

**SaskEnergy**

**The Chair:** — The hour being 10 o'clock almost precisely, we will with our customary punctuality reconvene the Crown corporation hearings.

We have recalled SaskEnergy, 1995. Committee members will be aware that we have voted off SaskEnergy 1994. We did have though a request to deal with some outstanding questions for the 1995 report. I think, given that we've already had the management statement and the comments from both the private auditor and the Provincial Auditor, that we can dispense with that and move right into questioning.

Before we do that, Mr. Minister, welcome to the committee. Would you introduce your officials, please.

**Hon. Mr. Lautermilch:** — Thank you very much and good morning, committee members. I guess we're back at it again for another round. I look forward to the dialogue, the questioning. We feel that it's very important that the Crown corporations assets of the people of Saskatchewan have due diligence and certainly this committee is part of what makes the accountability process for the Crowns work and function.

I would like to introduce my officials. I have today with me Jullian Olenick. Jullian is the executive vice-president of TransGas. Ken From. Ken is the vice-president of the gas supply. Mark Guillet is general counsel and corporate secretary. Bob Kane — there's Bob — vice-president of distribution utility in an acting capacity. And Greg Mrazek, the controller.

So with that, Madam Chair, I'm going to give you copies and you can pass those around.

**The Chair:** — Thank you very much, Mr. Minister. I will now take a speaking list. I'll recognize Mr. D'Autremont and then Mr. Bjornerud.

**Mr. D'Autremont:** — Okay, thank you, Madam Chairperson. I'd like to welcome the minister and his officials here today. We've already gone over some of the items with SaskEnergy but there's a few others I would like to pursue. Some of those perhaps more current than the '95 fiscal year but also some relating to the '95 fiscal year.

I'd like to start off with one that doesn't quite . . . that is more current than '95, but last year TransCanada Pipelines announced a \$75 million construction project in Saskatchewan for the increased delivery of natural gas. What part does SaskEnergy or TransGas play in that and what is your involvement in it and how will it affect gas supplies and deliveries in Saskatchewan?

**Hon. Mr. Lautermilch:** — Neither TransGas or SaskEnergy have any direct input in terms of TransCanada Pipelines' initiatives. Certainly we work with the transmission and distribution network to enhance the opportunities for export of Saskatchewan's natural gas. And certainly we welcome investment that will create the opportunity for people who

invest in natural gas development in Saskatchewan to allow access to the markets for the resource that we fortunately in Saskatchewan have been blessed with. So with respect to SaskEnergy, TransGas, really we have no direct involvement in developments that will happen by other corporations.

**Mr. D'Autremont:** — So this development won't have any impact on TransGas's costs in regards to the shipment of gas coming into Saskatchewan.

Now I'm not just sure how TransGas ties in with TransCanada Pipelines. Does TransCanada transport the gas from Alberta into Saskatchewan and then TransGas take that gas and distribute it out to the central delivery points for SaskEnergy then to take and transfer to the residential and businesses?

**Hon. Mr. Lautermilch:** — Let me speak to the two elements and the two entities that, you know, that we speak of with respect to SaskEnergy. SaskEnergy is basically responsible for the distribution network which serves residential — you know, the infrastructure that deals with the residential. TransGas is a transmission network dealing with certainly larger volumes. But there is basically two separate entities that you're speaking of.

**Mr. D'Autremont:** — Okay. How does gas . . . let's say in the Rosetown area — trying to pick a place where there isn't gas locally — how does gas get to Rosetown from Alberta?

**Hon. Mr. Lautermilch:** — Okay. Mr. D'Autremont, there's a number of interconnects. And I mean if you look at the map and the pipeline or, you know, the whole transmission network and distribution network, there's certainly more than one option, more than one way to move gas. We work in cooperation with the other pipeline systems; TransGas does. The interconnects vary.

With respect to Rosetown specifically . . .

**Mr. D'Autremont:** — Well I just picked Rosetown as a point . . .

**Hon. Mr. Lautermilch:** — Well I guess it's . . . We work in cooperation with the other pipelines, you know. I mean it's an intricate network and . . .

**Mr. D'Autremont:** — But would not TransCanada move that gas out of Alberta into TransGas's distribution system?

**Hon. Mr. Lautermilch:** — Well I guess . . . You know, I'm told by my officials 80 per cent of the gas in this province that is consumed is Saskatchewan gas. So I mean we're not talking a large volume that's brought in.

As I indicated earlier, we've been blessed as a province with a resource that I guess has made us in no small way self-sufficient. We use our own gas, 80 per cent. It's transmitted through our distribution network. TransGas has a legislated franchise and, you know, that's how the system works. But there are a number of different interconnects with respect to the

Alberta production and how it's moved through our system when it's required.

**Mr. D'Autremont:** — Will this construction project help in the distribution of gas into Saskatchewan?

**Hon. Mr. Lautermilch:** — Well I think any time you see a development, it's done for a reason. Certainly the people who are investing in the pipeline system will see an ability to generate revenue by transmitting natural gas, if that be the case, to the markets, you know, and to be able to create, you know, a reasonable flow that is in some way reflective of what the production capacity of the area is.

**Mr. D'Autremont:** — Okay. Thank you. Last April you passed on a part of a \$13 million reduction in your natural gas costs to consumers. What portion of that \$13 million was passed on to consumers?

**Hon. Mr. Lautermilch:** — I'm told by my officials that the entire lot of the \$13 million that you speak of was passed on to the consumers.

**Mr. D'Autremont:** — Your gas has dropped by about 50 per cent over the last two years but yet the price of natural gas to the residential customers has not dropped by that amount. Where has that difference . . . has it been absorbed by the corporation, to what extent, and to what purpose?

**Hon. Mr. Lautermilch:** — You know, I'm told by my officials that the cost of gas is about a third of what it costs to operate the system. In the recent past the gas cost has been reduced by in the neighbourhood of 50 per cent. That has resulted in a net decrease to consumers in Saskatchewan in the neighbourhood of 15 to 17 per cent.

Basically the price of natural gas to consumers, whether it be residential, commercial, is very much dependent on what the markets are. We've been, I guess in some respects, consumers have been, fortunate that the price of natural gas has been very low. That certainly has got some downside for some of the producers and some of the folks that attempt to make their living developing that resource. But basically the cost to consumers very much parallels what the price of that commodity costs the corporation.

I want to say here today that SaskEnergy has been doing very, very well with respect to its purchases on an annual basis and I think that that's certainly been reflected in the price that the consumers in Saskatchewan are paying for natural gas. As I understand it, we have been and are consistently amongst the lowest-cost suppliers for consumers in Saskatchewan and it's something that I think we should be very proud of.

The work that is done within the corporation, the development of the ability to capture opportunities for low gas, has been dealt with, I think in a very professional manner. And I think the people who work for the corporation should be very proud of what they have been able to do in terms of achieving very cost-effective energy for the consumers, both commercial and residential, in the province.

**Mr. D'Autremont:** — Well the price of natural gas has been reasonably good for consumers. There's been no question of that. It's probably the cheapest form of heating that we have available. I do have some concerns how long that is going to last when you look at the dramatic increase in propane prices in the last month which have gone up . . . almost doubled in some cases. What impact is that going to have on the price of natural gas if the supply of propane for heating is tight? Will natural gas be a natural alternative to that use? Will the price of natural gas be going up? If that is a possibility, will you be going to a 45-day review process involved in that? And how soon would that price increase in a relationship to any changes to the price of natural gas? Because it took about two months before the drop in natural gas prices were reflected in the consumer's drop in prices?

**Hon. Mr. Lautermilch:** — As I've indicated, the corporation has a, you know, a purchasing strategy and they do a number of things — buy short-term gas, long-term gas — trying to build in a stable price over a longer period. As it stands now, we have a — as I understand it — gas prices locked in to late 1997. So the fluctuation and the increase in the price of natural price won't be impacting our consumers for a period of time, based on the purchasing policy of the corporation.

You raise the issue of the price of propane and I think it's fair to say that the people of Saskatchewan, in particular the agricultural community, has found a lot of pressure, given our weather, and the fact that a lot of grain was taken off wet. It's not . . . The increase in propane prices certainly aren't due to any policy of SaskEnergy or of the policies of the government. It's a market-driven price.

I can say that I don't see the price of propane putting any incremental pressure on the price of natural gas. It's basically a larger market and driven by a number of, you know, a number of circumstances that are not internal to Saskatchewan. So I don't see the price of propane impacting on natural gas.

While we're on the subject — and I think we probably will get there, if we're not there already, Mr. D'Autremont — we may want to discuss the role of the corporation in terms of the ability to manage the demand for conversion from propane to natural gas, given the high propane prices, with respect to assisting our agricultural community in dealing with the wet fall that we had and the fact that so much of our grain was taken off wet.

The corporation has been doing all that it can in terms of assisting our agricultural community where conversions will make some sense. And where the infrastructure is there, we're certainly attempting to work with them to make sure that we are, in our small way, able to help with what became a very difficult situation. But I certainly don't want to lead your questioning, only to say that the corporation has been very diligent in terms of assisting the agriculture community thus far.

**Mr. D'Autremont:** — Well, Mr. Minister, we were heading there; we just hadn't got there yet.

**Hon. Mr. Lautermilch:** — I sort of thought you might be.

**Mr. D'Autremont:** — Because in the past, SaskEnergy has provided additional outlets, high-flow outlets, for large grain dryers because they do demand a lot of Btu's (British thermal units) to operate and SaskEnergy did place pedestals at say, local elevators where dryers could be hooked up to dry grain. Is that sort of thing going to be done further by SaskEnergy in those areas where that's not currently available and where the demand is high for grain drying?

**Hon. Mr. Lautermilch:** — I guess maybe if I could just sort of put this in context in terms of what my officials indicate SaskEnergy's role has been with respect to grain drying. I am told that there are in the neighbourhood of 500 operations in service at this point. We have been accepting and looking at applications from all over the province, and I guess mainly from north of the Yellowhead. There has been a lot of interest, given the increase in the price of propane, in terms of using natural gas.

The infrastructure that's put in place sometimes is not designed such that it can accommodate, I think, a large additional, you know, additional load. I am told that some of the grain dryers will use, I guess equivalent to what a community of maybe 250 homes would use. So when designing a distribution network, the corporation will look at the projected load, the amount of applications, what people suggest that they will be using; factor all of that in and then design the system.

This has been a particularly difficult year, as you all know, in terms of a lot of grain coming off. There have been a lot of demands that, I guess, would suggest that this would be, not an unnatural year, but certainly a unique year in terms of the requests. And we've been certainly working with the communities. I am told that we have 23 crews in the field doing installations right now. In a normal year that would be somewhere in the neighbourhood of 15. A lot of the grain right now is frozen and over the course of the winter we will continue to work with the requests, and people who make requests, for natural gas to assure that we do what we can to help them get their grain dried.

**Mr. D'Autremont:** — I think it'd be paramount for SaskEnergy to move as quickly as possible on this, because it takes a lot less energy at zero to dry grain than it does at minus 40, and one of these days we're going to hit minus 40. Even though we haven't quite made it yet, we're heading that way.

So I think it's very important that the natural gas be made available to the farm community to dry their grain, particularly with the case of propane prices going so high. And I'm told now that the availability of propane is becoming questionable. People that are drying grain with propane have been informed that they may no longer have a supply.

**Hon. Mr. Lautermilch:** — I understand that to be the case as well and it certainly is a concern of ours. I can say to you and to members of the committee that the corporation will put whatever resources are required in terms of insuring that the demand, where it can be met, will be met, keeping in mind the infrastructure and the ability of the infrastructure to allow that to happen.

I think the corporation will be flexible, and there are a number of things that the agricultural community can do in terms of assisting us to be able to help them serve that demand. It may not be possible to have gas delivered to, you know, a certain area. And it may be that there can be, maybe on a temporary basis even, where there are larger lines that can accommodate the consumption . . . that farmers can move their grain to the infrastructure as opposed to trying to develop over 30, 40 below at a very large cost for hook-up, gas lines to where the grain may sit.

So I think that the corporation will, as it has been, cooperating with the requests, looking at the best ways to, you know, to create a supply for the demand that quite clearly is out there in terms of drying the grain.

**Mr. D'Autremont:** — Well I believe that has happened in the past where SaskEnergy has allowed outlets off of those more main lines within the communities where someone would set up a dryer and the community would dry there.

What has SaskEnergy done within those communities where grain drying is of a critical need, to let people know that that kind of a temporary option would be available to them?

**Hon. Mr. Lautermilch:** — Well I guess I can give you an example in my home community. I was talking with my officials this morning. Mr. Kane suggested or indicated to me that in the Prince Albert area there had been 130 requests with respect to the possibility of putting in place the infrastructure to have grain dryers either converted from propane to natural gas or new installations.

And we look at the requests; we cost out what it would take in terms of dollars to put that infrastructure, and then I guess it's up to the consumer to make the decision as to whether it would make economic sense for him or her. And that's the basis under which it's done.

We have offices all over the province. My office is certainly open and I've had calls from people inquiring to my office in terms of what we might be able to offer to assist them. And I guess that's the process.

SaskEnergy is a network of offices, as you will know, throughout the province. Our folks are there to assist our client groups, and certainly that would include the agricultural community. So I think just the number of requests, as they've indicated through the P.A.(Prince Albert) office, would indicate that there is a demand. There is a need. And we will do whatever we can to facilitate the solutions to a difficult situation.

**Mr. D'Autremont:** — Perhaps a letter from your office to the local elevators in those communities where tough grain was taken off would be appropriate, to let them know that such assistance or temporary hook-ups would be available if someone in the community wanted that.

**Hon. Mr. Lautermilch:** — Mr. D'Autremont, I think we could do that. I would suggest that the distribution network, the

elevators, are very well aware of the services that SaskEnergy can supply.

I guess just on a local basis, I might just want to comment on a situation that happened just north of my community. There was a request for service to a fairly large distribution system. The corporation was contacted, and were working, and are working, with them to assist putting the piece together. And as I've indicated, we're looking at their requests — an infrastructure that would service something equivalent to the community of maybe 250 people.

I mean, so it's not that we have that network there all the time but there are things that we can do to accommodate them. I would suggest that if the Wheat Pool or Cargill or some of the distribution networks feel that they haven't had adequate information from the corporation, I would certainly like to hear from them.

I haven't heard, but I think they're well aware of the ability to access information through the corporation, whether it be in Prince Albert or other areas of the province. And I certainly wouldn't rule out sending a letter, if it was deemed to be necessary, to get the information out there.

**Mr. D'Autremont:** — Well I'll pass my opportunity right now and I'll come back to this in a bit. Thank you.

**The Vice-Chair:** — Thank you, Mr. D'Autremont. Mr. Bjornerud.

**Mr. Bjornerud:** — Good morning, Mr. Minister. And welcome to your officials. We don't have a lot here this morning because we've had a couple of sessions with you before. Just a few I have on the agriculture end of it. Being the Christmas season, we hope we'll be a lot more ho, ho, ho than we were last time when we met with you. I see we have two different gentlemen.

**Hon. Mr. Lautermilch:** — It is the season.

**Mr. Bjornerud:** — It is the season, yes. Yes.

Can you give us an idea of what percentage of farms are hooked up with gas now to the ones that are not, like what ratio. And how fast are we climbing?

**Hon. Mr. Lautermilch:** — I'm told by our officials that we, at this point in time, are serving about 92 per cent of the province.

You know, what I do find very, very interesting when I look at what has happened in Saskatchewan and the service that we have provided to rural Saskatchewan, certainly it hasn't been done without a major, major cost in terms of the infrastructure.

I think it would be fair to say that, in terms of cost recovery, that probably isn't possible. There will be a subsidy to rural Saskatchewan in terms of the distribution network that we've put in place, but I think that the agriculture community, small towns, rural Saskatchewan, can look at other jurisdictions with some pride in terms of the service that has been provided for them.

I look at Manitoba as an example. There are some communities across the border — the Saskatchewan-Manitoba border — who don't have the access to natural gas that rural Saskatchewan has. I'm not going to comment with respect to the appropriateness of having made that investment, only to say that I'm pleased that SaskEnergy is able to provide service to rural Saskatchewan that is unparalleled in other jurisdictions. We will be, over a period of time, managing the cost of that infrastructure, as we have been.

We've been working within the corporation to lower the debt/equity ratio, make it a healthier corporation, and we will continue to do that. Safe to say that we have requests on an ongoing basis in terms of expanding the rural distribution network.

We work with communities to cost those particular expansions out and have been successful in many areas in terms of expanding the network that right now serves 92 per cent of our province.

**Mr. Bjornerud:** — Since the cancellation of the rural gasification program though, have you not seen a drastic drop in the number of applications to have it?

**Hon. Mr. Lautermilch:** — Well the program hasn't been cancelled. What we have done is looked at a different way of providing the service. The service is now based on cost recovery and what the ability to . . . First of all, you cost out the infrastructure.

The community will say, we have perhaps a hundred people who are willing to access an expanded service. The corporation will go in and do a demand, you know, a load analysis, have a look at projections in terms of what they feel they can sell for gas, have a look at what the infrastructure will cost, and then give quotations to communities based on what that will cost.

We are, as I understand it, still subsidizing that to a degree, but certainly the program has changed from its initial . . . from the beginning of it because we simply couldn't afford, the corporation couldn't afford, to go out and borrow the kind of money it was and, you know, and cost out the service the way it was done in the past.

So what we're trying to do is we're trying to deliver a low-cost service. And I think we've been able to do that, just based on the scale and the size of the infrastructure and what we've built within the corporation, the internal expertise, to deliver the cheapest and the lowest-cost service that we possibly can for the Saskatchewan people, whose corporation, I think, has served them very well.

**Mr. Bjornerud:** — Can you maybe, just for our information . . . take my farm, for an example, what it would cost me — say I'm two miles from the line right now — what would it cost me to get gas put into my farmyard?

**Hon. Mr. Lautermilch:** — Well I think first of all it would depend on what your consumption requirements would be. We talked earlier today about grain dryers and the infrastructure to

be able to serve that. I think it would first of all depend on what kind of a network would be delivering gas to the 2-mile, you know, proximity to your farm.

You would then sit down with the SaskEnergy officials to determine what your needs would be. They would then determine what size of a line could be put in place, would be put in place. Figure that on a cost per mile or metre or however they work that in these days, whether it be metre or inches, and then give you a quotation. You would then determine whether it would make economic sense for you. And I think in most cases it probably would.

**Mr. Bjornerud:** — Well under the old program, as you're well aware of, I think it was \$2,600 and we could have had it put into our yard at that point, and more of us should have took advantage of it at the time, I guess, but we didn't.

But I think the problem now and the problem that's being brought to our attention is that the price right now is so high that it's just about to the point of being prohibitive.

**Hon. Mr. Lautermilch:** — Well I guess it would be very much dependent on where the service would be requested. The corporation only has one goal and that's to deliver natural gas to urban and rural communities and users in the most cost-effective manner that we can.

I think that people in Saskatchewan are becoming well aware of the fact that the days of cross-subsidization or subsidization are coming to an end. These corporations are operating in a deregulated market-place. They're facing competition. Whether it be in the transmission side or eventually in the distribution side, they're going to be in a very competitive market-place.

You know if you look at the whole Crown sector — and I think you're well aware of what the Crowns have historically done in our province — I think that they have a very, very positive and a very good story to tell, whether it be SaskTel or whether it be SaskPower. We've built infrastructure in Saskatchewan to deliver services through these Crowns that never would have been in place had it not been for a public policy decision by governments of all different stripes to support these Crowns to ensure that we would share across this province the costs of delivering infrastructure, whether you live in Stony Rapids or whether you live in Pilger, Saskatchewan, or whether you live in Regina; that we have shared the cost of delivering services to rural Saskatchewan.

And SaskEnergy is no different in that we have subsidized, through public policy, an infrastructure that probably wouldn't have been put in place had it not been a public policy decision by governments, by the government, to deliver service; and a decision to deliver service to rural Saskatchewan. And SaskEnergy is no different.

But as times have changed and the conditions and the environment in which they do business has changed, they . . . I think it's becoming very clear that they can no longer, as a social tool, a social instrument, continue to subsidize one sector at the cost of another because competition will disallow that to

happen.

And SaskEnergy, as I've indicated, is in no different position than SaskPower as an example. I refer to rates for rural Saskatchewan. They have been delivered at much less than the cost of service delivery. We've charged industrial users considerably over what the cost of delivery is; moved that to subsidizing some of the smaller and rural consumers.

But the ability of these corporations to continue that is rapidly coming to an end. And we have made, I guess, a very conscious decision to position these corporations so that they can compete, so that the investment that the people of Saskatchewan have put in place will be protected. And that has required some very difficult decisions to be made.

I think it's fair to say that the vast majority of people in Saskatchewan never realized the degree of cross-subsidization that was taking place. The 45-day process that we have put in place, where rates are reviewed publicly, I think has created an awful lot of awareness. But I guess, just to condense my answer, what was . . . the ability that we had to subsidize service in the past, I think is no longer an option for us.

And I think that the people understand that we will deliver quotations with respect to service based on a cost-recovery basis that will eliminate, to a large degree, subsidization. I know that there has been some changes in that regard, but we have to deal with the market-place and we have to deal with the reality that we are working in, you know, at this time in our cycle.

**Mr. Bjornerud:** — I agree with you, the job the Crowns have done in the past. All the Crowns. SaskPower is also one that is. We wouldn't have had power when we had power . . . (inaudible) . . . the Crowns. And I agree you can't continue to subsidize at the rate you did. Still though, it seems if we get to the point where it's prohibitive for the farm to get gas in, then we've, you know, we've gone past what the Crowns were set up to do. But I sympathize with the problem you have of trying to balance the books.

**Hon. Mr. Lautermilch:** — But I think both you and I will agree that the market-place will demand, ultimately, what services can or cannot be delivered. You know, it's a reality that we live in and that we deal with.

**Mr. Bjornerud:** — For a farm now out there that was thinking to put gas in, has SaskEnergy ever looked at a program, or maybe it's been looked at, of partial . . . you know, part of the initial payment up front and then so much for the next 5, 10 years or something? That's been something that's been brought to my attention that possibly would make it more affordable for the rural user to . . .

**Hon. Mr. Lautermilch:** — Well I think whether . . . You know, I mean there's a cost for borrowing.

**Mr. Bjornerud:** — Yes, I realize that.

**Hon. Mr. Lautermilch:** — And whether it's done through a

Crown or whether it be done through your lending institution, the interest rates will be there. People who will put capital at risk, you know, maybe through a banking institution, will want a return. So the cost of that will be there whether it's done external to the Crown or internal to the Crown.

I don't believe that the Crowns should be turned into a lending institution. They have to go borrow the money; the cash doesn't sit in a pool over there. And if we're going to be financing any kind of an initiative, there's going to be cost to it.

I don't envision SaskEnergy embarking on any kind of financing scenario. I think that we have got a great banking institution in this province. The credit union movement has been very positive — farmers, urban, rural people have worked with that institution — and they're in the business to lend money; we're not.

**Mr. Bjornerud:** — Okay, thank you. Kind of turning the page a little bit now, I think the auditor, in his report, has come out and kind of questioned the accountability of all the Crowns, and I'd maybe like your response to SaskEnergy. Is there not a way, or do you think there's a way, that SaskEnergy could become a little more accountable with their . . . You know, maybe a five-year plan and projections, to what they actually do at the end of the year?

**Hon. Mr. Lautermilch:** — Mr. Auditor, I recognize certainly this as being one of the concerns that the Provincial Auditor has stated in his annual report for a considerable period of time.

I guess . . . Firstly let me say that we have done . . . and I think made some very positive moves in terms of accountability; openness in terms of having people understand the pressures on the corporation. Part of what we have been doing in the 45-day review, rate review, is to hopefully make these corporations much more transparent.

As you will know, the government has embarked on a very, very expansive and major review of our Crown corporations, not only transparency and accountability — governance, their future, their viability — have done very extensive research to them.

I can say to you that we recognize the Provincial Auditor's comments. We recognize his concerns. It is our goal as a government to have these Crowns operate in a transparent and open manner. Frankly, they have nothing to hide nor have they anything to be ashamed of in terms of their operations.

I look at the annual reports; I look at the Crown Investments Corporation's annual reports. And when I look at the changes and what has been achieved since the election of this government in 1991, whether it be on the Crown side or whether it be on the line department, the executive government side, I think that we have a very, very positive performance record in terms of not only accounting practices, but the openness to which we have moved this government. I think we have done one heck of a lot since 1991.

I would never argue that we haven't got areas where we can

improve. We're going to continue to improve our accountability and our transparency.

And I say to members of this board, I've been fortunate enough to serve the people of Prince Albert for some 10 years, and when I look at the changes that have taken place since my election and the first time I sat on Crown corporation's board, that we have made more positive decisions with respect to transparency since 1991 than I saw previous.

And I think you can go through the history of the Crowns, you can go through the history of the reporting, and this government has a very positive story to tell. Not to suggest that we can't improve.

**Mr. Bjornerud:** — I'm glad you added that. Thank you, Mr. Minister. One last point I'd like to ask you is that, for an example, SaskPower has been shutting down a number of their rural offices and is there anything in SaskEnergy's plans that would follow along those lines or what would your comments be on that?

**Hon. Mr. Lautermilch:** — Well I can say to you that as part of the day-to-day operations of this corporation . . . SaskEnergy, first of all let me say, it's a new corporation. I think it was — what? — 1988 it began as a corporate entity. And the management structure within the corporation is always under scrutiny. We're always looking for ways where we can deliver better service more effectively and more efficiently. And that's an ongoing process within this corporation.

I can say that having spent some almost two years now as Chair of the board of SaskEnergy, that the board, the executive team within the corporation, work diligently on an ongoing basis to ensure that we fulfil our mandate. And our mandate is to serve the people of Saskatchewan in the most cost-effective way. It's an ongoing process and we will continue to review our operations.

The demographics of this province have been changing fairly dramatically, as you will know as a member from rural Saskatchewan. Our grain handling system is changing dramatically.

I think that as a result of the changes that the federal government has made, you are going to see some major changes in terms of the demographics of this province. There are going to be some communities that are going to grow, and unfortunately as a result of these changes, there are some communities that will have a very tough time surviving.

We're going to continue to work, looking at demand, looking at these changes, and ensure that we provide the best possible service for the people of Saskatchewan, whether it be northern, southern, east, or west. Our goal is to be the best corporate citizen we can and supply the best service we can.

**Mr. Bjornerud:** — Yes, I agree. Whether it's a private sector or whether it's Crowns or what it is, everybody is trying to sharpen their pencil and meet that fine line. But in some of the closures that we've had out from rural Saskatchewan — and by

that I mean cities, like small cities like Yorkton, Melville, places like that — it seems to me that it's very questionable whether there was much money saved. And as you know, coming from outside, the small areas rely on these people.

There are very good incomes coming into small communities. For Yorkton, for example, there would be a lot of the smaller-town people that drive into Yorkton to work in these offices. And just for the sake of centralization in there, you know, I would hope you would work very hard — unless there was a big dollar line at the bottom — to protect those jobs out where they are now.

Because I think that Highways for an example, that some of these jobs have been moved in from the rural into Regina or Saskatoon, and turn around and have to drive out to do the same job. And I would really question whether there's money saved there. So I would hope when these decisions are being made, that they aren't made before we really realize, is there a big dollar to be saved in the long runs. Mr. Chairman, that was the last.

**The Chair:** — Thank you, Mr. Bjornerud. Mr. Osika.

**Mr. Osika:** — Thank you. Mr. Chairman, Mr. Minister, and to all of your officials, thanks for the opportunity of clarifying some points that I may not have been present for while they were discussed and I hope you will excuse me if I overlap on some of these issues. I need some clarification.

**Hon. Mr. Lautermilch:** — We're pretty flexible.

**Mr. Osika:** — I appreciate that. Thank you very much. I noted that here in the last couple of years there have been several resort communities and Indian reserves that have received the gasification program and I'm sure we all applaud that. That's much appreciated. And you've already explained the determination of the cost to individual homeowners. Could you clarify for me if that same process is followed when gasification is introduced to the Indian reserves?

**Hon. Mr. Lautermilch:** — Yes.

**Mr. Osika:** — Okay. So it's virtually all the same. There are no additional discussions?

**Hon. Mr. Lautermilch:** — I guess the difference would be the federal involvement and what the federal government would determine in terms of involvement with respect to Indian communities, and how they might participate in funding that kind of a program.

But the corporation looks at the cost of delivering the service. Looks at the recovery with respect to the profits that will be made on the sale of natural gas. Puts together a proposal. Then the client group will determine whether or not it makes economic sense to them to proceed with expansion. And on that basis expansion happens or doesn't happen.

**Mr. Osika:** — Thank you. There are ... it's referred to as going through a bunch of hoops by some of the resort

communities to obtain that kind of service. I was wondering, does the corporation encourage, go out and encourage, these resort communities which are expanding on an annual basis — homes, people retiring to resort communities — is the corporation encouraging those resort communities to get involved in gasification? It's near and dear to my heart, because I appreciate what SaskEnergy did for Katepwa Beach this past year. And I was just wondering if that kind of encouragement was being given elsewhere?

**Hon. Mr. Lautermilch:** — I'm not so sure that it's a matter of encouragement, but certainly resort communities are aware that we're willing to provide the service. As a cottage owner, I can say to you that Emma Lake was provided with natural gas service a couple of years ago, and it was done at the request of people who decided that they would see that as being the energy efficient source. It's a clean source of supplying energy for their cottages, for their homes, and we were able to put in place a program where that resort community was served.

I guess from ... let me just speak from an environmental standpoint. Natural gas and the kind of energy source that it is, I think we should all encourage the most, I guess, environmentally friendly form of energy that we can. And certainly from that standpoint, we think SaskEnergy has a very viable and a very environmentally friendly product to market.

Would I encourage resort communities to utilize natural gas? Well certainly I would. I think that it's a very clean source of energy. And I know that when requests come from resort communities or towns or rural people who aren't served, the corporation does whatever it can to facilitate the development of that kind of a network into those communities.

**Mr. Osika:** — Thank you. I just wanted to clarify something, and I hope this is an appropriate question that I can ask on behalf of those people that very much appreciate it: the supply of that type of energy, because it is, what I'm told, it's not as costly as Power — electricity — the concern that was raised was, with respect to the turning on of the energy source, the delays that were involved with because of dampness or moisture in lines.

I ask that question because there was a great deal of concern from cottage owners with families. And given the early winter, there was considerable delay where people were now without energy.

I guess my question is, ultimately, who picks up the costs of any of those delays in terms of whatever contracts with the suppliers of the equipment to allow that valve to be turned on.

**Hon. Mr. Lautermilch:** — I'm told that the contracts that are signed with the contractors include the drawing of lines, putting in place the infrastructure to completion. And I would assume that they would factor in, in terms of their tenders or their bids on tenders based on their experience, what their financial requirements would be.

I guess, as with any development, you can run into problems. Sometimes things just don't work as you plan. But ultimately

the cost would be picked up by the contractor, based on, you know, based on the bid that they would submit to the corporation.

I would say though that my experience and my understanding of how the corporation works with the contractors, there can be, and will be at times, circumstances that neither the contractor nor the corporation can foresee. We try and work with the people who do business with SaskPower in a, you know, a business-positive kind of environment.

And when there are difficulties with contractors, our folks sit down and discuss why cost overruns have happened. And you know, ultimately we hope we can come to an agreement when that happens and, I would say, usually do.

**Mr. Osika:** — Thank you. Can I just switch gears real quickly and go back again. We talked earlier about the cost of propane having increased so dramatically and the concerns that are expressed by people in the agricultural community. Those that have to rely on propane cannot understand why there's such a dramatic increase immediately.

The frustration is there in the agricultural community because of all the damp grain. Whether real or perceived, that industry feels that here's an opportunity for the suppliers of services and/or commodities, when they see the farmers who have a potential for making a lot of money, here's an opportunity to . . . and I'll use the terms that have been addressed to me by my constituents — that it appears that it's nothing more than gouging, and they would like some assurances that this is not in fact the case.

And perhaps referring back to what Mr. D'Autremont had indicated with respect to educating, informing people out there what might be available to alleviate the costs again that they have been burdened with. Looking forward to a tremendous crop and all of a sudden being faced with losing any hopes of the types of profits they might have seen because of mother nature and nobody's around to help them, it appears that those people are taking advantage of them.

Mr. Minister, I don't know what approach can be taken or how the public might be assured that there may be a possibility of some assistance for those people or what arrangements might be made by SaskEnergy to help them offset this real hit that they are now taking.

**Hon. Mr. Lautermilch:** — Well I guess first of all, let me say that it is becoming quite clear that the price of propane is market-driven. I mean there is one heck of a demand out there right now, based on the unfortunate circumstances of a very wet fall and the fact that we've got frozen wheat with lots of moisture in it all over this province.

And I think first of all, what needs to — as you've indicated — happen is there needs to be an understanding, first of all, of responsibility. I want to see the most cost-effective way of drying grain as you would because the agriculture community very much depends on that income for survival and it's . . . Grain drying doesn't happen without fairly substantial cost.

The responsibility with respect to the cost of propane is not one of the provincial government. And I would urge you to encourage your constituents to contact their federal Member of Parliament, and through that Member of Parliament, pass on the concerns to the federal regulators, people who have the ability and the responsibility to ensure that people are provided with a reasonable-cost commodity.

So I would urge you to encourage your folks to contact their Member of Parliament and perhaps a letter to the one senior member of the federal government, Mr. Goodale, may not be inappropriate in that he sits around the cabinet table. His colleagues have the responsibility to ensure that people are not unduly burdened — let me put it that way.

And so I would encourage you and members of your caucus to contact federal Members of Parliament to ensure that the people in the farming community in this province aren't being gouged unduly.

We as a corporation, SaskEnergy, will do what we can, where we can, and when we can to ensure that if there is a request for natural gas to be delivered maybe as an alternative to propane because of the high cost, we will do what we can, as I've indicated earlier today, to ensure that we as corporate citizens work with the agricultural community to ensure that they can dry their grain at the lowest possible cost.

But with respect to the cost of propane, I know it's a burden. I have had calls to my constituency office. I know that our Member of Parliament in Prince Albert, Mr. Kirkby, has been called personally to intervene. I don't know what action the federal administration has taken but I would certainly encourage you, members of your caucus, all members of the Legislative Assembly, to make federal members in the House of Commons aware that the people of Saskatchewan farming community feel that they're . . . that they have a problem that perhaps should be looked into.

**Mr. Osika:** — And thank you, Mr. Minister. And this in fact has been done. I guess what the people in Saskatchewan are saying, what is our government doing to help us out of this mess?

**Hon. Mr. Lautermilch:** — Well what our government is doing with respect to natural gas is, we're attempting to ensure, where requests are made, that we can deliver that as an alternative to propane.

As I've indicated, the jurisdiction and the responsibility with respect to the costs of propane, car gas, has been an issue certainly that's been raised. And I think that as that is a federal responsibility, I would encourage anyone who has a concern to contact the people who ultimately can make a change.

**Mr. Osika:** — One more question on the SaskEnergy's costs for outlets. If there are already outlets installed, is there a specific number beyond which there are additional costs?

For example, if an individual on a farmyard has natural gas, has two greenhouses that are being heated by natural gas, wants to



add a third, is there an additional cost? Or is there any number beyond which there are additional costs for outlets?

**Hon. Mr. Lautermilch:** — I guess firstly it would be the line capacity. The initial thing you would do is look at what the line capacity would be, what could be effectively delivered to a farm location.

If for instance a farm had two greenhouses and wanted to expand to a third, the corporation would do an analysis in terms of what it would cost to have the infrastructure in place for a third greenhouse — given that there would be adequate capacity to be able to put that kind of gas through the line — then cost it out for that consumer and give him a quote.

I am quite pleased that you would mention greenhouses, because one of the initiatives that SaskPower took just recently was to reduce the rates for that kind of business in rural Saskatchewan. It's part of our belief that we need to create an environment where diversification, value added, can happen and that's one of the things that SaskPower has been very proud to be part of. But I guess basically it's a matter of cost recovery and ability to deliver the gas in terms of the expansion that you've referred to.

**Mr. Osika:** — Okay. I appreciate that.

**The Vice-Chair:** — Mr. Osika, if I can just interrupt. Minister, you said twice SaskPower, and I'm wondering did you mean SaskPower or SaskEnergy with the greenhouses?

**Hon. Mr. Lautermilch:** — That's the problem with this portfolio. So thank you, Mr. Chairman. Indicate that if I did use SaskPower, I guess we can't strike it from the records, but I was referring to SaskEnergy.

**The Vice-Chair:** — You meant SaskEnergy with respect to the greenhouses and the initiative?

**Hon. Mr. Lautermilch:** — Yes indeed.

**The Vice-Chair:** — Okay. Thank you. I genuinely wondered and knew that we would want to have that corrected.

**Mr. Osika:** — Thank you, Mr. Chairman.

**Hon. Mr. Lautermilch:** — One would think that after two years I'd get it straight, but I guess I'm still confused.

**Mr. Osika:** — I'm pleased that you clarified that because as a matter of fact there was a concern in rural Saskatchewan that expansion, the costs for expanding, within a limited area was cost-prohibitive. And that's why I raised that question. You didn't indicate in terms of what a low or a high or an estimate might be and it would be unfair perhaps to ask you for that. But I appreciate your qualifying and that you are looking at reducing some of those costs.

Thank you very much, Mr. Minister. I don't have anything further. I appreciate that.

**Hon. Mr. Lautermilch:** — Thank you, Mr. Osika.

**The Vice-Chair:** — Thank you, Mr. Osika. I have no one else on the . . . (inaudible interjection) . . . actually, Mr. Goohsen has indicated a desire to speak. I just want to point out to committee members, Mr. D'Autremont is the third party member on this committee with respect to SaskEnergy. It is normal practice of this committee to allow other MLAs (Member of the Legislative Assembly) to speak, but it's really up to the committee. So I can either entertain a motion or, if committee members like, I'll simply ask if it's all right for Mr. Goohsen to ask some questions.

**Mr. Kasperski:** — Can we change our mind after awhile?

**Hon. Mr. Lautermilch:** — And then we can determine whether or not we want his involvement.

**The Vice-Chair:** — I'm just going to put the question. I'm sensing that committee members will be . . . have made their minds up. Are there any objections to Mr. Goohsen asking his questions?

**A Member:** — None.

**Mr. Goohsen:** — Thank you, Mr. Chairman, and thank you, committee members. Merry Christmas to all of you. I will remember you now kindly for allowing me to present a few questions.

Mr. Minister, the questions I don't think are going to be all that tough. My colleague had to step out actually for a minute and he left me with his list of questions so I'll simply be carrying on with what he was doing. So if you didn't like what he was doing, then you're probably not going to like what I'm going to do either.

**Hon. Mr. Lautermilch:** — I don't think it would matter. It's going to happen anyways.

**Mr. Goohsen:** — I expect you're probably right; sooner or later.

I was kind of intrigued though by the way the debate had gone on with regards to the propane issue, because I had a call in my office that I wouldn't necessarily have brought up here otherwise, but you're already talking about it. This gentleman called me from Leader — and of course I don't have permission to use his name so I won't — but he seemed genuinely concerned about the propane issue and he seemed to know a little bit about what's going on in the world, although I couldn't confirm it. So I want you to know that at this point this is strictly gossip.

But he suggested that at the Burstall plant that they are burning off propane on a daily basis as a waste by-product. Now if they're burning it off each day, then obviously there is some propane available that we could bottle up and use to increase the supply which then necessarily, by the laws of supply and demand, should reduce the price.

Now why would these people be burning it off? Or would they be burning it off? Or is this fellow just out to lunch and doesn't know what he's talking about?

**Hon. Mr. Lautermilch:** — I can't comment because I don't know specifically what he's referring to or what you're referring to. Burning off propane from where?

**Mr. Goohsen:** — The Burstall Gas Plant is a fairly large operation that exists on the Alberta side of the border. Most of the crew that work there live in Burstall, which is in Saskatchewan, but a good number of them do commute from Medicine Hat as well.

Years ago the people that invested their money in that plant decided that the tax structure and the political stability of Alberta were more conducive to their operations so they built it on the Alberta side instead of in Saskatchewan. Sorry, Minister, but that's the truth. They tell me that. That's why they did it. I asked them. And it may not have been your administration or even one that was associated with yours, so I don't know that. So I don't want you to have to feel like you have to really get into a political battle over this. That's just the way it is and that's why you maybe won't be familiar with it or understand how the process works.

However, in light of the direction that this debate has gone, in that we seem to have a concern for the farmers not being able to get adequate amounts of propane at a reasonable enough cost to be able to dry their grain, maybe it is worthwhile for you to research that. And that simply would be my next question, is would you endeavour to research to find out what is going on and if there is some way that we could encourage these people to bottle up propane if they are presently burning it off as a waste product?

Maybe some incentive program by supplying them with the containers or, you know, Co-op I know for example in Saskatchewan has a lot of 500-gallon capacity propane tanks on wheels. We could maybe set a little caravan up there, load them up and take them up to the farmers or something like that.

Nothing is impossible in this world if the crisis is big enough. And of course I'll let you simply respond to whether or not you would be prepared to research that and find out if in fact this is happening.

**Hon. Mr. Lautermilch:** — It's I guess difficult for me to comment because I mean frankly it's not an issue that would be dealt with in the purview of the 1995 annual report of SaskEnergy. However, having said that, I think that you raise an interesting point and I would ask one of my staff to see if we can garner a little more information with respect to the issue you raise.

We may be able to bring it beyond rumour and there may be some validity to embarking on this kind of an initiative. And we'll look at that and we'll work very closely with you and with your office.

**Mr. Goohsen:** — Sounds good, Minister.

**The Vice-Chair:** — Mr. Goohsen, is that the last question on that?

**Mr. Goohsen:** — That's the last question on that.

**The Vice-Chair:** — I just wanted to remind the minister that if you're responding to Mr. Goohsen on that, that it be done preferably through the . . . Well you can respond directly to Mr. Goohsen but make sure a copy goes to the Clerk so that all committee members can be brought up to speed.

**Hon. Mr. Lautermilch:** — Mr. Chair, if I could, I think perhaps it might be appropriate for a telephone call from my office to Mr. Goohsen's office and to his staff people. We can get more clarification, and if there's any correspondence related that would be of interest to members of the committee, I'm sure that Mr. Goohsen and I would be more than pleased to forward such information.

**The Vice-Chair:** — Thank you, Minister. As I understand it, the question was: is there propane being flared and is there something that can be done about it? That's really the only interest I think that committee members have in the direct response. Mr. Goohsen may have some local spins to it that you can deal directly with him on. But thank you.

**Mr. Goohsen:** — We certainly will cooperate in every way that we can, Mr. Chairman. Fortunately in our area we don't have much tough grain that needs to be dried, so our efforts here are mainly to help people in the rest of the province. So I have no vested interest and I assure you that this won't earn me one vote in the next election. It is something that I do out of conscience for the rest of the people of this province of Saskatchewan.

**Hon. Mr. Lautermilch:** — Sounds pretty much like a socialist to me.

**Mr. Goohsen:** — We once again, Minister, will remind you that you can have a social conscience without being a socialist.

He doesn't want to answer to that I guess, so can I move on to a different area?

**The Vice-Chair:** — Please.

**Mr. Goohsen:** — Mr. Chairman, I want to address to the minister some numbers in the book that represents the year-end review. My colleague pointed out very quickly to me — and I have to admit that I haven't studied this in great detail myself — but he indicated to me that on page 29 there is a reference in section 8, Minister, to net additions to the capital assets of 175,000 — or I guess may be that's in thousands — so it'll be a 175,069,000. So the question there is, now when you compare that and go back to page 24 under the assets section — capital assets — he says he finds there that there's a discrepancy. When you subtract '94 from '95 you get 146 million difference.

And he says there's a discrepancy then between page 29 of 30 millions of dollars. Can you explain where this 30 millions of dollars went to? He also wondered if this necessarily meant that it was a capital investment or if it was a loss? And we would

like an explanation of what those numbers mean.

If it's helpful I can give you the book that he has circled the numbers so that you know which ones we're talking about.

**Hon. Mr. Lautermilch:** — As this is somewhat of a technical nature, I think it might be helpful if I have one of the officials from the corporation answer this, and while he's answering I'm going to get a cup of coffee.

**Mr. Mrazek:** — Thank you, Mr. Minister. In the answer to your question, if I could refer you please to page 24, if you go down to a number called capital assets in the 1994 column, you'll see a number of 925,750. Okay, that was the balance of the assets at the end of 1994. Then to that number, if you flip now over to page 29, the number you refer to, the 175, those were the additions for the year. Then what you do is you subtract the amount of depreciation that we had during the year, which is on page 25; that's 28,212,000.

So very simply, what you do is you take the balance at the end of 1994, add the capital additions for the year and then subtract the depreciation expense to get the ending balance. So it's maybe not obvious there how the numbers fit together, but that's the general way that it unfolds.

**Mr. Goohsen:** — Thank you for that explanation. And it looks like if we do the mathematics, that'll figure out.

Mr. Chairman, my colleague has returned and I want to just very quickly thank the committee for allowing me to present questions and I appreciate that very much. And perhaps we'll do it again some time. I'll turn this thing back over to my colleague, Mr. D'Autremont, if you don't mind, Mr. Chairman.

**Mr. D'Autremont:** — Thank you very much. I'd like to thank my colleague for filling in for me.

**Hon. Mr. Lautermilch:** — He did a good job.

**Mr. D'Autremont:** — That's good. One of the items that we had been discussing earlier but got a bit sidetracked on was the 45-day review process. I know that natural gas prices have started to rise again; if there is an increase to the consumers will you be utilizing the 45-day review process?

**Hon. Mr. Lautermilch:** — Yes.

**Mr. D'Autremont:** — Will you be listening to the recommendations that the public brings forward during that type of a process?

**Hon. Mr. Lautermilch:** — Yes.

**Mr. D'Autremont:** — So if the public is not happy with an increase, an increase would not be appropriate?

**Hon. Mr. Lautermilch:** — I think it's fair to say that no one will be happy with an increase, with respect to price increases. I mean it's never a happy day. SaskEnergy uses a flow-through kind of process. The price that we charge our residential and

our industrial customers is based on the price of the commodity.

As I indicated earlier this morning, when I look at the work that has been done in terms of a purchase program put in place by officials in the corporation, I would venture to say that in the upcoming months we will look very favourably in terms of the rate changes that will happen here in Saskatchewan compared to some other jurisdictions, frankly.

We don't anticipate that we can sustain the prices that we're charging when the price for natural gas is on the increase. But certainly what we will do is, we will bring our case to the people of Saskatchewan through the 45-day review process, make our case with respect to an increase if one is requested, and try and inform as best we can, our client group — the consumers — why changes may in fact be necessary.

**Mr. D'Autremont:** — I'm glad you said that SaskEnergy has a flow-through policy. I'd like to pursue that a little bit. When the prices are rising, what kind of a time frame would consumers be looking at for increases to be reflected in their bills?

**Hon. Mr. Lautermilch:** — That's very difficult to determine because it depends on the portfolio you put together in terms of purchases. There will be some, you know, long-term purchasing. Some, I'm assuming, would be bought on the spot market on a day-to-day basis. We use estimates in terms of what the consumption would be. We have some gas in storage, which will be purchased at X price.

So I can't . . . I don't think it's that we have the ability to answer specifically what, say a 25 cent increase would impact and when that might hit the floor because there's so many variables in determining the overall portfolio of gas and the cost of gas.

**Mr. D'Autremont:** — Well consumers are always hypersensitive to any changes in carbon prices and their belief is that prices increase relatively quickly and prices drop relatively slowly. And there is always a concern that people are making money on the shifts a lot longer than they should. If a price rises, the companies get into the rises very quickly to capture that benefit, and yet on the downside, as prices drop, they stay in the market a little longer at the high prices than perhaps would have happened had it been a price increase.

And I think the public needs some assurance that SaskEnergy does not do that; that they pass both the costs of the increases and the decreases along at the appropriate times that most benefit the consumers.

**Hon. Mr. Lautermilch:** — The corporation attempts to work on a rate of return that would be, I guess, comparable to industry standards. I can assure you that we will try to ensure the lowest costs possible for our client group, for the people that we sell gas to. This is not a monopoly situation. We're in a competitive market-place in terms of natural gas and we will do, as we have been doing, all that we can to be competitive, which means certainly we've got to have a reasonable rate of return on the investment that the assets of this corporation have. But we will do all that we can and pass on savings as quickly as

we possibly can.

What we're attempting to do is to be, is to be . . . to have a good portfolio and a broad-based portfolio so that we can cushion the impacts of changes when and where we can.

**Mr. D'Autremont:** — Okay, thank you. I'd like to move on to another area and that's SaskEnergy's harassment policy within the corporation. Has there been any changes in the last few years to deal with the harassment policy?

I'm glad you brought your lawyer along.

**Hon. Mr. Lautermilch:** — I've been harassed here at this committee.

**Mr. D'Autremont:** — We're entitled to it. It's our mandate to do that.

**Hon. Mr. Lautermilch:** — Yes, so have you changed your harassment policy, Mr. D'Autremont?

**Mr. D'Autremont:** — Well I don't intend to be so nice from now on.

**Hon. Mr. Lautermilch:** — I'm told by the officials that, as with policies, all policies, within the corporation, they are on an ongoing, you know, under ongoing review when there are issues raised that would show inadequacies with respect to policy. The people responsible for policy development will look at ways to which they can improve on this policy and others within the corporation.

What I can do and what I will commit to do is . . . and I don't know what time frame you would require here. But perhaps what I could do is, say, for the last two years put together for you and send to you and members of the committee, the policy as it was say two years ago, any amendments, any changes, so that you would then understand the changes that have taken place between the existing harassment policy two years ago — what has been affected in terms of change — and where it is now.

**Mr. D'Autremont:** — I think I would actually need to go back to at least three years.

**Hon. Mr. Lautermilch:** — I don't think that would be a difficulty.

**Mr. D'Autremont:** — It's my understanding that there were some quite dramatic changes or expansion of the harassment policy in that time frame — two, three, maybe four years ago — that perhaps things were spelled out a little better or clarified a little more and so I'm particularly interested in that.

What's the procedure though if there is a complaint of harassment involving an employee? What procedures does the corporation take? What steps are followed?

**Hon. Mr. Lautermilch:** — As this is certainly more of an internal to the corporation nature and my role as Chair is that of

the policy development, I think it would be appropriate for me to ask Mr. Guillet, who is the general counsel and our corporate secretary, to describe in more, I guess more technical terms, what process would be appropriate for an employee who felt there had been some I guess inappropriate action.

**Mr. Guillet:** — If there is an employee who is concerned about a harassment issue, a complaint can be made directly to the human resources area in the company. The vice-president of the human resources is in charge of the issue dealing with harassment. If there is an investigation which is required, currently the corporation would have an external individual come to investigate the harassment, to define whether or not there is a situation of harassment.

As I indicated, it's the vice-president of human resources who would be in charge of undertaking the area of harassment. It doesn't come through the legal department at all. It is through human resources.

**Mr. D'Autremont:** — Okay, who is the person in charge of human resources?

**Mr. Guillet:** — Currently it's Robert Haynes is the vice-president.

**Mr. D'Autremont:** — Has there been any changes there in the last two or three years?

**Mr. Guillet:** — Yes there has.

**Mr. D'Autremont:** — And who was there previously?

**Mr. Guillet:** — It would have been Mr. Russ Pratt.

**Mr. D'Autremont:** — When you bring in an external investigator, what type of investigator are you talking about? A private investigator or someone in the human relations, human resources area, or what are you looking at here?

**Mr. Guillet:** — I believe it would be somebody who would be in the human resources area that would do the investigation, someone who has some experience in that aspect.

**Mr. D'Autremont:** — What kind of an investigation would this person carry out? Would he deal with the employee or employer that's making the complaint, the employee that the complaint has been made about? How broad does this investigation get?

**Mr. Guillet:** — I guess any investigation would require upon it specifics of the individual case that is being brought forward. I believe that it would depend upon how broad . . . they would have to deal with the complainant and any witnesses, I believe. But it would be case-specific I guess, to see how broad the investigation would go.

**Mr. D'Autremont:** — Would the investigation include an investigation of medical records?

**Mr. Guillet:** — I couldn't answer that right now. It would

depend upon the specific facts of that particular case.

**Mr. D'Autremont:** — Let's make a scenario that a person has been . . . a complaint has been filed against them. Would you do a psychological evaluation of the employees?

**Hon. Mr. Lautermilch:** — Mr. Chair, I guess if I could answer. I think it is fair and reasonable to ask the officials to respond to a policy and to a process, but I don't know that it is appropriate to ask officials to attempt, or myself, as a matter of fact, to attempt to respond to a hypothetical scenario. We're here to deal with the operations of the Crown, to deal with policy, to deal with the operations of the Crown.

If there is a question with respect to policy, certainly we're willing to answer that, but I don't think it's appropriate to ask questions based on a hypothetical scenario. If the member has a specific question dealing with a specific event or situation, we would be more than willing to attempt to answer on that basis.

**Mr. D'Autremont:** — Well I think on a policy basis that the question of do you do psychological evaluations of employees involved in a harassment case, I think is appropriate at this point in time. It's not dealing with specific cases. It's not dealing with individuals. It's dealing with the policy of do you or do you not do psychological evaluations of employees? Do you or do you not do lie detector tests? Do you or do you not do drug testing? All those types of things, I think deal with the policies of the corporation in dealing with their employees.

**Hon. Mr. Lautermilch:** — I think firstly one would want to determine what is legally appropriate and what legal options are available. I think secondly, it would certainly depend on the situation, and every case may or may not . . . will be different. I think that it would be fair to say that the corporation would not impose any conditions on any employee that would be outside of legal bounds and what's appropriate with respect to legislation that we all live by.

**Mr. D'Autremont:** — Well has the corporation made an evaluation on . . . legal evaluation on psychological testing, on drug and alcohol testing?

**Hon. Mr. Lautermilch:** — I can state for the member that we have not and would not act outside of the boundaries of the collective bargaining agreement reached with the employees of the corporation with respect to drug testing. We have not, as I understand, requested drug testing of any employee.

**Mr. D'Autremont:** — What of those employees that would fall outside of the scope of the union agreement?

**Hon. Mr. Lautermilch:** — We would operate then within the boundaries of the law.

**Mr. D'Autremont:** — Has the corporation done . . . or considered approaching the employees and asking them to sign a waiver allowing for such testing?

**Hon. Mr. Lautermilch:** — Not that we're aware of.

**Mr. D'Autremont:** — Okay. I may come back to this.

If an employee has an harassment filed against them, what happens to that employee who the charge has been made against, during the investigation of the conflict?

**Mr. Guillet:** — I'm not sure I understand your question fully.

**Mr. D'Autremont:** — Okay. Employee B has filed a complaint against employee A. What happens to employee A while you hire the external investigator and he carries out his investigation?

**Mr. Guillet:** — They would continue to work.

**Mr. D'Autremont:** — So nothing would change in their employment? The circumstances would remain exactly the same until such time as the investigation is completed?

**Mr. Guillet:** — Well once again, I guess it would depend upon the specific facts that you're dealing with. If it's a situation . . . You know, each type of harassment type situation could be different, depending upon the severity of the complaint. And you know, to give a blanket answer, I guess you have to look at each of the particular cases individually to the specific facts.

Until the investigation has been completed to determine whether or not harassment has occurred, depending upon the particular facts of that situation, that employee would continue to be working in that capacity.

**Mr. D'Autremont:** — So if two employees are working in close proximity to each other and one has filed a complaint against the other, they would remain working in that close proximity even though the complaint had been filed?

**Hon. Mr. Lautermilch:** — I think it's fair to say that it would certainly depend on the circumstances. The human resources component of SaskEnergy would attempt to work with the employees.

You know as I listen to your line of questioning, one of the things that I guess I question is, is the rights of employees. And the premiss that we operate under in this country and in this province is that you're innocent, and certainly until proven guilty. But I think we would probably take a reasoned approach, sitting down, working with the employees, to determine how to alleviate what may in fact be a difficult situation.

**Mr. D'Autremont:** — If in this scenario the employees are working in close proximity, employee B, who filed the complaint, is concerned about working with employee A, would or has the company ever approached an employee to take a position elsewhere in the corporation at that time?

**Hon. Mr. Lautermilch:** — I think . . . let me answer this in this way. As I indicated, certainly, you know, we need to, and will, operate under the premiss that you are innocent till proven guilty.

But as well, we have a responsibility to our employees to ensure that there is a safe and a reasonable working environment. And we certainly will, and have as I understand it in the past, work on both of those principles.

You know, I mean the bottom line is people who work for the corporation, this and others, want an environment where they feel comfortable, where they can do their job, their duties that are outlined in their job description. And unfortunately there are some circumstances that require intervention. There are, and will be, inappropriate action on occasion, I'm assuming, by employees. Our role, and I believe our responsibility, as a corporation in policy will determine that people who work for this corporation have a safe and healthy work environment. That's the goal.

You know there certainly will be times when there will be difficulties. I think it's fair to say that the people in the corporation have a very good understanding and a very positive attitude towards insuring a safe and a healthy and a positive work environment for all employees of the corporation.

**Mr. D'Autremont:** — What happens with the employee though after a complaint has been filed, the investigation has been carried out, and it's determined that the complaint of harassment is not valid?

**Hon. Mr. Lautermilch:** — Well I think firstly, it would depend on the circumstances and it's very difficult to comment on, you know, a hypothetical scenario. The policy and the direction that we would take is to ensure that fairness . . . irrespective of which process or which scenario, that employees be dealt with fairly.

I think that's really the important part and I think that's really the bottom line to all of this. I don't think you can comment in specifics because circumstances will vary depending on the issue.

**The Chair:** — Mr. D'Autremont, would it be useful to you if the minister tabled with this committee the harassment policy and any documentation of how it's been developed and any changes with it? I think that we need to . . .

**Mr. D'Autremont:** — He's already agreed to do that.

**The Chair:** — All right, I'm sorry. I apologize.

**Hon. Mr. Lautermilch:** — Madam Chair, if I could? I've agreed to pass on I think from three years previous any amendments and changes to the point that the policy is at now and that I'll supply that in writing to all members of the committee. How many copies?

**The Chair:** — Fifteen copies, Mr. Minister. Perhaps then, Mr. D'Autremont, that might answer your question.

**Mr. D'Autremont:** — I have one more question.

**The Chair:** — Thank you.

**Mr. D'Autremont:** — If the employee A who had the complaint filed against them, moved within the corporation, the complaint is found not to be valid, would they be returned to their original position?

**Hon. Mr. Lautermilch:** — I think it would depend on the circumstance and I can't comment specifically because I think it would depend on a number of things. I would assume that the human resources department within the corporation would work and dialogue with the affected employees. But I guess the resolve would depend on the circumstances of each individual case.

**Mr. D'Autremont:** — Well there is a concern that has been raised to me dealing with all of these issues and the employee would like to return to their original position and that has not been made available to them. I will discuss this without names with you further.

**Hon. Mr. Lautermilch:** — What I would undertake to do, and if you would agree, I'm certainly open to meeting with you and if you have a specific concern, I would be more than willing to discuss this with you. I think — and I appreciate the fact that you've chosen not to mention names — I think you take a very responsible position doing that, as this appears to be a specific case and of a very sensitive nature. I would want to meet with you and I think we could discuss this after the meeting adjourns or at another time when it's appropriate.

**Mr. D'Autremont:** — Okay, thank you. I have many more questions, but I can raise them at a later date, because we are entitled to go back and ask the minister all these questions that put him on the spot.

**The Chair:** — And we will have the '96 reports, of course. The year end for SaskEnergy is December 31st, is it not? So . . .

**Hon. Mr. Lautermilch:** — Yes.

**The Chair:** — We will start, as soon as the legislature is once again in session, we will start with our customary 8 a.m. or 8:30 a.m. Crown Corporations meetings. And as soon as we get the '96 reports, so we can deal with everything on a very current basis, we'll be calling SaskEnergy back.

It sounds like we've got two responsible MLAs dealing with a specific problem responsibly outside this meeting. Is that what's going to be happening? All right. So, no other questions for SaskEnergy 1995?

**Ms. Bradley:** — I'd like to move:

That the Crown Corporations Committee has concluded its review of the 1995 annual report of SaskEnergy Incorporated.

**The Chair:** — All those in favour of that motion please indicate. Opposed? None. That motion is carried.

Thank you, Mr. Minister. I thank your officials as well. You may be excused now.

**Hon. Mr. Lautermilch:** — Thank you very much, Madam Chair. I would like to thank members of the committee for their insightful and somewhat pointed questions and I hope that we have been able to answer to your satisfaction the concerns that you have. I would want to say to members of the committee that between the sittings of the Crown Corporations Committee, if there are concerns or issues that you have with respect to SaskEnergy, I would urge you to contact my office and we would help to certainly facilitate any concerns that you might have or answers to some of the questions that you may have.

So with that, Madam Chair, thank you very much, and thank you, committee, for its diligence. And I know, on behalf of my officials, we appreciated the opportunity to appear before you.

**The Chair:** — Thank you. And I can certainly attest to the fact that when you contact the minister's office directly, you do get very immediate response. So thank you very much, Mr. Minister.

**Hon. Mr. Lautermilch:** — Thank you.

**The Chair:** — Committee members, we have a little bit of business to deal with and I would hope we could deal with it before the noon-hour break. I indicated yesterday that I was wanting to hear from members about any outstanding items that you wanted me to call back. We had a fairly intense meeting schedule last legislative session and we were not able to conclude the review of all the reports, but we did conclude most of them.

Right now what I would like to hear from you is your indication of items that you would like me to call again, hopefully for a January meeting. I think we're getting a little bit too close to the holiday season to try to schedule in any more December meetings.

But I'm wondering — I had circulated things yesterday for you — I'm wondering if I could have an indication right now of the corporations that members would like to have called back.

**Mr. D'Autremont:** — WCB (Workers' Compensation Board), SaskTel, SGI (Saskatchewan Government Insurance).

**The Chair:** — Okay. And we would deal with the . . .

**Mr. D'Autremont:** — We're going to cut off Kim's phone.

**The Chair:** — I don't think we want that one on the record. As long as he pays his phone bill we're okay.

**Mr. D'Autremont:** — Yes, but it's the kind of phone calls he's making.

**The Chair:** — From my point of view, it would be his carrier of choice that would be problematic, and as long as it's SaskTel I think we're okay.

**Mr. Bjornerud:** — What other ones did we have yesterday on the list? Crop Insurance is one that we wouldn't want to release today. We may not have to have it back but . . .

**The Chair:** — We have the 1995 Crop Insurance Corporation outstanding. Would you like me to arrange with the minister . . . Okay.

**Mr. Trew:** — Madam Chair, I think Mr. Bjornerud was saying, not necessarily have the minister, just let's not vote it off right now.

**Mr. Bjornerud:** — Yes, that's what I was saying. We may want it back. If we don't, well there's a waste of time on your part.

**The Chair:** — Fine, okay. So we will leave Crop Insurance outstanding and in January if it doesn't look like there's any specifics that you want brought back, we would then vote that off and then be able to deal with the '96 report in the House.

Yes. Okay, do any other committee members have any others? Are there any other items? Could I then suggest that the Clerk prepare a motion that our Vice-Chair would move that would read that we have completed our consideration of the following reports: Agricultural Credit Corporation, 1995; SaskPower Corporation, 1995; Sask Water Corporation, 1995? We've already done SaskEnergy. I'm leaving off Sask Liquor and Gaming because we will be dealing with that this afternoon. And I have left off the Crop Insurance and SGI, including the auto fund, general insurance, and Insurance Services Ltd, and SaskTel, including SaskTel International and the holding corporation in Norstar.

So those will all be coming back, and also that Mr. Trew will be moving that we do not require a detailed review of the Health Services Utilization and Research Commission, 1995; the Municipal Financing Corporation, 1995; Saskatchewan Communications Network, '95 and '96; Saskatchewan Computer Utility Corporation, 1995; Saskatchewan Development Fund Corporation, '95; Saskatchewan Economic Development Corporation, '94 and '95; Saskatchewan Forest Products Corporation, '94 and '95; Saskatchewan Government Growth Fund Management Corporation, '94 and '95; and Saskatchewan Grain Car Corporation, '95. As well, Saskatchewan Housing Corporation, 1994 and '95; and Saskatchewan Property Management Corporation, 1995.

But we would not have on that motion, Mr. Trew is not moving, that we have completed our review of Saskatchewan Opportunities Corporation, '94 and '95, and the Workers' Compensation Board, 1994 and '95. So those two will be called back. Is that agreeable? Mr. Trew, could you put that motion then now?

**Mr. Trew:** — I so move.

**A Member:** — I want you to read it.

**The Chair:** — I'll take that as an informal suggestion. It will be in written form for all committee members to see this afternoon, but I would now like to call the vote on that. All those in favour of the motion? Opposed? No opposition.

That motion then is passed.

We'll meet again at 1 o'clock to discuss sin and fun, right? Liquor and Gaming.

**A Member:** — Which is which?

**Mr. D'Autremont:** — In our caucus, Ben got first choice.

**The Chair:** — Thank you very much for your cooperation.

**The committee recessed for a period of time.**

#### **Saskatchewan Liquor and Gaming Authority**

**The Chair:** — Good afternoon, everyone. Welcome to the reconvened session of the Crown Corporations Committee. We are here this afternoon to deal with 1994 and 1995 reports of the Saskatchewan Liquor and Gaming Authority.

No, I'm sorry. We've already voted off the '94 so it will only be '95 that we're dealing with. I would like to welcome the minister; you've been here before so you know the routine.

And I honestly can't remember if the auditor's statement . . . did you comment on the '95? So you don't need to comment at this time? Okay. You're simply here watching to make sure that we're honest and keeping track of the pennies and nickels and all that sort of stuff, right? Okay. Or whatever it is you put in slot machines.

Mr. Minister, would you like to introduce your officials.

**Hon. Mr. Serby:** — Thank you very much, Madam Chairperson, and members of the committee. I have with me this afternoon four officials. They are Mr. Paul Weber, who is to my left here, and further to the left is Lillie Wong. Next to me here is Mr. Dick Bailey, and Mr. Wes Mazer are the officials that are here today.

My acting president, Mr. Innes, is down with the flu in a very big way so he's not able to attend today.

**The Chair:** That was smart of him.

**Hon. Mr. Serby:** — Well he's been ill since Sunday. So we hope that by now he'd recovered but . . . So those are our officials. I had, I think . . . did a bit of a presentation at the last meeting, sort of an overview of the corporation, and are here to sort of respond to any of the issues that members of the committee might have this afternoon.

**The Chair:** — Okay. Would you first of all pass on our best wishes to Mr. Innes for a speedy recovery? And I will then now, at this point, entertain a speaking list. Mr. Osika and it looks like that's it . . . (inaudible interjection) . . . And then Mr. Goohsen.

**Mr. Osika:** — Thank you, Madam Chair. Mr. Minister, welcome to you.

**The Chair:** — One of the things I don't think I mentioned to you: what we've been trying to do is kind of balance off time.

So if you have a lengthy list of questions, if you would maybe take about half an hour and then pass it off to another speaker. Then I will recognize you again. Okay? It's just so that people have an opportunity to get on the speaking list.

**Mr. Osika:** — Thank you. Mr. Minister, welcome again. And to your officials, nice to see you and we look forward to some exchange of comments and discussion here that hopefully will be beneficial to us in ways that we can respond to the concerns that the public you and I serve as well raise in this area of responsibility.

I wonder, with all due respect, I wonder if you could once again — this question burns in my mind on an ongoing basis — from your perspective or your point of view is there any . . . why is there and is there a need for a minister of Liquor and Gaming and a minister for Gaming?

Please, if I could impose on you to give me your perspective on that.

**Hon. Mr. Serby:** — Well I think that when the . . . the Liquor and Gaming Authority, as you might appreciate, its basic responsibilities are to do the regulations, is to make sure that we regulate and license across the province both on the liquor side and certainly on the gaming side. So by and large the primary responsibilities of the Liquor and Gaming Authority are to ensure that those two functions are satisfied across the province.

And that rests with the responsibilities that I have in my portfolio as the minister responsible for Liquor and Gaming. Included in that of course, is the management and overseer of the agreement that we have with the first nations and the casino developments across the province.

Now the Regina casino is a Crown corporation and of course we are responsible. The Liquor and Gaming Authority is responsible for all of the licensing of all of the functions that go on within the facility: all the games, the slot machines, the employees who work there; that responsibility lies with the Authority. And so the thinking here of course, is that rarely would you want I think, to have the same people who are responsible for overseeing the operation also having . . . and having the management responsibility of it, also overseeing the management responsibilities of it, also having the authority for the licensing and the regulation of the same facility.

And that's primarily I think sort of the short answer of why you have a minister responsible for the Crown, which is really only the casino, and then the Authority looking after all of the licensing and the regulations across the province.

**Mr. Osika:** — Okay. Thank you. But in effect then I . . . maybe I'm missing a point here — but in effect you are within . . . you're responsible . . . (inaudible) . . . doing exactly that. You're creating the regulations and you're overseeing them from your own department.

I guess I just can't . . . I still can't get it through my head why that would differ to that extent. And I appreciate that the



Gaming Corporation is in fact the Crown. But you as the regulatory body, I guess I just can't get it clear in my head why we need a separate minister for the gaming when your Authority in fact deals specifically with those areas that you had just mentioned — the regulatory body overseeing the machines, the employees, and what goes on in that facility.

**Hon. Mr. Serby:** — We only approve . . . If I might just put it this way. All of the games that are registered or approved across the province, be they in a casino outside of Regina — well, including Regina — or be they the approval of a licence to a liquor outlet in Saskatchewan, somebody who applies for raffle tickets to run a raffle, all of your bingo licensing across the province, those functions remain within the responsibility or purview of the Authority. That's the function of our folks.

Including the Regina casino, we're responsible for the licensing of all of the games that are played in that venue — the table games, the slot machines, the number of slot machines that are actually licensed there — and we also ensure that the people who are employed within the Casino Regina in fact are also registered. That's our job.

The corporation then, of course is responsible separately for the management of the facility, for the assurance of maintaining the regulations that we set for them, the hours that they're open, the number of employees that they choose to have there, the way in which they provide the services there — that becomes then the responsibility of the corporation. So you have a regulatory body and then you have a Crown corporation that really operates the facilities.

**Mr. Osika:** — Okay. I thank you for that.

**Hon. Mr. Serby:** — And it's the same, it's really the same situation that we have with first nations people. They actually operate the casinos, the four casinos around the province. The first nations people operate them. We make sure that they're regulated.

**Mr. Osika:** — Is it not unlike a private establishment owner for liquor and lounge or whatever? They look after their employees. But you still have some control and the regulatory authority to determine the number of people allowed in the place, what can and can't be served, hours of operation. I guess my question would be: would it not be more expedient to have this all under one umbrella?

**Hon. Mr. Serby:** — Well I think that . . . I mean, there have been debates about whether or not you should have one ministry responsible for all of gaming in Saskatchewan or whether you have what we have in Saskatchewan today where you have an Authority with a ministry attached to it. And then you have a Crown corporation in the case of the Regina casino, and have that entity that in fact would operate the facility. That debate goes on, I think.

There are other jurisdictions across Canada, as you well know, where you have one ministry that's responsible for all of the gaming venue. Then you have in some provinces where you have a combination of that, where you have something like the

Saskatchewan model, where you have a minister in charge of an Authority; someone who then oversees possibly the casino operations.

**Mr. Osika:** — I understand that and I guess my thoughts are that would it not be more expedient . . . Because the gambling issue, the liquor, it crosses all boundaries, and I guess I still have a tough time understanding, while I appreciate hearing that you're still having some ongoing discussions about it and perhaps there may come a day when this province will see one umbrella which encompasses the gambling, the liquor, the regulatory body, and the management body of this whole business of gambling.

I thank you for that and I won't belabour that point. The last time that we met I had asked if your government had sought to undertake a full-scale review of all its gambling policies in the province — both socially and economically — and at that time, to the best of my recollection, you indicated this was not under any active consideration. I wondered if there had been any government's change in their view in this regard.

Have you become at all concerned to undertake such a study of the full impact that the whole business of gambling has had on our province? I guess the figures that are thrown around are something like \$100 million a year coming in from that industry. It would not be because the government could not afford it, so I ask that question, whether or not you're now seriously considering undertaking such a review?

**Hon. Mr. Serby:** — Yes. Well I want to comment to the member that I think it would be fair to say that in Saskatchewan we've seen, to some degree, fairly extensive growth in the gaming industry — if I might call it that — certainly with the inceptions of the VLTs (video lottery terminal), now with the casinos onboard, and the additional casinos that are going to be added to the stream.

You have bingos right now that have been operating in the province for some time. You have the video lottery terminals or the break-opens that are accessible to people in the communities to play. And so we have the lottery system in Saskatchewan and other parts of the country.

So we have, of course, a huge dimension of gaming in Saskatchewan. And a lot of people who are calling on gaming revenue as well, both at the community level, certainly at the provincial level, in terms of . . . Base hospitals have some dependency on gaming revenues, racing associations, exhibition associations. So there's lots of partners here who expect to receive some revenue from gaming.

And so when you ask the question about whether or not there's been any sort of insight into how we might be able to look at pulling that whole piece together, I would say to you that there is some discussion certainly going on and some review of that whole process to see how in fact two things might be happening: how is the community of Saskatchewan impacted by gaming overall; and how in fact are we continuing to support the people who are dependent on gaming from the point of view of finances to ensure that there's a balance across the

province. So that kind of process is ongoing, I want to assure you.

The other one that I think you raise is what's happening in respect to the management of the addiction piece and I would suggest to you that the Department of Health, through its people, are paying very close attention to what's happening with the numbers. I don't have a current, sort of status report that I might be able to provide you if you were to ask me that whether or not we're seeing more people today in the addiction side and . . . or how many more people we're seeing in the addiction side.

The reality is that I think we are having more people coming into the addiction side right now, both in the current government service departments that we have, through mental health and through the non-government organizations. There's some growth there and I know that the Department of Health is paying very close attention to that.

And as you know, in Saskatchewan we already provide somewhere in the neighbourhood of \$1.5 million for treatment services, rehabilitation services, which per capita across the country is far greater than anybody else is. I'm not saying that that necessarily is enough or that the government isn't in a position to increase that or the Department of Health isn't prepared to increase that.

So it's under very close scrutiny and observation I know, by the Department of Health to respond to that issue or need when I think the issue is really identified that it needs to happen.

**Mr. Osika:** — Thank you. The follow up to that, again in the same vein, deals with an issue that was brought up in the House, Mr. Minister, about the matter of youth gambling as becoming somewhat of a problem. And at that time again you'd indicated that there were no studies being complicated . . . or at least contemplated — not complicated; they are, the studies are complicated — contemplated and you didn't see it as a real major concern. I just wondered if you are still of that view, if you see that youth gambling is a problem in Saskatchewan?

I guess going back to my first question with respect to the social-economical impact that gambling has had, with respect to any studies that may have been done or contemplated and tying that in with youth gambling as a problem. I still . . . and I hate to belabour once again that issue, but with all this being so new and the implications involving the social and economic impacts on all segments of our society, would it not be appropriate to consider some in-depth study to see just what kind of an effect it's having on those people who not only become addicted but all the effects gambling has had on the province on a broad range?

**Hon. Mr. Serby:** — Yes. Well as I said earlier in my earlier comment, that I want to assure you that from both perspectives, both the economic one and the social one, and more so from where I sit, from an economic perspective, because we're responsible, the Authority's responsible, by and large, for overseeing who it is in the province who is involved in the gaming industry.

So from an economic perspective, and I might add to that that we have on an ongoing basis, individuals, groups, communities, that put pressure on the Liquor and Gaming Authority to ensure that their gaming dollars remain stable based on what's happening within the gaming industry.

And as I described to you earlier, there are a number of people who have a dependency on the gaming revenue — as I said, horse racers, charities, community groups. And this is a very, very broad range of groups, so from an economic perspective where we're paying close attention to that as an Authority and making sure that there are some balances here, that communities in fact don't lose their sources of revenue to the degree that I think can happen when you grow gaming out of control. And I think in Saskatchewan we've been able to manage that.

From the social side, the Department of Health . . . And I want to make sure that I'm understood here and that is that it's not that I don't think, and hope I've never said, that I'm not concerned about whether or not there's a growth in the addiction side in this province, because I am very concerned about that, not only as somebody who is a member of the government, but I worked for many years in that area, and so my own professional background is from that field.

So I have an appreciation for the kinds of issues that families can in fact suffer from or individuals when in fact addictions become a part of their life. So very much concerned about that.

But to again say, that the Department of Health currently is, and has since the inception of the growth of gaming, particular VLTs because they're newest, and casinos, to the market, have been paying attention to the growth in the numbers. And that's all-inclusive. Not only are we looking at targeting the attention to youth, but also to families and to adults as well, because gaming doesn't restrict itself to a particular social group nor to a cultural group; sort of cuts across a broad piece.

And so that really, in my opinion, is something we leave with Health to do, but try to blend to make sure that we have a good appreciation for that and will be able to add resources as they're required in whichever piece we can do that.

**Mr. Osika:** — Thank you, Mr. Minister. And I appreciate the fact that the treatment of gambling and addiction crosses boundaries of other departments and agencies. And I hear you when you say you have, perhaps for clarification, there is \$1.5 million set aside or has there been \$1.5 million spent? I guess my question: if you might have any idea of over the last four years how much actual money was spent in dealing with addictions to gambling? And perhaps if you did not have that response, again, recognizing that it crosses other boundaries.

**Hon. Mr. Serby:** — I'm sorry.

**Mr. Osika:** — I just wondered if you had any idea of how much money has in fact been spent on treating addicted gamblers in the last four years?

**Hon. Mr. Serby:** — I don't have the number on how much

money the government has spent actually or how much the Department of Health has actually allocated to communities either through the Department of Health into the mental health service agencies or the Canadian Mental Health Association, who really are the agent to oversee some of the education and some of the treatment services, or the NGOs (non-governmental organization) that are out there that are doing some of the services in terms of treatment. I don't know what that exact number is that has actually been dedicated to those groups and expended.

I know that on an annual basis the government now is budgeting \$1.5 million in the Department of Health's budget to ensure that addiction services — treatment, education, prevention — are in fact available to them. So the money is there. How Health spends that I'm really not in a position to be able to clearly articulate what that is that they do.

**Mr. Osika:** — The \$1.5 million is budgeted but we don't know whether that's been spent or how it's been spent or where it's gone. I guess that's one of the questions that is raised in the Provincial Auditor's report about the, you know, the accountability aspect. So that might be an area that perhaps, because it is an important issue, might be coordinated somehow so one of the departments or another, particularly perhaps your department or the Gaming minister — whomever at this point — should have a figure consolidated some place to tell the people of Saskatchewan, look we're taking in all this money. And we have put aside one and a half million but the last years has cost us five because we are committed to ensure those people that do become addicted get the proper help.

I guess that's where I'm coming from, and I don't know if there's that kind of a consolidated figure or not, but it would be meaningful, in my humble opinion.

**Hon. Mr. Serby:** — I think that we can all rest assured that the Provincial Auditor is making sure that the \$1.5 million that's dedicated to Health in fact shows up somewhere in Health, because you've likely heard the Provincial Auditor speak on a number of occasions, as I have sitting around this table, that departments and governments need to have a plan, okay. So what happens, is when the Department of Health develops its plan through estimates, of which you have an opportunity to see, in that figure you will learn there is \$1.5 million in the Health budget that's dedicated for addictions, okay, or addictions services.

We happen to be the people who simply regulate, as I said to you earlier, and ensure that the revenue gets accounted for that comes in from the liquor and gaming side to the General Revenue Fund. So that's basically our responsibility, but in terms of the program allocation, the amount of the accounting for the expenditures of those dollars are done within the Department of Health.

I can comfortably say to you that the Government of Saskatchewan has allocated on the last two budgets, one and a half million dollars for the treatment of addiction services in the province and it will be found in the Health's budget. And I rest assured that the Provincial Auditor would recognize it there

when in fact . . . if the question in fact were asked.

**Mr. Osika:** — Okay, thank you. Just along those lines, I was just wondering if you could give me a little bit of information on the gambling addiction hot line. Like I see the stickers pasted on these VLTs wherever I go — while I'm doing research of course, nothing else. I just wondered if you might be able to tell me how active this service is and has the usage of this help line been increasing or is that something that your department doesn't look after?

**Hon. Mr. Serby:** — This is a . . . if I might just respond by saying that I don't know the numbers of the kind of activity that the help line is in fact receiving in terms of workload, only because that would be monitored and managed really by the Department of Health. The numbers are in fact on our machines all right and they're sitting on our machines, but the actual activity that the help lines are generating, I really don't have the specifics on that.

**Mr. Osika:** — I wonder, Mr. Minister, if it would be possible through you to obtain those kinds of figures because the other of . . . my next question was going to be, who are the people at the other end of the line? Although I've been doing research, I have not yet had occasion to phone those numbers and I'm just wondering if . . . and again, perhaps we could impose on you to supply us with those numbers and perhaps the qualifications of the people that are at the other end of those lines. If I get to the point where I have to use it, I want to make sure that it is someone that will do me justice.

**Hon. Mr. Serby:** — Well we can undertake certainly to provide you with the numbers, first of all the activity that the hot lines are . . . or the 1-800 line is currently generating, and can provide you with the types of personnel. And you're looking at qualifications, by and large, and the kinds of training that those people might in fact have who are responding to individuals who are calling in because they have a problem with an addiction. We can certainly undertake to get that information to you.

**Mr. Osika:** — Thank you, Mr. Minister. I raise that because from time to time I hear people that speak about trying to call and not getting any kind of help that they feel they should be getting because of an inadequate number of people at the other end.

There are some desperate folks out there. And because of what . . . The monster that's been created, unfortunately for those that cannot control themselves, and now what assurances do we have that there are adequate enough people to help these folks that can't help themselves? So maybe coupled with the questions I've asked and the information you'll be supplying, we can determine whether or not, first of all, there are adequate number of people at the other end of the line, and that they are qualified to handle the kind of problems that people come to them with.

**Hon. Mr. Serby:** — We can certainly get that information for you. I would venture to expect however, that the people who are working at the other end of the line are folks who have

significant experience and training in assisting people who have addiction problems. And if they can't, they would certainly be able to get them immediately, depending on the situation that one might be in.

And of course there's a variety of different circumstances in which someone would be calling to a more specialized treatment centre, which exists in our province for our people who have serious addiction problems, or to a professional counsellor or therapist who might be either in the mental health system or might in fact be working out of a non-government organization across the province. But we'll undertake to get those numbers for you.

**Mr. Osika:** — Thank you. I thank you for that. Human nature being what it is, you understand people sometimes keep phoning and phoning a number; as long as they're getting a busy signal and say, well the heck with it. They hang up and keep on doing what they shouldn't be doing, however.

Just on another topic — and I respect the time that's been allotted to me by the Chair.— I'll just ask a couple more questions, and I just want to change to another topic. Going back again — and it's a topic that we've talked about before — it's the 10 per cent of the VLT revenues promised. And again I don't want to belabour this; those promises made to the municipalities that, for one reason or another, that money did not reach there. And you know what my feelings are about that, and there's no need to bring it up again.

However, when this offer was rescinded last year, the government had promised, or at least it said, that part of the money would be going into another project, the 911 system in the province. I was wondering if you could tell us today if in fact, for future, any monies coming in through liquor and gaming will be earmarked for specific projects like this? Or will there in fact at some point be some return to the communities, as was initially promised and very much looked forward to by communities throughout the province?

**Hon. Mr. Serby:** — Okay. Thank you very much for the question. I have to first say that I've never heard you on this issue before, so this would be the first time that I would be hearing this in respect to the \$10 million on the VLTs and what's happened with the revenue. I'm being a bit facetious about this. I want to tell you I have in fact heard you a number of times on this issue for sure, and if my memory serves me correct, I think you asked me this question the last time I was here. So what I will try to do is reprogram it in such a fashion that I might be able to respond in the same way in which I did then.

But the 10 per cent of the VLTs, as you well know, there was a committee that was set up, representation really, from four organizational groups across the province, of which the partners were SUMA (Saskatchewan Urban Municipalities Association) and SARM (Saskatchewan Association of Rural Municipalities), the school trustees and the health districts. These four groups then had the responsibility of how they in fact would manage the \$10 million that was allotted to them across the province.

Well as you know and the Minister of Municipal Government has stated on a number of occasions, there wasn't any ability I think, on the part of those groups to come to a reasonable appreciation of how that money across the province could be distributed. And so what happened with it at the end of the day is, a portion of that money in fact did make its way — I don't have the exact numbers before me — but a portion of that money in fact did make its way into the 911 process that's currently undergoing now, which will serve all of Saskatchewan, of course.

And I think it will likely have, not likely, but will have impact on district health boards and municipalities, and for that matter I think school boards and school associations.

So a portion of that \$10 million has in fact made its way into Saskatchewan across the piece.

Another part of the revenue that was in that pool, of course also has been used in the RCMP (Royal Canadian Mounted Police) communications consolidation across the province.

So two pieces of revenue that were in that \$10 million . . . or two pieces of revenue have come out of that \$10 million which in fact will impact, in our opinion, all of Saskatchewan. So it's not to say here that the \$10 million that was allocated has been lost for ever and hasn't made its way at all into the services of Saskatchewan, because in fact it has.

Your question about whether or not there will be, you know, a designated pool of money in the future that will be used for services, or be used . . . or dedicated to municipalities or to district health boards or for that matter school boards, to SSTA (Saskatchewan School Trustees Association), I don't have that answer at this point in time. And I'm not sure that that would be the process that you'd want to use anyway, having had the experience that we've had with the last \$10 million.

So I think if that process . . . if we're going to be establishing a process to ensure that gaming revenues make their way back to community, I don't know that that's the process that we'd want to use again.

I think that in my earlier comments to you, I'd indicated that one of the things that we are paying attention to in a significant fashion is that there have been economic impacts on communities across the province due to the gaming expansion or growth in gaming, which is the VLTs and the casinos.

And through our collective wisdom and work, we're looking at that in a very significant fashion to ensure that we can mitigate as much of those impacts as possible. And we have a number of partners that are involved in doing that with us through our consultations with health boards, through our consultations with charities, consultations with municipalities, with hoteliers, who are one of our . . . carriers of one of the services that we provide currently.

So it's an issue that we share with you and one that we're paying attention to.

**Mr. Osika:** — Thank you. Just a couple of quick questions on this. Can you tell us at this point, as we speak, how much sits in the liquor and gaming fund?

**Hon. Mr. Serby:** — For '96 you mean?

**Mr. Osika:** — Yes. As we speak, what . . .

**Hon. Mr. Serby:** — Retained earnings currently are \$233 million.

**Mr. Osika:** — Those are earned?

**Hon. Mr. Serby:** — Retained.

**Mr. Osika:** — Returned earnings. 233 million?

**Hon. Mr. Serby:** — That's right.

**Mr. Osika:** — Thank you. And in an average year, how much would the government take out of the fund as a dividend?

**Hon. Mr. Serby:** — In the year under review we took 97. In '95-96 we took 290.

**Mr. Osika:** — Two hundred and nine . . . I just ask that again because of what the rural municipalities are now facing as a result of cut-backs, the 25 per cent reduction in grants from your government. And I hate to belabour that very thing, but the \$10 million of VLT money is about half, half of this, this particular cut. And it would have made a good cushion for the municipalities had they been able to get a piece of that action generally throughout the RMs (rural municipalities), not just in specific areas. I just wonder who's going to pay the price for not only the \$10 million, but also the additional \$20 million in cuts, and unquestionably that's the taxpayer.

So having said that, how will the government go about deciding how much to take from Liquor and Gaming every year in general revenue? Is there a set formula or is it based on certain factors that are used to decide this? Because if the purpose of any of those reserved funds is for a rainy day, then I applaud that. I believe that's a good point because heaven knows that Saskatchewan's had enough rainy days and I think we're having one now.

But I wondered if in fact the government has taken advantage of this fund more so than it has previously to help some of the sectors? Or if they might consider helping some of those sectors that have been hit so massively by the government's cut-backs.

I'd hate to think that it's just being held back for a year or two until it's appropriate, in advance of an election. So I just . . . I make that comment. Those are the reasons for my questions and concerns about the amount of monies that are being taken in and the lack of perhaps a broader sharing in those areas that are now going to see some very drastic cut-backs from your government, Mr. Minister.

So those are the reasons for my questions and I guess what I'm asking is, will your government be considering perhaps sending

that money or dedicating that money to some of those areas where the hard-hit taxpayers out there are already under such a burden that they are going to need some help from somewhere.

**Hon. Mr. Serby:** — Well certainly I think that the Government of Saskatchewan is really responding or has responded to the people in this province in a very significant fashion and in a very broad fashion.

I think that, with all due respect to not getting into a political debate here as to the reason why the entire \$10 million didn't make its way in various different facets into the communities across the province, one certainly is that there wasn't a reached agreement by the four people who were sitting . . . or the four organizations that were sitting around the table.

And so a part of that \$10 million is in fact, as I've explained earlier, already out there encompassing all of the residents of this province in some way, shape or form through the RCMP communications consolidation and the 911.

Now I think it's important to remember that it was in last year's budget that we in Saskatchewan saw our budget reduced federally by about \$110 million or \$114 million. And we back-filled all of that, all of those revenue cuts from the federal government, of which you're aware. So it's not a secret anywhere that in this province and other provinces across the country, the federal government has reduced its revenue share. And for us it was \$110 million and we made sure that particularly those areas that said we needed to ensure had a stability, in education and health, social services — we back-filled all of that.

And some of that back-filling that we did in terms of revenue came out of this pool of Liquor and Gaming money. So when you ask the question about how is it that on an annual basis, or how is it that it's determined on an annual basis, how much is taken from this revenue pool and directed to the General Revenue Fund, it's determined by the kind of activity that goes on around the province and what kinds of reductions that we are faced with, particularly by our federal partners. And last year, as you know, and was debated at length, we had a significant reduction.

And as you well know, we were able to back-fill in education, health and social services fully. And some of the dollars to do that came out of the resources that were generated out of the gaming industry in this province.

And all of that of course, has made its way back to the people of Saskatchewan, into your hospital system in Melville and mine in Yorkton — some of it's there. Some of it is in our education systems; some of it's in our social services systems; some of it goes to those NGOs that you and I talked about earlier who are providing addiction services in the province. That's where it's going.

And on an annual basis, as I've already indicated, the Treasury Board and onwards through the process would decide what the call will be on that particular fund. And it . . . as you can see, they aren't all in election years.

**Mr. Osika:** — Thank you for that, Mr. Minister, and I'll defer to my colleague on the committee. I do have some other questions on some specific issues that you had raised earlier in your commentary, Mr. Minister. If I could come back to them later on, Mr. Chair.

**The Vice-Chair:** — Thank you, Mr. Osika.

**Mr. Goohsen:** — Thank you, Mr. Chairman, and I want to thank our colleagues for allowing us to get into this discussion for a little while. And we too will try not to go too long in one stretch in order to let them get back at some of their important questions and then we can come back later as well.

Mr. Minister, I do want to just backtrack a little bit to what the Liberal member has been discussing with regards to the two ministries. We do find some criticism as we go through our day-to-day lives as MLAs of this process.

Now obviously your jobs do overlap to some extent and we want to know how you coordinate this to ensure that the people of the province receive consistent policies in these areas.

**Hon. Mr. Serby:** — Well there is . . . in my opinion, there is very little overlap and I state this from this perspective. I think that by and large I've already indicated that the Authority, under the ministry of the Liquor and Gaming Authority, basically our job is to regulate and certainly to license. The role primarily of the Gaming Corporation minister is to oversee that particular venue, which is the Casino Regina. And that's the responsibilities that that ministry holds.

And that ministry does not involve itself in any of the regulatory functions; doesn't associate itself to any of the licensing functionings. She, in her authority, sits as the chairman of the board there. They're responsible for establishing the policies of the operation of that particular facility, for ensuring that it meets the regulatory requirements in its day-to-day functioning of that facility. That's their responsibilities.

So in terms of ministerial overlap, there really isn't any. But in terms of our understanding and appreciation of each other's roles, we have lots of conversations; we have lots of communication back and forth on a daily basis, or on a regular basis.

**Mr. Goohsen:** — Well, Minister, in your annual report and that of the Gaming Corporation, they both say that they have the power to regulate gaming activities. So that would indicate that there is the power to regulate from both areas.

Now you have described that there is a difference and perhaps you have a policy, written or unwritten then, of what each person's responsibilities are, and I will let you allude a little more to that. But while you're doing that, perhaps you would also point out then how the bureaucratic side of these two operations . . . What mechanisms are in place to coordinate between the commission and the Authority, and do the staffs overlap and how do they manage to keep themselves from doing the same jobs over and over and duplicating? And do

they have joint meetings for example, or is there some process that you use to make sure that you're getting a bang for your dollar, I guess, and not have the same . . . or two groups of people doing the same job?

**Hon. Mr. Serby:** — I think it's important to recognize, and I don't know which annual report you read from, but if in the Saskatchewan Gaming Authority's annual statement — and I don't have it here and haven't seen it there, the Saskatchewan Gaming Corporation — if in fact they're suggesting that they're a regulatory body, it really . . . they really aren't. They don't have a regulatory function. The regulatory functions really lie with the Authority and the licensing really does lie with the Authority.

And I think it's important to recognize here that if you were to look at the aboriginal casinos that are around the province, they in fact are operated and managed by the Saskatchewan Indian Gaming Authority, which is really complementary or similar to, or like, what the Saskatchewan Gaming Authority or the Saskatchewan . . . or the Regina casino is. They're really of the same ilk, if I might suggest that. Only they're managed by two different bodies.

The Saskatchewan Indian Gaming Authority manages and oversees the four casinos around the province, and the Regina casino is overseen and managed by a corporate board here in this community. And the Saskatchewan Liquor and Gaming Authority provides all of the regulations and all of the licensing for all of the activities that are in those facilities . . . (inaudible interjection) . . . Including the liquor. Thank you. Including all of the liquor. Which then leaves us in a position of not being in any kind of a conflict of interest with any of those bodies.

**Mr. Goohsen:** — Well that's good to hear, but what about the general public? Now you have these two ministries. Do you do any follow-up work to discover whether or not there's any confusion by the general public that phone in to your two different ministries? Is there confusions about which ministry they should be talking to and that sort of thing? And do you find that there's any frustration amongst the general public when they're trying to deal with two different groups in this way?

**Hon. Mr. Serby:** — I think that it would be fair to say that at the beginning, initially when we established the Regina casino here, that there might have been in fact some confusion, I think, on the part of some of the public in terms of who they would be accessing, or who they should access, whether it should be an Authority person or whether it should be the Saskatchewan Gaming Corporation.

I think part of that was to do with the fact that the current minister responsible for the Saskatchewan . . . for the Casino Regina was, previous to that, the minister responsible for the Saskatchewan Liquor and Gaming Authority, which is the job that I currently have now. And so some of it was related to her. So when the public was wanting to make a contact, they might go directly to her because that's the position that she vacated, and by and large some of that was going there.

I think today, to be fair to the process, I think that the public doesn't have the same kind of . . . doesn't have any difficulty in terms of identifying what it is that they want. If it's a regulation or a licence that they require or raffle ticket or bingo, they know that they need to go to the Authority.

Now I think it would be also fair to say that there may be some confusion out there because of the kinds of messages that from time to time are related by different groups of people who are in professional capacities that might perpetuate that, from various different arenas from which that might happen.

But generally speaking, I think, the public has a fairly appreciative understanding of where they would go for regulation and licensing, where they would go if they want to play or if they have an issue as it relates for the Regina casino.

**Mr. Goohsen:** — Okay. So now you've got the general public straightened out and they understand there are two ministries and you're not having any more problems there. So now tell us what benefit do the taxpayers have to having two ministries and two groups of people doing these jobs? What is the benefit to the taxpayer and to your consumers of the products that you provide to the general public?

**Hon. Mr. Serby:** — Well I think it will be first fair to say that the two ministers who you speak of do not only have responsibilities for gaming events, okay. Because when you look at the responsibilities that I carry, I also have part of my portfolio, Saskatchewan Government Insurance, and I also have part of my portfolio, Saskatchewan Property Management. So the Saskatchewan Liquor and Gaming Authority is only one piece of the responsibilities that I carry.

And similarly, to the minister responsible for the Saskatchewan Gaming Corporation, she also has the Indian and Metis Secretariat and she also has the Women's Secretariat as part of her responsibilities. So if the argument is that you could collapse all of the gaming industries in the province under one ministry, that might be a fair assumption and it may be practical down the road.

As I've said earlier to the member from Melville, that in fact you have a combination of arrangements across Canada where in some jurisdictions you have separations of the gaming industry in different ministries and some they've been combined.

I think it's important to note here that we're attempting, because this is a Crown corporation casino in Regina that's operating, we're trying to separate here the operational aspects of that facility versus the regulatory responsibilities, as we are with the aboriginal casinos.

Clearly the Saskatchewan Liquor and Gaming Authority does not operate any of those facilities but only regulates and licenses them. And we think there's a significant role here to separate those two functions. And that's why we have them in two different jurisdictions.

**Mr. Goohsen:** — Well, Minister, even if we go along with

your argument that there is justification for two ministries because you each have extra duties in other areas — SGI you mentioned for yourself; obviously that is a big responsibility — so even if we were to accept your argument that you need two ministers to handle the portfolios that the two of you have, still, why would you not have one minister responsible for all of the areas of gaming and gambling and horse-racing and casinos and all these things that naturally flow together, and perhaps have the other minister, who is taking care of Indian and Metis Affairs, take care of SGI and you perhaps take care of all of these things so that they'd all be under one umbrella, one roof, so that folks would be talking to one ministry about those related problems?

Because in fact we have heard from members of the media and from people in the general public, that they believe the reason that there are two portfolios that share the responsibilities of really the same kind of activities . . . has created a deliberately confusing area in order to be able to pass the buck on gaming issues from one ministry to the other and thereby confuse the general public and the media.

Now those accusations have been made by a lot of people and I wonder how you respond to that suggestion. Do you have something that you're trying to hide here or that you're trying to confuse people about?

**Hon. Mr. Serby:** — Well first of all I would make the comment that there's clearly nothing that anyone attempts to hide or even conceives of hiding, because when you look at the accounting systems that are in place . . . Here we are today, I mean talking about the roles and responsibilities and the functions of the Saskatchewan Liquor and Gaming Authority, provided to you with extensive financial documentations in terms of the activities that take place in the Authority, and at the same time we also have the Saskatchewan Gaming Corporation that tables on an annual basis all of the activities and the financial transactions that occur in that facility.

So I mean what you have today is you have both public disclosure on all of the financial activities as well as the operational activities if the questions are asked in each and every one of these portfolios or areas. So clearly this government not only takes pride in the fact that we're able to do that and do it consistently and on a very timely fashion . . . which I think has been reported and recorded consistently during our term by a number of people who are responsible for the overseer of the financial activities of this province and that of the Provincial Auditor, okay.

So I take some exception to the fact that there are people out there who say that the accounting of the government, in particular the two — the Authority and/or the Saskatchewan Gaming Authority — are in some way trying to keep anything from anybody, because that simply is not the case and simply is not true.

Whether or not there'll be a move to consolidate the ministry — the ministries of gaming, if I might call them that, into one portfolio — that really isn't the decision that I would be making as you can well appreciate. I'm someone who is given the

assignment to carry out the responsibilities of the Authority.

If in fact the Premier sees fit one day that there is a need to combine these, he would be the individual who would be making that kind of an assignment. But more critical to this piece, is that I think what the government is attempting to do here is to clearly separate the operational responsibilities of either the Saskatchewan Indian gaming authorities that are running the four casinos across the province and the Regina casino, out of the regulatory responsibilities. Clearly we're trying to make that . . . we're clearly making that delineation.

These are the people who license and regulate; these are the people who operate the facilities. And we don't overlap that. And that's the reason why you have those two ministries separate. Now I expect if those two ministries were together, I might have you saying to me . . . now I don't want to put any words in anybody's mouth, but you might be saying to me that, how is it that you have the same body that regulates and licenses the facility, also runs them? That's the argument I might get — and it may be a very good argument — because that would then put you clearly, in our opinion, in a conflict of interest environment, and that's why we have them separated.

**Mr. Goohsen:** — I appreciate that explanation. That does make good sense, Minister, in reality, and I'm glad I gave you the opportunity to broach it in that way. I would then follow up by saying to you that you now have a regulator and an operator clearly identified as being different and in no conflict. And I think that's a good philosophical approach to take.

Why not then take it one step further and make your regulator the referee, which is the government and society, and make the operator, private people in society; and privatize this whole industry? And then you have a clear distinction between the two and it would operate and you could regulate.

Minister, we have regularly received information from employees who have laid complaints with the Labour Relations Board about working conditions at Casino Regina. Does your department have any involvement from the regulatory end in making sure that gaming operations comply with provincial labour standards?

**Hon. Mr. Serby:** — The minister responsible for the portfolio of Labour would be the individual who would actually oversee the labour issues as they relate across the piece, not only in the Regina casino but any other work environment across the province.

**Mr. Goohsen:** — I wonder if I could back you up just a minute to the privatization part. Have you any plans to privatize any further in the Liquor and Gaming Authority in the future?

**Hon. Mr. Serby:** — Well certainly at this point in time we haven't had any discussions as it relates to the privatization of any of the liquor or gaming venues that we currently provide. But I think what we should keep in mind here is that when you look at the portfolio of Liquor and Gaming, I mean in Saskatchewan you have 190 liquor franchises, or liquor venues in the province who in fact are in some of your communities

and some of mine, delivering the liquor service.

We have all of the VLTs in this province in private sector venues. They're either in a hotel or they're in a lounge or they're in a restaurant, of which those people take a percentage of the gaming revenue that's generated by the VLTs. And there are 430, I think . . . 453 hotels in this province where we have those facilities. And probably . . . I don't know how many restaurants. There would be about another 1,100 venues across the province, which would be the restaurants and lounges who have the VLTs in them.

So I mean when you ask me whether or not the gaming industry is going to privatize itself any more than it already has, I mean we're well into the utilization of the private industry in a major way in the delivery of liquor and gaming in this province.

**Mr. Goohsen:** — Well of course liquor board stores are pretty much exclusively government owned and controlled. There are some rural areas where there are sub-outlets into other stores and that sort of thing, so perhaps you'd like to allude more specifically to liquor board stores in relationship to privatization.

**Hon. Mr. Serby:** — Well I think that what I'd already indicated is that we have 192 vendors or franchises, whichever you wish to call them, in this province — 192. We have 83 liquor stores in Saskatchewan. So I mean when you take a look at the ratio of the number of stores that we have or facilities that are currently serving the liquor industry in Saskatchewan, we have two times plus the number of private facilities that are operating in this province already as liquor outlets.

**Mr. Goohsen:** — Are they working — the 192 that are private — are they working to your satisfaction?

**Hon. Mr. Serby:** — I think it would be fair to say that by and large all of those 192 are operating well. They're always under review; we're always having some discussions with the liquor vendor outlets across the province.

They have an association and I meet with them on a regular basis, because there are some concerns about the proximity in which some of them are, whether or not there is a proliferation between communities because you have distances that aren't significantly far apart. And so there's some of that stuff that we continue to talk about on a regular basis.

I think what would be important here to mention is that we aren't growing the vendor side, if I might say that, by and large on the request of the association of the franchise operators. They would be significantly pleased if we would reduce the number of franchise vendor outlets in this province by at least 50 per cent.

And I think part of what we're keeping in mind here is that in rural Saskatchewan there are businesses that wouldn't currently be operating if it hadn't been for the franchise or the vendor outlet there. And as you go about talking to people across the province who are doing this, they'll tell you that the vendor or the franchise store has either sustained a grocery store or it's



ensured that a drug store has a life in the community or any other smaller kind of a business that's associated to it.

So there's a real value here in terms of what the franchise vendor outlets have been able to achieve in smaller communities across Saskatchewan. Certainly this is just another way of ensuring that this government pays attention to making sure that rural Saskatchewan is sustained.

**Mr. Goohsen:** — Thank you, Minister. I appreciate what you've said. However, I think I would like to suggest to you that vendors naturally would like to have less competition. The reality is though that under regulation . . . (inaudible) . . . at the present time, determine that the consumer is also taken into consideration. And I think that's important that you do that.

And therefore you have drawn up some guidelines that liquor outlets have to be so far apart or not more than so far apart. And it works both ways. And I understand that the vendors are profit motivated and they naturally would like to have half as many outlets so that people would be forced to drive twice as far to buy from them and increase their sales by double. That just makes good economic sense.

However, that's where the role of government as regulators comes in, to see to that end of the problem that the consumers would then run into where they would have to go too far. And the problems then related to that of course would be that you would encourage things like bootlegging and probably home distilling and that sort of thing, which we frown on apparently in society or at least disallow at this time.

So the regulatory part of government is not something we argue against at all. I believe that is the role of government to be the referee in society and to balance both sides of the issues — consumer and seller. But at the same time you've made a good argument when you say that you've already got 192 that are in private hands and you've got 83 outlets that are not. That makes a smaller percentage that are not.

Why not simply privatize all of them and just regulate and get out of the business of ownership altogether and make your life a lot more simple. And simply be the watchdog of society and the referee of society, and have the rest of the operation run by private entrepreneurs.

**Hon. Mr. Serby:** — Well I think that there are a couple of reasons for being in the situation that we are in Saskatchewan today, with both the franchise operator and the liquor store system that we have here.

One is that, over the years there has been absolutely no, no . . . I'm not sure what word I'm looking for; I was going to say record, but that's not the word I'm looking for but it's kind of like that — that would suggest that if we were to move to a privatized liquor system in this province that we would have a better liquor system in terms of our delivery and/or our service.

And so the rationale that exists today is that we won't improve our system in any way, shape or form by the privatization of the liquor system, and we've drawn some of these comparisons or

these analyses from some of our partners in other provinces who do this.

By the same token, I want to just comment. I mean if in fact pure privatization should in fact, in my opinion, invite competition, which is not what I think you'd indicated here, and what you tell me is that the liquor vendor out in rural Saskatchewan doesn't want competition . . . which really doesn't say to me that this is a privatization process of the vendor system. Because if in fact it was, under a peer system, privatization should in fact encourage competition. I think your comment is, is that rural vendors don't want competition.

At a large degree that's true. They don't want the competition and they want the protection from further privatization by the government, to ensure that they can sustain at least some type of a livelihood in their communities. And more important to the government is that what we can help sustain some smaller Saskatchewan communities and business. That's what's more critical to us. And that's the reason why in fact in many instances, we have liquor vendors across the province, is to ensure that we have services in communities and continue to provide some type of quality of life in those communities so that the people that live there, they have continued service.

**Mr. Goohsen:** — I agree, Minister, with what you said, basically. But just for clarification, when I say I know what vendors want, that's not necessarily what I advocate. Obviously in business, everyone who is in business, would like to have a monopoly because that would mean you're guaranteed to have all the profits you wanted to take. That doesn't make it right and it certainly is not my philosophy that that should ever be allowed.

In fact I believe in the opposite, which is that monopolies should not be allowed. But this is a somewhat different situation because, in the area of liquor, the price is set by government, so the vendor sells at a fixed price already. So then it's simply a question of access to consumers.

And then you have to also balance that, not only with what the vendors' needs are, but what the consumers' needs are in terms of geography in our province. Because it is simply not feasible to expect people from Maple Creek, Saskatchewan to drive to Swift Current, Saskatchewan to buy a bottle of spirits for a Christmas holiday. So you have to balance the needs of both sides.

And what we are saying though is that if you have a system where you have adequate vendors now, that is working adequately in our society, and 192 of them are private and they are working well, you have 83 that are not private that you are having to run a whole administration in order to operate, then why not privatize those as well? Have one operation which is regulatory and operational. Of course then you can eliminate, and you can eliminate those costs to the government.

Then of course at the same time you have a profit that you will get from the sale of those outlets that you can use to pay down some of the provincial debt. And you haven't really affected the whole system with regards to revenue, because of course the

taxes that are attached to the sale of spirits still accrue to the government no matter who has used the legal entity to handle the building from which they are brought in and taken out by the vendor and by the consumer.

So what I'm simply suggesting to you is that you continue to have the balance that you have, but allow part of this system to be privatized so that you have a lot simpler government approach, a lot less cost, and in the long run, basically the same service to everybody.

Now I'm not suggesting that you change the numbers or that you, you know, do those things that are impractical out in rural Saskatchewan.

I think though, we should, Minister, move on into another area because I did say that I wouldn't take up all the time on one issue. I want to talk to you — and you can allude to this a little more if you want, obviously — but at the same time I want you to think about the casino over-saturation issue that seems to be developing.

Now one of the excuses that we've heard from Holland Casinos about why they are not making as much money as projected is that they expected to be operating in basically a monopoly situation. They were not expecting to be competing with the native-run casinos when they submitted their original proposal.

Were the consultants informed of at least the possibility of other casinos? Did you receive any advice that the gaming market in Saskatchewan couldn't support more . . . or that many? Is there any danger that the province could be found in breach of contract with Holland if they ever suffered a financial loss or losses, or lost business from the failure to reach their targets with the Regina casino? Or Casino Regina, I guess I should have said.

Now there's a whole lump of questions in there, but . . .

**Hon. Mr. Serby:** — Before I address the issue as it relates to the casinos, I want to just make a final comment in response to your issue as it relates to the privatization of liquor outlets across the province.

As I said to you earlier, there is nothing that demonstrates that in fact the quality of service would be enhanced in any way, shape or form by the increase in privatization of the liquor industry in Saskatchewan.

And I want to also say to you that the vendors currently receive a 10 per cent discount from the Authority when they purchase the liquor from us for resale. So there's an advantage here to the vendor system that the Authority provides to assist them in the operation of their facilities. So that's the incentive that we provide to them to start with.

I think the other thing that you talked about which is important here is that, as you believe, we believe, that there should be a balance. And when I say to you that we have 83 liquor stores in Saskatchewan and 192 vendors, we also have in addition to that, 453 hotels in this province which sell beer out of

privatized environments.

So when you look at the distribution of liquor in this province, along with gaming, I think it's clear to see that the largest participants in the delivery of this system is already the private sector.

And when we pick up on your point, I think, which is that you want to see a balance in Saskatchewan, well it may not necessarily be there in terms of private and government-delivered services. Because you might have, I would suggest to you, a larger delivery system right now that's private than you do that's public, and we're providing some balance to that.

And of course the argument that would be made I think by the public sector, is that government, particularly this one, has maybe gone too far in that direction. But I mean, that's our balance today.

In regards to the statement that you make regarding Holland Casinos' opinion that possibly there was an overstatement in the number of casinos that we have in the province, which includes the aboriginal casinos, clearly, before the operation of the Regina casino even began, there were market studies done across the province to determine the number of casinos that could conceivably operate here and be able to function.

I think the initial studies showed and revealed that you might have had two casinos in Saskatchewan that might be in Saskatoon or Regina, that would be of large volume, and a couple of other regional casinos in Saskatchewan that could function . . . Some of the reporting that was done.

At the end of the day, in order to reach a balance here with first nations people, after significant market studies, which shouldn't be a surprise to Holland or anybody else in this province, the decision was made that you would have one casino in Saskatchewan that would be in Regina that's operated by the Saskatchewan Gaming Commission, and then you'd have four other sites that would be regionally located based on market studies. And in fact that's what we have. We have one large casino in Regina and you have four that are dispersed across the province with first nations people, which have a variety of revenue-generating arrangements or sharing arrangements.

And I share your other view, and that is that there is a public presence, opinion, out there that maybe we have too much gaming in Saskatchewan. And I want to make this point because it comes from your area of the province where, just recently, I have met with people from Swift Current who say to me that we should be developing another casino, aboriginal run, in the Maple Creek community.

And I say to them, your point. I think that we might have already in Saskatchewan too many casinos, and before we add any more casinos to the province, be they in Swift Current or be they in Muskeg Lake or be they in La Ronge or anywhere, we need to have a fuller appreciation of what in fact is happening in the gaming industry and evaluate that in some degree before you make any more additions to it.

So I share the same opinion that you do and I also said that to your people who were visiting with me from Swift Current about expanding yet another casino in Saskatchewan.

**Mr. Goohsen:** — I wasn't aware that anyone had been lobbying for another casino in the south-west and so, if you want to, I would appreciate it if you'd share with me who this group is and how their lobby is approaching the question because we would like to keep up to current affairs in our constituencies.

I want to just quickly say to you that, in the area of privatization, it is not the quality of the delivery of service in Saskatchewan that we're worried about in terms of liquor outlets. What we're saying is that by privatizing the few that you have left under government control, you can save a lot of government money by not having the expense of operating those things that private sector would quite happily take over and do for you.

And you could still regulate it to the same ways that you do now and you could even regulate it maybe better because you wouldn't be saddled with the double responsibility and you'd have all that money that you would have saved plus the money that you would have gotten from the sale of the operations to go back and pay into paying off the deficit.

I have questions about horse-racing, more questions obviously about the casino operations, and those kinds of things, but I think it is time to let you answer here and then to defer back to our Liberal colleagues, who I'm sure have several questions that they want to get at as well.

**Hon. Mr. Serby:** — Well thank you, Mr. Member. I think that the word I was looking for earlier was, I said there's no record, there's really no evidence, there's no evidence that the privatization of the liquor system would accomplish some of the things that you say that it would.

Currently of course, and in my recent meetings and conversations with my friends to the west, they tell us, of course, that they still generate the same amount of revenue as a government but they can't make the statement clearly that we would have better services under a privatized sector; can't make that unequivocally. They can't tell us that there would be a larger brand selection or a better quality of supplies that the public might have access to.

Now I think what they do tell us is that there would be a significant reduction in the level of jobs that would be out there in Saskatchewan. I think we can conceivably suggest, and I think we can comfortably say, that the rate of pay that people would be receiving working in privatized shops would be significantly less than what people are earning today. I think that's the argument that can be made.

I don't happen to believe that that's necessarily good for Saskatchewan and is something that we would be looking at entertaining at certainly this given time. And I'm sure that we could get into this debate in a far broader fashion and probably we'll have that opportunity down the road.

**The Chair:** — Thank you, Mr. Goohsen.

**Mr. Osika:** — Thank you, Madam Chairman . . . Chairperson. Mr. Minister, in the report that we all saw just a few days ago from the Provincial Auditor, it was suggested that entities such as Saskatchewan Liquor and Gaming Authority issue financial plans for any future goals and initiatives. He also suggested that that would give us, as legislators, a better comparison whereupon we could gauge the Crowns and the Liquor and Gaming Authority. I don't think there are any of us here that can argue that point, since when we come here the annual reports we see are about a year old.

In the House we examine the upcoming year's estimates for various departments. I was wondering, Mr. Minister, what you think of this suggestion or how you may perhaps see the Liquor and Gaming Authority becoming more accountable in this respect? Just his view of the auditor's suggestion as they regard your department.

**The Chair:** — Mr. Osika, the function of this committee is to examine annual reports. If what we want to do is to be asking for some change in the content of the annual reports or having the mission statements be more explicit or things like that, we should probably discuss that as a committee and probably be looking at having the same kinds of suggestions for change for all annual reports for all the Crowns.

**Mr. Bjornerud:** — But, Madam Chairman, this question that he's just asked pertains directly to what we're talking about here. It's in this fiscal year.

**Mr. Osika:** — And it is a matter of, I've asked the minister for his view on how perhaps his reporting may be more accountable as far as the overall initiatives . . .

**The Chair:** — I understand that. I'm just saying that the function of this committee is to be reviewing annual reports, not to be reviewing budgets. But, you know, the minister can certainly answer.

**Hon. Mr. Serby:** — I'd answer it from this . . . respond from this point of view. The question that you ask is that in the — I think the question that you ask — is that when we table in . . . you would like to see tabled in the legislature on an annual basis the overall plan, if I might use the Provincial Auditor's words, respecting the operation of the Liquor and Gaming Authority to its fullest prior to the . . . within the estimate process, I think is the question that you ask. And currently that's not happening with the Liquor and Gaming Authority, nor is it happening with a number of other Crowns, Treasury Board Crowns, within government.

Now I think it would be fair for me to say that — and accurate — that within the Liquor and Gaming Authority we develop a very significant plan each year in preparation for doing business, as any other business does.

And certainly we are prepared, and do on an annual basis, return to a forum like this where we have an opportunity to disclose all of our operations of the Authority at the end of a

given year, and today of course we're reviewing 1995.

Now at this point in time, I mean because of the restrictions that reside with this particular committee that I have some familiarity with, there isn't opportunity to review the future, the future of what might in fact occur.

And I think that there may be some room here, and I guess this is a responsibility that I think rests with the Crown Corporations Committee, that rests with the Public Accounts Committee, and that of the Provincial Auditor, in putting together their position as to how in fact in the future governments might be able to in fact . . . or should not only develop but also disclose that plan in some forum, either it be in the Legislative Assembly or either it be in the Crown Corporations Committee or either it be in Public Accounts.

My understanding of that is that that process is still ongoing, of which the Provincial Auditor is very much a part of, the Public Accounts Committee is very much a part of, and the Crown Corporation Committee is very much a part of. And in the future we might have an environment where that kind of disclosure is prevalent. At this point in time it's not there and we come to you with the information of the past years.

And when you ask me in another forum, in the legislature, what I'm doing in 1996-97, when the *Estimates* are tabled, on any occasion that you do that, I will take my place and describe to you what those functions are, And I only say that because at this point in time those are the mechanisms that are available for me to do that.

**Mr. Osika:** — Thank you. Just again, as I have addressed that issue as well, it's not unlike if you're running a business. And that's what government is. You have long-range plans, two-year, five-year, whatever, and checks and balances, and something in advance that again can be debated, rather than a year after it's happened.

What did you plan on doing? We know now what you did. What were your plans, and were they successful or were they . . . Anyway, we'll move on from that.

I just want to go on to another thing. As I said the last time we met, again it's my very strong belief that this whole gambling policy, though extremely lucrative for the government, has in fact harmed a whole bunch of groups that rely on income, such as community bingos, and you'd alluded those, Mr. Minister, and the grants from Sask Sport through lottery ticket sales and so on. Do you have any idea, briefly, just what this exact effect has been? And I know your government has removed the 4 per cent fee; however, if you give us some idea of how the income to these groups has been affected since 1992 over and above the return of this fee. If you just had briefly an idea.

**Hon. Mr. Serby:** — Okay. Well I could give you sort of a generic answer to that first and if you want specific numbers then I think we can provide some of that to you, either in a different form, either in a written fashion or certainly through my officials here today.

But I think it would be fair to say that with the increase in the gaming industry in Saskatchewan, which by and large is casinos and VLTs, we have seen some shrinking of revenues to the charities across the province, and even with the removal of the 8 per cent on the bingos . . . 4 per cent, with the 4 per cent removal from the bingos, they still are not at the same level, I would suggest to you, that they might have been, say in 1992 before the significant growth in both casinos and/or VLTs.

Although there are parts — and this varies from different parts of the province to another — some are still the same; some have shrunk a bit, some have actually grown, depending on where they are. But generally speaking, I would suggest to you that some of the charities have — if I might use this word — have not been able to benefit in the same fashion as they did before prior to the increase in gaming.

The people who have been dependent on the break-open industry, without any question, have been significantly impacted by it. And I think that today we're in a electronic mind-set and most people don't want to stick their hand in the tub and pull out the break-open and tear it open and the amount that you win isn't large any more. Okay, so that the break-opens are competing with your electronic media, so it's far easier to see . . . or it's far more rewarding to watch the lights and the glamour and the glare and push a button here or there than it is to stick your hand in a tub and win \$5 or a dollar because here you're playing for a larger prize on the electronic boards. So break-opens have had . . . have seen a reduction in terms of their revenues.

I think in terms of the horse-racing industry, the horse-racing industry has been in trouble for some time now. And not only is the horse-racing industry in trouble in Saskatchewan, the horse-racing industry is in trouble across the country. And what we've attempted to do with the horse-racing industry, and have had some success in doing it, is we've been able to prop it up through some of the VLT programs that we've actually put on site for them; and what they've done is they've captured some of the income from the VLTs only to assist them in their operations.

And remember that the horse-racing industry in Saskatchewan — and they'll tell you — employs somewhere in the neighbourhood of 5 to 6 to 800 people. And so there's been a real emphasis here, I think, up to date for the government to try to provide some resources to the horse-racing industry to sustain it.

So alone, the horse-racing industry isn't been able to . . . would be gone by now. On its own, the horse-racing industry in Saskatchewan would be dead. Without the kinds of support that they've received from the gaming industry, they would . . . well as I said to you, I guess it would just be redundant to say to you that they'd be gone.

**Mr. Osika:** — Thank you, but it is a concern that, as my friend had earlier alluded to, that was a concern that was also . . . that we had with respect to the horse-racing industry. Talking about VLTs and the portions of those monies going to these various organizations, Mr. Minister, do you have a handle on exactly

what the pay-out is in relationship to take in? What percentages? Pay in? Take out? As far as VLTs only are concerned.

**Hon. Mr. Serby:** — What we're doing currently for our 1996 annual report is to have those numbers detailed for you. At this point in time, I don't have them here and nor do we have the accuracy on them for the year in review that we're currently looking at. But for 1996 we'll be able to provide you, in our reporting system, what our actual cash in is and what our actual cash out is and what our annual take is. Okay, and I think our annual take in 1995 was \$100 million, okay. And I can comfortably say to you that in 1996, that level of revenue will be increased, okay. So we'll have a growth in the VLT net in 1996, which then of course translates into the fact that we had a greater take because more people are playing and that number would be larger.

**Mr. Osika:** — But at some point was there not an established — I don't know — 30 per cent return of investment? Perhaps, I'm sorry, perhaps I didn't word my question properly. I still would appreciate the information that you suggested you would supply. I'd appreciate that, that would be useful — but relating directly to the percentage pay-out from the VLTs.

**Hon. Mr. Serby:** — I might, Madam Chairman, if it's permissible here and acceptable to the committee . . . I don't want to do anything unbecoming other than to suggest that I might have Ms. Wong answer that question rather than her whispering it in my ear.

**The Chair:** — Mr. Minister, it is entirely your call. Under our new operating procedures, you can answer all the questions or you can have your officials answer all the questions. It's ultimately you are responsible for their answers. But if you feel comfortable in having them answer directly to the committee, by all means have them just speak up directly.

**Hon. Mr. Serby:** — Okay, thank you very much. I'm going to ask . . . I'm going to defer this technical response to Ms. Wong and have her answer that question.

**Ms. Wong:** — I believe you were asking about the prize pay-out percentages that are established for each of the VLT games? They are set between 90 and 93 per cent, and they average 92. So each individual game has a pre-established pay-out percentage. The 70 per cent that you're referring to is a different figure.

**Mr. Osika:** — Has that figure remained constant or has that changed over the last four years and does it change from year to year?

**Ms. Wong:** — I'm sorry, the 92?

**Mr. Osika:** — From 92 to this point in time, has that figure changed? Does it change from year to year or does it remain static?

**Ms. Wong:** — Because it's a requirement that these games pay out, they remain static unless we change the game

combinations. But they would still remain within 90 to 93 per cent that we're limited to. So it might be 92.1 in one year and 91.9 in another year, but it still will be within the bounds of 90 to 93.

**Mr. Osika:** — All right. So once that figure has been established?

**Ms. Wong:** — Yes, it has always been that way since the beginning of the program.

**Mr. Osika:** — And it does not change?

**Ms. Wong:** — No.

**Mr. Osika:** — And that's a requirement through your regulations, your laws? Is there something carved in stone?

**Ms. Wong:** — There was a policy that was established.

**The Chair:** — Could we have a little less levity about this very serious matter, please.

**Mr. Osika:** — I thank you very much. We're getting away from the gambling thing just for a minute — it's got me a little excited here — but getting back to your . . . 93 per cent? Do you have a number of licences that your Authority would have issued in the last year? Or on an average how many you would issue? New licences?

**Hon. Mr. Serby:** — In '95? In the year ending '95 or . . .

**Mr. Osika:** — Yes. And then the one . . . The year we're . . .

**Hon. Mr. Serby:** — Are these liquor licences that you're looking for?

**Mr. Osika:** — Liquor licences for establishments.

**Hon. Mr. Serby:** — 1,495 would be the number of the year ending 1995.

**Mr. Osika:** — 1,495. Is there . . . So any given year would you run between a thousand and 1,500 or . . .

**Hon. Mr. Serby:** — The previous year was 1472, so that would be . . . It would be in there, I would suggest to you.

**Mr. Osika:** — Okay. Can you tell me roughly in any given year as well, how many you would turn down?

**Hon. Mr. Serby:** — I don't have a solid number on that one. It would sort of depend on the market I would think, and the number of applications that we would get.

**Mr. Osika:** — Those applications would go to a commission for review and you have a board of commissioners that sit and review these applications?

**Hon. Mr. Serby:** — Only, only if someone applied to the Authority for a licence and then we were to turn them down.

And they would then dispute it and suggest that they would like to appeal it. They didn't agree with the decision. Then the next process would be that those folks would then end up in a, or could end up, in a hearing with the commission.

**Mr. Osika:** — And who would sit on that commission, Mr. Minister, as members or directors? If you have the names, that's fine. I can refer to those.

**Hon. Mr. Serby:** — The names are published in the annual report of '95, and the members on the current committee. And they haven't . . . The current folks who sit on this, or the folks who sat on this in 1995, was Diane Bradford, who was the chairperson and, Colleen Wilson was the Vice-Chair. Violet Kyliuk is the secretary. Ray Hamilton is a member and Grant Gayton is a member in 1995.

**Mr. Osika:** — Thank you. What I was wondering, if you could give me, if there was a change to that list, an update?

**Hon. Mr. Serby:** — Yes there was. One member has stepped down. This would be Grant Gayton, has stepped down from there and the new member is Karl Austman.

**Mr. Osika:** — And again, I apologize for having overlooked that. Are there remunerations as well listed in that report?

**Hon. Mr. Serby:** — Not in this report.

**Mr. Osika:** — Okay. If it would be possible for you to supply me with that, Mr. Minister, I would appreciate it very much. And I'll go on, so that we don't . . .

**Hon. Mr. Serby:** — We will provide that for you.

**Mr. Osika:** — Thank you very much. Regarding the Liquor Board stores, I'm sorry. . .

**The Chair:** — Mr. Minister, if you're providing any response to a question raised in committee will you please have the response tabled with the Clerk of the Legislative Assembly and provide 15 copies of it and then we will distribute it.

**Hon. Mr. Serby:** — Madam Chairman, I appreciate the process. I might ask the question here. I have the list of the individuals, again and the per diems that they received. I can either give them to you here verbally. . .

**The Chair:** — Read it into the record right now.

**Hon. Mr. Serby:** — I'll read it into the record for you or we can supply it, whichever way you want it.

**The Chair:** — It's more paper efficient if you read it into the record.

**Hon. Mr. Serby:** — That would be my preference.

**The Chair:** — Or have one of your officials do it, and then your voice can get a little bit of a break.

**Hon. Mr. Serby:** — That might be okay.

**The Chair:** — Or whatever you chose.

**Hon. Mr. Serby:** — I'm anticipating that we're either winding up or winding down here. So I'll give you . . .

**The Chair:** — It is impossible to anticipate in dealing with a topic like this.

**Hon. Mr. Serby:** — I'll give you the numbers here.

**The Chair:** — I don't think we are winding down.

**Hon. Mr. Serby:** — The chairperson per diem would be \$235. The vice-chairperson would receive \$155. The secretary would receive \$155, as would the two members receive \$155.

**Mr. Osika:** — Thank you. Are there any particular expertise that's required in order to sit on this type of a commission to review applicants or applications or appeals by people who felt that they've been not justly dealt with?

**Hon. Mr. Serby:** — Well we would be looking for people who would be representative from across the province. So you would want to try to have people from various different parts of Saskatchewan that might serve on this. So you have a bit of a generic representation.

We would want certainly to have at least one person who might have a bit of a legal background, or a legal background, who might sit on that committee. People who have had some involvement with communities, with community groups or organizations that in fact might have access or have been accessing liquor requirements — either a licence or raffle tickets or a bingo. So somebody . . . some people who have had some community participation in that.

And we would be looking for people who we would believe would be objective individuals, who would look at a application in an unbiased fashion. Those are the kinds of personnel that we think we would be looking at, or look at, when we appoint to the board. Or the commission, I'm sorry.

**Mr. Osika:** — Thank you again. Regarding Liquor Board stores themselves, Mr. Minister. I have received some concerns from hoteliers who have a concern that the government is perhaps considering, or at least not determined to necessarily but considering, putting in cold beer outlets in Liquor Board stores.

And you can appreciate the significant impact this could or might have on their sale, their businesses. I wonder, can you tell us if this is an option that the government is studying at this point?

**Hon. Mr. Serby:** — Well I can't imagine where this rumour could have ever got started from, but there is no consideration at this point in time by the government to be in the cold beer business in Saskatchewan.

I see a sigh of relief. You don't own a hotel or . . .

**Mr. Osika:** — No, but I was trying to figure out how I could get one of those VLT machines so I could practise on it.

Just a couple more questions, and I want to just now, when we're talking about Liquor Board stores . . . And, Mr. Minister, we're pleased to hear that the government has made a move with respect to indicating concerns for the . . . over the fetal alcohol syndrome. There has been a move made.

I was wondering if there is anything further going to be done by way of emphasizing and re-emphasizing the effects, the negative effects, of alcohol on the fetuses by way of further advertising — or visual advertising if you wish — to consumers.

**Hon. Mr. Serby:** — Yes, we share with you the same concern about the fetal alcohol syndrome. And as you are aware, the Department of Health of course has just recently announced, through the minister, that there would be an injection of some revenue here to assist in the programing.

There is an advisory committee under which the fetal alcohol syndrome program is being managed while being monitored. I would suggest the Saskatchewan Liquor and Gaming Authority will be participating, and our bags that we have in the stores will have some insignia and signage on it that will raise the awareness of course, of the fetal alcohol syndrome.

And by the same token we'll also have in our establishments, signage that will address itself to that issue as well. I don't know what will be happening in the hotels, basically. In the hotels, what we're going to be asking them is to participate, but that would be on a voluntary basis of course, because it's their environments. But the Liquor and Gaming Authority will be meeting with the hotels and will be putting forward the suggestion — idea — that they participate in the program. So there's extensive piece of work that's being done on this.

**Mr. Osika:** — Yes.

**Hon. Mr. Serby:** — The other piece that I missed on this is that we're continuing to work with the industry — the distilling industry, the brewers — in participating either on some of their labelling, is what they've talked about or some of their education programs. They currently provide a significant amount of funding right now on education and prevention services or programs, and we'll continue to work on that area with them.

**Mr. Osika:** — Thank you, Mr. Minister. That is a concern that, as you are aware, we had in the House and we're very pleased to see that the government has taken the responsible action to try and prevent some unnecessary hurt for our future generations. I appreciate that very much.

I don't have any other questions and I want to thank you and your officials for your kind responses and information and look forward to any of the information that you had indicated you might supply later on. Thank you.

**Hon. Mr. Serby:** — If I might, Madam Chairman, I have in front of me the revenues to the charities. I think you had asked earlier, Mr. Osika had asked the question about the . . . what was happening to the charities the year '94-95. The revenue to charities for that particular year was 49.7 million. The revenue to charities for 1995-96 will be 46 million. So . . .

**Mr. Osika:** — Any indicators as to why the reduction?

**Hon. Mr. Serby:** — Well I think that the growth in the casino business and some of the VLT business, in my opinion, would be some of the reasoning here as to why we've seen a reduction in the charities.

**Mr. Osika:** — Thank you very much again.

**Hon. Mr. Serby:** — Thank you.

**The Chair:** — Thank you very much, Mr. Osika. Committee members may or may not be aware, but we have a person who is not officially right now part of this committee asking for permission to speak and to direct questions. Did the committee members wish to have Mr. D'Autremont have voice at this committee?

**Mr. Trew:** — Very reluctantly.

**The Chair:** — Actually, I gather that this morning we did make a ruling on it. I would like to suggest in the future that all MLAs, whether or not they're officially designated to be here as part of this committee, should be allowed to direct questions. Of course it's only the formal members of the committee who have a vote when it comes to dealing with the annual report. But it would be my position that any MLA, from whatever party, whether or not they're a formal member of this committee or substituting for a formal member, should be able to direct questions to the minister and the officials at any point.

So I will recognize Mr. D'Autremont unless people wish to challenge the chair.

**Mr. D'Autremont:** — Thank you, Madam Chairperson, and I happen to agree with your ruling on all committees. Mr. Minister, officials, I'd like to welcome you here today.

I'd like to pursue something that was discussed earlier in the day dealing with the monies that were to be allocated at 10 per cent to the communities — to return to the communities. And it says in your annual report that the three municipal government organizations have been asked to advise the government on methods of returning. Which three municipal organizations were you seeking advice from?

**Hon. Mr. Serby:** — Well I think, to the member, the three organizations — I think I'd mentioned them earlier — I believe they were the Saskatchewan Association of Rural Municipalities — SARM — SUMA, SAHO (Saskatchewan Association of Health Organizations). Now my understanding is that SSTA (Saskatchewan School Trustees Association) was also at this table but they're not identified here.

**Mr. D'Autremont:** — Were they an observer or were they officially a part of the . . .

**Hon. Mr. Serby:** — I don't know that. They're not listed here and so I'm a bit hesitant to indicate what role they played. But my understanding was, is, that they were also a partner in some of these discussions.

**Mr. D'Autremont:** — And what advice did these municipal bodies give to you for the disposition of the 10 per cent of the revenues?

**Hon. Mr. Serby:** — I wish I could answer that, Mr. Member, but . . . If I were the minister responsible for Municipal Government, because that's really through whom the discussions and the conversations were channelled through and not through the, certainly not through the Liquor and Gaming Authority.

So I think that question would be better directed to my colleague, the member of Municipal Government, because that's really under whom those discussions were taking place.

**Mr. D'Autremont:** — Yet it's under your purview, under the president's message though in the annual report, that this matter would be discussed with and seeking advice from the municipal bodies — SUMA, SARM, SAHO, and SSTA. Hopefully that they were also there at the table and discussing it. It's in your annual report that this was going to be done, that you were going to ask for their advice.

Surely some of that communication must have gone through your department, because it was after all the 10 per cent of your money that was going to be distributed.

**Hon. Mr. Serby:** — Well I think what I should say here is that in keeping with good, solid accounting practices, of which the Saskatchewan Gaming Authority and other government departments and agencies have participated in, it would be prudent for us and in my opinion would be a requirement for us to report where our revenue or where pieces of our revenue make their way to.

And in the case of the \$10 million, there was an announcement by the government that there would be \$10 million that would be made available to communities; that that money would be coming out of the Saskatchewan Liquor and Gaming Authority. And so in our prudent fashion of reporting it, certainly we would include it then in our financial report and highlight it as one of the pieces of revenue or where one of the pieces of revenue actually made its way.

Now how that particular expenditure is made and the consultations as to how that particular expenditure is made, really doesn't and didn't rest with the Municipal Government . . . or it didn't rest with the Authority.

But it was really under then the purview, in my opinion, the Municipal Government and it would be very difficult . . . I mean I can't say to you — I wish I could — I would be able to report to you the kinds of discussions and parameters that were

set for them in terms of the process. But as I reported earlier, I know that some of that funding has made its way into — for the benefit of Saskatchewan people . . . through some of it being channelled to the 911 and into the RCMP communications project.

**Mr. D'Autremont:** — Did your agency, your Authority, transfer the funds to the 911 project or the RCMP communications project?

**Hon. Mr. Serby:** — No, the money for the Liquor and Gaming Authority flows into the General Revenue Fund and then the decisions regarding the direction in which the money flows from there is really not . . . is really made by Treasury Board.

**Mr. D'Autremont:** — I was hoping that was what your answer was going to be, otherwise we would have had some many serious questions, because the money indeed should be returned to the Crown and then distributed from that point — not simply monies being transferred from the Authority to some other body that may or not be able to be purviewed by this committee or by the legislature.

**Hon. Mr. Serby:** — Well I couldn't agree more with member that the money should in fact go to the General Revenue Fund and then make its way, you know, in a variety of different ways to the public of Saskatchewan, which I know that the member appreciates a great deal.

Because in the past some of the money that was generated out of lotteries, some of the money that was generated out of gaming, actually was left in the purview of the minister responsible for Culture and Youth under previous administrations, who then had the opportunity to take that money and direct it in whichever venues that they choose do that.

And our position and philosophy and practice was to take that money and put it into the General Revenue Fund and then account for it in a very specific, broader fashion.

So you and I both share the change in practice as being a positive one.

**Mr. D'Autremont:** — Yes, we do. Further on, on that particular page, the president's message of the annual report, you talk about basis for regulation and not just the Regina casino. This basis of regulation, do you . . . part of that regulation, is that involved in the hiring practices and levels of management based within that hiring practice? Or is that part of the FSIN (Federation of Saskatchewan Indian Nations) agreement and therefore not part of your authority?

**Hon. Mr. Serby:** — Our role in regards to employees in any of the facilities, be it at the Regina casino and/or the first nations casino, would be that they would . . . there's a requirement here for them to provide us with a list of the employees whom they choose to employ in those environments. And then what the Authority would do is provide the certification only of those employees when we would do an investigation to ensure that those people don't have a criminal record; that in fact that they



could work in an environment of that nature and not be subject to any outstanding, I might say, criminal acts or charges against them.

So we're basically involved there in the certification of the employees.

**Mr. D'Autremont:** — When you're certifying the employees, are you dealing strictly with criminal matters or are there other matters? What I'm thinking of is any complaints under the Human Rights Commission.

**Hon. Mr. Serby:** — It would basically be a security check to ensure that there aren't any either past or current outstanding criminal offences against individuals.

**Mr. D'Autremont:** — So it's strictly a criminal investigation?

**Hon. Mr. Serby:** — Right.

**Mr. D'Autremont:** — Okay.

On charity gaming on page 11, I know you just gave some figures to our colleague from Melville that charities had received 49.7 million, I believe. I'm not sure what the year for that was, if that was '95. And did you say 46 million for '96?

**Hon. Mr. Serby:** — Yes, if I might just indicate that they didn't receive it, they generate it. That's the amount that they generated, the charities generated. And the numbers are right: 49.7 in '94-95; and 46 million in '95-96.

**Mr. D'Autremont:** — Okay, it says in your report though that the '94-95 charity revenues from these activities dropped to approximately 41 million. That would be those items under your authority, would it — break-opens, raffles, and bingos?

**Hon. Mr. Serby:** — That's right.

**Mr. D'Autremont:** — So where does the \$49.7 million number come from? What all does that include?

**Hon. Mr. Serby:** — Where's the 41 number figure again?

**Mr. D'Autremont:** — On page number 11, third paragraph, bottom of the third paragraph.

**Mr. Bailey:** — I could just maybe break that number down a little bit or those numbers down a little bit. We're talking about after . . . from gross spending by the participants, by the players, and after prizes and after expenses of the operator, the charity, sort of what's left over then for the charity, the numbers include bingo, raffles, casinos — now this isn't Regina casino; these are the smaller casinos around the province, not the . . . (inaudible interjection) . . . exhibition, exhibition casinos, yes — and break-open tickets.

Now the number in the . . . just find that number in the paragraph again that we were looking at up here, talks about break-open, raffles, and bingos, so would not include the casino number likely in that paragraph so . . .

**Mr. D'Autremont:** — Exhibition casinos would have made roughly 8.7 million.

**Mr. Bailey:** — The difference would be primarily that, yes.

**Mr. D'Autremont:** — Okay. The next paragraph down on that page, you have approximately 222 million spent on break-opens, bingos, and raffles in '94-95; approximately 280 million in '93-94. In '94-95, what was the revenues for casinos? Would that have equalled that \$280 million that was spent in '93-94 adding the 222 plus the casino money?

**Mr. Bailey:** — The table of information that I'm looking at here for '94-95 in terms of casinos has a revenue of 3.1 million. That's 92 licences so that could be . . . some casinos, as you know, are one day a week and some are just seasonal and so on.

**Mr. D'Autremont:** — So that was 3.1 million?

**Mr. Bailey:** — Yes.

**Mr. D'Autremont:** — For casinos? And that was which year then? '94-95?

**Mr. Bailey:** — That was '94-5.

**Mr. D'Autremont:** — So that would roughly be about 225 million then of revenue generated from all sources of gambling, excluding horses, in the '94-95 year. I'm wondering, if that is the case, why the drop from approximately 280 million the year before?

**Mr. Bailey:** — The 280 million, could we just clarify . . .

**Mr. D'Autremont:** — Okay, that's what you have in the book here on charity gaming, fourth paragraph, bottom of the fourth paragraph.

**Mr. Bailey:** — Well this is the spend by the . . . that 280 million is what people are spending on that activity.

**Mr. D'Autremont:** — And yet 222 million in '94-95. Now that's an increase of 60 million, but that doesn't include the casinos, does it?

**Mr. Bailey:** — Well it's a decrease — 280 is '93-94, '94-95 is 222.

**Mr. D'Autremont:** — Yes.

**Mr. Bailey:** — So a decrease, yes.

**Mr. D'Autremont:** — But that 222 does not include the casinos?

**Mr. Bailey:** — No.

**Mr. D'Autremont:** — The casino number there was what I was interested in, is what was the spend on the casinos?

**Mr. Bailey:** — The spend on the casinos in '94-5, \$63 million

and some change — \$63.1 million.

**Hon. Mr. Serby:** — It's on page 12.

**Mr. D'Autremont:** — Thank you. So you've actually had a very small increase in actual gambling spend in the province of roughly 5 million — 3 to \$5 million?

**Mr. Bailey:** — From year to year.

**Mr. D'Autremont:** — From year to year.

**Mr. Bailey:** — For those two years.

**Mr. D'Autremont:** — What's the difference in the amount that the charities get on the regular break-open tickets, bingos, raffles and exhibition casinos, versus what they get out of the FSIN casinos or casinos other than exhibition casinos? And I'm not sure that there are any others, other than the FSIN agreement casinos.

**Hon. Mr. Serby:** — Are you asking what the share is that they ...

**Mr. D'Autremont:** — Yes. Okay. The breakdown ... Okay, maybe we should go back a little bit further. What's the breakdown of charity shares of break-opens, raffles, and bingos or the exhibition casinos versus the FSIN agreement on their native-run casinos and the Regina casino?

**Mr. Bailey:** — Madam Chair, I think I have the question. The fee to the charities was dropped, so they have people spending the money. They pay their own expenses out of that and basically they keep — and prizes — then they keep the rest. And that's what that forty-nine forty-six million dollar number is.

In casinos like the exhibition casino, we take 9 per cent of their revenue on the casino. That's their fee, is 9 per cent.

**Mr. D'Autremont:** — So the exhibition casinos will get to keep 91 per cent of all the money dropped into their VLTs?

**Mr. Bailey:** — Yes. And out of that they pay their expenses and prizes, of course.

**Mr. D'Autremont:** — Okay. What about the FSIN casinos or the hotel lottery, the hotel VLTs or other forms of gambling?

**Mr. Bailey:** — The split of the Indian casinos is on page 16; the profit sharing just on the inside margin.

**Mr. D'Autremont:** — Now these are of total drop?

**Mr. Bailey:** — This is the ... No, this is the profit after expenses.

**Mr. D'Autremont:** — Okay. And what's the situation with the hotel VLTs?

**Mr. Bailey:** — That's 85/15 — 15 per cent commission to the

site operator.

**Mr. D'Autremont:** — Is that of the total drop or is that after expenses, all expenses?

**Mr. Bailey:** — That's after the ... after prizes, before expenses. That's it, yes.

**Mr. D'Autremont:** — What do the expenses on those particular types of operations run? What percentage of the drop would the expenses be?

**Mr. Bailey:** — I don't ... if I may ... now these numbers may be too global, but on page 41 there is a table which in whole numbers may respond to your question, where we've tried to divide it among the industries, liquor and VLT. And if you look in VLT, say the 1995 column which is '94-95, the total sales which — this is after prizes and before commission — in that year was 136 million.

And it doesn't show it here, but then there's \$22 million in commissions to the site operators, which leads us to gross profit of 114 million, which eventually works down to the provincial share of 101 million. But I'm not sure, Mr. Member, if that's an answer to your question or not.

**Mr. D'Autremont:** — Okay, what was the roughly 22 million that was pulled out of there between the total sales and the gross profit? That was the expenses or the prizes?

**Mr. Bailey:** — That was the commission to the site operator, the hotel.

**Mr. D'Autremont:** — Yes, but then you also have less operating expenses in there?

**Mr. Bailey:** — That's to run the program. That's our expenses.

**Mr. D'Autremont:** — That's not the expenses of the VLT, like the power or the telephone line or ...

**Mr. Bailey:** — Not his local expenses, no.

**Mr. D'Autremont:** — That is part of the commission then that was ...

**Mr. Bailey:** — Liquor and Gaming Authority and the Western Canada Lottery Corporation, who we've contracted to run the program for us.

**Mr. D'Autremont:** — Okay, what expenses would the local hotel owner pay for? They would pay for the electricity to run the machine, they would pay for the maintenance — not the maintenance in the sense of fixing it but in caring for it, taking the money out, putting money in, cleaning it, that type of thing.

**Mr. Bailey:** — Yes, there would be labour and utilities and ...

**Mr. D'Autremont:** — Yes. Who pays for the telephone lines, the computer hook-up?

**Mr. Bailey:** — I'd have to defer down the row there.

**Mr. Weber:** — We do.

**Mr. D'Autremont:** — Because I would assume that would be a fairly large expense if a hotel owner was paying for that. Because I get complaints from some operators that the machines are not . . . they're of very limited value to them; that while they may bring in a different clientele or the same clientele, it's simply a transfer of where the dollars are spent.

Client A comes in and has \$10 in their pocket, and the question is, is do they buy liquor or do they gamble? And there's only \$10 there. And that there has been a transfer in some of the locations — I wouldn't want to say by any means it was all or even the majority, but that there's a transfer of funds from liquor to gambling.

And I wonder if you can give me some indication would a hotel operator, as a percentage, get a better return on liquor or a better return on the VLTs?

**Hon. Mr. Serby:** — That would be certainly a complete sort of open pricing system on the liquor, and we have the 15 per cent on the VLTs. I'm surprised by your comment, I have to say, that you have operators that would tell you that they have a limited value to their businesses, because we meet with the hotels association, I meet with the hotels association, regularly, at least five or six times a year.

The issue that we talk about most is increasing the number of VLTs in their establishments. Almost without an agenda we know that that's going to be on. We had . . . or have in the province today about 50 or 60 other venues that are currently waiting for VLTs because they view that as being a way of enriching their operations or at least maintaining them, or in some cases actually sustaining the businesses into the future.

We, with the current numbers of VLTs that we have in the province, which is 3,600, if we were to meet all of the demands that we have on a weekly basis or on a daily basis, we would need probably to add another 3 or 4,000 VLTs to the system.

So the folks who say to you that there's limited value in the VLTs — I would suggest to you that, from my short experience in this within the past year where we have responsibility for this — they would be of a very, very small majority — very small.

**Mr. D'Autremont:** — Well I happen to have two in my constituency that asked that the VLTs be removed and they were to the best of my . . . I know specifically, the one in my home town, that it was removed. And I believe that the one in Glen Ewen was also taken out. The hotel owner told me he was going to get them removed but . . . and that was a year and a half, two years ago, six months, a year, after they were originally put in there. That both of these operators felt that they . . . all they had seen was a transfer of the monies that had normally gone through their establishments from sales of liquor to usage by the VLT, which they felt they got a smaller return on.

**Hon. Mr. Serby:** — I think what's important to realize here is that there may be certain locations within the province where that in fact is the case. And certainly, I think, as you identified in the . . . in your constituency, that's the case with a couple of venues that you know of.

But generally speaking across the province, liquor sales in the hotels is actually up, as is the revenue of the VLTs. And I might suggest to you that there is a keen interest by the hotels to expand the entertainment business because they view this as being a need to compete and are asking for more VLTs because they believe there is a correlation here by the more equipment you have on your property, VLTs, the more money you're going to make of course, naturally on the VLTs. But also, you'll also sell more booze. So correlation is that our liquor sales are up as well and the demand for VLTs is significant. And not only by the hoteliers, but by the restaurants and lounges.

**Mr. D'Autremont:** — How many establishments asked that the machines be removed from their premises, that were removed, where they were taken out?

**Hon. Mr. Serby:** — Since inception of the program, about 25 locations have asked for the machines to be removed. And we currently have on our waiting-list, I think about 70 venues that are waiting for machines. And have never . . . and we've reduced the number of machines in which they can access. At one time it was, I think the minimum was three. Now it's two.

**Mr. D'Autremont:** — Well it would seem, perhaps demographics or some other reason plays a part in it, but in my own constituency I know that at least two asked that they be removed.

Mr. Minister, off the top of my head, there was another issue that we discussed back last spring and that was the establishment of retail — I'm not sure if retail is the proper word — but a liquor outlet not for consumption on premises. In one of the communities in my constituency at that point in time, you explained to me that you had to be, I believe it was, 17 or 18 kilometres away from the nearest location, have a population of 200 people. Is that still currently the requirements and are additional liquor outlets being licensed?

**Hon. Mr. Serby:** — Well I think that the question you're asking is in respect to liquor vendors or franchise stores?

**Mr. D'Autremont:** — Right.

**Hon. Mr. Serby:** — And I'd commented earlier that in the province currently we have 192 of those establishments.

And in the last year I've now met with the liquor and vendor or the franchised vendors' associations on three occasions. And part of what I was trying to obtain from them is some sense of whether or not the current policy that we have, which is the 20-kilometre radius, population, was one that they wanted to see in place or is it something that we could either expand or change or modify.

And by and large the association has suggested that the two things should hold: the 20-mile . . . or kilometre radius should hold, and are suggesting that the population base should hold, except though on the odd occasion where you might have a seasonal facility where through the summer you might have a large majority of people that might come in or a large number of people coming in. And during those periods of time, you might in fact have somebody a part of that.

Now they're currently also suggesting that what the Authority might look at is looking at a volume level of sale as well. Now this is a sort of a proposition that's come forward by the association, and by and large we've been practising on the policy that we have today.

**Mr. D'Autremont:** — Well we've seen evidence in other industries where businesses have wanted to eliminate competition or else larger entities have wished to eliminate a number of their franchise operators. I'm thinking of some of the oil companies that said you had to sell 100,000 litres a year or we weren't going to supply you with gas. And that put in jeopardy a lot of small service stations around this province that were perhaps the only service station in the community, where now you're going to have to drive down the road 20, 30 kilometres to find a service station. I think you have to be very careful if you start talking about volumes.

We've gone through a number of discussions in the last couple of days with the philosophies of the Crown corporations and part of that is a social service or a social responsibility for the Crown corporations to provide equal access and opportunity to the people of Saskatchewan. If you go to a circumstance where you're going to increase the either population or volumes of sales beyond a certain point, you're going to not be providing equal access throughout the province.

And perhaps if your object is to reduce the sales of liquor, to make society a safer place, perhaps that has some value. But I rather doubt that that is the philosophy of the Saskatchewan Liquor Board, that you wish to reduce the sales of liquor. Well I would hope that your philosophy would also include though that to do so in a manner that provides for the safety of the people of Saskatchewan.

I think that you can't put too many limits on this and try to push all of the retail outlets into the larger communities. We've seen that happen in health care, and we now have people travelling considerable distances to access health care, and it provides service for very few people under those circumstances. And I certainly wouldn't want to equate health care and liquor sales in the same breath, but it's an example of how government regulations and policies can change to harm people in some of the smaller communities. I wonder if you could comment on that, Mr. Minister.

**Hon. Mr. Serby:** — Yes. I appreciate the comments of the member because I think that by and large we're really on the same page here, because as I'd indicated to you, that I have been meeting with the franchised stores on a regular basis. And they support your principle by and large, and that is the one about population and also distance, and are also concerned

about proliferation as I think you've indicated. Volumes, of course, is an issue that they've raised with me, and I hear your opinion on it and share it as well; that it's a difficult one to, I think, try to implement or exercise and need to be careful and practical about this.

Certainly our focus is to ensure that we have responsible use of liquor in this province, alcohol, and to also provide accessibility. And both of those, I think, we're meeting through the franchise operations. And to some degree, I think in your analysis about comparing or relating the health care system to the liquor system, I think is a good one because in Saskatchewan what we've ensured that we do with the liquor system is that people have accessibility, and that they have good public service, and we're providing that in rural communities, to ensure that they have that, and we're certainly doing that in the health care system.

We're making sure that there's good, accessible health services, and that there's quality care and service that's been provided out of them. So I think your analysis of how those two work in sustaining rural Saskatchewan is a very positive one, and we share that view with you.

**Mr. D'Autremont:** — Well I would have to say though we have a different opinion on what accessibility is then if you can equate the changes in health care as providing good accessibility in this province.

One of the other issues . . . it slipped my mind now, what it was — it's gone. I've forgotten what I was going to ask you now but . . .

**Hon. Mr. Serby:** — Cares of rural Saskatchewan.

**Mr. D'Autremont:** — No. But you got me off the track on discussing the benefits of health care in rural Saskatchewan. Mr. Minister, within the native agreements, the FSIN agreements, I do have a concern though with how the White Bear casino has been allowed to operate at the present time; a concern over safety with construction still going on at the casino itself.

I'm wondering what investigations were carried out to make sure that the site was safe for casino operations at this particular point in time. And whether or not consideration was given to holding that off for a month or two until the construction of the casino itself was completed?

**Hon. Mr. Serby:** — Well I would report that recently I was at the opening of the White Bear casino, and the time lines for the opening of the White Bear casino have been moved several times. The anticipated opening date, as you can appreciate, was far earlier than what in fact they opened. And the rationale for holding it to the date in which they opened was the concerns that you raised, is that there was a great deal of construction still going on there; and not only was the facility not conducive to ensuring the kind of security that would be available there in a full-operation environment, but also some public safety around the physical state of the building.

Our best intelligence of course, tells us that currently there was not any kind of a public safety issue, and we certainly raised that prior to the decision to open the facility. And now if that's changed, that would certainly be news to us and we would certainly appreciate, you know, having that in a concrete fashion so that we might be able to, or would, act on it.

But the decision around the opening of the casino, all of those issues regarding public safety and access and insurance of good quality security control, were in place for us. Otherwise we would not have proceeded with the opening of the casino.

**Mr. D'Autremont:** — Well I haven't been there myself so I can't report on personal experience, as our colleague from Melville was doing research. But others tell me that there were still signs up saying "hard-hat area only" and that type of thing, and they had some concerns as to whether or not the site location was indeed safe with construction still carrying on. So that's why I wanted to bring it forward.

Another issue that comes up from time to time is bus trips for gamblers coming into Regina. Does your Authority regulate that in any way, shape or form?

**Hon. Mr. Serby:** — No we don't.

**Mr. D'Autremont:** — So that would be handled by the other gaming minister.

**Hon. Mr. Serby:** — It would be handled by the Regina . . . by the corporation, by the corporate board.

**Mr. D'Autremont:** — So which government department though would be responsible for that? Would that be the Gaming Commission or the Gaming Authority?

**Hon. Mr. Serby:** — In determining . . .

**Mr. D'Autremont:** — . . . what is appropriate? I mean you could spend \$500 and give people \$500 cash when they walk in the door to get your numbers up, simply to have bodies in there. But surely someone must regulate on what kind of give-aways you can have at the casinos.

**Hon. Mr. Serby:** — The spending limits that are established within the Regina casino would be set in policy by the corporation. They would report to us what in fact those are. They would then be . . . then they would be inspected by us and by their inspectors to ensure that those levels are sustained. The incentives that are provided to the casino are really provided through decisions, or policy decisions, by the board.

**Mr. D'Autremont:** — Mr. Minister, I had a bus operator talk to me and explain from his point of view what could happen. I believe that Casino Regina was offering \$50 to a passenger coming in on a one-day trip. The bus operator said for him to run a person in would cost approximately \$35 to \$40. So if a person wanted to come to Regina to shop or to visit or whatever, they could take the bus in every day, go to the casino, get their chips or whatever, cash them in, go downtown, do whatever it was, visit their daughter, or their granddaughter or

their grandmother, and go home with \$10 in their pocket every day.

And if you wanted to make a life of this, you could make 50 bucks a week running back and forth on the bus every day to Regina. Not a great income perhaps, but if you wanted to visit family in Regina every day, somebody — the government — was going to pay you \$10 to do it.

And there seems to be something wrong with that, Mr. Minister, that we would simply pay people to come and visit Regina for a, it may be a good purpose for them, but doesn't serve the government policy purpose very well. How does your Authority regulate that type of activity?

**Hon. Mr. Serby:** — The Liquor and Gaming Authority doesn't regulate that at all. That decision would be a decision that's made as policy by the . . . a policy by the Liquor and Gaming . . . by the Regina casino, by their board. They would discuss how in fact they would market their casino in the same way I expect that The Bay would market how they're going to sell their product over Kmart. So the casino is suggesting here that this is how the Regina casino operation, through the wisdom of their board, have set this particular incentive of attracting people to come and game at the Regina casino. And the wisdom of that decision of course, lies in the interpretation of those of us who give it some, you know, who give it a thought.

And I guess I say to you that if in fact the Regina casino intends to survive in the gaming industry, which is extensive, their wisdom tells them that they need to provide some sort of incentive for people to come and game there. And because they aren't any different, in my opinion, than a retail outlet, they're competing for a market and this is how they believe that they can attract people to their casino to play.

The Liquor and Gaming Authority ensures that the tables that are there are licensed; the staff that are there, that work in there are certified; ensure that the revenue spend is consistent. So that's our task.

**Mr. D'Autremont:** — Well it seems to me that if you're talking in comparison to a retail outlet, Hudson's Bay or Wal-Mart or whatever, they may decide to take a smaller profit or even no profit on an item but they at least sell the item. With Casino Regina and the bus trips, they don't even sell an item. A person simply walks in there and cashes in the chips that they were given or the vouchers or whatever it may be and walks out the door again.

They don't have to buy any commodity off them and still walk off with more money than they walked in the door with. They don't have to drop . . . take a risk. And obviously when you're in the casinos you're taking a risk and I would say you're taking a very substantial risk — it's even worse than farming.

But, Mr. Minister, I think that it's one of the areas perhaps that needs to be more tightly looked at; that the give-aways before a player actually plays, I think, is not providing the service that one would hope. I, like my colleague from Melville, did a little research in another casino. They provided hotel rooms at a very

low rate but I did pay something for that hotel room. And then they had me at the casino and hoped to get some money out of my pockets, but I at least paid something. They didn't get any money out of my pockets because I didn't gamble, but I do that all my life farming.

But they did provide some other incentives. They did provide me with some other incentive to get me in there other than giving me money with which I could walk out. And I think maybe there are other avenues for the casinos in Regina, in the province, other than simply giving people money to walk out the door with.

And I think that is the end of my comments. I would like to thank the minister and his officials for coming in and I will allow the bothersome chairperson to wrap this up.

**The Chair:** — The Chair will wrap it up. You didn't need to be bothered with an adjective describing me. But I would thank the minister. Ms. Hamilton, do you have a motion?

**Ms. Hamilton:** — Yes I do. I move:

That the Crown Corporation Committee conclude its review of the 1995 annual report of the Saskatchewan Liquor and Gaming Authority.

**The Chair:** — All those in favour of the motion please indicate. Those opposed? There being no opposition the matter is carried.

I thank you very much, Mr. Minister, and your officials for attending and for showing such infinite patience in the light of such probing questions.

**Hon. Mr. Serby:** — We appreciate the opportunity to have . . . (inaudible) . . . The questions were very, very astute and as were all of the answers, I expect, by the officials. So we thank you very much for the opportunity.

**The Chair:** — Okay. That concludes the Crown Corporations hearing. Could I have a motion to adjourn? Before I accept that motion though, I would like to wish everyone a good holiday season. Drive safely on your way back home or wherever you're going and keep driving safely for the rest of your lives.

Mr. Goohsen is moving adjournment. That is agreed to. Thank you. We'll see you again January.

The committee adjourned at 3:45 p.m.