

June 1, 1993

EVENING SITTING

COMMITTEE OF FINANCE

**General Revenue Fund
Loans, Advances and Investments
Saskatchewan Gaming Commission
Vote 142**

Item 1

The Chair: — Order, order. Order. And now the motion by the member for Morse:

That this committee, pursuant to sections 19 through 25 of The Legislative Assembly Act, command and compel the attendance before this committee of Doug Egan to provide sworn testimony responding to members' questions regarding allegations of impropriety in the conduct of the affairs of the Saskatchewan Gaming Commission.

Is the committee ready for the question?

Mr. Martens: — Mr. Chairman, I want to point out to the committee some of the reasons why I believe it's necessary for us to resolve some of the concerns that we have raised earlier this afternoon and today; I'm going to raise some more of those concerns.

We have received, through various ways, a number of items in various forms and I want to point some of them out to you, to the Assembly here today. There's an article in the *Charleston Gazette*, Wednesday, January 13, 1993 in which the headline is "Video lottery bitter target of suit".

A federal class action lawsuit against one of the companies bidding on the state's video lottery contracts alleges stockholders were harmed by misrepresentation while two top officials reaped \$6 million on stock sales in July. The suit, in U.S. District Court in Montana's youth division, is against Video Lottery Technologies Incorporated, its president, Richard D. Barber, and former chairman, Larry Lippon, who was forced to resign when stock plummeted on September 23. The firm is based in Bozeman, Manitoba.

Then another quote from the paper:

The Victoria commission (this is Victoria, Australia) removed Video Lottery Technologies from its manufacturers list because of business dealings Lippon had with two convicted criminals and because Lippon reimbursed senior officials for making political contributions so his identity wouldn't be disclosed.

The people in Australia did extensive inquiries into the gaming before they were allowed to come in there and they came back with a significant amount of

information on these two companies.

And I would say to the minister opposite that we would like to have Mr. Egan before this Assembly so that he could tell us whether he had done due diligence in dealing with information as it related to items like this, and we would like to hear from his report.

There is an item regarding gaming from Dow Jones *News*: "Video Lottery Technologies hit with five shareholder lawsuits."

New York, Dow Jones: Video Lottery Technologies' recent woes have spawned a number of lawsuits against the company. In recent days it has been slapped with five shareholder lawsuits, mainly stemming from the revocation last month of the company's gambling licence in Australia.

Video Lottery Technologies, a company based out of Bozeman, Montana, maker of gambling equipment and software, has seen its stock price drop 60 per cent in recent weeks following two serious set-backs.

And:

The company first surprised Wall Street on September 15 with news its third quarter results would sharply underperform expectations. The licence revocation by authorities in Victoria, Australia followed about a week later.

That, Mr. Minister, is also a part of what I would suspect that your report should have in it.

Prosecutors . . . And here's another one from the *Charleston Gazette*, Thursday, March 14, 1993. "Prosecutor combs file, quizzes officials in video lottery probe." I'll just read the concluding remarks in the article.

On January 20 at a commission meeting shortly before he resigned, Haddad (who was a member of the governor's office in Virginia . . . at a commission meeting shortly before he resigned, Haddad) said he was told the specifications had been in secretary of administration Chuck Pollan's agency 10 days before the November 30 vote to expand video lottery terminals. However, the specification had been stamped as received at the end of November. Only two companies submitted bid proposals, Video Lottery Consultants Incorporated and International Gaming Technologies, which is normally called GTECH.

Then in the *Baltimore Sun* there is some more articles and there's a long article on GTECH and VLC (Video Lottery Consultants), and the last line in there:

Maryland's controversial venture into keno,

scheduled to start here January 4, was one of the triggers for the grand jury action.

Now going on:

GTECH made contributions exceeding half a million dollars in 1986 and 1987 after the California legislature got involved in setting guidelines for a \$120 million lottery contract. (It goes on.) A former California state senator admitted taking an illegal campaign contribution from a GTECH lobbyist. Allan Robbins, the former legislator, said he accepted \$13,500 in exchange for his vote against a Bill the company opposed.

In Maryland, as it has in many other states, GTECH hired the most prominent, highest-paid, and best-connected representative, Bruce C. Bersano. He immediately hired former governor Marvin Mandel, a friend and ally of governor William Donald Schaffer, to assist him. The company and its lobbyists succeeded in moving the lottery contract award process out of the usual procurement channel. Mr. Schaffer named an outside consultant to prepare a bid proposal and in 1990 appointed two panels, one to examine the technical sufficiency of the bids and one to examine the financial aspects. GTECH beat Control Data in 1991.

Mr. Minister, I can quote you article after article and what it has confirmed in my mind is that the information provided to us in this was proved to be accurate by the individuals who about a month ago, not only under the guise of providing information that was alleged, but the FBI (Federal Bureau of Investigation) went further than that, Mr. Minister, and said that there were reasons to believe that they should be charged and they were charged on five counts. Then, Mr. Minister, you decided to change your news release. You said that there's only one company going to get the bid.

Now we want to know from you whether in fact any due diligence was done at all by you or any of your staff that would have demonstrated to the people of Saskatchewan that there was not . . . there was in no way an opportunity for staff to become involved in something that wasn't ethical or had impropriety.

And we want to know from you, sir, whether in fact there was anything done that represented that. And that's why — because you don't answer the questions, you haven't read the report, you haven't done anything in relation to that report — we want to have you bring Mr. Egan before this Assembly so that he can answer the questions.

I believe that if this province is going to spend \$20 million in dealing with this issue, then it's time for us to take a look at what the report really said. And as a matter of fact, Mr. Minister, it's our belief, and it's the belief of those individuals who are close to the gaming in various ways, they say that you haven't done due

diligence at all. You don't even know what has been happening in the industry and that's why you don't want to read the report.

You don't want to read the report because it incriminates those that have gone on before you. And that's what our concern is as well. And so, Mr. Minister, the only way we can solve the problem is to have Mr. Egan come before this Assembly and provide that information.

Now there is a thread of involvement in these news releases, and there's piles of them. They come in by the truck load almost, about this, from all over United States. And there is one consistent thread that goes through all of it. It's the political involvement that comes in underneath — not the . . . not necessarily the minister or the commission heads — but somewhere underneath there's always somebody buying something for something else.

And that thread is the reason why the FBI laid charges on five different points against a video lottery company. And we think that you have to come clean for the people of the province of Saskatchewan, and that is why we are asking you at this point to let Mr. Egan come before this Assembly so that we can question him.

And the interesting thing that has happened, Mr. Minister, is that you have taken, since all of this has transpired, you have taken the provincial NDP (New Democratic Party) treasurer and put him in your office to do the kinds of things that have been involved here. And that is the kind of things that we're saying.

If you don't have a problem with any of this, why don't you come clean? Why don't you do all of this stuff in public so that everybody can see what's going on? And that's the reason why we have a concern, because you haven't dealt upfront with the people of the province of Saskatchewan in relation to this. You haven't been upfront with this. Your former minister responsible for this hasn't been upfront about this, and I'm not sure that the minister from Churchill Downs has been upfront about this.

And that is the reason why we have a concern about that, Mr. Minister, and we want to have that information provided to us. And I think it would be in the best interests of the people of the province of Saskatchewan to eliminate the doubt that you created because of all of these improprieties in the United States and the possibility of that filtering itself into Saskatchewan.

And that's the reason why, Mr. Minister, we are presenting this as an option so that Mr. Egan can come and defend himself. He needs to stand here and say, because he is a former commissioner of the RCMP (Royal Canadian Mounted Police), he needs to say, here, that what he signed here on the piece of paper that you gave to the Assembly, that he has every reason to believe that it's authentic and that there was in the report due diligence done in relation to those companies that were charged by the FBI for tampering

with political people in every area that they were.

And they were in California. I didn't read about California. I didn't read about New York. I didn't read about New Jersey. I didn't read about Missouri. I didn't read about South Dakota, because they have been involved in those kinds of things in every one of those states. And that's the reason why we want Mr. Egan here to see whether due diligence was done in relation to the inquiry that was done by the individuals from SPMC (Saskatchewan Property Management Corporation) along with the members of the Gaming Commission.

And I think you have a responsibility to the people of Saskatchewan to provide that information to us. And we would like to have Mr. Egan here to tell us exactly what went on. If you haven't read the report to provide that information to us, you should at least allow the Assembly the opportunity to talk to somebody who has, and in that way we can provide the information to the people of Saskatchewan.

Twenty million dollars, Mr. Minister, is a lot of money to spend on any program, any specific program. And if you want, if you want to make choices, the choices I believe have to be clear so that the people of the province of Saskatchewan can understand what's going on here. They want to know and they need to know.

I have had people from the city of Regina inquiring about this on a regular basis, and they think there's something strange going on here, to say the least. And they want to have you come forward and tell the public that you are taking your responsibility serious as a minister responsible for the Gaming Commission, and doing this for the people of Saskatchewan.

And that's why we want to have you and Mr. Egan brought here so that you can answer the questions. We want to have a report on the report that was presented, not just a bird's-eye view from the minister on executive summary that probably was all just a recommendation.

(1915)

We want to know, for example, whether Mr. Egan signed this as a matter of fact before he had a chance to read it, whether he commissioned it, whether he was responsible for the actions as it related to the deciding not to become involved in one of the video lottery companies. We want to know whether other individuals have been involved, whether there's been individuals who have consultant contracts with the Gaming Commission. Those are the kinds of things that we need to know, and the people of Saskatchewan, I believe, need to know.

And those are the kinds of things that you aren't telling us, and so we need to have somebody who is outside of your ministerial thumb, you might say, telling us what's going on so that people can have an idea about what's really happening in the gaming business.

You have an opportunity here, Mr. Minister, to absolve your government. You have an opportunity to provide information to the Assembly that is, I believe, a requirement. We want to have that done and we need that information, so we want to ask you to allow Mr. Egan to come forward to be the individual to provide that information to us in clear, concise, and precise way. That's the reason why we have asked this Assembly and presented this motion so that you could do that.

We would like to have all of the members support it because that way we can provide a way for the people of the province to understand what's going on and also for you to absolve yourself from the things that may or may not have happened in that Gaming Commission. I just lay before you: why have ministers not wanted to be involved in the Gaming Commission? Why have chief executive officers not wanted to be involved in the commission? Why has there been a revoking of a licence which we asked you about yesterday? And you didn't tell us here in the Assembly; you had your Gaming Commission talk about it out to the newspapers, and what was confirmed, Mr. Minister, was that we were right in what we were saying.

And that, Mr. Minister, is exactly the reason why we raised the question. There was political interference in a bingo hall in Moose Jaw and the decision by revoking the licence was made by your Gaming Commission or was made by you. And that, Mr. Minister, was from direct political influence, and we say if you have the ministerial responsibility there, then you should know what's going on in the Gaming Commission, to understand that we want to know what the report said as it relates to the video lottery terminals.

That, Mr. Minister, is the reason why we want Mr. Egan here, to tell us what was going on. And that is the reason why we're insisting that we have some response from you, and you haven't provided any. And we want to have these questions answered, among many others that are of concern to us and the people of Saskatchewan.

Hon. Mr. Lautermilch: — Mr. Chairman, I'd like to respond to some 20 minutes of ramblings by the member from Morse, many without foundation. And I want to begin by referring him to a document that he quoted from earlier tonight. It's dated March 1, 1993. I sent this to him some two or three weeks ago, and it's from Doug Egan, the director of security, to Mr. Innes, the chairman of the steering committee on VLT (video lottery terminal).

And I'm only going to read the last paragraph, the recommendation part of the document that he signed from and the recommendation, and I'll quote from it. It says:

I have reviewed the detailed security report on the shortlisted vendors and I have concluded that there are no substantive issues which would cause me to recommend against the

Gaming Commission doing business with any of the short listed firms.

I'm just going to repeat part of this:

. . . there are no substantive issues which would cause me to recommend against the Gaming Commission doing business with any of the short listed firms.

Now this is a document, part of this document the member has in front of him because he quoted from it before dinner. Just before 5 o'clock you quoted from this very document, so I know you have a copy of it.

And clearly Mr. Egan signed this and his recommendation to Mr. Innes, the chairperson of the steering committee on video lottery terminals, on the procurement, saying that he sees no substantive reason why the Gaming Commission should not do business with these two companies.

Now let me explain to the member a little further with respect to the process that's been going on in the legislature. Three weeks ago, Mr. Egan's credibility was a question by members from the opposite side. We went on day after day after day, no indication from members opposite that they would concur with my view that Mr. Egan is a very competent, a very respected man in this province, and that he had done a fine job. And that upon his recommendation, the document that I just quoted from here and I've read into the record twice tonight . . . The member opposite quoted from it earlier today so surely he's aware of it. But it appears three weeks ago, there was some question about Mr. Egan's integrity, two weeks ago and a week ago. And the members opposite, the issue died, it just disappeared.

And all of a sudden tonight, Mr. Egan becomes a reputable character; a man whom members of the opposition want to call before the House to answer questions on a study that he has indicated has told him that he would recommend these two companies would be good customers to . . . or good clients, or good people to be dealing with, with respect to the Gaming Commission. The members opposite seem to be or appear to be concerned about the fact that the report is not disclosed.

And I want to take the member back to April 5, to a letter that I wrote to him, explaining to him under The Freedom of Information and Protection of Privacy Act the reasons that the Gaming Commission would not release the documents that were put together when the security check was done, and when the financial security check was done, and when all of this process was gone through. And I just say to the member I will quote from that document which clearly he must have in front of him as well.

And I quote. It says:

Whether or not a person will be given access to a record in the possession of a government institution is a decision made by the head. (In

this case, the head of the Gaming Commission.) In the case of the Gaming Commission, the head is the chairperson. The decision is not for you as minister to make.

And let me repeat that: "The decision is not for you as minister to make."

And it goes on. It says:

We have concluded that parts of the report would have to be withheld if an application for access were made, because certain of the mandatory exemptions apply to those parts. Some of the information was obtained in confidence from other governments, and there is some other personal information in the report. We have also concluded that all of the report may be withheld pursuant to the discretionary exemption.

So two issues that you raised this afternoon and again tonight. One is you want an endorsement of Mr. Egan with respect to his recommendation of the two companies that we had short-listed and made the decision to enter into negotiations with. You have that in front of you, signed by Mr. Egan, and I have a copy here. We can send you another copy if you want.

With respect to why the documents haven't been tabled, I've just quoted to you from a Crown solicitor, the reasons why — under the freedom of information Act, an Act that you people drafted, as I recall, from the . . . the memo comes from the civil law department, the Department of Justice, to myself as minister in charge of the Gaming Commission, indicating why it's their feeling that these documents should not be released by the head of the department, by the head of the Gaming Commission.

So two issues I put back to you: to you, the member for Morse. And I guess what I'm asking is when did you decide that Mr. Egan gained credibility in your eyes. We have maintained all along that his record of service — as a civil servant, a federal civil servant — were exemplary and that we trusted his judgement. Therefore we would intend to trust his recommendation.

And I have a hard time to follow where the members of the opposition are coming from. You quote this afternoon from a press release that was issued by the Saskatchewan Gaming Commission. And I'll just read the last line. It says, for further information call Byron Burnett, Saskatchewan Gaming Commission.

And it starts, title, "Gaming Commission Names VLT Suppliers" and it starts and I'll just read the first line, "Sheila Denysiuk, chairperson of the board of the Saskatchewan Gaming Commission", indicating quite clearly, I say to the member from Morse, that he attributes to me as the minister, comments from a press release that came from the chairman of the commission. So I want to say what we should try and maintain here I think, is a little credibility in this debate. We should try and understand exactly where

we're going.

I indicated to the member from Morse earlier this evening, what we are involved in here is negotiations to arrange the purchase of video lottery terminals, not unlike what we would do if we were buying laptop computers on behalf of the Government of Saskatchewan, or photocopiers, or cars, or any other form of electronic equipment. It's a 19-inch television screen. There's some technology involved that allows it to act as a gaming . . . in a gaming function. It's not a complicated thing.

I want to say to the member opposite that you indicated you want Mr. Egan here to protect himself. I say to the member from Morse, I think that Mr. Egan's reputation does very much and does very well to protect him with the exception of possibly a few people, many of who may sit on the other side of this Chamber.

He signed a document indicating quite clearly what his recommendations were and the member opposite hauls out old newspapers and old indictments from a former official with this company, and I want to say to you that if you want to maintain credibility and if you want the opposition to maintain credibility in this debate, what we should be doing here is we should be speaking in truths as opposed to half-truths. And if you're going to quote from a document, quote it all, and quote the recommendation of Mr. Egan which seemed to concern you so deeply a few minutes ago.

I've indicated that it's not my position, first of all, to have the security report. It's the property of the Gaming Commission; that it's the decision of the head of the Gaming Commission as to whether or not she would release the document; that the Department of Justice has indicated that they feel it would be inappropriate to release it for the reasons I've read into the record. But that's not good enough.

Now I don't know what would be good enough other than I give the member opposite the commitment that we're involved here in the purchase of electronic gaming equipment. And if you want to compare the Canadian system of government and the Canadian system of lobbying and the way the Americans do business, the way the federal government seems to want to be headed with respect to paid lobbyists acting on behalf of corporations to buy the favours of civil servants, I say to you, first of all, that I don't believe any members or any officials in the Gaming Commission are involved in any of that kind of action. Because I think first of all we have a different system in Saskatchewan and we have employees of the Gaming Commission with integrity.

And I say to you, if you have any evidence that any member or any employee of the Gaming Commission has acted in inappropriate fashion, please present that information because we'll deal with that in a very fast fashion. But I don't believe you have. I believe we're talking here . . . Members of the opposition looking for skeletons in a closet and I don't believe there are any. And I think what we're playing here is a game of

politics.

And what I would rather do, frankly, is deal with the facts as they are. And the facts are that this government is embarked on a project to purchase video lottery terminals. Part of the program will be to sustain a sound economic base for rural hotels throughout this province so that they can compete with neighbouring hotels in Alberta and in Manitoba. In Alberta, I may add, dealing with the same two corporations that you've referred to, I would assume with a Gaming Commission and an investigative branch that handled it in the same fashion that we here in Saskatchewan have.

(1930)

And I wonder what the member for Morse would be saying about the process that was used in Alberta. And I wonder, have you questioned that? Because the fact is that the results of their investigation led them to dealing with the same two corporations that we have short-listed.

So I say, Mr. Chairman, the explanation and my response to the member may have been a bit long, but I say to him this: that this government that was elected in October of 1991 does business in a little different fashion. We're not buying technology, as the former administration did, without knowing that it's decent technology and that it's going to work. We're not going to buy overpriced computers. We're going to buy video lottery terminals to put in rural hotels and in casinos throughout this province so that we can compete in that industry with the neighbouring province, Alberta and Manitoba, who are acting in very much a similar fashion.

And I understand your concern with respect to due diligence, but I can say to you today, if you have the faith in Mr. Egan that I have, then you'll be less concerned. And if you'll read his recommendation, you will know that he indicated, as I will state again, that he had no problems with any of the short-listed vendors. And if this isn't a copy of what you were quoting from, I can send you a copy this evening.

But I say in closing that I'm satisfied that Mr. Egan and the people, the professionals, the civil servants who worked on the committee to make the selections, have done a fine job. They're all long-time civil servants who were involved in this committee. Many of them worked for you under your former administration. And I have all the faith in the world that they've done a proper job, and I have all the faith in the world that they've selected proper technology for us to use in the VLT program in this province.

Mr. Martens: — Mr. Chairman, Mr. Egan wrote on March 1, 1993:

I have reviewed the detailed security report on the shortlisted vendors and I have concluded there are no substantive issues which would cause me to recommend against the Gaming Commission doing business with any of the

short listed firms.

I would assume then, Mr. Minister, that the information provided on March 19 — this document that you're reading from about Mr. Egan was dated March 1. Your decision to go with both VLC and GTECH was made on March 19. Would you tell me the day and give me the date that the FBI laid the charges in five areas in the United States and then you made the decision not to go with one of these companies?

Hon. Mr. Lautermilch: — Mr. Chairman, I found out about the indictments against the officials from West Virginia on April 28, and that was the day I took action with respect to awaiting what the final results of that would be.

Mr. Martens: — Right, Mr. Minister. Now Mr. Egan gives his assessment of the information; you make a decision to buy video lottery terminals . . . or the Gaming Commission. Fine, I'll go along with it because that's who made the decision, according to you. They said on March 19, we will buy from two companies, 3,000 video lottery terminals; 2,000 to start with and a thousand later on.

On April 28 the FBI decided that they're going to lay charges against the individuals who had been a part of . . . and in the context of one of those two video lottery terminal suppliers to the province of Saskatchewan. And on April 28, you made that decision not to include that one.

Well, Mr. Minister, there is just as much information available in the other one as the one you made the decision not to conclude business with. And that, Mr. Minister, is the problem. Mr. Egan says they're good on March 1; you decide to buy on March 19; and on April 28 one of them gets caught with a hand in the cookie jar. And that's what we raise as a concern for you, and we think you have a responsibility to go and look at that report to see what it says. Somebody has to look at it who has the responsibility for making the decisions.

If Mr. Egan looked at it and said it was okay, and on March 19 you decide to buy, and on the 28th the FBI says, no you can't do that, then who are we going to believe? And that's what the people in the province of Saskatchewan are asking you and the commission. And I believe that you need to come fair and square with the people of Saskatchewan.

And the question then becomes, have you decided to do business with GTECH? Have you decided not to do business with VLC? Have you decided to do business with VLC and not GTECH? That's the decision that we're asking here. And you're going to spend \$20 million of the people's, the taxpayers' money in making that decision, and we say you better have due diligence.

Twenty million dollars in anybody's view is a lot of money, and for the Gaming Commission, this is probably the first time they spent \$20 million at a

crack like this. And that, Mr. Minister, is the reason why we raise the concern and we would like to have you answer the questions because you haven't been.

And if you want to talk about your freedom of information, well, Mr. Minister, that would set a precedent in the history of your government that has never been set by any government before. Where members of the Assembly have to be told by a minister of the Crown to go to the freedom of information legislation to access information, that is disgusting.

We saw that today where the media have been asking you for information on various other aspects of government and you have refused to provide it. On the Piper Aircraft deal, it has been refused, Mr. Minister. It has been refused. The media wanted it. We asked questions today in the legislature and they said no, you can't have it. And, Mr. Minister, that's what you're saying here today, you can't have it.

And what we say, if you didn't have something to hide, why would you be preventing the public from seeing it? And that's the reason why we're asking you the question. Will you allow Mr. Egan to come before this Assembly to clear up the Gaming Commission's reputation in lieu of the fact that they are in serious trouble in relation to this.

And I believe they have been. I just look at how many chief executive officers you've had in the last 18 months. That's unprecedented. How many ministers have you had? It's just goes from one to the other; hardly stops long enough to have a change of the lettering on your cabinet door. And that, Mr. Minister, is the reason why we're asking you to allow Mr. Egan to come before this Assembly and allow us to ask him questions for the betterment and the overview of the people of the province of Saskatchewan.

My question to you is: will you do that?

Hon. Mr. Lautermilch: — Mr. Chairman, I'd like to clarify a few points that were raised by the member from Morse.

First of all, the people charged were gaming officials from the state of West Virginia. They were not officials from VLC in Montana.

And secondly, we put the negotiations on hold on April 28, pending what we were led to believe were two outstanding indictments, and we weren't sure who they were against. And at this point, we still aren't. We're not sure at this point, and we don't have the information as to whether or not there are two outstanding indictments.

But what we did to protect the people of Saskatchewan and the interests of the people of Saskatchewan was put negotiations on hold pending the outcome of that. And I think that's a fair and a prudent way to handle the negotiations.

We understand that this is a lot of money we're dealing with. We, as I've said before, want to ensure

that the money is spent in an appropriate fashion and that we receive good quality equipment for what we're purchasing. And that's what we intend to do.

So I say to you, we are comfortable with Mr. Egan's recommendation. And pending the outstanding indictments, we have put negotiations on hold with VLC.

Ms. Haverstock: — Thank you, Mr. Chairman. Mr. Minister, when your government first came to power, this was one of the areas in which I had some expectations for immediate action. For 10 years prior, little had been done to regulate the industry, or for that matter, to improve its potential in order to generate revenues.

My first question to you is to ask you what you believe the mandate is of the Gaming Commission with respect to the provision of gaming as it is permitted under the Criminal Code of Canada.

Hon. Mr. Lautermilch: — Well I say to the member from Greystone that it's quite clear. Under the Criminal Code of Canada, the provincial government is responsible for the management and control of gaming. We certainly intend to do that.

I see very much the responsibility of the Gaming Commission and of the province to be the regulators of the industry, to ensure that we have a handle on all aspects of regulating the purse of the prizes, the amount that's wagered, the electronic systems to monitor the table games, the central computer system to deal with how these machines are operating and whether or whether or not they're tampered with, whether the pay-outs are appropriate, whether the machines are working and functioning properly. And that's really what I see to be the major role — is regulatory. And we intend certainly to do this.

I would want to say that it's not unlike the role that the provincial government takes with respect to setting policy for the existing casinos and for bingos, which has been going on, as you will know, for a long period of time.

I want to say that I recognize that we have some — what I consider to be — some very serious problems in terms of bingo. It's been an industry that I think . . . and a part of the gaming industry that has been lacking regulation. And we intend to first of all, as we move into the casinos and the video lottery terminal program, make sure that it's well regulated. And we intend to make some changes with respect to bingo as well because we feel there are some problems there.

Ms. Haverstock: — Thank you, Mr. Minister. I'll get around to bingo sometime during the evening.

Do you believe that the government is involved to maximize revenues for the charitable purposes outlined under the code?

Hon. Mr. Lautermilch: — Well I think quite clearly the direction that the Government of Saskatchewan

has taken and what we have . . . the position that we've taken, the policy that we've developed with respect to gaming, would indicate that we do have a commitment to charities and to communities.

The gaming policy as you will know involves aboriginal people, exhibition associations. And as you will be aware, the bingo operations are relatively major players in terms of funding for charities in Saskatchewan. And we certainly do see a role for charities with respect to this revenue. We think it's important that this money be turned back, in as much as we can, to the communities.

And as well, we see an opportunity here for aboriginal people to create some economic activity both on and off the reserve, not only in the industry but through the profits that may be generated through gaming, so that they may develop their industries as they see fit with the profits from gaming.

The Chair: — Order. I've been listening to the exchange between the two members. I want to remind them that at this time that we have a motion before us concerning the appearance of a witness. And the questioning and comments should more or less — and hopefully more — relate to that, with a view to dispatching the motion so that then we can get back to the consideration of the estimates.

(1945)

Mr. Toth: — Thank you, Mr. Chairman. Mr. Chairman, I just want to raise a couple points here and my colleague has . . . The reason for the motion was to have someone before the Assembly that would possibly give us . . . or answer some of the questions we've been putting forward. Now the minister has stood in his place for the past 45 minutes to an hour since this afternoon and this evening basically indicating that he doesn't have the ability nor is he willing, because supposedly a letter from the Gaming Commission has indicated they're not willing, to release information on this study or this proposal that was put forward.

And as you're aware of debate that has taken place in the Assembly and question period, Mr. Speaker, we've been continually asking for information on this whole proposal regarding the video lottery terminals and the purchase by the government, how the government can take and spend \$20 million on video lottery terminals and yet on basic needs, on health needs for individuals or in the educational factor, they just don't have the money.

On one hand the minister and his colleagues would argue that the province is in debt and there's fiscal restraint under the way. On the other hand they take and they'll spend \$20 million and argue that they've got everything under control and they would like us to trust them and expect that at the end of the day that they knew what they were doing.

And yet, Mr. Minister, and Mr. Speaker, it seems to me that as opposition members it's only fair that we ask,

can we look for the information in light of the fact that the government has indicated from day one that they were going to be more open and they were going to treat people more fairly. In fact they were going to deal with people more fairly and people could respect their government and the work done on their behalf. And yet we look at how they've treated people and we don't have to look too far.

We can look back at the GRIP (gross revenue insurance program) debate, Mr. Chairman. The GRIP debate — what did the government do at that time? The government brought in legislation that said, deemed to . . . or using the word deem, that said the contract with water was or had been in place all along; and secondly, they brought in a piece . . . in the legislation they took away the right of farmers to even take the government to court. Now we find NewGrade in front of us, and again this piece of legislation that the government's bringing forward is taking away the ability of anyone to challenge the government in court.

Now what I'm saying regarding the motion before us, Mr. Minister, is the fact in relating to the debate on GRIP and relating the NewGrade to the debate before us this evening is the fact that we're asking the minister for some real answers and we want some answers for the public. We want the minister to answer the questions. We would like to have the minister release the documents.

And if the minister has nothing to hide, if the government has nothing to hide . . . And I remember the minister on many occasions on this side of the House always finding reasons or arguments condemning the former government about hiding documents or hiding figures or information that they had.

And so it seems fair to me, Mr. Chairman, that indeed the motion that we have before us in asking Mr. Egan to come before this Assembly would open the door for debate to take place, questions to be put forward to an individual who was in charge, who was involved in the Gaming Commission, who I believe being non-political and being outside the realms of this Legislative Assembly could provide us with more accurate and open information, so that at the end of the day the public of Saskatchewan would know that indeed all the information is out there, that everything was above-board as the minister claims.

And yet the minister continually refuses to release that information and continues to hide behind supposedly a letter on his desk that indicates that no, he's not privy to that. And yet on the other hand the minister would argue that under the freedom of information, this information is all available.

Well if it's available, if the minister is open, why doesn't the minister just want to come right out this evening and answer the questions directly rather than skirt the issue and continue to not really be realistic and open with the public of Saskatchewan in how he is spending \$20 million, and then asking all his

colleagues to pull in a little bit all over the place, charging leaseholders in the province of Saskatchewan anywhere from 2 to 3 to 4 to \$500 more for their properties.

And I believe the motion in front of us, Mr. Chairman, is a motion that is asking the minister indeed to put his words into action, to indeed be open, come clean with the public. And I believe it's very appropriate that the motion brought forward by my colleague from Morse is before us and asking the government to allow Mr. Egan to come before this Assembly on the basis of dealing with these issues and getting, trying to get to the bottom of the whole contract and the debate that is taking place regarding these video lottery terminals. And so, Mr. Chairman, I just want to suggest that it would be appropriate, I think, for all members of the Assembly to take a serious look at what's been taking place here, look very seriously at the motion before us and vote in favour of the motion.

Hon. Mr. Lautermilch: — Mr. Chairman, I'd just like to make a few short comments with respect to the government investing some \$20 million in the video lottery terminals. I'd want to indicate that firstly, it's a self-financing program; the revenue that it will generate should handsomely pay the capital costs of it.

One of the reasons that we embarked upon it is from requests from the Saskatchewan Hotels Association, the Saskatchewan Restaurant Association, who were indicating that there was a massive bleeding of gaming dollars outside of the province. Now we could have allowed that to continue — allowed Saskatchewan dollars to go to Alberta and North Dakota and Montana. But we chose to introduce our program to keep Saskatchewan dollars here in our province.

With respect to openness, I'm doing my level best. And I just want to quote a short quote from one of your colleagues, the member from Arm River, as we finished Property Management Corporation estimates. And I was doing there as I am trying to be here: as straightforward as I can. He finishes the estimates by saying:

. . . and I'd just like to, when I'm on my feet, thank the minister and thank you, Mr. Minister, for being straightforward tonight. I think some of the ministers in the front row should take a lesson from you because I think you . . . I'd like to congratulate you on answering your questions as straightforward as you did. Thank you (Mr. Chairman)
. . .

Well nothing has changed since the other night, I say to members opposite. I'm answering these questions, inasmuch as I can, with respect to what information would be allowed and should be allowed, keeping in mind what is a good business practice.

When you're dealing . . . and getting confidential information from other jurisdictions who ask that to remain confidential, I think the Gaming Commission

has all the right in the world to justify their position by not releasing the documents that were given to them by other jurisdictions.

Mr. Toth: — Well, Mr. Chairman, and Mr. Minister, the fact that the member of Arm River gave you a little accolade at the end of the debate does not necessarily speak the same of the debate that is taking place today. And it's neither here nor there, but we're all aware of the fact that certainly from one day to the next times can change, circumstances can change.

And as the debate has taken place regarding the Gaming Commission, as we get into it a little further after the vote on this motion, Mr. Minister, I think what we're pointing out to you, sir, and certainly my colleague has indicated the fact that I believe there's one, or if not two, ministers prior to you that were involved in maybe a lot of the negotiations that took place before that.

And if, as you say, Mr. Minister, the only reason that you would hold back on that information is because of some of the debate that has taken place to date and that isn't finalized yet, it would seem that to me, Mr. Minister, that it would be only fair that you would give your commitment that when at the end of the day that you release the documentation, that you release the information to us. Make a commitment to release the information to us.

If as you mentioned, regarding my colleague from Arm River suggesting that you were straightforward and open in your questions on your department the other evening, well, Mr. Minister, in that spirit of cooperation, I'm wondering if you would make a commitment to us tonight to release all the information at the end of the day so that when everything is said and done, we have access to that information.

And if you're willing to do that, Mr. Minister, it would seem to me that other than getting Mr. Egan before the committee tonight, certainly later, we'd just as soon have the information today so we could look at it, scrutinize it a little more carefully and make sure that what is taking place on the purchase of these VLTs . . . and as you indicated, in the long run they should pay for themselves and no one will argue against that.

The other thing, Mr. Minister, it's interesting to note that I believe there was a time period when you were totally against the purchase of this type of equipment as well. And it's interesting to see how times can change from even a period of a matter of a few months.

But I would think, Mr. Minister, if you've got nothing to hide, why not make a commitment to release every piece of information regarding the purchase of VLTs and the studies that have taken place and that might get us by even the motion before us regarding bringing Mr. Egan. Although bringing Mr. Egan to the floor gets us the information today, not tomorrow.

And I'm wondering, Mr. Minister, if you're as

honourable as my colleague has indicated, will you make a commitment to release all that information?

Hon. Mr. Lautermilch: — Mr. Chairman, I would like to say to the member from Moosomin, circumstances haven't changed from the other night when we did Property Management Corporation as to which I'm every bit as cooperative tonight as I was in the other estimates that we had the other night.

But I guess in terms of the information that was compiled by Mr. Egan and the people who worked in putting together that information, they made some commitments. They made some commitments to other gaming commissions, to law enforcement agencies that the information that they would receive would be kept and dealt with on a confidential basis. And I think it's well within the right of the Gaming Commission to honour those agreements.

I think that it may not even have been a written commitment — I don't know — but even a verbal commitment. I would suggest that the Saskatchewan Gaming Commission should have and would have enough integrity to honour a commitment to another jurisdiction or to another gaming commission structure similar to their own.

I think it's fair to say that information passes between gaming commissions throughout North America. Because I would hope and I would assume that they all have similar concerns, that being a good regulation of their industry, ensuring that the characters of those they deal with are as reputable as can be managed. There's bad apples in every crowd; we know that. And I think to break faith with those who they gained information from would be saying that you can't trust . . . you can't pass information, you can't share information with the Saskatchewan Gaming Commission. And I don't think it can function in isolation.

I think it's similar to any law enforcement agency. The RCMP is an example. It shares information with provincial police forces and that's the way it should be. And I know that that information passes on a confidential basis — a lot of it — and it should be held that way.

And when it's indicated to me that those are the reasons or part of the reasons that the information should not be released and that it would not be appropriate to release, well I have to accept that. And I do.

So I say to the members opposite, the information that I can share — and there's lots that I have here — I'd like to explain to members how we're going to be paying back the Consolidated Fund, the money for these VLTs, what we think we may be able to generate, the interaction with the communities and how we redistribute this money. I'd like to go through all of that with you, and I'm hoping that if time permits we can do that.

Mr. Toth: — Mr. Chairman, Mr. Minister. Well it

seemed to me, Mr. Minister, in light of the motion before us, you indicated that there's a fair bit of information then in that report that is confidential. It indicates to me that there is a fair bit of the report, too, that is basically open. And I think Mr. Egan would be able to inform the Assembly what really is available, what could be made public to date, what would-be agreements are in place that would . . . they would have to abide by.

And I don't see why it's a problem to bring Mr. Egan before this Assembly to address some of the concerns that the opposition has raised. And so if there's information that is available, why will the minister not make that available tonight, rather than sealing and closing the total document to the opposition?

(2000)

Hon. Mr. Lautermilch: — Mr. Chairman, I'd like to say to the member from Moosomin, I think there may be elements of what Mr. Egan was looking at — or the committee that put it together — may be able to be shared. I would want to check with them, and I wouldn't suggest that anything to do with the financial stability of these companies — some of which are trading on the stock market — would be appropriate. I think that would probably be inappropriate.

But with respect to technical aspects of how they chose and how they short-listed these companies, I'm certainly willing to check and see if the Gaming Commission would be willing to release that. I've never been asked for that part of it, but certainly I wouldn't see that as being inappropriate and I would ask if they would be willing to share that information.

Mr. Boyd: — Thank you, Mr. Chairman. Mr. Minister, I wonder if we can just maybe try and put this into a bit of perspective. We have a couple of companies based out of the United States, VLC and GTECH, and they are under investigation by a number of folks — the FBI, just to mention one — a couple of number . . . state gaming authorities.

And that may be well . . . that's well and fine, I guess. If they are cleared of any allegations or any concerns in the United States then I think that we would probably not have any great degree of problem with the province of Saskatchewan doing business with them.

Now you have said that a security report was done on both of the these companies, VLC and GTECH, and that's fine and proper and we all understand that, and that Mr. Egan and department officials took part in that and there was a report prepared. And that's exactly the way it should go. We recognize that.

And you say that you never read the complete report; that you read only an executive summary of it. And well we understand that you're a busy man in light of all of the things that are going on in gaming in this province today, these days, we recognize that maybe that's appropriate as well. Although maybe a little bit of . . . maybe a little more thoughtfulness could have been put into it and looked at the report a little more

thoroughly, I think, would have been in probably in your best interests and certainly in the best interest to the taxpayers of Saskatchewan.

Now you never read the complete report, only the executive summary. You're about to enter into an agreement with some companies from the United States. They're under FBI investigation and state gaming authority investigation, and you're about to spend \$20 million of the taxpayers' money on this venture. Now it seems to me, Mr. Minister, that there's something just a little bit wrong with that somewhere along the line.

We've got a couple of companies that are under investigation in another jurisdiction, a number of jurisdictions in the United States. There's obviously some reasons why they're under investigation. The FBI just doesn't enter into investigations just because they feel they've got nothing to do with their time. I think they probably have some reasons why they feel that there needs to be some investigating of these two companies.

An Hon. Member: — What's your point?

Mr. Boyd: — I think the point is rather simple. This man, Mr. Minister, these companies are under investigation. You should be investigating them as thoroughly as possible. You should be reading more than just the executive summary. You should be reading the complete report. And if the complete report . . . if you're unwilling to read the complete report and report on that complete report, then maybe we should be allowed to ask the man who is capable of answering those questions about the report. I think that seems eminently reasonable.

If you're unwilling to report on what the content of Mr. Egan's report is, maybe the members of this legislature should have an opportunity to ask Mr. Egan about the content of that report, to see for ourselves and see for the benefit of all the taxpayers of Saskatchewan whether there's any problem with these people. And if there isn't any problem with them, get into it as quick as you possibly can.

But at least, Mr. Minister, I think part of your responsibility to the taxpayers of Saskatchewan should be to read the complete report and be able to, be able to comment on that complete report to members of this legislature before we are willing to give you the appropriation of \$20 million of taxpayers' money to spend on some equipment for gaming in this province.

So, Mr. Minister, don't you think that that just is a fair bit reasonable for an opposition to ask you? If you can't report on the content of the report because you haven't read it, either you take some time to read the report or ask Mr. Egan to come in and we'll ask the questions of him.

And I just wonder what your thoughts are on that, sir.

Hon. Mr. Lautermilch: — Well I'll just say to the

member from Kindersley that the issue is not whether or not I have read the report. The issue is, is that the interdepartmental committee that have done the assessment, do ongoing assessments with respect to the companies, are satisfied, and we're satisfied that when they completed their report — and they do interim checks — that they were satisfied that these were appropriate companies to deal with.

I take them at their word. I think they're all competent civil servants, and I would think that they're acting on behalf of the people of Saskatchewan in their best interests.

I think it's important to remember here that what we're doing is entering into a purchase arrangement and we are buying the VLTs. They will then become the property of the people of Saskatchewan. They'll be introduced through the hotel system in this province and into the casinos, and the relationship with these companies will be severed. And this is what we're attempting to achieve.

Mr. Boyd: — Well, Mr. Minister, what we're attempting to achieve is to find out whether there's anything inappropriate going on here. And until we get the content of the report of Mr. Egan, it's difficult for us to be able to just sit back and say to the people of Saskatchewan, well we hope the minister knows what he's doing; we hope that \$20 million of the taxpayers' money is going to be spent wisely by this man and by his department. And we have to, I think, Mr. Minister, have a little bit more than just a hope that you're going to and your department officials are going to deal with this correctly.

We think that, Mr. Minister, when other jurisdictions feel there's reason to investigate these people, that there probably is good reason to investigate them. Therefore we also believe that there's good reason for you to investigate them and for your department to investigate them and for the opposition to have the opportunity to ask some questions about that report, that security report.

And, Mr. Minister, I can only conclude by your reluctance to release the content of that report or by your reluctance not to have Mr. Egan have the opportunity to speak to the legislature and for us to ask him questions, we can only conclude from that, Mr. Minister, that there's something not right about this, that there's something being . . . somebody's trying to hide something here, Mr. Minister. That's what we can only conclude by those kinds of things, if you're not willing to release all information about it.

That opens it up, that takes away all of the concern that there is. The moment it's opened up and everybody realizes that there's nothing wrong with this deal, the opposition will drop it like a hot potato because we know there's nothing in it for the taxpayers of Saskatchewan to be concerned about.

But if there is one shred of doubt out there amongst the people of Saskatchewan that there is something wrong here, Mr. Minister, I think it's your

responsibility to be able to address that and take care of that concern that people have.

So, Mr. Minister, is it not your responsibility, is it not your responsibility to the Saskatchewan taxpayers to clear the air, take care of all of the concerns that are outstanding right now, address all of the issues that people are asking you to address? Or if you're not willing to do that, allow Mr. Egan, the man who authored the report, to come in and take care of the questions for you. Is that not your responsibility, one way or the other? You either answer the questions or allow someone else that can answer them to do that for you.

Hon. Mr. Lautermilch: — Mr. Chairman, I want to say to the member from Kindersley that I think it's certainly fair for the members of the opposition to question the expenditure of \$20 million. I think it's most appropriate that they do.

I also think that it's most appropriate that this government protect and won't jeopardize other jurisdictions and other commissions by releasing information that they've been asked to hold on a confidential basis.

I've indicated tonight that I would be willing to inquire as to what, if any, of the investigated portions I may be able to ask the commission to release. As an example, the technical evaluations of the technology — I'm willing to see if we could have that released. I don't see that as being a problem. I think it may create some problems to table in this legislature the financial status of the companies if there are financial statements that were given in confidence. And I don't know that, but I think it would be inappropriate to table that.

But I say tonight that I'm willing to check with my officials to see what elements of this may be released. And if there are portions of it, I'm more than willing to do that.

Mr. D'Autremont: — Thank you, Mr. Chairman, Mr. Minister. I found your answer very curious when you described video lottery machines, VLTs, as not much different from a laptop computer or a 19-inch television screen.

If that's actually the case, then why, Mr. Minister, was there such a ruckus because the White Bear Indian Band had 110 19-inch television screens in the golf house? If that was the only crime they committed, surely there's something wrong with the laws of this province. But if VLTs are not similar to 19-inch television screens, and perhaps they're not similar to laptop computers and perhaps there needs to be some answers here, Mr. Minister.

On the one hand we're talking about GTECH and VLC and the allegations against those two companies that they have been involved in some improprieties. On that hand, Mr. Minister, there's allegations of corruption and bribery of gaming officials in one state — I believe you said West Virginia — and that makes people suspicious.

Not only in West Virginia, Mr. Minister, but across the U.S.(United States), there's been allegations of improprieties by these companies, including the bribing of officials. Even in Australia, Mr. Minister, these allegations have surfaced. In fact I believe these two companies are not allowed to do business in Australia any longer.

On the other hand we have you appointing the past treasurer of the NDP Party to the position of CEO (chief executive officer) of the Gaming Commission. The chief bagman for the NDP is now in charge of the Gaming Commission. And what do we get, Mr. Minister, when you put these two hands together? You end up with your hand out and that's very much, Mr. Minister, what the people of this province are concerned about, is who has their hand out here. And that is why we would like to see Mr. Egan come before this committee to answer questions.

There's no reason why Mr. Egan should not be allowed to come before this committee and answer questions that do not have a commercial impact on the operations of VLTs in this province. And he would not even have to answer questions that would infringe on interprovincial agreements dealing with the security checks. But he could come into this Assembly and he should come into this Assembly to answer such questions as, has a minister of the Crown, to his knowledge, read the security report; or questions of, is organized crime affiliated or associated with either of these companies.

And why should those questions not be answered here, Mr. Minister? It reminds me of something from Shakespeare, from **Hamlet**, and the quote is: "(Me thinks) the lady doth protest too much . . ."

What are you protesting about, Mr. Minister? Why the protestations of innocence? Answer the questions and then everyone will know of your innocence. Or what are you trying to protect, Mr. Minister? On the one hand we have the NDP bagman and on the other hand we have companies with allegations of improprieties dealing with the bribery of gaming officials. And I believe those questions need to be answered. The people of this province deserve an answer, Mr. Minister. And will you allow Mr. Egan to come before this Assembly and answer those questions?

(2015)

Hon. Mr. Lautermilch: — I would say to the member from Souris-Cannington, whether or not Mr. Egan reported to this legislature, if he knew of any wrongdoing or inappropriate action by any of the officials at the Gaming Commission, I think he has enough background in terms of law enforcement to know the path to take and know the route to take. He retired from the RCMP many years ago and was involved in many investigations, so I would assume he would know how to handle any wrongdoing if he were aware of any.

And quite clearly that's his job; that's part of his job as

the security officer for the Gaming Commission. And I would suggest that Mr. Egan has done a very fine job. He's a well-respected man and I have all of the faith in the world that he is acting as appropriately as an official for the Gaming Commission as he did when he was a former member of the RCMP.

Mr. D'Autremont: — Well, Mr. Minister, why not allow him to come forward and answer the questions? You didn't answer that. We've asked you a number of questions and you refuse to answer them. Why not allow Mr. Egan to come forward? Allow the Committee of the Whole, all of us, to ask questions of Mr. Egan and get some answers.

Hon. Mr. Lautermilch: — Well I guess the offer I would make to the member from Souris-Cannington, if he's concerned with respect to any wrongdoing by any officials of the Gaming Commission, a simple letter to Mr. Egan asking if he's aware of any inappropriate actions that have been done by any employee of the Gaming Commission, that certainly he would be more than happy to respond in whatever fashion he would deem appropriate, depending on the circumstances.

Mr. Martens: — Mr. Chairman, I want to go through this scenario once more, just so that the minister has an opportunity to maybe change his mind about bringing Mr. Egan before the committee here.

Mr. Egan signed a report saying:

I have reviewed the detailed security report on the shortlisted vendors and I have concluded there are no substantive issues which would cause me to recommend against the Gaming Commission doing business with any of the short listed firms.

Now if he read that and he read the information about GTECH and VLC, if they were the two on that list, which I would suspect that you then took his advice and had the Gaming Commission say that they would be, GTECH and VLC were going to be supplying the hardware and the video lottery terminals to the province of Saskatchewan, and he read all of the reports, and it had allegations of improprieties all over United States. And I didn't even read half of the ones that . . . There isn't a state that they haven't been in where there hasn't been allegations, Mr. Minister.

And he says:

I have reviewed the detailed security report on the shortlisted vendors and I have concluded there are no substantive issues . . .

And then on the other hand, we come to the conclusion — or you come to the conclusion — that because on April 28, you finally discover that what we have been saying has been accurate because the FBI have laid charges, then we have no conclusion to come to accept that you haven't read the report, other members of your cabinet who are responsible — who were responsible at this time — didn't read the report.

And if the report had that kind of information in it, it should have concluded something entirely different, Mr. Minister, entirely different. And that's the reason why we're raising the question.

Everybody seems to be wrong except you. And the people over there say, well they did an investigation in Ohio; they did an investigation in New York; and they did an investigation in Virginia; they did another one in California; they're doing another one in Oregon; they're doing another one in Montana; they're doing them all over the place. And it isn't just because they think that perhaps these guys who do business with either one of these companies, are always legitimate. And what they have been doing, Mr. Minister, consistently is dealing with improprieties as it relates to elected officials and their staff. And that has occurred on a number of occasions. And finally, the FBI laid charges. That, Mr. Minister, is a fact.

And so we have made the observations that if the detailed security report didn't have that in it, it ought to have. If it had it in it, you should have come to the conclusion on the day that you saw his signature, that on April 28 should have been the decision that you made on March 19 when you decided to buy video lottery terminals from two companies who were being investigated. And I don't understand how the logic escapes you that this in fact is accurate.

Now we have no reason to be suspicious of Mr. Egan. We have no reason to be suspicious of you. But we have reason to believe that because you don't provide the information to the Assembly and people who we have read about in the papers, have not provided information to those people in authority either until they were asked directly by the FBI or their private gaming commissions . . . And then they came forward with information. Yes, this is happening here, this is happening here. Some people resigned.

And we say, if it's happening over there, what prevents it from happening over here except, Mr. Minister, that you be open and upfront about the details of the purchase, the details of the inquiry, the details of each part of the investigation in relation to these video lottery terminal companies, these suppliers.

So we say to you, Mr. Minister, if you want to have the public of Saskatchewan believe you're clean, bring forward the information that we've asked for. That's the way you can clean it up. Then we'll quit asking questions. We won't ask you one more.

However, we will continue to ask questions here and in every context that we can until we find out what the information is. And you could save this Assembly a lot of time, you could save yourself a lot of time by just revealing that to the people of the province. You don't have to do it to me. Why don't you do it to the RCMP, for example? Why don't you do it to the people who ought to be investigating this besides the Gaming Commission? That's where we have a problem, Mr. Minister. You have put into the Gaming Commission individuals who are directly related to your party —

directly related to your party.

And that is exactly the context of the information provided to the various organizations south of the border. That is exactly the reason why we're asking the question. Because improprieties were discovered through those kind of context over there, and the information that we have is that the individuals would have no less scruples doing that with the public of Saskatchewan.

And that, Mr. Minister, is the reason why we're asking you the questions and why we would like Mr. Egan to come to this Assembly and tell us in a factual way what was going on. Because basically, Mr. Minister, we don't believe you either. Neither do the public of Saskatchewan. They don't believe you and that's the reason why we're asking you the questions here today.

Mr. Britton: — Thank you, Mr. Chairman. Being a quiet and unassuming kind of a person, I can be overlooked once in a while. Thank you.

Mr. Minister, I'd like to ask you a question or two. I heard you say that you had complete confidence in Mr. Egan, and I would say to you, sir, if you feel Mr. Egan is capable, and we on this side of the House have no reason to think otherwise, why won't you either let us talk to Mr. Egan and ask him questions about his report, or why won't you let us have the report and let us read it? If you have complete confidence in that report, then why will you not let us read it?

The other thing, Mr. Minister, we are not . . . Mr. Minister, I don't think on this side of the House we're questioning the competence of Mr. Egan. But what we do think over here that maybe when Mr. Egan made his report someone over on that side of the House who should have read the report maybe didn't read the report, and you went ahead and you done business with these people against the recommendations of the report.

I believe if we could see that report, we would find that you or your people on that side were cautioned, and you ignored that.

And that, Mr. Minister, is what I'd like to ask you. One of the two, either let us have the report and we will read it, or you let us question Mr. Egan about the report. If we can accept your opinion that this man is honourable, and I believe he is; we have no reason to think otherwise.

And if you can't do that, if you don't want to bring him, then let us have the report and we'll read it if your people over there don't want to read the report. Why can't you do that, Mr. Minister?

Hon. Mr. Lautermilch: — Well I want to say to the hon. member, I must admit that yes, I do trust Mr. Egan's judgement, partly based on his past record of service to the RCMP in this province. I believe him to be a man of integrity and I do trust his judgement.

As well, the response that I got from the civil law division of the Department of Justice, I also trust — these are well-qualified lawyers — with respect to what would be appropriate and what would not be appropriate to release. I have to trust their judgement.

And I just, one more time, quote into the record Mr. Egan's response with respect to entering into dealings with these two corporations. And he says:

... I have concluded there (is) no substantive issues which would cause me to recommend against the Gaming Commission doing business with any of the short listed firms (which include the two firms that were finally short listed).

So in closing I just say, I do trust his judgement, I trust his integrity, and I also as well respect the decision made by the Department of Justice with respect to what is appropriate to release and what is not.

Mr. Britton: — Well, Mr. Minister, I wonder, if you got all this confidence and everything was fine, why can't we see the report? I can't see ... your logic seems to break down. On one hand you're telling us you're the only person that has to see that report, or you're the only one that has to agree with it. We feel there's something wrong with it. We also feel that we have the right, as guardians of the taxpayers' purse just as much as you are, that we should have the right to either access to Mr. Egan and ask him questions or access to the report.

Now you can't have it both ways, Mr. Minister. Either you've got something wrong in that report that you don't want us to see or ... well I don't know what else, what other reason you'd have for withholding that report.

Are you afraid? Is there something that's politically damaging to you or some of your friends? As far as I'm concerned, that's a very poor excuse. Just because the Justice people said you don't have to release it, that doesn't mean you can't release it. If it's all above-board and everything's fine, why can't you release it? If there isn't something hidden in there, why can't we see that report or talk to Mr. Egan, who we happen to agree that is just as trustworthy as anyone else. We want to talk to Mr. Egan or see his report. What's wrong with that?

(2030)

Hon. Mr. Lautermilch: — Mr. Chairman, I'd like to say to the hon. member, and I've been through this I think no less than a half a dozen times today, that I am prepared to ask what elements of the investigation with respect to these companies we may be able to release.

But I also say that I wouldn't want to put in jeopardy the economic viability of any of the companies who were short-listed, because there may be financial statements. And I think you would understand, as a businessman, that it wouldn't be appropriate to

release that kind of information. And I think with respect to the integrity of the Gaming Commission, to release information that they had been asked to keep on a confidential basis and to use on a confidential basis would as well be inappropriate.

So I say to you as I've said to the other members, that I'm willing to see if there's anything of a technical nature that we may be able to release, and if in fact there is, I'll be more than willing to send it across to the members tomorrow.

Mr. Britton: — Well, Mr. Minister, you ask what part we want, we want to see it all. We don't want to ... if you cherry-pick through the report is what you're doing now, you're only answering the parts you want to answer. You don't give us the full story. We want to see the story.

Now we happen to believe there's something wrong in there. Now if you say there's nothing wrong, then release the report. And as far as you defending them two companies who are proven to be untrustworthy, I just can't see it. I think all you're doing is throwing up a smokescreen that has got no validity to it, Mr. Minister.

Mr. Devine: — Thank you, Mr. Chairman, I thought I'd just try one more time. I can recall the hon. members asking for information with respect to businesses because they were concerned because of public interest and public funds being involved with businesses, and then you have to rank which you think would be more important, the public interest or the private interest.

And often NDP members sitting here and standing here would say, I would like to see the information offered. So my colleagues have simply asked the question. This seems to be of large public interest, considerable public money. It's of great public interest in the United States. And the minister's only excuse is, well it's a private company and we wouldn't want to jeopardize their business opportunities if we let Mr. Egan come here and talk about it.

Doesn't that seem rather weak? Is that your best shot? Is that the only reason that you can't have us examine in more detail the consequences of what's happening? Is that it? Because we're dealing with business? I think governments deal with business every day and they're brought before committees. They're brought before standing committees.

Pretty weak argument in something that is so on the minds of the public, gaming is, gambling is, on reserve, off reserve, in the United States, urban, rural. How can the minister say, well it really is not any of the public's business. Pretty, pretty shallow argument.

So I ask the minister, could he explain why these particular businesses should be exempt from public scrutiny by the members of the Assembly? Why should these businesses be exempt when there are businesses and all kinds of them that legislative

assemblies have examined and looked at. What's his unique reason here not to have . . . open the books? What's the reason?

Hon. Mr. Lautermilch: — Thank you. Mr. Chairman, I'd just like to say to the member opposite, I well remember the years from '86 to '91 when we sat over there and you sat over here, and the questions. And I gained an understanding of the role of the opposition, as I've gained an understanding of the role of government. And I think as a member who was the premier of this province for some 10 years, you clearly understand why some of the information may be on a confidential basis as well.

With respect to statements that may come from companies that were submitted in good faith to the Gaming Commission — financial statements — I would think that would be an inappropriate document to release. Some of these are trading on the stock market, and I don't think it would probably serve well to have that kind of information floating around the province or around North America.

And I think you can also understand, and I hope you can understand, integrity, in terms of a commitment to another jurisdiction, to maintain confidentiality with respect to information. And I'm sure you do understand that.

But let me just say that I well understand my years in opposition. And I understand the nature and the context of the questions and why they were posed. Sometimes, I admit, it was for political reasons, and other times it was really and truly a seriously . . . a belief that we wanted to protect the public interest. And I think it's no different with you as opposition, with you and the caucus that you sit with, and that sometimes it really is legitimate and sometimes the questions may be posed for political posturing.

But I say just in closing tonight that I don't want to put the Gaming Commission, and I don't think the Gaming Commission wants to put itself, in a position of jeopardy where it may jeopardize relationships with other law enforcement agencies or with other jurisdictions. I respect that.

I take Mr. Egan at his word when he indicates that he's willing to recommend these companies as being short-listed and being comfortable with that. And I guess I'll leave my comment at that.

Mr. Devine: — Just to quote, Mr. Minister, your latter comment about in some cases, you recall in opposition you really wanted to look at the issue because you genuinely believed it was in the public interest to open the books. Now we genuinely know, as you do, the public is very interested in this. There are — not to exaggerate — scandals in the United States. There's police investigations, FBI investigations.

It's very difficult politically, the whole realm of gambling, as you know; you're dealing with it on a day-to-day basis. I can't think of an issue that has more

public concern, whether it's in Prince Albert or whether it's in Las Vegas. I mean people are really interested, on and off reserves. So that excuse that this isn't really of interest, you know, is fairly weak. So we genuinely want to know. And there's a great deal of public interest.

And there's . . . secondly, there's a lot of money involved. So if there's a lot of interest, if there's been many, many police investigations, and there are contracts let . . . and we just want to look at the situation.

And your only defence is, well these people are in business and we promised that we wouldn't talk about their businesses. We're not particularly interested in publishing, or having published, their financial records, their profit and loss statements. But if they're profitable, I mean I suppose the stock market would like to see that.

Maybe the minister could tell us which companies are publicly traded on the stock market. I didn't know that there were companies here involved — maybe I should have — that were publicly traded. And he can let me know and then we could perhaps decide, well is it in the public interest to look at a public company that's publicly traded on the stock market? We can go to stockholders' meetings, we can go to shareholders' meetings, and we can certainly ask them a great deal of questions. In fact I'm sure that many would like to be able to do that.

So, Mr. Minister, as sincerely as I can, we genuinely believe the public would like to know more, honestly believe the public would like to know. And if your only excuse is, well we can't tell you because these are private firms, that is, you know, one of the weakest arguments I would get from . . . certainly from your government, Mr. Minister, or your political party, that the private sector is quite deserving of all this protection when you have in many cases, politically, when you think about nationalized companies, taken them over, opened them up, kicked them out, run them out of town, all kinds . . .

I mean you have no regard, in some cases, for private companies at all if it suits your political will. Now if the public wants to know what kind of people we're dealing with in the private sector, and you say I can't tell you because you have so much respect for the private sector, I don't think it washes. It just doesn't jibe.

So, Mr. Minister, could you tell us again what reason you would have why the private sector needs to be protected from having the public look at them because of the gaming activities we have in the province of Saskatchewan, in the light of all the police investigations with the people that have been involved in the United States that have contracted here in Canada? Could you just tell us again why you think you can't let the public know about these private companies that you think are so special.

Hon. Mr. Lautermilch: — Well I would want the

member not to focus on just whether these be publicly traded companies or whether they not be publicly traded companies. I want to say that I do understand that there's a lot of interest in the whole casino and the whole gaming program. I think that's going on throughout North America and clearly neighbouring provinces are in no different position.

You asked which companies that we've been talking about are publicly traded. I can tell you that VLC is, GTECH, and IGT (International Game Technology) are three companies that are publicly traded. But I think the issue here is not whether or not we would want to or are trying or attempting to protect any individual company. I think what we are trying to do is protect the integrity of the Gaming Commission.

As I've indicated, law enforcement agencies have shared information with Mr. Egan and I think you're well aware of that. And they've asked that the information be kept confidential, and I think that that should be honoured. We've had information from other gaming commissions and they've asked that that be kept confidential, and I think that that should be honoured. I think that's more than appropriate.

So I would just say that if the Gaming Commission is to establish a rapport with other agencies, that the commitments that are made with respect to confidentiality need to remain confidential. More than one of your caucus colleagues tonight have asked that the whole report be released and I've indicated that Justice has indicated that that should not be the process and it shouldn't be done; that Mr. Egan has indicated that it shouldn't be done.

What I have indicated, though, is through the whole investigation, in terms of the technical details of the corporation and other aspects that they've looked at, if there are any areas that the Gaming Commission would be willing to release, I'm more than willing to ask them to make those portions of the investigation public.

Mr. Devine: — You've raised a couple of questions, Mr. Minister. With respect to these companies, could you provide us with letters from these companies that request you to keep all this information confidential?

Hon. Mr. Lautermilch: — I would say to the member from Estevan, there are perhaps two areas where these kinds of requests may be. One in the request for proposal in the response to the proposal call. The other may be within the documents that were produced and put forward to the investigative body.

We may have something in terms of the proposal call asking that information be maintained on a confidential basis. We don't have the proposals calls here tonight but we're certainly more than willing to pass on any of those kinds of documents that may be contained in the proposal call.

Mr. Devine: — With all the respect in the world, Mr. Minister, you've been using this excuse over and over and over again that there's been this big request for

confidentiality and you can't now recall if you've got any letters or if you've got any requests. You might have some on proposals; you might have some here.

I mean that's . . . If you're so convinced . . . It seems to me you've convinced yourself, Mr. Minister, that that's the best excuse to come up with. I asked you for letters requesting that the information stay confidential and you haven't found any. It'd be more than fair that if you've used that as your major excuse that the companies have probably written you. And I'd have them handy if that's your number one reason for not doing this.

Second question: are you aware of any allegations with respect to stock manipulation in these publicly traded companies?

(2045)

Hon. Mr. Lautermilch: — Well let me answer your second question last. I was made aware and we've gone through this again. And I don't know if you were unavailable at the time, but we've gone through this dozens and dozens of times.

I was made aware on April 28 that an official from the West Virginia gaming commission was indicted for insider trading for purchasing shares of VLC, a publicly traded company, VLC. And I mean we've been through this. The member from Morse and I have been through this. This is I think about a month now. And I mean this is nothing new. But I guess if we need to we can go through it again.

So that was on April 28 that I was made aware of that. And at that time I asked that negotiations halt between VLC and the Gaming Commission pending what we were told was a potential for two outstanding indictments. And until we find out where those two outstanding indictments are, we had indicated that we would cease negotiations with VLC.

Now to make it clear, the indictments were against a gaming official from West Virginia. This had nothing to do with an official from VLC. But we heard there were two outstanding indictments and we were concerned. And as a caution, we ask that negotiations stop with VLC. And I don't know that we can be much more open with the member from Estevan.

Mr. Devine: — Well, Mr. Minister, if you have confirmed that there were serious allegations and maybe charges and perhaps even indictments with respect to stock manipulation from companies that you're . . . purchase stock — okay — irregularities, did those companies request confidentiality?

In other words, if we have a publicly traded company where there is irregularities taking place, stock manipulation or buying or selling or something, some sort of bribery and maybe some indictments, did those companies send you letters and say, but don't publicly talk about our request to you? Have you got letters from any of the companies that were either publicly traded and investigated or under investigation for

manipulation requesting that you keep the information between you and them confidential? Do you have any letters like that?

Hon. Mr. Lautermilch: — Well I say to the member from Estevan . . . and I guess what I want to do is sort of straighten this out and put it on the road that really it should be on. The Gaming Commission has indicated that they have had requests from law enforcement agencies and from other gaming commissions that they keep information obtained with respect to investigations and information shared, that they maintain confidentiality.

I have been through this not once, not five times, many times, many times. I have shown the member from Morse and other members of your caucus that Mr. Egan was satisfied with the short list as he had reviewed it and that it was appropriate to do business with these companies. And I think that information the member from Morse might want to share with you as well because that was quite clear.

And let me just correct your slant on the happenings in the United States. An official from West Virginia was indicted for insider trading in that he dealt with one company, knowing full well he was going to purchase the VLTs from that company, bought shares in the company. That's the official that was indicted. And I think that's what the member from Morse was referring to earlier tonight. We've been through that as well.

Mr. Devine: — Well we'll leave you alone, but you certainly haven't convinced anybody watching television or certainly anybody in here that you have got . . . that you have letters, that you have requests, that you have . . . I mean it's nothing but ducking and hiding.

We just wanted to put it on the record that you have no letters to offer, nothing to substantiate what you've been saying as your excuse for not having the public look at this, or bringing Mr. Egan in. So we'll just have it on the record. And when the public finally gets to the bottom of it, then we'll know.

So, Mr. Minister, you certainly haven't convinced anybody here and I'm not sure you've convinced your colleagues, or even your staff, Mr. Minister. So I have no more questions, Mr. Chairman. I will thank the minister for his attempted cooperation.

The division bells rang from 8:50 p.m. until 8:58 p.m.

Motion negatived on the following recorded division.

Yeas — 8

| | |
|---------|-------------|
| Devine | Britton |
| Martens | D'Autremont |
| Boyd | Goohsen |
| Toth | Haverstock |

Nays — 25

| | |
|-------|---------|
| Wiens | Johnson |
|-------|---------|

Tchorzewski
Lingenfelter
Shillington
Anguish
Teichrob
Kowalsky
Carson
Cunningham
Koenker
Pringle
Lautermilch
Hamilton

Serby
Wormsbecker
Crofford
Stanger
Knezacek
Harper
Keeping
Carlson
Renaud
Langford
Jess

Mr. Martens: — Mr. Chairman, what I'd like to ask is a number of questions as it relates to the hotels and the VLTs that you're going to be putting in them. Have you purchased any VLTs to this point for placement in hotels?

Hon. Mr. Lautermilch: — Not at this point, Mr. Chairman. We have in the neighbourhood of 250 VLTs in hotels in the south-east part of the province, sort of an "L" around the American border and then up the east side. Those are all leased VLTs, so we have purchased none at this point.

Mr. Martens: — Those are all leased. What's the percentage of contribution that is made in each of the areas of . . . who gets what percentage . . . I guess I should say, the hoteliers get what per cent? The provincial government gets how much? And is there a third group of people that get money out of the video lottery terminals?

Hon. Mr. Lautermilch: — Mr. Chairman, the breakdown of profit sharing, and this is the net profits on the machines, is 15 per cent to the hotels, 15 per cent to the people we lease from and 70 per cent to the government.

Mr. Martens: — In Bear Claw and the arrangement that you have there, is that the same way?

Hon. Mr. Lautermilch: — Mr. Chairman, in Bear Claw, as with other exhibition association casinos throughout the province, they're strictly table games. There are no VLTs, and the percentage of take that the provincial government is involved in is 9 per cent of gross.

Mr. Martens: — Mr. Minister, where is the pay-out come on the VLTs that are in the hotels? Is the pay-outs . . . if there's a bingo, who pays the pay-out on the VLTs, or do you only take the 15 per cent and the 15 per cent and the 70 per cent from the remainder, or where does the pay-out come from?

Hon. Mr. Lautermilch: — Mr. Chairman, to the member, the numbers that we talked about — the 15 per cent for the hotelier, 15 per cent for the people we lease from and 70 per cent for the province — is out of the net win. And these VLTs are functioning at 92.6 per cent pay-out.

Mr. Martens: — The pay-out on these is 92.6 per cent.

And so that out of the 7.4 per cent, you get a pay-out or a receivable to the hotelier of 15 per cent of the 7.4 per cent, and you get a pay-out to the leasing company of 15 per cent of the 7.4, and you get 70 per cent of the . . .

Hon. Mr. Lautermilch: — That's right, Mr. Chairman.

Mr. Martens: — How much does the arrangement at Bear Claw provide to the province? How much does it provide to the holders of the gambling devices they have there? And how much accrues to the lessees of the equipment?

Hon. Mr. Lautermilch: — Mr. Chairman, of net win, the government takes 9 per cent. From the total of the net win, the expenses — light, overhead, I would assume salaries, things of that nature — are taken out of that portion. And the balance is put into a trust fund.

Mr. Martens: — A trust fund for who?

Hon. Mr. Lautermilch: — Well there's a trust fund set up at this point for the first nations people and the exhibition association, the Weyburn exhibition association. This is the first one . . . casino of its kind in the province, in that there are no other exhibition associations in joint ventures with first nations people. So what we have done, until we are able to negotiate a split of the balance, the 9 per cent less . . . and then the expenses and then the amount that's put into the trust fund. That's under negotiation and will continue until we get the casinos up and running, which we would expect to be sometime next spring. The casinos up and running, I guess I mean by that that the casinos across the province will include slot machines that they don't have right now.

Mr. Martens: — What's the net pay-out if the video lottery terminals have a 92 per cent point six per cent pay-out, how much is the pay-out on the Bear Claw Casino?

Hon. Mr. Lautermilch: — Well it's difficult to say what the pay-out is going to be because it's . . . you can't program the probability of win. In a blackjack game, I mean there's no way of knowing what the quality or the expertise of the players are at the table. And I guess you could . . . you may be able to figure out a rough percentage over a period of time, but from day to day and from evening to evening that percentage will change. So this is why the calculation in terms of the government's percentage — less expenses and then whatever is the balance goes into the trust fund. But in terms of programing a percentage pay-out, you can't.

Mr. Martens: — Well does that mean then that if there's a large pay-out at a given time that they will go back to the trust fund to get the money back out of it?

Hon. Mr. Lautermilch: — Mr. Chairman, that's true. Any losses in a given evening would be covered out of the trust fund and then, you know, a good evening would probably mean a cash injection into the trust fund.

Mr. Martens: — Where did the money go that was there for the time that it was operating prior to the last time it's opened up? I heard that the RCMP had taken \$70,000. I'm not sure whether that was accurate but that was what was in the paper. What was the volume of dollars that was earned in the period of time that they were open?

Hon. Mr. Lautermilch: — Mr. Chairman, I'd have to say to the hon. member that I have no knowledge of what was seized in terms of cash. I guess I read in the paper as you read what is announced. That question would be more appropriately asked of the Department of Justice. I have no knowledge.

Mr. Martens: — Well don't you think that you have a responsibility there to look into that to make sure that you know what's going on because if you're holding it in trust for one . . . You're responsible for gaming in the province of Saskatchewan, so you should have, be able to have access to that information. And I would suggest that the public should know how much money was involved in those few weekends and times that the gaming was going on at Bear Claw, and I'd like to know that.

Hon. Mr. Lautermilch: — Well the difference is, is that we administer the operation and the supervision of legal casinos. The casino that had operated in Bear Claw prior to the licensed casino was an illegal operation, and as such, the Gaming Commission had no inspectors, we had no monitoring of the games, we had no idea of what the revenue would generate. It was the RCMP that acted on the casino which was, under the Criminal Code of Canada, illegal. They stepped in, and what they confiscated in terms of equipment or in terms of cash, I have no way of knowing. And I don't really know that it's appropriate.

We're in the business, the Gaming Commission is in the business of regulating legal casinos under the policy framework of the Government of Saskatchewan that comply with the Criminal Code of Canada. Those we regulate and monitor on a regular basis. We know what the net win would be. And you know, I mean, those we monitor. But illegal casinos, we're not in the business of monitoring.

Mr. Martens: — Mr. Minister, who pays the telephone costs, the insurance costs, the electricity costs in relation to the hoteliers having the VLTs?

Hon. Mr. Lautermilch: — Mr. Chairman, and to the member from Morse, the western Canada lottery foundation is on contract to operate and maintain the casinos, the 250 casinos — roughly, that's the figure — that are in operation at this point. The hotelier, as I understand it, is responsible for the electricity to run them and the labour to maintain the pay-outs and that sort of thing. But all of the other functions that are done, are done under contract with the Western Canada Lottery Corporation.

Mr. Martens: — Okay then, on the telephone and insurance, do you pay the Western Canada Lottery for

that contract through the Gaming Commission to offset the costs, or does it come out of the hotel or the lessor or the government? That's what I need to know.

Hon. Mr. Lautermilch: — The insurance, as I understand it, is paid by the hoteliers, but the funds all go directly to the Western Canada Lottery Corporation and they reimburse the Government of Saskatchewan for our portion.

Mr. Martens: — Do you know what percentage of the cost that the telephones are in relation to the VLTs as a percentage of the net? Can you tell us what that is?

Hon. Mr. Lautermilch: — We're just looking up now the details of the budget, and I'm not sure if the cost of operating the telephones are in that or if they're not. But we can have a look. And while my officials are looking, if you'd like to maybe ask another question we can go on with that.

Mr. Martens: — Can you provide the committee with the reasons why you wouldn't allow VLTs in bingo halls?

(2115)

Hon. Mr. Lautermilch: — Mr. Chairman, we've been quite firm and are quite strong in the conviction that these VLTs should be placed only in age-restricted venues. As you will know, bingo halls don't operate in that function. One of the reasons that we chose beverage rooms is because they are age-restricted, and we feel very strongly that minors should not have access, either visible access or physical access, to electronic gaming.

Mr. Martens: — Well, Mr. Chairman, the problem that arises when VLTs become involved in a society — and this is taken from studies that have been done throughout the United States — when VLTs are provided to the society, that is the jurisdiction, the VLTs' demand goes up till it consumes 80 per cent of the gambling volume, and the bingos and the Nevadas, they go down to 20 per cent.

And that raises a whole lot of concern on the part of the bingo halls and the charities; that there is a serious concern on their part that today, in the total volume of gambling, Nevadas and bingo halls take in about \$210 million. And they take in that 210 million . . . the charities get \$40 million out of that and that \$40 million goes to pay various kinds of agencies and charitable organizations throughout the province.

And they have a serious, serious concern, Mr. Minister, that when the 80 per cent figure is taken on that \$210 million, and they will lose it to the video lottery terminal industry, that they then will have no opportunity to say except goodbye. They will have then 17 per cent of \$40 million for a total take in bingo halls rather than 17 per cent or 18 per cent of the take in the \$210 million they have now, that they take on the Nevadas and the bingo halls.

And so their concern is that when you introduce this

and because you exclude them, they will have no opportunity. And the conclusion they come to, Mr. Minister, is this: that you are deliberately doing this so that you can take away the percentage of opportunity that they get in the gambling industry for money that they can take for the charities to fund various things in the community.

And that, Mr. Minister, is going to have a ripple, backfire effect to those charities that these individuals are sponsoring. They are in a broad-base part of society, but they do provide a very, very concentrated, definite financial benefit to many, many charitable organizations who are very legitimate and who provide a public service, which today is not being funded out of anywhere else except those places.

That, Mr. Minister, is the reason why bingos have been asking you to have a meeting with them so that they can tell you what's going on. And they have been refused.

And that, Mr. Minister, has been consistently told us over the past three months — that they have not been able to come in contact with you because they fear, they fear that you're taking this and deliberately putting this money into the provincial coffers, in the Consolidated Fund, so that you can avoid having to deliver money through to the charities. And that is a serious concern to them.

And so I want to raise that with you today, and I want you to give us an explanation other than age as being a reason why you put it into the bars.

There are lots of places. For example, you can't buy cigarettes if . . . I believe it's 16 years of age. And they don't put them just in the bars so that they can buy cigarettes in the bars. They're in any convenience store in the province.

And you have age restrictions on driver's licence. You don't exclude people from driving in a family just because you have one guy that's under 16 years of age.

You've got lots of these kinds of places. And you could locate those video lottery terminals in areas of that bingo hall where it wouldn't impact one way or another in that bingo hall. And yet they would have an opportunity to share in the benefits that accrue in a different type of gaming.

And so, Mr. Minister, those are some of the concerns raised by the charities in relation to discussion that I tried to point out to you. And I'd like to have a response from you on that.

Hon. Mr. Lautermilch: — Mr. Chairman, the questions that the member raises, the statements that he make, certainly are of concern to us as we move towards the introduction of casinos and the video lottery terminal program.

I was in Manitoba just a few short weeks ago. We met with the minister in charge of gaming in Manitoba,

with their Justice minister, and as well with the chairman of their gaming commission. I think the gentleman's name is Mr. Funk, and Mr. Funk indicated to us that as they introduced their video lottery terminal program in Manitoba they were concerned that it would have a major negative impact on bingo. Now he indicates to us that hasn't been the case in Manitoba.

We don't know what the impact is going to be in Saskatchewan. So as we set our revenue sharing with aboriginal people, with exhibition associations, and when we look at the amount of revenue and how that revenue is split, we're very cognizant of the fact that there may in fact be some negative impact on break-opens, which affect a number of organizations, and that bingos as well may in fact be negatively impacted.

I would want to say as well the studies that the Gaming Commission officials have done and the information that's been passed on to me would indicate that every jurisdiction appears to be a little bit different. Similarly, gaming patterns sort of break down and are different with respect to socio-economic background, age, and sex.

So in terms of just how the introduction of the VLT program and the casino operation will impact on bingos were really quite difficult to say. But we are aware that there may in fact be negative impact. We're also aware of concerns of the charities and the charity associations who are involved in bingos, and we will be monitoring that very closely.

I want to say with respect to meetings with bingo associations and people involved in the charitable associations, we have on the minister's advisory committee people who are from that background who are involved in charities. And I can say that to my knowledge there have been no refusals to meet with any bingo associations from my office as long as I've been the minister in charge of gaming.

Mr. Martens: — Well, Mr. Minister, I have a detailed study by Raymond James & Associates Incorporated, a member of the New York Stock Exchange, and they have a report out that indicates that this translates into an 80 per cent slide into the video lottery terminal system. And this was given to me by the bingo association, so they understand a little bit about the details of what's going on.

And that, Mr. Minister, as it details throughout this whole package, this study indicates and it just goes up like this. In three or four years, it hits the 80 per cent, and from then on, the bingos and the Nevadas are just gone. They might as well forget even becoming involved in it.

And that, Mr. Minister, is that concern that I raise to you because the charities have come to me on repeated occasions and told me over and over again that it's a money grab on the Department of Finance's agenda. And that is the reason why they're becoming involved in it, because that way they can take it all,

they can take the 70 per cent of the money for themselves and they don't have to give any to the charities. They can take it all on their own, and then say to the people, well that's just the way it works, you got to be involved in it.

But the charities wanted to have these video lottery terminals in their bingo halls so that they can get the benefit of that transfer of what is involved in a video lottery terminal centre. And they want to have access to that.

They have made representation to the former minister; they tried to get in touch with her; she wouldn't meet with them. And I would say, sir, that they would want to have a time to spend with you so that they can tell you what is happening around the world. And they will give you the opportunity to take a look at these studies themselves so that they can see what's going on. And we need to have an absolute commitment from you, Mr. Minister, that you will meet with them to talk about what their benefit could be. Because the excuse that you use, that it's an age-restricted area, doesn't cut with them. They have told me that. That was an issue that was raised with the Minister of Finance. They said it doesn't matter; we can have a restricted area. That's no problem, but we want to have that opportunity in our bingo halls. That, Mr. Minister, is what they've been asking for you to talk over with them, and at no point in time have they ever had that opportunity.

Hon. Mr. Lautermilch: — Well, Mr. Chairman, let me say to the member from Morse that if the bingo associations — any in particular or all as a group, the consolidation of their leadership — would request a meeting with me, I can assure you that we will do everything in our power to structure a meeting.

As I've indicated before, my office — and we just contacted them to double-check — is not aware of any meetings that have been refused by my office. And I give them the public commitment tonight that if they care to meet, if they choose to meet with me, I certainly am more than willing to meet with them.

I want to say with respect to allowing VLTs into bingo halls, over a period of years there has been a massive change in terms of bingo functioning, how it works, how the revenue sharing has gone. And I want to say that I think a lot has been done in the last while to ensure that charities are getting a larger portion of that form of gaming dollar than they were years back. And I want to say that we as a government want to ensure that the vast majority of bingo gaming dollars go back to the people in the communities from which those dollars come.

In terms of allowing video lottery terminals into bingos, I frankly don't see that in the cards in the near future. And the reason is partly, I guess, because of age-restricted venue that we feel quite strongly about, and I'll speak to that for a just a couple of seconds before I sit down. But I think the most important thing that I would want to say is that the introduction of video lottery terminals into beverage rooms is a fairly

major undertaking. We want to make sure that it's done in a structured fashion. We want to ensure that we're not over-saturating the market — that we can only guess at what it is, we can do an educated guess as to what the market will be.

But I want to say that we would rather go slowly on the introduction of gaming in this province to ensure that we don't have an over-saturation of the market, that we can have a strong and a controlled regulation of not only the video lottery terminals but of the new casinos that will be starting up because I think that's really very important.

I talked with the member from Greystone earlier this evening with respect to sort of the mandate and what I felt was an important role. And clearly one of them is regulatory. And I think in order to have a well-regulated industry, we have to make sure that we have a structured introduction of all forms of gaming.

So I would say, clearly I'm willing to meet with the bingo associations. I would say at this time I don't believe that it will be the policy of the Government of Saskatchewan to introduce VLTs into bingo halls at this time. I wouldn't rule that out at some time in the future but I certainly wouldn't see it within the next year or so.

Mr. Martens: — Well, Mr. Minister, the combined charities operating bingo halls in Saskatchewan have given you a report of what they would like to see in the video lottery terminals because they gave it to me. And its submission is by the combined charities operating bingo halls in Saskatchewan to the Government of Saskatchewan. And it was presented just within the last three, four months, so you should have somewhere on hand that information.

And they talk about the volume of dollars that accrues to the VLTs as it relates to all other gaming once this is established. In Montana they have for example, 86 per cent of it is VLTs. Other places it's typical of that and that report that I have from the New York Stock Exchange focuses on that as well.

And at the conclusion, Mr. Minister, what they did is they set up in part 5, they set up a business program that deals with capital costs, the control, the maintenance, the site locations and revenue. And, Mr. Minister, they would like to be a part of that.

(2130)

I don't know whether you completely understood what will happen if it goes down to 20 per cent of what they were before. That is only \$40 million of total volume gambling in bingo halls. Now that \$40 million, you've got to multiply that times 17 per cent in order to get what they are going to get. And that is not a whole lot of money that they're going to receive. So their concern is not that they maintain that 17 per cent, but that they retain the industry in the gambling.

And they want to be involved in that discussion and they want to have an opportunity to meet with you to

talk about that. And other ministers have received this information. Your Gaming Commission should have had this available to them and they could have then become involved in the discussion. But what you have, Mr. Minister, is clearly some communication problems, because they should have been able to present this to you. Because I'm almost certain they have because that's what they indicate on the beginning of the submission, that they have.

So I want to have an assurance from you, Mr. Minister, that you will not only meet with them but will be open-minded in relation to involving them with video lottery terminals.

I'm going to say to you this, that age restrictions in bars is not a good argument. I think that's an excuse. And I would say one other thing. I would say one other thing to you, Mr. Minister, and that is that as far as I would be able to tell, alcohol and gambling would not necessarily become the best thing for controlling the addiction that there is in gambling and in alcohol, and the combination of the two would make it extremely worse.

In the bingo halls you don't have liquor, so you could have a reasoned approach to the kinds of gambling that's going to happen. And that, Mr. Minister, is the kind of thing that these people are also concerned about and probably you need to have some of your Gaming Commission people address that.

Hon. Mr. Lautermilch: — Thank you. Mr. Chairman, I want to make a few comments. First of all I would want to suggest that the comparison between what may happen in Saskatchewan and what has happened in Montana may be an unfair analogy in that Montana has 7,000 machines for a population of some 800,000 people.

At maximum, we plan to introduce, at this point, 3,500 machines to this province, a population of a million people. So I guess in terms of the impact of VLTs in Montana — and this is why I'm saying there are so many variables in introducing this industry and it's going to be really difficult to determine what the end result is — but I think it's not reasonable to compare a population of 800,000 with 7,000 VLTs to a population of a million people, as Saskatchewan is, and our intention to introduce half of that amount of VLTs.

Now let me say as well that studies that we've had completed, one by Mr. Eadington of the University of Nevada who is one of the foremost gaming experts in that jurisdiction, indicate that at full flight the per capita potential for gaming in Saskatchewan could reach \$500 per capita. Now I don't know if that's a realistic figure. I guess we're going to have to wait and see. But at this present point it averages about \$150 per person in this province.

So as you can see, two variables. One, we don't plan on introducing, lock stock and barrel, 7,000 machines in any venue that is requested of us nor in any establishment that is requested of us. We want to see a

reasonable amount, what we feel will be a reasonable amount. We don't want to over-saturate the market but there is some potential in terms of the number of dollars that may be spent on gaming in the province.

What I have said and what I will continue to say is that we feel very strongly and we think it is a good argument — the age-restricted venue. I don't believe it's appropriate to have children in areas where the VLTs will be operating. I've been in these casinos and I've seen the environment and I don't think it's the place or the type of place where I would want to see children.

And I'm not suggesting that there couldn't be an offside place to accommodate the admittance . . . and to prohibit the admittance of minors, but I say that we want to introduce this as a staged process. We want to make sure that we're not over-saturating the market and we want to make sure that we can have control on it as the industry grows.

Just in closing, let me say that the two neighbouring provinces, Manitoba and Alberta, have the same regulations that we plan to use — that being VLTs not allowed in areas other than where there are age-restricted venues. Now they may change their minds; I don't know. And we may change . . . the Government of Saskatchewan may change its mind at some point in time down the road.

But I would want to say, just in terms of logistics, we don't want to bite off any more than we can chew. We think that we can manage the introduction of these VLTs; and we can do it — maintain the security, have that system up and running.

And I think as the industry matures and as the amount of gaming opportunities increase in the province, we'll have to be flexible in terms of how we share the revenue, how that revenue gets back into communities. And I think that will be an ongoing process. And we clearly intend to monitor very closely the impact of gaming in this province, not only with the aspect of revenue sharing, but the social impacts as well.

Mr. Martens: — Well, Mr. Minister, the information that I have here from the U.S. and for the information that was provided to the New York Stock Exchange, that they have assessments in Kansas, Wisconsin. They must have 20 of them.

They have provinces in Canada, almost all of them, outlined. They have four provinces in Australia. And they take and assume that there is going to be an extensive switch in the gaming patterns in relation to video lottery terminals. And that, Mr. Minister, is the reason why I raised it because there's a concern by the bingo hall operators that they are going to lose the opportunity to contribute to the society in a charitable way to the functions that they have normally received money for.

And that, Mr. Minister, is a concern because it deals with the Lions clubs, it deals with Kiwanis clubs, it

deals with Optimist clubs, it deals with ACT (Associated Canadian Travellers), every one of them. And they provide a very, very legitimate benefit to the community and I don't want to see that eroded in any way, shape, or form.

Ms. Haverstock: — Thank you very much, Mr. Chairman. Mr. Minister, when we left off I was asking you what you believed to be the mandate of the Gaming Commission, given the provision of gaming as permitted under the Criminal Code of Canada, and you, I think in response indicated that the primary mandate would be one of regulation. Do you believe that the government is involved to maximize revenues for the charitable purposes outlined in the Code?

Hon. Mr. Lautermilch: — Mr. Chairman, and to the member from Greystone, I guess we see this as . . . and certainly the charity is part of gaming. It has historically been part of gaming in Saskatchewan and other jurisdictions as allowed by the Criminal Code of Canada. As well, we see opportunities for first nations people. We see as well exhibition associations playing a role in their communities as they have sponsored social events over the years, and we don't see their role disappearing.

We think that there is room within the context of the Criminal Code of Canada for all of the individuals, charities as you've mentioned, and we certainly intend to ensure that their welfare and that their participation in gaming is going to remain.

Ms. Haverstock: — Thank you. Mr. Minister, who do you see as the most efficient deliverer of services with the monies available to be raised through gaming?

Hon. Mr. Lautermilch: — Well I guess it depends on which form of gaming. If we're talking break-opens, I guess which delivery service is . . . there's one that's been in existence and we know that to be the case. We see private industry, aboriginal people working with exhibition associations forming management teams to operate the new casinos.

We have private industry involved with respect to restricted venues for video lottery terminals. Clearly the exhibition associations, or the charitable associations are playing more and more a major role in terms of the operations of bingo. So I guess I couldn't say that I see one particular operator as being perhaps better able to handle gaming than another. I think you'll find good operators in all areas, and you'll find some poor ones, some better than others. That's sort of the nature and how it works.

But I guess the bottom line is that we see a cross-section of society benefiting from gaming. I mean clearly the money is going to come out of the communities and from tourism. And I guess it would be a responsibility to ensure that through one way or another, the people of the communities and of Indian bands benefit from the economic spin-offs of gaming. I think that there's room for all to participate, but to specifically answer your question in terms of one operator being more efficient or better able to handle

it than the other, I don't particularly see that. I think we've got a number of players who can handle their roles very well.

Ms. Haverstock: — Thank you, Mr. Minister. There are many forms of gaming, all with varying levels of accountability. Break-open Nevada tickets were at one point coming in from many different suppliers, which made it very difficult to control the number of tickets that were being sold, and whether or not the government was getting its licence fees on every box. The previous administration signed a long-term contract with Western Gaming to be the sole supplier of break-open tickets.

My question to you is: is it a condition of that contract that the tickets must be manufactured in Saskatchewan?

Hon. Mr. Lautermilch: — Thank you. Thank you for the question. There are some — as you will know — some details of the contract with respect to Western Gaming, and one of the . . . I guess one of the criteria for the contract is that they maintain a good quality of break-open so that there's less risk of tampering and so on.

With respect to manufacturing, I guess there's different degrees of manufacturing, and I would certainly prefer to see, right from the paper product through the printing and to the distribution, I'd like to see all of that done within the boundaries of Saskatchewan.

I've had two appointments that I've had unfortunately had to cancel at Western Gaming in Saskatoon. I wanted to go up and see their operation and see how their facility functions, but because of the legislative duties, sometimes, as you will know, that's not a possibility.

But I guess to my mind the goal would be to have as much Saskatchewan content as we possibly could. To be very honest with you, I haven't had enough time as a new minister in this portfolio to explore all of the facets of the break-open operation. But I certainly intend to do that over the course of the summer.

Ms. Haverstock: — Thank you, Mr. Minister. Can you tell me how much time remains in that contract with Western Gaming, and what increases in revenues are anticipated by the Gaming Commission during this year?

(2145)

Hon. Mr. Lautermilch: — Madam Member, I'm led to believe — but I'm not sure if this is absolutely correct, but we will get this information to you — that the contract expires in June of 1994. We will ensure that you get the details of that. The projected revenue for break-open tickets this year is \$3,008,100.

Ms. Haverstock: — Thank you. Can you tell me if the government will be tendering contracts once the existing one runs out, and whether the tickets will

have to be produced in Saskatchewan?

Hon. Mr. Lautermilch: — Well I think firstly what I'd like to do is review the details of the contract with Western Gaming. I would like to know what other opportunities are available. My understanding is that the printing of these tickets is a very expensive process. And I'm not a printer, so I can't . . . I'm in no position to articulate just exactly what expensive is in regard to the printing of those or what that means.

But I think what we would like to do is have a look at our options when the contract expires. I will want to be assured that Western Gaming has done an appropriate job with respect to the distribution of these tickets.

And as we do with other areas, we issue proposal calls. It's certainly one of the things that we do in this province. We want to see a fair system of bidding. And if this particular operation opens up to a new contract, my assumption would be that we would be looking for proposal calls and from that submitting a proposal to cabinet for a decision.

Ms. Haverstock: — Thank you, Mr. Minister. Am I to understand that what you're saying, is that you will assume that there will be open tendering. You won't guarantee that there'll be open tendering?

And as an addition to that, just for further clarification, I would like to make the comment that there have indeed been people in Saskatchewan who are making a very high quality product prior to this arrangement.

Hon. Mr. Lautermilch: — To the member from Greystone, you know I agree. I mean there are a number of things that are involved here, certainly more than just the quality of the product. We would be interested in knowing what the Saskatchewan content would be, how many Saskatchewan employees, the reputability of the shareholders of the corporation, the kind of security that would be offered before we would make a decision as to which supplier if we were to put out a proposal call.

Which is why on something like this I would probably prefer a proposal call if we were to use this route rather than a low-bid tender because there are so many different aspects to these. I mean you're looking at an awful lot of dollars that change hands, and you want to ensure that the security is there and that the quality is there and that you're dealing with reputable people.

Ms. Haverstock: — Thank you. Mr. Minister, initially hotels were able to sell Nevada tickets as long as a portion of those revenues raised went to finance health care. And can you tell me with the introduction of video lottery terminals, what the status of those revenues is?

Hon. Mr. Lautermilch: — Well I would want . . . as you will know, the breakdown will be eighty-five, fifteen, in terms of the net on the VLTs. The government's revenue, as I see it at this point, will be turned into general revenue and will be part of the

budgetary process as it is with Education, the Department of Highways. And in the overall context of the budget decisions, the revenues would be weighed against the required expenditures and would be dealt with in that fashion. And you may be asking if we're looking at dedicating government revenue to health care, as an example. I wouldn't favour that proposal.

I guess after having been through the budgetary process once I know how difficult it is to put these budgets together, and I don't know that a dedicated fund — although it sounds good — is going to serve the purpose of delivering health care.

So I would rather see it into the Consolidated Fund and be part and parcel of the whole division in terms of putting the budget together.

Ms. Haverstock: — Thank you, Mr. Minister. I was actually talking about what already has been, not about the future, and so my question is how much will hospitals be losing as a result of this change?

Hon. Mr. Lautermilch: — Well you know, as I've indicated to the member from Morse, I don't know that you can put a dollar-and-cents figure. What we're going to do is we're going to monitor what the revenue base of break-opens is going to be. We're going to watch very closely what the impact is going to be on the charities as it pertains to bingo revenues. We know there will probably be some shifts and we want to monitor and watch very closely what's happening.

It's pretty difficult for me to speculate. I mean I could stand here and say that I would suggest to my cabinet colleagues that we designate 15 per cent of the VLT revenue to health care, as an example, and 5 per cent to charities, or the other way around. But not knowing what the impact of the introduction of VLTs' casinos is going to be, it's almost impossible . . . well it is impossible to do that with any degree of accuracy.

So what I'm suggesting to . . . and have suggested to the member from Morse and I suggest to you as well, we are going to be looking very closely, monitoring very closely how the revenue shifts happen. And I think that's important and it'll be an ongoing process as we introduce the new reforms of gaming.

Ms. Haverstock: — Thank you, Mr. Minister. Surely you know how much of the portion of break-open Nevada tickets went to finance health care. I mean a portion already was there. So how much are hospitals going to be losing as a result of no longer having those monies?

Hon. Mr. Lautermilch: — Mr. Chairman, we can pass over from '92, '93 the number of boxes sold, the gross revenue, the amount of expenses, the amount that the hospitals received, the amount of prizes that were paid back as well as the fees. And if you would like a copy, I can have the page produce a copy for you and send it across. Roughly it works out, and varies from year to year, but works out in the neighbourhood of 200 to \$250,000 a year on break-opens.

Ms. Haverstock: — Thank you, Mr. Minister. Will that document actually talk as well about what you have been able to evaluate in terms of giving up of licensing fees on break-opens? I mean that's no doubt going to be the result of the fact that they're going to be less popular than slot machines. So is there a number in that document that will give us some idea as to projected revenues lost?

Hon. Mr. Lautermilch: — Well as I've indicated, I don't know how we could project revenues lost. We don't know what the sales are going to be. As I indicated to the member from Morse, we had a study done by a professor at the University of Nevada, Eadington, who is a well-known expert in the field of gaming. He indicates to us that at this present time in Saskatchewan there's about \$150 per capita spent on gaming, and the potential for increase as other forms of gaming is introduced; and as the industry matures that there's potential for \$500 per capita.

Now how that might break down and if we can reach 500 or if we reach 300, I just don't know. I guess we can speculate, but it would be nothing better than an educated guess.

Ms. Haverstock: — Thank you, Mr. Minister. Given the time this evening, I'm going to reserve the remainder of my questions until next sitting.

Okay, sorry. I actually looked at my watch instead of the clock. If I may, Mr. Chairman.

Mr. Minister, video lottery terminals have been the subject of much discussion even here and for some time now in the province. In fact, the province has probably forgone 50 to \$60 million in revenue while the discussions have been going on.

Can you tell me what the projections are for video lottery revenue for 1993 in the Gaming Commission budget and what the target deadlines are to ensure that those revenue projections are actually met?

Hon. Mr. Lautermilch: — To the member from Greystone, we're projecting a revenue of \$30,035,500. This is assuming an effective start up date of July. We are not sure if we're going . . . well, we're, as a matter of fact quite sure actually right now, our target date for having the central computer system up and running is the July 15.

We will be, however, generating some revenue from the Western Canada Lottery pilot project. We haven't got the final figures in there but the projection that we get from Western Canada Lottery on a preliminary basis would indicate that we're going to be very close to the figure that we budgeted for revenue for 1993.

Ms. Haverstock: — Thank you. So you're saying that there are target deadlines that you have and the start-up date would be the July 15, was it? Do you have other target deadlines that you have a time line in which you plan on meeting all of the different revenue projections? Is this correct?

Hon. Mr. Lautermilch: — Well clearly, we will base revenue assumptions on start-up date of the VLT program. Clearly we weren't going to be getting it introduced at the beginning of this fiscal year. So you make your projections based on your best guesses, when you can get the technology up and running, when you can get it performing.

I would suggest that any proper budget process or budgetary process would include estimates based on targets. And our target for this year is revenue of just over \$30 million for this fiscal year. We believe we're very close to the target and that at the end of the year we'll have achieved our goal.

Ms. Haverstock: — Mr. Minister, can you tell me what the results have been in your discussions with the following groups, all of which have asked for some of the revenues once VLTs are operating, and what, if any, percentage sharing is going to take place — the hotel industry, the charities licensed to operate bingos, private clubs such as veterans' clubs and curling clubs who will not be allowed to have the machines, and the horse racing industry whose revenues will be hurt by this move.

Hon. Mr. Lautermilch: — Well I would want to say to the member from Greystone that, as I've indicated tonight, commitments to percentage of revenue haven't been given to charities other . . . And hotels, we've established an 85 per cent and 15 per cent split.

The horse racing industry is in some — the thoroughbred industry especially — is in some very difficult financial difficulties as you will know. And it appears that we're going to have to look at another way, if we're going to have the thoroughbred industry up and running in this province on the long term. And we're going to have to look at a way of subsidizing that particular industry.

Government subsidizes it to a point, at this point, as you well know. And our problem in Saskatchewan is not unique. Throughout North America racing commissions and people who are interested in horse racing are struggling with maintaining a viable industry. It's a high cost industry. It clearly doesn't generate an awful lot of revenue and they have difficulty keeping the purses up.

So we're going to be working with the Horse Racing Commission to see what we can do to help them maintain a viable industry. We're looking at private clubs, service clubs, charities. As I've indicated . . .

The Chair: — Order. Order. It now being 10 o'clock, the committee will rise and report progress.

The committee reported progress.

The Assembly adjourned at 10:02 p.m.