I don't know where he would keep all these documents, but perhaps this issue should have been discussed two years ago when it was first of all being debated. It was done under a cloak of secrecy, and then it was introduced. And we were given no documents; we were given nothing. And the public saw through the ruse. The public realized that this risky venture was going to be on their back, just like every other risky venture that the NDP went on in the last 17 years.

The public always bears the burden of paying for those.

**Mr. Allum:** As the—I want to remind the minister that I'm no longer the minister, that he is. And just to correct him, I don't know that he was aware that he called me that, but I'm no longer a minister of the Crown anymore. He's the minister of the Crown. He's twisting himself into a pretzel here. And what I hear, and I think what the public is probably hearing, is this was an intensely political decision that was made. And so we'll leave it at that.

What we tried to do in our initial number of questions was to establish the very, very thorough process that was undertaken by the previous board to consolidate the headquarters of the corporation and to ensure that there were additional, multiple public benefits. And that was crystal clear in the decision

making that was done by the previous board. What I've heard this afternoon is that the board, within a short period of time—a matter of weeks or months—decided, on the basis of no expert opinion, no consultation, no additional independent expertise to make a decision. And that strikes me as being one that was highly political, but I'll let others decide that.

At this stage, we've heard that the board didn't ask—didn't consult with the Downtown BIZ, didn't consult with the mayor about the benefits that might have accrued to the downtown. So I have to ask the chair, Madam Speaker: What future plans does the corporation have for the Medical Arts Building, for the surface parking lot there and for the parkade?

**Ms. Craik:** We've already undertaken—we've gone out to RFP to hire a real estate representative to put the building on the market. We are getting great response. We feel that—very confident that we'll be able to recover the money spent to date on the Medical Arts Building, and we are moving forward in that direction.

**Mr. Allum:** So the—so I take it, then, that the corporation—as I understood your answer, only—will be selling that building?

**Ms. Craik:** That is our intent.

**Mr. Allum:** Including the surface parking lot and including the parkade, the whole complex will be sold?

**Ms. Craik:** Yes, that is our intent, to sell the entire complex.

**Mr. Tom Lindsey (Flin Flon):** Just to switch directions perhaps a little bit: Is the corporation still committed to pursuing a flagship liquor store in the True North Square?

**Mr. Hak:** Yes, we're still undertaking an assessment of what exactly we're going to be putting in that store and what's going to happen with that property.

**Mr. Lindsey:** So you're still planning to build a store, you just haven't decided what it's going to look like yet. Is that my understanding?

**Mr. Hak:** Yes, we haven't decided entirely what we're going to do with that space.

**Mr. Lindsey:** I have to clarify, you haven't decided what you're going to do with that space—that leaves a pretty broad spectrum. Are you planning to put a Manitoba liquor store in that space, you just haven't

decided what that store is going to look like, or are you going to do something else with it.

**Mr. Hak:** Yes, we haven't decided what that store is going to look like at this point.

**Mr. Lindsey:** But it will be a store?

**Mr. Hak:** At this point, there'll be—it's part of the plan, yes.

**Mr. Lindsey:** At this point. So that decision could change, is that what you're saying?

**Mr. Hak:** Yes, like I said, we're still doing an assessment of what we're going to do with the space.

**Mr. Lindsey:** That, I guess, clarifies it, that you really haven't made a decision what you're going to do with the space, that it—that you haven't made a decision that it's actually going to be a liquor store. It's going to be something, but you don't know what. Is that a fair assessment of what you've just told me?

**Mr. Hak:** Yes, we will have a downtown liquor store. There's currently one in Cityplace. And one of the things we're looking at is relocating that store into the True North's project.

**Mr. Lindsey:** Will the new store, wherever it lands up being, will it be partially private, or is it going to remain solely in the public domain?

**Mr. Hak:** Again, we're still doing an assessment of whether—what exactly is going to be included in there, which, potentially, could be a combination of public-private.

**Mr. Lindsey:** Do you have any idea when you may come to those decisions?

**Mr. Hak:** We don't have any time frames at this point.

**Mr. Lindsey:** Seems that you can make some decisions really quickly, but other ones seem to take an awfully long time to come to a decision on. I wonder why that is, but I guess we won't go there.

Is the corporation planning for marijuana distribution if it ever becomes legal?

**Mr. Schuler:** I'd like to point out to committee that the entire discussion about marijuana sales would come under The Liquor and Gaming Control Act, which is under the Department of Justice, and thus these questions would be out of scope.

**Mr. Lindsey:** I don't believe that that answer is correct, Madam Chair. What my question was, was is the corporation planning, so that when the decision

gets made one way or the other, if it's going to be a legal entity that they'll be ready to hit the ground running.

**Mr. Schuler:** As that entire issue will fall under The Liquor and Gaming Control Act, which is under the Department of Justice, I would suggest, Madam Chair, that for the purposes of this committee, it is out of scope.

**Madam Chairperson:** Mr. Lindsey—oh, I apologize—Mr. Marcelino.

\* (15:20)

**Mr. Marcelino:** Since this is the committee, the Crown Corporations committee, may I ask the minister: Has the government asked other Crown corporations to divest themselves of some of the assets they own?

**Mr. Schuler:** The member should know full well that our government has embarked on being the most open and transparent government in the country. And the first thing we did is every one of the mandate letters given to ministers was made public, upon which the framework letters to Crown corporations giving some guidance was made public. And the member received copies; I tabled them in the House for him—directly to him. And that is the direction that was given. We do not political interfere in the decision making of the Crown corporations.

Now the member and I did sit through Estimates process, in which I explained to him that we believe that each of the Crown corporations has hired some of the best and brightest, not just within the province but across the country. And I look across the room, and I see some incredibly dynamic men and women who are tasked with the responsibility of running these Crown corporations, and 'alls' what we have asked, and we've been very public and open about this, is that would you please do what's in the best interest of Manitobans, what's in the best interest of the ratepayers in the case of MPI and Manitoba Hydro, in case of the taxpayers, in all three of them? Do what's best for Manitobans.

And we believe that the advice being given is professional advice. It is good advice and that advice comes up and goes through the senior management to the board. The board is being given good advice, and we believe and we trust in that process—that we want to be very clear as a government that we appreciate the men and women who sit, not just at the board table, who sit as senior management at board meetings who are giving advice to the boards.

We appreciate the work that they do, and now is a great time to recognize all those men and women here, and we thank them. We thank each and every one of them for giving professional advice, advice that is in the best interest of all of our fellow Manitobans. That is the only direction we've given our Crown corporations.

**Mr. Marcelino:** And I understand the rather long statement of the honourable minister regarding non-political interference.

Does the minister know that MPI has a limited partnership with the True North Square project?

**Mr. Schuler:** Madam Chair, as this committee has been called to go over the annual reports of the Manitoba Liquor & Lotteries Corporation and not the Manitoba Public Insurance Corporation, I would suggest respectfully that that question is out of scope.

**Mr. Marcelino:** So I take it that he does not know the answer. Is that what I'm supposed to get?

**Mr. Schuler:** Actually, Madam Chair, through you, what the committee should get from this is that we have a focus at this committee, and it happens to be Manitoba Liquor & Lotteries, which is why this committee was called. And we just had a long fulsome discussion with Manitoba Public Insurance Corporation. The member was there; he could've asked all kinds of questions there. If he wants to ask more questions, he can speak to his House leader, and the House leaders can have a discussion about when we should call Manitoba Public Insurance Corporation back in front of committee. However, the focus today is Manitoba Liquor & Lotteries; that is the focus. And I want to be very clear on this: we've got to focus on the matter at hand, and that question is just not in scope of this committee.

**Mr. Marcelino:** So the government has not given any instructions to Manitoba Public Insurance regarding those parking lots that were given to the True North Square. And, I dare say, that maybe it's outside of mandate of the Manitoba Public Insurance Corporation to be dealing with another corporation on a limited partnership basis. The minister will refuse to answer the question again; well, it's—that's the way it has been, even in the House. And I understand his frustration too, that he's trying to cover himself.

The question that I have regarding MPI and Manitoba lotteries and, well, later on, Hydro, requires a little more fulsome disclosure from the

minister as to how much direction and how much vision and how much ministering is he doing with respect to those Crown corporations. This is a committee, a committee of the House, that is trying to take a closer look at how the Crown corporations are being run. So we have the reports. I understand that. I read the reports, and these are the reports from 2013, 2014, 2015. But my point is, there is a new government in town that is supposed to provide direction and vision or at least lay out plans for the consumption of the public so that the public might know where we're going with these Crown corporations. I guess it's a very valid question, and if the minister decides not to answer any questions beyond the reports, then there's no sense that the minister's even here. I could've asked the questions directly to the members of the board and the operating officer and to staffers. It's not fair.

**Mr. Schuler:** Insofar as how much ministering the minister is doing, I was on the job for about a month and a half, and I'm not too sure who submitted the freedom of information requests. It might've been the member; it could've been the media. We are not to know that, and they asked for my calendar.

And I'd like to point out to the member that actually the only thing that was redacted were three entries because I had constituents in and, by accident, I had put their full names in, and I don't feel that I have a right to give full names. But all of my dentist appointments, all my doctor's appointments, all of my meetings, all of my son's soccer games—he's a premier soccer player, for the record—everything—everything—was in there; it was disclosed. In fact, I think we even put it on the website.

If the member wants to come upstairs, we'll run off my calendar for him. He can go through it. He can ask me questions. Folks, it's open and transparent. I think half the staff in this building have access to my calendar. They all know what I'm doing. I'm incredibly busy.

There's this new thing Al Gore invented, called the Facebook. I suggest he—if he sends me a friend request, I'll accept his friend request. A lot of his colleagues are friends, former colleagues. He can see what I do on a daily basis. In fact, we're going to post a picture fairly soon of a whole bunch of my colleagues and the new acting Leader of the Liberal Party and congratulations. We are so excited for you, and we wish you all the best on behalf of committee; that's just great and I even was—I had the opportunity to give her a hug afterwards.

If anybody wants to see my calendar, come on down. We'll run off a copy for you. It's public. And you can see how much ministering the minister does.

**Madam Chairperson:** As previously agreed, and the hour almost being 3:30, what is the will of the committee?

**Mr. Allum:** Well, I think, Madam Chair, that we haven't quite completed our line of questioning yet. I'm inclined to say 4:30, but I don't know it will take 'til 4:30.

**Madam Chairperson:** Is the will of the committee to extend our time to 4:30 if needed?

**Some Honourable Members:** No.

\* (15:30)

**Madam Chairperson:** Well, we need to come to an agreement on that. So shall we say 4 o'clock?

**Some Honourable Members:** No.

**Madam Chairperson:** So, the hour being 3:30, as agreed previously, is—does the committee agree to rise at 3:30?

**Some Honourable Members:** Yes.

**Some Honourable Members:** No.

**Madam Chairperson:** Please allow me a moment.

Seeing that we can't find an agreement on a time to conclude today's meeting, we will need to have a motion put on—a written motion put out forward and by the members who do not wish to continue on past 3:30 today. And I will allow for a five-minute recess for that to take place.

**Mr. Schuler:** Seeing as we want to do things by tradition, I understand that we had said that committee would sit till 3:30; at such time, we would either extend or committee would rise, and that's usually how it's done. There's no written or anything. It's that 3:30 came and committee should rise and that's it, if there's no extension given. That's what we've done 17 years, traditionally, and I—seeing as we seem to be defenders of tradition today at committee, I suggest we should be defenders of tradition on this point too. The time's run out, committee rises and the House leaders will decide, at some point in time, when committee is called back again. But that's—until now, has always been the tradition.

**Madam Chairperson:** It's been my understanding that we agreed to revisit at 3:30 to discuss whether we would extend or be completed at 3:30. And since we cannot reach an agreement to end at 3:30 or extend it to—I've given 4:00 and 4:30. That is not in agreement—a motion, a written motion needs to come forward from those who do not wish to go forward and—that is the advice that the Clerk is giving me on proper procedure. I will allow for a five-minute recess for the members, on this side of the table to concur or to talk. And you can approach the Clerk and myself if you have any further questions.

Committee is recessing for five minutes.

*The committee recessed at 3:33 p.m.*

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*The committee resumed at 3:43 p.m.*

**Madam Chairperson:** I'd like to bring the committee back to order.

**Mr. Eichler:** Madam Chair, I move that committee rise. [*interjection*] Don't need a seconder.

**Madam Chairperson:** It has been moved by Minister Eichler that the committee rise.

The motion is in order. Shall the motion pass?

**Some Honourable Members:** Pass.

**Madam Chairperson:** The motion is accordingly passed.

The hour being 3:44, the committee will rise.

**COMMITTEE ROSE AT: 3:44 p.m.**

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