



STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES

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STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES

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Arm River-Watrous

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Saskatoon Nutana

Mr. Bob Bjornerud
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Mr. Scott Moe
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Mr. Roger Parent
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[The committee met at 15:00.]

The Chair: — I want to welcome everybody this afternoon to the meeting. I see that there are no substitutions. Members have a copy of today's agenda. If members are in agreement, we will proceed with the agenda.

Now pursuant to rule 148(1), the following main estimates and supplementary estimates were deemed referred to the committee on March 27th, 2014 and March 19, 2014 respectively: vote 13, Central Services; vote 195, change in advances to revolving funds; vote 175, debt redemption; vote 18, Finance; vote 12, Finance — debt servicing; vote 82, Growth and Financial Security Fund; vote 177, interest on gross debt — Crown enterprise share; vote 151, Municipal Financing Corporation of Saskatchewan; vote 33, Public Service Commission; vote 142, Saskatchewan Liquor and Gaming; vote 152, Saskatchewan Power Corporation; vote 153, Saskatchewan Telecommunications Holding Corporation; vote 140, Saskatchewan Water Corporation; vote 150, Saskatchewan Energy Incorporated; vote 176, sinking funds payment - government share.

Bill No. 122 — *The Alcohol and Gaming Regulation Amendment Act, 2013 (No. 2)/Loi n° 2 de 2013 modifiant la Loi de 1997 sur la réglementation des boissons alcoolisées et des jeux de hasard*

Clause 1

The Chair: — Now today we will be considering Bill No. 122, *The Alcohol and Gaming Regulation Amendment Act, 2013*. We will start with clause 1, short title. I will ask the minister if you have any opening remarks, and also you may introduce your officials. Madam Minister.

Hon. Ms. Harpauer: — Thank you, Mr. Chair, and good afternoon to all committee members. I'm pleased to be here today to discuss Bill No. 122 which will amend *The Alcohol and Gaming Regulation Act* of 1997.

Today I have with me officials from SLGA [Saskatchewan Liquor and Gaming Authority]. To my right is Barry Lacey, the president and CEO [chief executive officer]. To my left is Lynnette Skaalrud, the director of policy and legislation; and behind me I have Jim Engel, vice-president of corporate services.

As noted in my second reading speech, the changes being proposed in the Act have four primary themes. One is providing authority for the First Nations gaming licensing authority to register on-reserve charitable gaming employees and suppliers. Second is allowing SLGA to establish a subsidiary corporation through an order in council. Third is ensuring effective regulation, and fourth, other housekeeping amendments. And with that, Mr. Chair, I will entertain any questions.

The Chair: — Thank you, Madam Minister. Ms. Sproule.

Ms. Sproule: — Thank you very much, Mr. Chair, and thank you, Madam Minister, and officials for coming in today. This is a new portfolio for me, so I'm working through what SLGA

does. And certainly this is an important bill I think that's coming forward.

So I have a few questions about the bill. I'm just going to start right off the top. There's a new definition for Indian band, and the new definition reads:

'Indian band' means a band as defined in the *Indian Act* (Canada).

I know that federally when new bills are coming forward respecting First Nations, quite often they will refer to them as First Nations, as defined in the *Indian Act* as an Indian band. So can you tell me why you wouldn't use First Nation here and why you chose to use Indian band?

Hon. Ms. Harpauer: — That was advice from Justice when the bill was being drafted. So what I'm assuming, without having Justice here, that that's to have consistency within different bills.

Ms. Sproule: — Yes, I think the trend federally now is to avoid using that phrase because it's losing its popularity, and it's actually more popular to use First Nations. But certainly you'll see that trend federally if you look at some of the bills they're passing — *First Nations Land Management Act*, *First Nations Oil and Gas and Moneys Management Act*, things like that. So those are certainly amendments that we would be amenable to if that was something you wanted to take a look at.

I was wondering if you could explain an endorsement for me. It's already described in the Act, but it comes up several times in some of the changes. So I see in the definition, it means an endorsement to a permit. What kinds of circumstances would that be applied for? What is an endorsement, just so I understand?

Hon. Ms. Harpauer: — So what it is is an endorsement to an existing permit. For example some restaurants have off-sale endorsement for wine. So it's sort of an add-on to an existing permit.

Ms. Sproule: — So would most endorsements be the off-sale side of things?

Hon. Ms. Harpauer: — Probably it would be the most common.

Ms. Sproule: — That's certainly where it comes up in the amendments. Okay, thank you. A number of definitions have been shortened down quite substantially and now are just being referred to in the regulations. Can you explain why you're taking that approach?

Hon. Ms. Harpauer: — So my officials are advising me that the gaming industry has a lot of rapid changes, so this allows for SLGA to keep up with those changes without getting bogged down with the actual legislative calendars that we're bound to.

Ms. Sproule: — I appreciate the rapid changes in this atmosphere, the world that you live in, the environment you live

in for this alcohol and gaming. But I mean some of these, for example a supplier, it's hard to imagine that that definition would change quickly. Like how could a supplier change on a day-to-day basis, the definition of a supplier?

Hon. Ms. Harpauer: — I'm going to ask my official to explain that.

Ms. Skaalrud: — So this is to do with instances where there is perhaps changing circumstances in the industry or if we as the regulator of the industry notice that there may be some issue or concerns with certain parts of the industry, certain people that supply to the casinos that aren't included in that definition at the present time. It allows us to respond to those concerns as they arise.

Ms. Sproule: — Can you give a concrete example with a definition change to supplier? Like where have you experienced that and why is the need?

Ms. Skaalrud: — A few years ago there were some issues around the ATM [automated teller machine] suppliers in SIGA [Saskatchewan Indian Gaming Authority Inc.] casinos. Under the current regulation and legislation, they weren't included as a supplier. Having the definition in the regulation would have allowed SLGA to respond to that much more quickly.

Ms. Sproule: — Okay, thank you. I've often commented on this in adjourned debates, and in any number of bills, when I see a trend toward removing definitions and powers from a piece of legislation to the regulations, it makes it much more difficult for the public. It may be easier for the ministry, but it's much more difficult for members of the public to really understand what the requirements are, what the rules are. And if they have to search not just the legislation but also into the regulations, it makes it much more difficult. So I'm always a bit disappointed when I see this trend.

And I think there's at least four definitions now that are being reduced down to as defined in the regs, so it makes it much more difficult for I think operators and also people who are trying to interpret the Act. So it's a comment that I make on a regular basis, so I may as well make it here as well.

I'm going to have to flip through pages here just to get to the spots where changes are being made, using the actual Act itself.

Clause 19 of the existing Act, now I guess that's being amended in section 5 of the new Act or the amending Act. There's a new subsection (3), and that's respecting licences and permits. It's a sealed bid process that you're establishing. You know, the authority is establishing a sealed bid process in terms of endorsements for consumption off permitted premises. Can you tell me a little bit about why you felt this change was necessary and what it speaks to?

Hon. Ms. Harpauer: — It is part of the 72 changes that we made, along with a number of other changes we made, to the regulations and rules around serving of liquor within the province. And there was actually a press release on this, that in communities, rapidly growing communities we were changing the restrictions on how many off-sale outlets could be within those communities. And so we therefore decided to go with the

sealed bid process because there would be a number of businesses that would want that off-sale endorsement, and it would alleviate picking the winners and losers.

Ms. Sproule: — So will it go to the highest bidder then?

Hon. Ms. Harpauer: — That would be correct. And the first bid process has been issued in January, for seven . . . I'm trying to remember the exact number, but there was a press release on it.

Ms. Sproule: — Just last week, was there an announcement? There was some new establishments last week, but I don't know if it was this context. No. Okay.

Will you be opening it up to then all off-sale establishments in those communities. And like the ones that already exist, are they grandfathered in?

Hon. Ms. Harpauer: — Yes, this has got to do with expanding, not closure, of off-sales. So they're not grandfathered. They just continue to exist.

Ms. Sproule: — They don't have to rebid on their own.

Hon. Ms. Harpauer: — No, no, no. Oh, no. This is where the population has substantially increased and so therefore to serve the expanded community.

Ms. Sproule: — I guess conversely then, if the population is decreasing in some of the smaller communities, are you reducing the number of off-sales?

Hon. Ms. Harpauer: — No, we're not.

Ms. Sproule: — So they're all grandfathered in as well. All right. I know in your opening comments and in your ministerial comments on December 2nd, you indicated that one of the main changes was the ability of the authority to establish a subsidiary corporation through order in council. Can you explain why the corporation feels that's necessary and what types of subsidiaries you're anticipating creating?

Hon. Ms. Harpauer: — Absolutely. I already advised my officials that that's where the accounting skills needs to come in for that detailed explanation. So I am going to have my officials explain that.

Mr. Lacey: — Good afternoon. The purpose of including a clause that would allow SLGA to establish a subsidiary corporation basically relates to the purchase and holding of gaming assets. And by establishing a subsidiary corporation that would purchase and hold those gaming assets on behalf of SLGA, it allows SLGA to defer GST [goods and services tax], essentially payment of GST over the life of those assets. And by deferring GST payments over the life of those assets, as opposed to upfront, what that does is allows SLGA to achieve savings over the life of those assets.

Ms. Sproule: — And why can't SLGA defer it themselves?

Mr. Lacey: — So this relates to federal tax law and federal tax code. So how GST is applied to gaming assets is actually quite

a bit different than how GST is normally applied in the business world. So currently when SLGA purchases a gaming asset — we're talking slot machines, VLTs [video lottery terminal], central operating systems that run those electronic gaming devices or any other type of assets that's used to generate gaming revenue — SLGA pays two times GST on the purchase of those assets. So essentially we pay 10 per cent on the purchase of the assets.

There is a provision in the federal tax framework, however, that allows provincial gaming authorities such as SLGA to set up subsidiary corporations. And if an asset is purchased or transferred to a subsidiary corporation, essentially what happens in this case is the subsidiary corporation pays just the GST on that purchase one time. So it would be 5 per cent.

However because that subsidiary corporation isn't actually involved in the production or generation of gaming revenues using those assets, they get a tax rebate on that GST payment. So in essence, on purchase, you work through the accounting stuff. The subsidiary corporation on initial purchase of the assets pays zero dollars. Right now SLGA pays 10 per cent immediately upon the purchase of those assets.

[15:15]

Then what would happen with a subsidiary corporation is that subsidiary corporation would lease the assets to SLGA over the life of that asset. So over five or seven years, they would lease that asset to SLGA and SLGA would only pay basically GST on that amount of that lease payment. So essentially the subsidiary that's leasing it to us would pay 5 per cent. SLGA would pay 5 per cent. At the end of the day you still get to 10 per cent, but you're paying that 10 per cent over seven years.

Now what that allows essentially is a deferral of that GST payment over five to seven years as opposed to upfront which essentially allows . . . It's basically the time value of money takes effect here, right. So for example on a \$100 million purchase of assets, GST normally would be paid upfront of \$10 million right away with that purchase. That's 10 million now that SLGA would either have to borrow and pay interest on right upfront or it would be money SLGA would pay out of cash flows. But at the end of the day, that would be money not in SLGA's bank account earning interest. So basically what you do is you're losing that 200,000 in year 1 as opposed to only paying, for example, 10 or 20 million upfront in assets and 1 or 2 million GST.

I hope you're able to follow that. But essentially what it is, is deferral of taxes that at the end of the day allow SLGA to increase its bottom line earning power.

Ms. Sproule: — Yes, that's a good explanation. Thank you very much. How long has this ability to create these subsidiaries been in place? Like why now and why not 10 years ago?

Mr. Lacey: — You know, I think that with our recent purchase of . . . renewal of our VLT system and SIGA also renewed their central operating system, we've had some fairly major capital expenditures in the last couple of years that we typically don't see. And it was really when we saw that level of capital expenditure, that's one reason that we revisited this issue and

believed there was value in looking at a subsidiary corporation.

Secondly, this is an area that other jurisdictions have evolved in as well, and we've seen other jurisdictions move to establishing subsidiary corporations as well. It's my understanding that Alberta just this past year has set up a subsidiary corporation, very similar reasons for what we're doing here.

So a combination of we've had some significant purchases which have made this seem like a more concrete and real opportunity, and secondly obviously, monitoring what other jurisdictions are doing here too.

Ms. Sproule: — These capital assets you're referring to, I'm inferring that they are VLT machines. How many do you own as an authority? Or give me a ballpark figure of how many machines we're talking.

Mr. Lacey: — Basically it would include all gaming assets that we hold. We have our VLT program, so we have approximately 4,000 VLTs in the system. We also own the slot machines at the First Nation casinos, and we have 1,870 slot machines that are at the First Nation casinos that we purchase and own on our books. And as well then you would have the central operating systems, basically the central computer systems that run both of those programs, which in themselves are significant capital investments. And that would be primarily most of the gaming assets that we're talking about here.

Ms. Sproule: — And do you own the slots at Casino Regina and Casino Moose Jaw?

Mr. Lacey: — No, we don't. Saskatchewan Gaming Corporation would own those slot machines.

Ms. Sproule: — And under the gaming framework agreement with the First Nations, will you continue to own the slots in First Nations casinos?

Mr. Lacey: — Yes, we would.

Ms. Sproule: — Okay. I'm going to move on. In division 5 of the existing Act, there are a number of significant changes in sections 26 and 27. And I just want to make sure I have the . . . Yes, it's section 8 I guess of the bill. Can you just summarize for us quite generally what the main changes are in terms of the hearings by the commission?

Ms. Skaalrud: — The changes around the commission sections are going to do two things. One is that we're trying to streamline those provisions and make them a little bit easier to follow for people that have to deal with them.

The second thing that we're doing is, as part of the delegation of authority to Indigenous Gaming Regulators to register on-reserve suppliers and employees, we are providing authority for the Liquor and Gaming Licensing Commission to review decisions of that body, similar to how they would review decisions of SLGA on similar matters in the registration area.

So the commission already has authority to review First Nation gaming regulator decisions around charitable gaming licensing and regulation, and so this just expands that scope to cover the

registration piece that's being added this year.

Ms. Sproule: — Thank you. Just bear with me, Mr. Chair. I've just got to find out where we're going here. Conduct of the review, currently section 32 . . . No, that's fine. I think I figured that one out.

Sections 33, 34 are also being deleted and replaced. Is it the similar kinds of changes there to incorporate the First Nations aspect of this?

Ms. Skaalrud: — Yes, it is.

Ms. Sproule: — All right. Thank you. I was interested to the changes in section 36, and this is where someone . . . There's been a decision to cancel I guess a licence. And you're adding some changes there now. Where is that 36? I guess that's on page 28 of the new bill, section 17. I note the changes are . . . There's a new clause 36.1, which is a prohibition period for applying for a new licence. Can you tell me how often you would get an application for a new licence after it's been cancelled? Obviously this is intended to put some rules around that.

Ms. Skaalrud: — It's actually quite rare that we rely on this section. It just speaks to the integrity of the gaming system and who's involved in the liquor establishment, that if somebody has a permit or a registration cancelled, it just is a mechanism to make sure that they can't get right back into the industry.

Ms. Sproule: — Without this change being made, what would your current process be if someone did apply?

Ms. Skaalrud: — This is actually already a provision in the legislation. The amendment is being placed into a separate section, and it's adding the First Nations gaming regulator piece. So this is existing authority for SLGA, and it's being amended to add the First Nation piece to it.

Ms. Sproule: — Okay. Where was it previously?

Ms. Skaalrud: — I was afraid you would ask that.

Ms. Sproule: — Is it 35(3)?

Ms. Skaalrud: — Yes.

Ms. Sproule: — Yes, okay. Sorry, I should have caught that.

There's another new, fairly long section being added after 37. This is section 19 of the new bill on page 28. Can you sort of put in laypersons' terms the intention of section 19? This is suspension by First Nations gaming licensing authority.

Ms. Skaalrud: — Again this is similar to legislation that already exists in terms of SLGA's authorities. It's being included in here to capture the First Nation gaming regulator's registration of gaming supplies, suppliers, and employees. And so it really just sets out the process if there is going to be an immediate suspension of any kind of gaming licence or registration.

Ms. Sproule: — Thank you. Also 39, the new section 39 which

would be section 20 of the Bill 122, again could you just give us a highlight or summary of the intention of that clause?

Ms. Skaalrud: — Again this is to add the First Nation gaming regulator piece. The other thing that this section is doing is that it will allow SLGA to issue . . . Right now when SLGA issues sanctions, we don't have a choice between issuing a fine or issuing a suspension. And so the changes will allow SLGA that discretion.

Ms. Sproule: — And the First Nation authorities that are being created here, are they able to issue fines or cancel licences too?

Ms. Skaalrud: — Well licences technically apply to the liquor side, but First Nations gaming regulators will and do have the authority to cancel a licence on-reserve or a registration when they get the authority to issue those.

Ms. Sproule: — Can they fine as well?

Ms. Skaalrud: — Yes, they can.

Ms. Sproule: — So they can fine. Can they suspend, all the things that the SLGA can currently do? Okay.

47.1 is a new clause I believe, section 23 of the bill. Can you tell us why you introduced this change? I'm just so used to going to an SLGA outlet to get my liquor licence; I'm curious.

Hon. Ms. Harpauer: — Okay. So currently just through agreement, the franchises that we have across the province are able to issue special occasion permits, but this puts it in legislation.

Ms. Sproule: — Is there a list anywhere of those who have that permission? Or is it all franchisees?

Hon. Ms. Harpauer: — All franchisees do. And of course, in rural Saskatchewan that's where many of us get our permits for family occasions and whatnot.

Ms. Sproule: — I wasn't aware that I could do that in Saskatoon. So I could actually go into any franchise and obtain a special . . .

Hon. Ms. Harpauer: — In Saskatoon there wouldn't be any franchises, but if you drive out my way I'll find you one.

Ms. Sproule: — Oh okay. So in my hometown the liquor licence is not, it's not an SLGA, but it would be . . . They can issue permits at the . . . It used to be my grandpa's drugstore.

Hon. Ms. Harpauer: — Yes. They could issue permits at SLGA stores.

Ms. Sproule: — Okay. I get it. So not in Saskatoon because it's not needed, right. Section 57 which would be the new section . . . Yes, it's section 25 of the Act. We see the repeal of the existing section 57 and 58 and a new one substituted. I note that now before you issue a permit, the applicant might have to pay liquor consumption tax that's not paid by the preceding permittee of the premises that is subject to the application. It seems fairly onerous. And I'm just wondering, is this a frequent

occurrence? Does this happen regularly? And if so, how can the purchaser of the premises know that these taxes are due and payable?

Ms. Skaalrud: — This is another piece where we're moving things around in the legislation a bit. And this is a requirement that already exists. I'm not sure how frequently it happens but it would seem to be something that would be part of the disclosure in the purchase of the property.

[15:30]

Ms. Sproule: — Do you register these dues as a lien against the property, the taxes?

Ms. Skaalrud: — Oh I misspoke. I didn't mean property. I meant the business, the premises.

Ms. Sproule: — I'm assuming the premises include a physical space that has a title or something. Do you ever register these taxes as a lien against the property, the outstanding taxes?

Ms. Skaalrud: — This is a tax that's collected by the Ministry of Finance so we don't. We're not sure if they do.

Ms. Sproule: — Oh, okay. I'd have to ask them. Okay, thank you. Section 59.1, there's an addition I think to this clause now that . . . It's the evidence of good character clause. And what we see here is that if an Indian band is applying for a permit, the authority can . . . How does it read? They can consider . . . "any evidence that the authority considers relevant respecting the character of any person who is a member of the council of the Indian band."

I'm just wondering what sort of advice, and I know you can't tell me your legal advice here. But in terms of, I can understand in a corporation asking those kinds of questions, and certainly that's in section 59(2)(c). But in this case we're talking about a First Nation, which is a sovereign entity, and we have a local authority questioning the character of the individuals who are elected. These are also elected members in the council. So I'm just wondering if there's been any concerns raised about, by First Nations, about sort of the overruling I guess of their authority by a provincial authority.

Hon. Ms. Harpauer: — Right now we can't issue a permit for a First Nations band, say for a golf tournament or some event or whatever they would like a permit for. This allows for that to happen.

The Chair: — I would like to take a moment to welcome the participants of the Saskatchewan Teachers' Institute that have joined us today. The objective of this institute is to allow Saskatchewan teachers the opportunity to gain a better understanding of our system, a parliamentary democracy, by observing our political system in operation.

This afternoon the Standing Committee on Crown and Central Agencies is examining Bill No. 122, *The Alcohol and Gaming Regulation Amendment Act, 2013 (No. 2)*. So again I welcome you, and I hope you find this committee very enlightening and informative. Thank you. Cathy.

Ms. Sproule: — Thank you, Mr. Chair, and welcome to the teachers. I'm just questioning the minister about some of the changes to *The Alcohol and Gaming Regulation Act*. And this is a time that we in the official opposition really cherish as our opportunity on behalf of the people of Saskatchewan to ask direct questions about the bills. And until this point when we get in committee, we hear the minister speak and we have an opportunity to comment in the adjourned debate process, but this is an opportunity for us to ask direct questions to the minister. And so we're in the middle of that right now, so I'll just carry on.

Madam Minister, you just indicated that, you know, there's a prohibition right now. First Nations can't obtain liquor permits for some of their activities when they host them. I guess my concern is that the change is allowing the authority, which is a provincial authority, to question the good character of elected officials in the First Nations band. And have you received any concerns about that type of judgment of the elected officials?

Hon. Ms. Harpauer: — So when this actually makes the First Nations band come within the rules that is for any other business or municipality or municipal council, that if the First Nations band or a business applies for a permit, then the shareholders of that entity is scrutinized per se to see if there is any criminal record, particularly when it comes to involvement with alcohol or if there is any financial question such as fraud. So the shareholders, and in this case that would be the band members, would be scrutinized in the same way that the shareholders of a business that applied for the permit would be or for a municipal entity that would apply for a permit.

Ms. Sproule: — Can you tell us how many times in the past year you have refused a permit on the basis of bad character or lack of evidence of good character?

Hon. Ms. Harpauer: — The officials are advising me that in the last year they can't recall any refusals, but likely knowing that this is a requirement that you're going to be checked, then you wouldn't necessarily apply.

Ms. Sproule: — That's possible. I know I've applied for a lot of permits, and I actually don't have any fraud charges against me or criminal records, but I don't know that the average citizen who may have had those discretions in the past would be aware of this clause. And I'm just . . . Like do you routinely check people's criminal records when they apply or is there any sort of . . . I don't know. I'm thinking about the wayside stops by the police sometimes that, you know, to check to see if people are drinking. Do you do that sort of as a, I'm missing the words here, but an ordinary practice, just sort of double-check to see if the people that are applying are of good character under this clause?

Hon. Ms. Harpauer: — Most of the effort on the good character is spent on the commercial permittees because of course that is becoming a business and more than just a special occasion. Special occasion probably wouldn't be checked all that often.

Ms. Sproule: — Okay. I guess the concern that I raise with this new addition of including councillors of Indian bands, who are elected individuals representing a nation, that they're being sort

of held to the same level of accountability as shareholders in a corporation. Because I think the relationship is significantly different, and particularly when these events may be taking place on their own land that's federally regulated. So I'm just highlighting it. I guess I just want to understand where you're coming from and why you feel that's the same level of scrutiny that's appropriate.

Hon. Ms. Harpauer: — I think anyone who's going to be handling liquor, it is appropriate to have that type of scrutiny. I don't think it's responsible not to. But this allows for the band itself to apply rather than the individual. It's giving them another avenue to put forward an application.

Ms. Sproule: — I understand that now First Nations can actually apply to SLGA for a permit, but the way the clause reads, this is the character of the individual members or councils of the band, which I think, given their relationship with Canada and Saskatchewan, that's a fairly moralistic judgment, I guess, I suppose on elected officials. So it's something that may be of concern.

I want to continue along that line with the change to clause 60 which is found in section 27 of the new bill. And in this case it's a long list of other applicants who can qualify for permits and it identifies corporations and partnerships and such, municipalities or commercial air services. And it goes on the new suggestion on clause (g), the proposed clause (g), would be "an Indian band whose members of council and whose officers, agents and employees who have responsibility for the operation and management of the Indian band, are qualified . . ." pursuant to section 59, which is the good character clause that we just spoke of.

Now you have that requirement for Indian bands, but you don't have it for municipalities, regional park authorities, commercial air services, where you're requiring officers, agents, and employees to have qualified under section 59. Could you identify why you're singling out First Nations for different treatment here than the other folks listed in this section?

Hon. Ms. Harpauer: — I'm going to ask Jim Engel to clarify this for you.

Mr. Engel: — Thank you, Minister. I think the point to clarify here is that all of these provisions are being added to accommodate the introduction of allowing an Indian band to potentially apply for and obtain a liquor permit. The good character references and the good character process apply to any applicant for a liquor permit, so this isn't being added specifically to apply only to an Indian band or a First Nation if they choose to apply for a permit, but it's extending the same good character requirements of any applicant to that introduction of a new category of potential applicant, which is an Indian band.

Ms. Sproule: — I guess where I'm not understanding this then is in section (d) of the existing clause, we have a municipality or regional park authority, and in that case the officers, agents, and employees are not required to meet the requirements of section 59 and 59.1. Same for commercial air services and railway corporations. So why are those treated differently? If I could continue though, if you look at the clause under section

60, a partnership, yes, section 59 applies; a corporation without share capital, yes, section 59 applies; another corporation under (c), we see section 59 applies. But when you get to (d), (e), and (f), there is no reference to section 59.

Mr. Engel: — The difference here is that those other entities that you listed, such as municipalities or air services or so on, those are all corporations. And so the provisions of the statute allow us to examine the good character of officers of any corporation that applies for a liquor permit.

So the difference, the difference here is because in the case of a First Nation, of a band, if it is not an incorporated entity, we are intending to extend or allow that non-incorporated entity to apply for the liquor permit. So again it's applying the same level of rigour that would apply in those other circumstances. But they're not, those other examples that you listed are not listed specifically because they're caught by a broader framework that applies to any corporate entity that applies for a liquor permit and the ability to look at the good character of any of the officers of a corporation.

[15:45]

Ms. Sproule: — So then why do (d), (e), and (f) exist if they're already caught under the previous portions of the section?

Mr. Engel: — So my understanding is that the amendment, the proposed amendment is to allow the extension or the application for a permit and the issuing of a permit to that new additional entity, First Nations, a First Nation or an Indian band. The provisions that allow us to assess good character for those other types of entities like a municipality or a privately held corporation are contained in other provisions of the statute that aren't impacted by these amendments. So that's why they're not shown in the side-by-side explanatory notes that you have there.

Ms. Sproule: — Okay. I'm not even looking at the explanatory notes. But does the authority ever look into the criminal records of officers, agents, and employees of municipalities or regional park authorities?

Mr. Engel: — The key point is that we have the authority to do that, yes.

Ms. Sproule: — And do you ever do that? Can you recall . . .

Mr. Engel: — I can't recall an instance where that's ever been an issue much like I, you know, we can't foresee necessarily that if an Indian band or a First Nation, a council, approaches us for a permit, I don't know that that would be the regular course of business either.

The key thing here when you're setting up the regulatory framework, and maybe it's part of the space that we all live in, but we tend to go to worst-case scenarios. So if we are ever in a circumstance where we are being approached by anyone — First Nation, non-First Nation — to obtain a liquor permit and we're aware of allegations or aware of some potential impropriety on the part of a member of that organization or a senior official of that organization, we always want to have the ability to make a determination about the suitability of that applicant, based on that information that we have.

So a lot of the framework around good character, as an example, is pre-emptive, if you will, in that it allows us to look at those things if and when the situation arises. It does not mean that in the regular course of business we will spend a great deal of effort looking at those sorts of things.

Ms. Sproule: — Thank you for your answer and I just . . . The whole notion of evidence of good character is something unusual I guess in legislation. But when we're dealing with alcohol, I can understand why those types of clauses creep their way into legislation. Obviously evidence of good character is a very subjective type of evaluation, so it's hard to imagine applying those levels of judgment to individuals who, you know, they could kick their dog and, you know, they wouldn't be able to get a liquor licence. But you know, there's all the different levels of good character.

I guess the term I was trying to think of earlier was spot checks. Occasionally the police will do a spot check on whether people are complying with seat belts or drinking while driving and things like that. So does the authority ever do sort of random spot checks? I think you said you don't or . . . You do. Okay. When would you do those?

Mr. Engel: — We do a more, my understanding, we do a more thorough review of the character aspects of applicants when we're dealing with commercial permits rather than when we're dealing with either special occasion permits. And typically the types of applications that we most often would see from a municipality or most likely from an Indian band or First Nation council is going to be for a special occasion event. And typically there's much less rigor involved in assessing those applications for those types of permits because they are a single event and it doesn't involve the ongoing service of alcohol as a commercial enterprise. So we do pay far more attention and look at good character, for example, in far more detail when we're dealing with an applicant for a commercial liquor permit.

Ms. Sproule: — Okay, I will leave that for now. There's a whole host of discussion I think you can enter into in these things. But the changes I would just . . . I guess singling out Indian bands, for their officers, agents, and employees also are required to meet that good character clause seems like a fairly long arm that's reaching out.

But I want to move on now to division 8, the changes to section 77 of the medical use permits. And I understand from your comments, Madam Minister, when you introduced the bill in December, that part of the goal here was to eliminate some of the red tape, I think. And that's the exercise you've been going through. The one question I have is, when or how would a veterinarian need beverage alcohol in their practice?

Hon. Ms. Harpauer: — So I had this question actually when they first proposed the legislation because as government members we also have an internal committee that we have to present this to. And the answer is your guess is as good as mine, and that's why it's being removed.

Ms. Sproule: — I don't think the veterinarian portion is being removed though, is it? Like it's not being deleted from section 77.

Ms. Skaalrud: — The requirement for a permit is being deleted, but they can still, if they see a patient that they think would benefit from some beverage alcohol, provide it to them.

Ms. Sproule: — I suppose if Spotty's having a bad day, I don't know. Okay, I had to ask. It's very interesting. Poor old Bessie. Yes.

Okay, so basically the changes in division 8 relate to dealing with the permits. And permits are no longer required, if I understand, for doctors and physicians, pharmacists, dentists, and veterinarians. Okay.

Thanks to the teachers for coming out. I hope it was interesting. Okay, I see also from mixology, there's a change there now. They don't need . . . you're replacing section 84. Let me see if I can find that one. So now for mixology they can keep on hand alcohol without a permit. Is that correct?

Hon. Ms. Harpauer: — Yes.

Ms. Sproule: — Okay, thank you. The same for denatured beverage alcohol. And I guess the biggest changes that we are finding, and I want to go to that now. Oh, section 126.1, changes to that section, and I did comment on this in adjourned debates. And one of the concerns I would have is under the new proposed section 126(2)(a) where an employee of a permittee — and I'm thinking of a waiter or a waitress in say a bar in Saskatchewan — they can't allow a person who appears to be intoxicated to possess alcohol on the permanent premises.

One of the things that concerns me is that it's very difficult to determine if someone's in possession of alcohol. And what would be the authority's expectation in that case for a server to determine whether a person possesses alcohol on their person? Because the only way sometimes you can do that is to actually frisk them, I would suppose. So is that . . . I'm hoping that's not the extent here, but how are you going to determine where that responsibility ends?

Mr. Engel: — So the rationale for this change is that we've historically, the way the legislation is worded right now, it precludes permittees from serving beverage alcohol to an intoxicated individual. We probably all understand the rationale for that.

What we have run into a couple of times when we've sanctioned permittees for serving individuals and that matter has gone to the commission for a hearing, the commission has broadened, I guess, the duty of evidence on us to be able to demonstrate that either our inspector or the police actually witnessed the service of beverage alcohol to that intoxicated individual. And in cases where, for example if our inspector or the police have gone into a premise, there's an individual sitting at a table who is clearly showing signs of intoxication and they've got beverage alcohol on the table in front of them, if we didn't actually, if our staff or the police didn't actually witness the service of that alcohol to that person, we're not allowed to assume that the service took place.

So what this is is basically broadening out the standard that's required for permittees so that it's equally an offence to allow that person to be in possession of beverage alcohol on the

premise when that person is intoxicated. So it's basically allowing us to continue to enforce the service provisions, given the evidentiary challenge that the commission has been putting in front of us.

You know, certainly the expectation is not here that if an intoxicated person walks into a premise and they happen to have a container or a flask of alcohol stuck in their jacket or down their boot or something like that, there's absolutely no expectation on permittees to be somehow finding that. The idea here again would be that if that person's intoxicated when they walk into the premise, two things should happen. First, the permittee should not be serving them any more alcohol; and second, the permittee, as soon as that individual's safety has been taken care of, the permittee should be taking steps to exit that individual from the premise.

So again there isn't an issue from our perspective. This isn't at all about intoxicated people coming in, happening to have a flask of alcohol somewhere on their person. This is very much to deal with a situation, as I outlined, where we've got an individual in a premise who's clearly intoxicated, has open alcohol in front of them, but either the police or our inspection staff did not actually witness the service of alcohol, and they're just making an assumption that, because the person has open alcohol on the table in front of them, that it was served to them by that permittee.

Ms. Sproule: — I'm just trying to sort this through because right now under 126(2) they can't allow them to stay if they appear to be intoxicated. So why would adding this second clause . . . And I guess I should raise this with the commission. But if they appear intoxicated, they can be asked to leave and should be asked to leave, period, whether or not there's a drink in front of them or they're actually seen to be drinking. Even if they didn't consume any alcohol or possess any alcohol when they're in that premise, if they came in intoxicated, they should be asked to leave. Correct?

Mr. Engel: — Correct. Absolutely

Ms. Sproule: — So what is this actually adding? And I know you've explained it, but maybe you could try it again just for me.

Mr. Engel: — So there's two separate sanctions here . . . or two separate actions, both of which are sanctionable. So one is having an intoxicated individual on your premise. The second is serving an intoxicated individual. Okay? So two separate issues, two separate sanctions.

We often provide some leeway to permittees. When an individual walks in off the street, they're already intoxicated, typically if our inspectors or the police witness that and it's clear that the permittee is taking steps to try to exit that individual from the premise, we won't pursue a sanction in that case. That provision around not having an intoxicated individual on the premise typically applies . . . Again I'll lay out a scenario here, okay?

[16:00]

So our inspector walks into a premise. There's an individual at

a table who has no beverage alcohol in front of them but they're slumped over on the table and they're passed out, all right? So in that case even though our inspectors or the police have not witnessed any service of beverage alcohol, they have not witnessed that individual consuming beverage alcohol, it's still a sanctionable offence for the permittee to have allowed that individual to be that intoxicated and be on the premise. And certainly the assumption implicit in that is that the person, at least in part, got to that degree of intoxication in that premise, okay.

Second potential . . . Now in that case we have never witnessed, the police or our inspectors have never witnessed that person having been served beverage alcohol. There is no alcohol on the table. The staff have cleared away whatever alcohol or glasses might have been on the table. All we have is an individual who's in the premise, passed out, clearly intoxicated. So that's one situation that results in a sanction.

Second sanction we'll issue is when a permittee is actually serving someone who is intoxicated, okay. So then again historically when our inspection staff or the police would enter a premise and it could be that same situation that I outlined where a person is passed out at the table or they're obviously very heavily intoxicated and there is open beverage alcohol on the table in front of them. Typically, historically, our staff would infer that that open alcohol came from that premise, and so in that case we would often sanction that permittee for having served beverage alcohol to that person who was intoxicated.

The commission has more recently been putting a heavy evidentiary requirement on us for us to sanction a permittee using that provision. We actually have to witness the service of beverage alcohol. So the amendment here is to broaden the scope that a permittee can also be sanctioned if an intoxicated individual is in possession of beverage alcohol. So we're basically trying to fill that middle ground of situation where our inspectors or the police observe intoxicated individuals in the premise.

So you've got on the one hand a very clear case where an individual is intoxicated and the police or our inspection staff witness that person being served. Clearly that's out of bounds. You've got another situation where a person is intoxicated at a table but there's no evidence of alcohol on the table anywhere. And then you've got a middle circumstance where a person is sitting in that premise, they're clearly intoxicated, and there's open alcohol in front of them, but we didn't actually witness the service of that alcohol to them. So it's trying to I guess fill the space between those two extremes of the situation, if you will. I don't know if that explanation helps.

Ms. Sproule: — I have to admit I'm still confused. And I think because the way the two sections now . . . I see the connection between section 125, which is service to intoxicated people. Section 26 is just the physical presence of an intoxicated person in a public place. I'm not sure this amendment belongs in 126. It may be better placed in 125 or as a separate section. So I'll just leave that with you because I'm not sure . . . I think I understand what the commission is asking you to do. I'm not sure it's achieved by this amendment, but I probably need to think about it a little bit more anyway.

I want to move on and right now turn to part VII.01, which is the new section related to First Nation gaming licence authorities. And there, you know, you are using the name First Nation, so I think for consistency it would be helpful if Indian bands were also referred to as First Nations.

But with respect to that section, I would just appreciate a high-level sort of summary of what you are doing in that section and why it was added to the Act.

Hon. Ms. Harpauer: — So the 1995 Gaming Framework Agreement included a commitment to establish a First Nations on-reserve charitable gaming licensing regime operated by First Nations that meet the requirements of the Criminal Code of Canada. And so this commitment was continued in the 2002 review of the gaming framework agreement, and so it was established. There was an Indigenous Gaming Regulator established, and this is just moving it forward in the authority that we're giving it. It mirrors what SLGA authority has, and it allows them to issue certificates of registration to suppliers and employees and upholds our commitment within the gaming framework agreement.

Ms. Sproule: — I haven't had a chance to look closely at the gaming framework agreement. Would it be your intention at some point to have these Indian gaming regulators fulfill the same function your authority is doing now in terms of the certificates or determination of good character and those kinds of things? Is that . . .

Hon. Ms. Harpauer: — This is for charitable gaming, and it's on-reserve.

Ms. Sproule: — Right.

Hon. Ms. Harpauer: — Yes. So this is to do with charitable gaming activities. So we're talking about bingos and Texas hold'ems, etc., etc. It's not the service of alcohol.

Ms. Sproule: — It's not alcohol. Yes. Sorry about that.

Hon. Ms. Harpauer: — Yes.

Ms. Sproule: — All right. I think we're getting near the end, Mr. Chair. I want to just look at one more thing, and I think I'm pretty much near the end. I think that's it. All right. So I don't have any further questions.

Thank you very much, Madam Minister, and to your officials for the thorough and helpful explanations. And I appreciate you taking the time to come here today.

Hon. Ms. Harpauer: — I too would like to thank the officials for being here. And absolutely the technicalities that are in legislation are sometimes hard to understand, definitely for myself, and I want to thank you for your thoughtful questions. You've obviously gone through it very thoroughly, and so hopefully you have the explanations. But you know, going forward even if you have other questions that come, by all means, I have no problem meeting with you and giving you the explanations. Thank you.

Ms. Sproule: — Thanks very much.

The Chair: — Thank you for the questions. I see no further questions. We will move on. There is 60 clauses in this bill, so it may take a little bit. And it's also a bilingual bill, but I won't be reading that side of it. So we will start with clause 1, short title. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

[Clause 1 agreed to.]

[Clauses 2 to 60 inclusive agreed to.]

The Chair: — Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: *The Alcohol and Gaming Regulation Amendment Act, 2013 (No. 2)*. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. I would ask a member to move that we report number Bill No. 122, *The Alcohol and Gaming Regulation Amendment Act, 2013 (No. 2)* without amendment. Mr. Parent has so moved. All in favour?

Some Hon. Members: — Agreed.

The Chair: — Agreed. Thank you for going through a lengthy bill and the questions on it. Do you have any closing remarks, Madam Minister?

Hon. Ms. Harpauer: — No, thank you, Mr. Chair. I thanked the officials and the committee for their work already.

The Chair: — And Ms. Sproule? Okay. Then I would ask a member that we move adjournment of this meeting. Mr. Hickie has so moved. All in favour?

Some Hon. Members: — Agreed.

The Chair: — Agreed. Carried. Thank you.

[The committee adjourned at 16:14.]