

The Assembly met at 1:30 p.m.

Clerk: — I wish to inform the Assembly that Mr. Speaker will not be here to open today's sitting.

Prayers

ROUTINE PROCEEDINGS

INTRODUCTION OF GUESTS

Mr. Trew: — Well thank you, Mr. Speaker. It's my pleasure today to introduce to you and to my colleagues in the Legislative Assembly 40, give or take, 40 grade 12 students from Robert Usher in the north end of Regina. Accompanying the grade 12 students are Todd Miller, their teacher, and I have no chaperons listed. I can only assume that that's because in the north end of Regina we raise people to be very responsible and therefore zero need for chaperons.

I'm very pleased to see this group because it will add to the guide services' statistics, if I mention Beep and get my picture taken one more time with a school group. But I'm looking forward to meeting with them for a photo at 2:15 and a visit a little later.

I ask all colleagues to welcome this group from Robert Usher.

Hon. Members: Hear, hear!

Mr. Neudorf: — Thank you, Mr. Deputy Speaker. I want to give the opportunity to members here to welcome with me a gentleman whose name has come up from time to time in this Legislative Assembly. He's in your speaker, Mr. Gallery . . . I knew that was going to happen one of these days, Mr. Deputy Speaker.

He is in your gallery, and his name is Frank Gribbon from the Saskatchewan Council on Compulsive Gambling. And I would like all members to help me welcome Mr. Gribbon.

Hon. Members: Hear, hear!

Hon. Mr. Renaud: — Thank you, Mr. Deputy Speaker. I would like to introduce to the House today, two ladies from the town of Hudson Bay. They are Cathy Ryan and Pam Lessard. They're visiting Regina, and I would like all members of the House to join with me in wishing them a good week in Regina.

Hon. Members: Hear, hear!

STATEMENTS BY MEMBERS

Clearwater Raft Tours Ltd.

Mr. Sonntag: — Thank you, Mr. Deputy Speaker. Combine the exhilaration of a roller-coaster ride, the fear of walking down a dark alley at 2 in the morning as a kid after a horror movie, add to that scenery that compares to none, and the churning, boiling

whitewaters of the Clearwater River and you have a recipe for the experience of a lifetime. I know because I've been on this incredible whitewater rafting trip, and my knees still shake when I think about it.

Recently the non-profit North West Tourism Development Group formed a partnership with Clearwater Raft Tours because they feel the rising popularity of rafting will lure large numbers of people to our region. They are now able to market the product to a broader geographic area in a more aggressive fashion. As tourists pour in, they will take the opportunity to market the rest of north-west Saskatchewan as well.

Both groups are interested in developing the North in a responsible, cooperative, earth friendly, and financially sound manner which will not disrupt the way of life for residents of the area. This type of plan will no doubt work well for the new partnership because nature-oriented vacations or eco-tourism is one of the fastest growing segments in tourism today.

The rafting tours travel along the Clearwater and Foster rivers and run through a protected wilderness park. Trips usually take five days and are done in true wilderness fashion. *Outside* magazine has recently proclaimed that Clearwater Raft Tours is one of the best new adventure travel packages in North America.

Mr. Deputy Speaker, I'm pleased to see tourism and economic development once again joining together in an effort to show the wonders of Saskatchewan to the world.

Some Hon. Members: Hear, hear!

Temple Gardens Mineral Spa in Moose Jaw

Mr. Hagel — Thank you, Mr. Deputy Speaker. Mr. Deputy Speaker, it was my pleasure this morning at 11 o'clock to be a part of one of the happiest announcements in my community that we've had for some time. This morning at 11 o'clock the kick-off took place for the sale of public shares in the Temple Gardens Mineral Spa with the sale of the first share in fact to the Minister of Economic Development.

The spa will be using geothermally heated water and mineral water that will put it on a par with the best of the spas, in fact, throughout Europe, Mr. Deputy Speaker. And in fact along with the heritage Main Street, the murals projects in Moose Jaw, the Snowbirds gallery, the zoo, the Wakamow Valley development going on there, will serve as, I believe, the anchor for a very solid, small-scale tourism industry in the future of our city.

I want to acknowledge the support of the Department of Economic Development and Sask Water in this very exciting project. And I know I share the enthusiasm of people in Moose Jaw as well as tourism people around Saskatchewan in advising the Assembly of this.

I want to extend my congratulations to Deb Thorn and

the directors and the many investors in Moose Jaw who will be looking forward to a very successful project and to invite everyone to come to Moose Jaw about a month or two before the Grey Cup game in 1995 for the official opening of the geothermal Temple Gardens Mineral Spa in Moose Jaw.

Some Hon. Members: Hear, hear!

Trans-Canada Trail

Ms. Crofford: — Thank you, Mr. Speaker. Today just by chance, the Minister of Highways brought to my attention an exciting project that he was involved in a media conference on this morning.

On June 1, 1994, the next stage of Canada's national dream will be launched. We've already completed the railway and the highway, but now there's a group working to complete a trailway. This shared-use trailway will stretch from St. John's, Newfoundland, to Victoria, B.C. (British Columbia), and from Calgary, Alberta, to Tuktoyaktuk, Northwest Territories. The funding sponsors are Canada Post, Canada Trust, Chrysler Canada, and TSN/RDS (The Sports Network/Resultat Des Sports).

The Trans-Canada trail will be for walkers, cyclists, equestrians, cross-country skiers, snowmobilers, and establish a dedicated trail from coast to coast in perpetuity.

I think it's one of the most adventurous projects I've ever heard of, and as a cyclist, I hope to be somewhere near the beginning of the trail, from my spot here, on the day that it opens.

Canadians can participate in buying metres at \$36 I think, approximately, a metre. And I think it's an example of what communities can do. In good times it would be difficult even to get governments to sponsor a project like this, but this is something where people have not waited to do that; they've just gone ahead on their dream and put their resources together.

So I want to commend all the people involved in this ambitious and wonderful project. Thank you, Mr. Speaker.

Moosomin Share Offering Rally

Mr. Toth: — Thank you, Mr. Deputy Speaker. Mr. Deputy Speaker, I would like to take a moment this afternoon as well to recognize the hard work and efforts of a number of producers and business people in the Moosomin area. On Monday evening the Moosomin Terminal Limited held their kick-off share offering rally. About 200 producers turned out, and business people.

I think what it's indicative of, Mr. Speaker, is the efforts of individuals across our province and in small rural communities, *per se*, looking at ways in which they can work towards projects and economic development and spin-off in their areas. And as I indicated at the meeting in talking to producers — and

most producers and business people were quite well aware of the fact — that we as individuals must take some of the initiative; we can't always wait for government.

So I want to acknowledge the efforts of the board, terminal producers, and encourage all farmers and business people and people in the area to get involved in such projects. Thank you.

Some Hon. Members: Hear, hear!

Prince Albert School Receives Environmental Recognition

Mr. Kowalsky: — Thank you, Mr. Speaker. If there is one aspect of our daily living in which our youth have had an impact, Mr. Speaker, I believe it has to do with the work that our youth within our schools have done on environment.

And a good example of this is what has been done in one of the schools . . . well in several of the schools in Prince Albert and one in particular that I want to point out, and that's St. Francis School who has recently achieved green status according to the Society of Environmental and Energy Development Studies, known as the SEEDS program, and that's because they have now completed over 100 environmental projects.

And I want to congratulate the students who have been in leadership on this: Dave Cantin, Lauren Harnett, Owen Walter, and Nikki Creighton, and Manda Tibbs; as well as their teachers and the administrative staff from the school.

I do believe that this impact will . . . they will continue to have a major impact, and it's a future that these young people are looking forward to and are helping all of us change our ways with respect to how we treat our environment.

Some Hon. Members: Hear, hear!

ORAL QUESTIONS

Gambling Hot Line

Mr. Neudorf: — Thank you very much, Mr. Deputy Speaker. My question is going to be to the Associate Minister of Health or the minister of Gaming, whoever decides to answer.

Mr. Minister, recently you received a proposal from Frank Gribbon of the Saskatchewan Council on Compulsive Gambling. His organization is proposing to work with you to provide personal counselling services to those who call in on your so-called 800-number hot line on gambling.

Under this proposal, the council guarantees that anyone who calls your hot line will receive in-person counselling services from a recovered compulsive gambler within 24 hours of their call which, I might add, would be a tremendous improvement upon the

current situation. Mr. Gribbon has 10 people ready to go that are lined up for this service. They would be prepared to start immediately in the southern part of the province and within three months in the North.

Mr. Minister, our office has spoken to Mr. Gribbon, and we have reviewed his proposal and we believe it to be an excellent one. Mr. Minister, do you intend to adopt the compulsive gambling council's proposal?

Hon. Mr. Calvert: — Mr. Speaker, I thank the member for the question. Mr. Gribbon's proposal on behalf of the Council for Compulsive Gamblers was . . . I found it on my desk yesterday. Mr. Speaker, I had opportunity to read it through. I have referred it to officials in the Department of Health for their review and we will be looking at it very closely. I am not prepared today in the House to make a decision one way or another.

Some Hon. Members: Hear, hear!

Mr. Neudorf: — It's no wonder things take so long sometimes to develop, Mr. Minister, since that proposal was delivered to your office on Friday already and you delivered it yesterday.

Mr. Minister, please accept the fact, please accept the fact — if I could have the minister's attention — Mr. Minister, please accept the fact that your current system simply is not working and it's costing the taxpayers \$550,000 a year. Frank Gribbon has told us of an individual who phoned the 800-number last Friday and was referred to Mental Health. Mental Health referred him to a counsellor in Regina. He then found out that the counsellor would be out of town and unable to meet with him for the next four days.

The bottom line again, Mr. Minister, is your current system ain't working. People who call for help need help immediately, and Frank Gribbon's proposal would help provide that help within 24 hours of the call coming in. Mr. Minister, will you get up now and admit that your hot line system is not working, that it needs an overhaul, and will you begin that overhaul by adopting the proposal as it was presented to you on Friday?

Some Hon. Members: Hear, hear!

Hon. Mr. Calvert: — Mr. Speaker, I will admit no such thing to the member or to this House. Mr. Speaker, the member complains about a delay of a letter which was received on Friday which I had my first opportunity to review yesterday which I have forwarded to the department for the officials' review. I would want to point out to the member that for nine years in this province, nine years, people were suffering addictions to gaming. Was anything done in nine years, Mr. Speaker? The answer is no.

Mr. Speaker, we have put in place in this province a program for prevention and treatment that very favourably . . . in fact better than compares with other provincial jurisdictions, Mr. Speaker. We're monitoring it carefully. We are always consistently

looking for ways to improve and so on. I have received Mr. Gribbon's proposal, and it will get a fair assessment.

Some Hon. Members: Hear, hear!

Mr. Neudorf: — Mr. Deputy Speaker, Mr. Minister, I wish we could stay serious about this instead of just going political and spouting off the lines as you were instructed to by the Government House Leader just now. Let's stay on the topic. Let's stay serious about this for a moment because it is a serious matter that you have put into the hands of the people of Saskatchewan.

Mr. Minister, under your current system, people in rural Saskatchewan receive no face-to-face counselling services unless they're willing to travel to the city. Under this proposal, recovered gamblers would travel to the caller's home to provide face-to-face counselling, and this service would be provided for a very minimal cost to the government. The council and its members are simply asking to recover their expenses; that's all. They estimate that this would cost about \$6,400 a month for a case-load of 50. That's about \$77,000 a year, Mr. Minister. It's less than 15 per cent of your \$550,000 that you have already committed to this project.

Mr. Minister, would you not agree that this is a very reasonable cost for a service that would vastly improve your gambling addiction services?

Some Hon. Members: Hear, hear!

Hon. Mr. Calvert: — Mr. Speaker, I will say again to the member, I had my first opportunity to review this proposal yesterday. I have referred it to the departmental officials for their review. Mr. Speaker, when we establish program and policy in this government, we don't do it on the back of the *Hansard*. We try and do it carefully and review all of the information that we have and assess the program.

Mr. Speaker, I have said to the House, I have said to the member, we're going to very seriously look at this program, but I'm not going to be pushed into a decision on the floor of the legislature by the member opposite.

Some Hon. Members: Hear, hear!

Mr. Neudorf: — Mr. Minister, you've embarked upon a new strategy within this government. You're institutionalizing gambling, and now you're telling me that you're not going to be pushed into anything. Mr. Minister, please accept and admit the fact that your 800-number for addiction gambling is not working. That's the premiss I think that would be fair to start from.

Now you have had since Friday an opportunity to look forward to a very simple proposal that's going to literally save \$500,000 a year on a program that is not working. These are rehabilitated addictive gamblers who are saying there's nothing like experience.

Now what you're proposing to do is set up so-called experts that are going to take two weeks training in Minnesota somewhere and come up and try to deliver a service that is not doing its job. Mr. Minister, I want you to admit at this point, from what we've been talking about and what you've had in your hand since Friday, that this is a very, very good-looking program that's going to pay strong dividends at a fraction of the cost that you are proposing right now. Would you not admit that, Mr. Minister?

Some Hon. Members: Hear, hear!

Hon. Mr. Calvert: — Mr. Speaker, this government has been very up front with the people of Saskatchewan in recognizing that when there is the presence of gambling and gaming in the community, there will be resultant social impact.

Well over two years ago we established an Advisory Committee on the Social Impacts of Gaming. That committee made some very clear, consistent recommendations, Mr. Speaker, which we have followed almost to the letter.

Mr. Speaker, as we have set up our program, we want it to be a program that combines immediate assistance, immediate contact. We want to involve, we want to involve, Mr. Speaker, professionally trained counsellors. We want to involve people like members of Gamblers Anonymous, and we are willing to look at a variety of proposals that will come to us. A proposal has been delivered to us by Mr. Gribbon, and I say again, we are going to seriously look at this proposal.

Some Hon. Members: Hear, hear!

Casino Agreement

Mr. Toth: — Thank you, Mr. Deputy Speaker. Mr. Deputy Speaker, my question is to the Minister of Justice or whomever may wish to respond to the question.

Mr. Minister, despite the fact that your government has taken away the public's right to take you to court on many occasions, the courts seem to be a very busy place for you and your government. The latest threat comes from the Metis Society who say that your gambling policy is discriminatory and violates section 15 of the Charter of Rights and Freedoms. They have issued a statement which indicates that they are considering seeking out judicial declaration and possibly an injunction. I think, Mr. Minister, that this is another blunder and another indication that what you're doing to the province isn't working.

Mr. Minister, has your department drafted an opinion with respect to this possible court challenge, and can you tell us how much the defence of your position will cost the Saskatchewan taxpayers?

Hon. Mr. Lautermilch: — Mr. Speaker, as the member will know, it certainly is the right to challenge

decisions or legislation or implications of legislation by any group in this province, and we respect that right. We are well aware of the fact that the MNS (Metis Nation of Saskatchewan) has indicated they have some concerns with Bill 72. And I think as we go through the debate on this piece of legislation, it will be quite clear that firstly we have involved Metis people with respect to the expansion of casino development and that their needs can and will be satisfied. With respect to a challenge, I think although it's safe to say that we certainly don't look forward to any legal recourse that different entities may make, we respect their right to do so, and they will be handled in the appropriate fashion.

Some Hon. Members: Hear, hear!

Mr. Toth: — Thank you, Mr. Deputy Speaker. Mr. Minister, as my colleague indicated yesterday, Mr. Minister, many groups across this province have been excluded in the legislation. The Metis Society has been excluded. The exhibition associations have been excluded. The charities have been excluded, and the people of Saskatchewan have been excluded in your agreement all because of your insensitivity. As we see today, the taxpayers may again have to foot a bill while you defend your government's actions.

Mr. Minister, instead of running roughshod over interest groups and their rights, wouldn't it make sense to include them in the negotiations from the very start instead of making deals behind closed doors? Would it not be sensible to include everyone in the discussions and try to avoid court challenges?

Some Hon. Members: Hear, hear!

Hon. Mr. Lautermilch: — Mr. Speaker, let me say to the member from Moosomin, his comments are totally contrary to what the Bill will state. And I think, as we enter into debate on second reading, he will be aware of that.

I want to quote from just a part of the legislation in case the member hasn't read it, under part IV, the associated entities fund. And it deals with the payments that may be made from the fund for the associated entities. And it says that payments may be made: "(a) to charities and exhibition associations in Saskatchewan; (b) to any organization or association representing Metis people in Saskatchewan . . ."

And so I say to the member opposite, we have quite clearly indicated — I've said in this House and said outside of this House — that we intend through the associated entities fund to set aside 25 per cent of the profits that come from these expanded casinos. That's a commitment that we made today, it's a commitment that we'll make tomorrow, and it will be quite clearly indicated, as we go through the debate on Bill 72, that the commitment is there.

So with respect to the Metis Society, I just, Mr. Speaker, want to say one more thing. The MNS are well aware of the fact that the government is not in the position at this time to enter into negotiations because

of some of the circumstances that surround the audit that has taken place.

The Deputy Speaker: — Order. Next question.

Mr. Toth: — Thank you, Mr. Deputy Speaker. Well, Mr. Minister, I think you've just proven the point. The fact is that the FSIN (Federation of Saskatchewan Indian Nations) has been assured of 25 per cent. Your legislation says that the Metis association, the exhibition associations, the charitable associations, may be included in some discussions in receiving 25 per cent of the revenues. And that's the word that concerns all these organizations. The fact that they may receive this funding. It's not a guarantee.

You tell us that it's a guarantee. Well why not put that in the legislation? Why not affirm that right now? And if you're not quite willing to that, Mr. Minister, why not table the legislation, go through the discussions and give these other groups the same assurances that you've given the FSIN and yourselves as government, the fact that you've made that commitment and made it part of the Bill. Will you table the Bill right now, Mr. Minister, complete your discussions, then bring it back at a later date? Because I don't see the urgency when the casinos won't be built for a couple of years down the road.

Hon. Mr. Lautermilch: — Mr. Speaker, let me say in the outset that the member from Moosomin has, through the questioning from him and . . . himself and the member from Rosthern, clearly been putting themselves in a contradictory position. On one hand there's the hue and cry about the program that's put together to deal with the social implications. And the next minute the member from Moosomin stands up and cries, not enough money for interested . . . and for other entities.

So I say, Mr. Speaker, these people, it's not a Jekyll and Hyde situation, it's a Jekyll or Hyde. But no one is sure who is which on any given day.

Mr. Speaker, when we proceed through this legislation clause by clause, the members of the opposition will be, I am sure, clearly satisfied that their concerns with respect to the associated entities and their ability to generate revenue through the expanded casinos will in fact be looked after most appropriately.

Swift Current Health Board Offices

Mr. McPherson: — Thank you, Mr. Deputy Speaker. My question today is for the Minister of Health. Your government-appointed Swift Current District Health Board has decided to renovate the old nurses' residence for their new health board offices. This will cost approximately \$868,000. Obviously the hand-picked board members appear to have misplaced priorities.

Without even completing a needs assessment, this unelected board has decided on behalf of the district that it needs \$868,000 worth of new administration

offices. Even if the needs assessment determines that other needs are more important, the money will be gone, Madam Minister.

The people of the south-west want a chance to express their views on their health district board's choices. When will they have that chance, Madam Minister, to elect or defeat the people who are spending \$868,000 of their health care tax dollars on offices?

Hon. Ms. Simard: — Mr. Speaker, I should ask the member opposite whether he has spoken to the Swift Current Health Board about that and if he hasn't when he will. And with respect to accountability, the member opposite is fully aware of the fact that health boards will be having public accountability meetings, and I suggest that if he's concerned about that particular issue, he should make his views known — if not before then — at the public accountability meetings.

Mr. McPherson: — Mr. Deputy Speaker, Madam Minister, you're talking about accountability after the money's spent. There are more important ways to spend \$868,000 on health care rather than renovating an old building. The people of Mankota and Climax, Ponteix — they'd rather have doctors and nurses and ambulance services in remote areas and more money for home care than bricks and mortar as you've stated many times.

At a time when hospital staff are being laid off, budgets cut, services pared back or completely taken away, how can you support the decision of the Swift Current District Health Board? Tell the people of Saskatchewan where your priorities are, Madam Minister.

Hon. Ms. Simard: — First of all, Mr. Speaker, with respect to the member opposite's question, I once again urge him, if he's concerned about decisions that are being made, then he should talk to the Swift Current Health Board. Because he has raised the issue, I will also pass your concerns on to them, but you should talk to them personally. Don't be afraid to do that.

I think that, however, the member opposite instead of recognizing that health boards in this province are doing a considerable amount to coordinate the health care system, to reduce expenditures, and to improve health care and the delivery of services in the long term, instead of recognizing the good work that people are doing in their communities, in communities like Climax and Eastend and Ponteix. Instead of acknowledging that, he wants to make sure that he destroys what's taking place in terms of health care. He wants to destroy medicare because that's where the Liberals were in the '60s on the issue and that's where they are today. He wants to destroy the efforts that are taking place at the grass roots level to make the health care system not only affordable but more effective and responsive to the needs of Saskatchewan people.

Some Hon. Members: Hear, hear!

Mr. McPherson: — Mr. Speaker, Madam Minister, I'll tell you, I have been consulting with the people, not your hand-picked boards. And I know what the people are saying. Even those who support the concept of health care reform agree that a community health care system that was once strong and successful is now suffering under patronage appointments to boards, questionable spending, and services put at risk.

A commitment to wellness seems to have taken a back seat to politics by you, Madam Minister. The community has legitimate questions and concerns about the situation and they deserve answers to those questions.

Madam Minister, will you insist that the local health board get a mandate, through elections, from the people of the south-west whom the board are supposed to represent, before this renovation or other questionable spending practices go any further?

Hon. Ms. Simard: — Well when the member opposite resigns and allows his constituency to give him a mandate, then we'll move to district board elections.

Some Hon. Members: Hear, hear!

Mr. McPherson: — Well, Madam Minister, your political answers and your political games aren't being accepted by the people of Saskatchewan. They're tired of it.

The Deputy Speaker: — Order, order. Order.

Mr. McPherson: — Madam Minister, organizations such as SUMA (Saskatchewan Urban Municipalities Association) and SARM (Saskatchewan Association of Rural Municipalities) are continuously calling for board elections this fall. And as Murray Mandryk points out in today's *Leader-Post*, the one-man show of Garf Stevenson, along with all the excuses that your government has given to the people, are bogus. The fact is, it's purely political, Madam Minister.

Will you stop the games and give the people of Saskatchewan what they want and deserve and commit to calling elections this fall?

Hon. Ms. Simard: — Well now the Liberals have finally come out of the woodwork on health reform. The fact is the Liberals opposed health reform in the '60s and they oppose health reform in the '90s.

Some Hon. Members: Hear, hear!

Hon. Ms. Simard: — They are not interested in making sure that health boards are in place, have done their needs assessment, have coordinated services and are ready to proceed to elections. That's not what they want to ensure. What they want to ensure is some sort of political agenda of their own with respect to health reform.

Liberals and Tories in this province oppose the move

by this government to make the health care system more affordable and more responsive. They oppose it with every inch of their being, Mr. Speaker.

The member opposite is not interested in elections. If he was interested in elections, he would have stepped down and allowed the people in his constituency to vote him in as the Liberal. He's not interested in elections, he's interested in political grandstanding, Mr. Speaker.

Some Hon. Members: Hear, hear!

Purchase of Aviation Fuel Tanks

Mr. D'Autremont: — Thank you, Mr. Deputy Speaker. My question is to the Minister of Environment. Mr. Minister, it's our understanding that on May 18 your department closed a tender for the installation of two aviation fuel tanks; one each at the air tanker bases of La Ronge and P.A. (Prince Albert). These tanks are worth about \$30,000 apiece.

On the day the tender closed, only one company, Northern Steel Industries of Tisdale, had officially met the Environment department's specifications for the type of fuel tank required. However, Northern Steel did not end up with providing the tanks for this particular tender.

Mr. Minister, can you explain why the tanks were purchased from another company, even though Northern Steel was the only one that met the Environment department's specification on the day the tender closed?

Hon. Ms. Carson: — Mr. Speaker, we will take notice of that question and provide the members opposite with the answer when we've done our research.

Mr. D'Autremont: — Thank you, Mr. Deputy Speaker. It's too bad the Minister for Energy didn't answer because he's had some experience with Advanced Ag.

Madam Minister, we have been informed that the company which eventually provided the tank was Advanced Ag and Industrial of Biggar, who did not receive approval from the Environment department until May 24 — six days after the tender closed.

And I have a copy of the tender document. Section 5.6 says that the tank must be an environmental protection tank manufactured by Northern Steel Industries of Tisdale or an approved equal. Section 12.3 says: requests for equals or substitutes must be lodged in writing with the owner, meaning Saskatchewan Environment, at least 10 days prior to the tender closing and approved by the owner.

Madam Minister, Advanced Ag had received no such approval as of the date of tender closing, let alone 10 days before. Can you tell us how they were able to circumvent the process and why the Department of Environment ignored its own tender requirements in awarding this tender?

Hon. Ms. Carson: — Mr. Deputy Speaker, I think everybody has a reason to question all of the preliminary comments made by the members opposite and their supposition about the circumstances in this tender. We'll say that we will take notice and get back to members opposite with the accurate information, the accurate information.

Some Hon. Members: Hear, hear!

Mr. D'Autremont: — Mr. Deputy Speaker, Madam Minister, I have a letter from Paul Roy the general manager of Northern Steel, and he believes that Advanced Ag received this preferential treatment through political interference in the tendering process. He says, and I quote from his letter:

We are not aware of how this decision came to be or who was responsible; however, we can only assume there was political interference since the department did not follow its own tender guidelines. We are not opposed to competition in the industry; however, our company takes the steps to prepare the design and to meet the criteria of the tender.

We are opposed to political, unfair advantages as appears to be the underlying factor in this decision. We would like to know why the Department of the Environment was able to ignore the tender requirements to allow another company access after tender closing.

Madam Minister, why did your department ignore its own tender requirements, and was there political interference into this tender process?

Hon. Ms. Carson: — Mr. Deputy Speaker, once again there are facts here that I believe have been manipulated by the members opposite. We'll do our research, and the department will provide us with the accurate information, and we'll pass it on to the members opposite.

The Deputy Speaker: — Question period is concluded. Before we proceed to ministerial statements, I want to caution the minister that if the minister wishes to answer a question she may. If the minister, on the other hand, wants to take notice of a question she should do so without any preamble.

MINISTERIAL STATEMENTS

Smoke-Free Policy

Hon. Ms. Simard: — Mr. Speaker, I rise to inform the Assembly of a new policy to protect the health of Saskatchewan government employees. Today I am introducing a government smoke-free policy that takes effect July 1st of this year. This policy prohibits smoking and the sale of tobacco at all times in Saskatchewan government buildings.

Mr. Speaker, we in the provincial government are showing leadership in this matter. We're protecting

the 70 per cent of employees who don't smoke from involuntary exposure to second-hand smoke in the workplace. The health hazards of second-hand smoke are undeniable. As an employer we have a responsibility to provide a safe work environment. In fact it is the objective of this policy to provide a safe and healthy environment for government employees, clients, and visitors.

The smoke-free policy expands on the resolution passed earlier this month to make the Legislative Building smoke free. It applies to all enclosed workplaces owned or leased by government departments, boards, commissions and other agencies identified in The Freedom of Information and Protection of Privacy Act. This includes government vehicles that are designated by SPMC (Saskatchewan Property Management Corporation) as being smoke free.

Designated smoking facilities will be allowed in government buildings where a complete ban would not be practical, such as in correctional institutions.

Mr. Speaker, this government is committed to reducing the grave effects of tobacco smoke in this province. About 1,400 Saskatchewan residents die each year due to smoke-related illnesses. At least 330 non-smoking Canadians die each year of lung cancer alone as a result of second-hand smoke. Experts actually, Mr. Speaker, estimate that to be substantially higher than that, but 330 that can be directly traced.

The average smoke-filled office contains concentrations of tobacco smoke that are 270 times higher than levels considered safe. We are showing leadership in this area and we encourage other sectors to follow suit. Each department or government agency is responsible for enforcing the smoke-free policy in the same manner as any other policy affecting the workplace.

Government occupational health and safety committees will help implement the policy and provide information to employees. To help employees adapt, Saskatchewan Health will assist in providing access to stop-smoking programs.

Mr. Speaker, I believe it's especially appropriate to announce this progressive measure immediately following World No Tobacco Day, a day dedicated by the World Health Organization to promote a tobacco-free society. It is entirely appropriate that we take another positive step to addressing this issue in our own corner of the world.

Some Hon. Members: Hear, hear!

Mr. Boyd: — Thank you, Mr. Deputy Speaker. I certainly would want to agree with the minister and applaud her for her efforts in this area, and the government's initiatives in this area. I think this is certainly an excellent example that the government is setting for the people of the province of Saskatchewan, and we wholeheartedly endorse the initiative, Madam Minister.

Smoking dramatically increases the onset of lung cancer, as we know, and a host of other illnesses. As the health care dollars of Saskatchewan are becoming even more and more stretched all of the time, I think initiatives like this go a long ways towards dealing with those kinds of concerns and problems.

So congratulations, Madam Minister. It's an important — small but important — step and we certainly agree with you and endorse it wholeheartedly.

Some Hon. Members: Hear, hear!

Ms. Haverstock: — Thank you very much, Mr. Deputy Speaker. I too would like to commend the government for this undertaking, and we had an opportunity on a private members' day to discuss this issue and it was a very important motion that day with which we, I believe, all concurred, and wholeheartedly concurred. I do think that it's a progressive step for Saskatchewan, and I do think that it has been a long time coming given that some of these enterprises, initiatives, have been undertaken by the previous federal administration in government buildings some time ago.

We only have to look at the increasing statistics, unfortunately amongst women and young people in smoking, and question what it is that we're really doing wrong in getting the message out. So I think that when we can provide some leadership, be models for the people, that that is always, always good — to be able to set an example.

Hopefully as time goes on, such initiatives as this will reduce deaths and ill health, from emphysema, from other respiratory illnesses, from cancers and heart disease caused by smoking.

So as the third party in this Legislative Assembly, we want to applaud this undertaking and give you our endorsed support.

Some Hon. Members: Hear, hear!

STATEMENT BY THE DEPUTY SPEAKER

Bill No. 51 Removed from Order Paper

The Deputy Speaker: — Before orders of the day, I wish to make a ruling. I draw to the attention of members that until recently this Assembly had two Bills with substantially the same purpose on the order paper at the same time: Bill No. 51, An Act to amend The Legislative Assembly and Executive Council Act (Board of Internal Economy Powers) under the name of the Leader of the Opposition; and Bill No. 70, An Act to amend The Legislative Assembly and Executive Council Act (No. 6) under the name of the minister responsible for the Saskatchewan Property Management Corporation.

In this regard, I'll refer members to a ruling of the Chair dated May 9, 1994 when the Speaker addressed the matter of two Bills of the same object by making

reference to Erskine May, 21st edition, page 468 and by quoting earlier rulings of the Chair. It is the practice of this Assembly that in such instances, once the Assembly has given or refused second reading on one Bill, the Speaker then must prevent any further consideration of the other Bill.

In this case, both Bills sought to establish procedures respecting compliance with Board of Internal Economy directives. On May 30, under rule 51 of the *Rules and Procedures of the Legislative Assembly of Saskatchewan*, Bill No. 70 received second and third reading. Consequently, it is necessary that I order Bill No. 51 to be removed from the order paper.

(1415)

ORDERS OF THE DAY

GOVERNMENT ORDERS

COMMITTEE OF FINANCE

General Revenue Fund Executive Council Vote 10

Item 1

Mr. Swenson: — Thank you, Mr. Chairman. Welcome, Mr. Premier, and your officials back once more. I'm wondering if you have the global questions which our office requested of each department, and if you have those ready and if you could send those across.

Hon. Mr. Romanow: — I guess one goes to the third party as well; that's why there's two. Yes, that's it.

Mr. Swenson: — Thank you, Mr. Chairman. Mr. Premier, last time we met we were discussing areas around the hiring of individuals, questions surrounding the practices of your government, what you had promised Saskatchewan people prior to the last election.

You recently eliminated the cabinet press office. The following people at one time or another have worked in that office. I believe there was a Darcy McKenzie, a Carol Bentley, a Lisa Simpson, a Lisa Thomson, and a John Millar, a Wendy Ward, a Virginia Wilkinson. Can you tell us what happened to these people after that office was eliminated?

Hon. Mr. Romanow: — Mr. Chairman, we'd be prepared to document this and forward it to you by way of a document. I'm having a little bit of difficulty in getting the material readily available the way it's drafted. That's why I say we'll offer to get it to you.

But as best as the information is, I think Mr. McKenzie, Darcy McKenzie, is with SGI; John Millar is still with Executive Council; Ms. Carol Bentley is on contract with Sask Water; Lisa Thomson is with the Gaming Commission, gaming and liquor authority; Ms. Ward is still with the cabinet press secretary; and Virginia Wilkinson is with the press secretary — media relations, not press secretary, it's in the reorganized

media relationship.

Maybe what we could do is just document this and forward it to you to take a look at as soon as possible.

Mr. Swenson: — There was one other one there, I believe, Lisa Simpson.

Hon. Mr. Romanow: — She is no longer in the employ of the Government of Saskatchewan. I believe she is in British Columbia or . . . well I'm not sure where she is. She's not in the employ of the Government of Saskatchewan, in any event.

Mr. Swenson: — Thank you, Mr. Premier. It looks like you've got a pretty good percentage here on job placement. Is it normal in the downsizing of government that it looks like about 90 per cent of the people would get other jobs, or is this only happen when they work for you? Is this normal that you would have this high a percentage rehired into major areas of government after the termination of their office?

Hon. Mr. Romanow: — Mr. Chairman, what we basically endeavoured to do was to assess whether or not we needed a cabinet press office as it was originally structured and functioning. And while the people there served the function as it was established reasonably well, our view was that we needed to reorganize the function from a centralized cabinet press role into the current methodology which is set up. In that context, we — not we, they — we and they, those that were affected, sought and determined whether or not there were other positions available elsewhere.

As my first answer has implied to you, some were successful, some moved on, and it worked on that basis. So what we're trying to do here is downsizing, yes, but we're more concerned, in the context of the press office, to establish the most effective organizational vehicle.

Mr. Swenson: — Well, Mr. Premier, the reason I ask is that I see most of these people on almost a daily basis involved in media scrums out here in the hallway. And you had your cabinet press office, which obviously you thought it didn't look appropriate to have that many people on the public payroll servicing yourself and Executive Council, so you decided to come to some other method here.

I mean you can put them under contract, or you can shoot them to a department. But that flies right in the face of what you criticized in opposition where you said that even though they're working for a department now, they should be paid for by you, sir, not shoved off on a contract to Sask Water or Social Services or the Gaming Commission or SGI (Saskatchewan Government Insurance) picking up their salaries. But in effect they're still doing the same job. They're still in the building here; they haven't left. They're here on a daily basis.

And you really criticized the previous administration for those types of things, and now you've got them

doing exactly the same thing. And it would seem to me that if you were going to dispense with this and fire these people because you were spending too much money on it, then you should have followed through and actually done it, not just shipped them off to a department or a Crown corporation.

And here they are, every day outside the very door of this Legislative Assembly doing the same thing that they always did. Do you think that's appropriate?

Hon. Mr. Romanow: — Well, Mr. Chairman, I do not think it's appropriate, but neither do I think the Leader of the Opposition's statement's factual. For the 1993-94 year ended, I'm advised that we had five people in media relations and six in the cabinet press office for a total of 11. For the year under review, we have five. The media relations and cabinet press office are gone; it's now in media services. That's a reduction from 11 to 5.

But there is a huge difference between what we have done and the way previous administrations, yours primarily, operated. Under the former administration, every cabinet minister had a media relations person, a press office or person. We do not have that. We centralized. That was the attempt that we tried to do.

Plus in addition to having a press person per minister under the previous administration, you also had a central office location, a central function. So what we did when we assumed office was we said we don't like the idea that every minister should have a press aide. There may be some, based on the nature of the projects which are involved, I think one would agree; with respect to gaming and the like, it's a very contentious matter.

But the net result of what we've done is a considerable saving, both in terms of dollars and bodies. And what we did from a chronological point of view was we eliminated them from ministers' offices. We put them into the central services of media relations and cabinet press, totalling 11, and we have further reduced them centrally to five. Now there's still some that are, as I've pinpointed, existing in other circumstances. But by any comparison, you will see this is a substantial reduction from anything that took place in the last year, '90-91, under your administration.

I don't mean this to be political, just simply saying that there is a factual statement here which has to be accepted — that numerically and from a dollars point of view, there is a substantial reduction.

Mr. Swenson: — Well, Mr. Premier, I don't necessarily accept those statements because there seems to be other pieces to the puzzle here. Can you tell me then what the media review branch of Executive Council is, what's its duties and responsibilities are? What does this office do?

Hon. Mr. Romanow: — Mr. Chairman, this is a different function. It's not related to the functions of press officers. Let me describe the functions as we see

them, at least under our administration.

A press officer, media officer, is a person who will be involved in the preparation of press releases, in the release of them, in the arranging of appropriate interviews with the media — that kind of a direct interface.

What we're doing with respect to the second function which you've identified is a different role. What we are endeavouring to do is to figure out what the reaction of media is, or the reports of media are, respecting government policies and government programs. It's analysis, it's summaries, it is a provision of those kinds of services; it is not a question of provision of press releases or relationships with the media.

So they are different functions which are being fulfilled. They're not an additional number — X number of bodies — to be added to the five that I gave you because they don't interface with the media; that's not their job. They may be out here from time to time, but that is not their responsibility.

(1430)

Mr. Swenson: — Well my information is that we have six people working for the Premier to clip news articles from newspapers. And I think you're aware, Premier, that the Legislative Library does that on behalf of members free of charge.

So you've got six people clipping newspaper reports, one of them in the *Star-Phoenix* which you claim that you never read anyway. And I think what we have here is a little bit of splitting hairs, because previously I think that's what some people in media relations also did. They not only helped put together the news, they monitored the news. And now you very craftily split some of these functions up and tried to pass it off as something entirely different.

Could you tell me how much these six people are paid to clip newspapers for you on a daily basis, sir?

Hon. Mr. Romanow: — The total amount paid for media services is \$358,650 — not for clipping of papers, I might add. There is a range of other services. I think the member will obviously acknowledge that electronic media is not only a growing but perhaps in some ways even more important aspect of the monitoring of news, both on a provincial basis but on a national basis with emerging national crises and debates about that.

An Hon. Member: — Can you give me that figure again, please?

Hon. Mr. Romanow: — \$358,650 for the year under review, projected '94-95.

Mr. Swenson: — Well seeing as the taxpayer is coming up with nearly \$360,000 here, Mr. Premier, I hope you do start to at least read the stuff that they clip, seeing as they work for you.

Now we also have another component here that we need to explore, because I think this also is a rather crafty piece of work here. We now have a thing called a communications event coordinator, which the taxpayer can pay up to \$67,400 for. And this is for the chief liaison between media services and the communications coordination unit. And I wonder if you could tell me what this person does.

Hon. Mr. Romanow: — Well this, Mr. Chairman, is a different function. We're not that crafty, by the way — not in this area, in any event. Budget planning, health care reorganization, new agricultural policy, very crafty and capable — not in this area.

This essentially is the title for the unit which is responsible for the scheduling of ministerial-public interface. Scheduling not only . . . it's not a scheduling unit as such, but it is the various requests that you'll get from people who want to make submissions, how you arrange visits to various communities — that kind of a situation. It does not involve putting out press releases or the monitoring of press matters. It is the question of trying to coordinate the public interface, the communications meeting with the public interface.

Mr. Swenson: — Would you say then, Mr. Premier, that Ms. Davis is the chief liaison between media services and the communications coordination unit? Would you term her to be the sort of the chief liaison between media services and the communications coordination unit?

Hon. Mr. Romanow: — No. That's not her role.

Mr. Swenson: — Because it has been explained to me that the functions that this individual performs are very similar to those performed by one Dave Burdeniuk and a Virginia Wilkinson.

An Hon. Member: — Who's Dave Burdeniuk?

Mr. Swenson: — You ought to know, he works for you.

I guess the question I might be asking myself, in your shoes, is what is my chief of staff doing these days now that you've created all of these positions there. What do Mr. Burdeniuk and Ms. Wilkinson do exactly to earn their keep then?

Hon. Mr. Romanow: — Well keeping tabs on the chief of staff is a challenging task all right, but I'm not going to hire any more people to do that.

None the less, I don't know if I . . . Ms. Wilkinson will be leaving the cabinet — or sorry, the media services arrangement; I still think of it in the old terms, cabinet and press office — and through competition she has gained a position in Social Services. Dave Burdeniuk will be the new Virginia Wilkinson if I can put it in that position.

Mr. Swenson: — Well that's nice, Mr. Premier. You still haven't explained to me exactly what that

individual does. I'd clearly like to understand for — and the remuneration behind that individual — what exactly that person does. Is it personal advice to you or is it personal advice to your staff or personal advice to your cabinet or what does this individual do?

Hon. Mr. Romanow: — Are you talking about media relations/media services?

An Hon. Member: — Mr. Burdeniuk, right.

Hon. Mr. Romanow: — Mr. Burdeniuk? Yes. They will, amongst other things, continue to prepare news releases, distribute news releases, operate radio-television room news conferences; provide assistance to departments, agencies, Crown corporations and commissions with respect to the preparation of releases; coordinate day-to-day media relations for the office of the Premier, including media interviews, news conferences, public appearances, media-related advice, and so forth.

That will be the job that Mr. Burdeniuk will carry out. It's the normal and standard job that your media relations persons does or do and what we do, only we have a larger function in government for doing it.

Mr. Swenson: — Well when I add all of this up, Mr. Premier, and they're all related one way or the other out of your office, it looks like 20 people to me working in media and communications for your office.

Now I know that your office needs to have services provided to it, but quite frankly I find 20 people in these days of austerity . . . particularly I don't understand this 360,000 or 358,000 for this clipping service. It would seem to me that you've got lots of room to cut yet and I would suggest to you, sir, that I don't believe the place to do that was with media services.

That particular entity had always been considered available to all people in the building, myself, the Leader of the Third Party and others, and it seems that you've taken the opportunity to take people out of what was clearly a very partisan operation — the cabinet press office — and you have now inserted them into an area that was never viewed as partisan.

By doing so you are able to say to the public, I've reduced the number of people working in media for me. I say, I still count 20 altogether and we have this problem of our media services in the Legislative Building being filled with political appointments.

So I would say to you and I would challenge you, do you not think that there is perhaps room to cut here with the amount of people that you have providing services to your office in the way of media relations, media clipping, media monitoring, event coordinating? I mean there must be somebody down there that's totally capable enough to assume some of these responsibilities beyond what they are today. Would you not agree?

Hon. Mr. Romanow: — Well, Mr. Chairman, I will agree with the general proposition that I think there's always room to find more efficiencies and I will take the Leader of the Opposition's suggestion that we take a look at more efficiency to heart, because quite obviously necessity if nothing else just in terms of our fiscal position, where we can save a meaningful dollar, we will.

Having said that, what I cannot accept, and not to be argumentative, is the Leader of the Opposition's non-acceptance of my description of the function of the communications coordination unit versus media services and media relations. Now if you choose to lump them all in as all media, then you've got your 20. But I say to you, as I have and the record will show, that that is an incorrect categorization of the functions.

And again, I would simply say, not to be argumentative, if you look at comparison numbers of people under the former administration and the current administration, we have made enormous savings. Can we make more? Perhaps; we'll take a look at it.

And I say that without admitting the 20 that you have, I say conveniently but wrongly, lumped into one function. They're not one function; they're separate functions. There's an interrelationship because one would like to think that the Department of Agriculture and the Department of Economic Development are interrelated; that there's a symmetry, but they are separate departments, separate functions, and that's the case here too.

Mr. Swenson: — Well you and I can argue, Mr. Premier, I agree, on definition, but I look at all of these people with . . . they really do only have one job in mind and that is to help save your political hide. There is really no other way to describe what these people do. And it's this type of thing, Mr. Premier, that as time goes on, I can tell you from experience, the public will not put up with. So I'd suggest you get on with the paring operation and listen to the words of wisdom from someone who's been there.

You also engage in polling, and to your credit, Mr. Premier, the polling that your government does, now is released. But there are some problems I've found with the data and, for instance, in September of '92 you conducted a general omnibus survey of the residents of Saskatchewan, and in the executive summary you stated that 57 questions were asked and yet the survey instrument listed only 55 questions. There was 2 that were not reported upon.

Likewise in December of 1992 you also did another polling which stated that 58 questions were asked, yet the survey shows only 47 questions. We have noticed in following this polling through, that most of those follow the same pattern. You do not state the total number of questions asked in the methodology. Why is that? Why do you not come through with all of the questions that were asked in those polling surveys?

Hon. Mr. Romanow: — Well, Mr. Chairman, the member is certainly getting into an esoteric area for me because, as he may know better than I, polling and methodology of polling is very complex and very sophisticated and getting more complex and more sophisticated.

But I'm advised that the explanation is as follows: the specific omnibus reports cited do not state that a specific number of questions were asked, rather the reports indicate the number of questions included in the survey instrument. There is a difference.

The numbering system on the questionnaires may not match the number of questions identified as being included on the survey instrument in the text of the document. For example, for purposes gender and residency are considered questions, but these are not numbered on the survey instruments. And that was a specific situation for the September '92 report.

Now from what I can make from this explanation is that this is an issue where the pollster who obtained the contract on bid, tender, assessed bid, and the results are there, simply has a different mechanism of identifying what is a question and what is not a question, which may not be a satisfactory way to do it, but the bottom line of it all is that what he asks at public expense is what you get.

So the explanation which I give to you sounds to me like a very technical one; I don't know if it's proper or not, but it doesn't matter because there's nothing hidden here.

(1445)

Mr. Swenson: — Well, Mr. Premier, the problem is that when you talk to people who have responded from these surveys — and over the last two and a half years that has got to be in the several thousand now who have responded to surveys around this province — one thing becomes very consistent about the line of questioning. The pollster commonly asks how the respondent is going to vote, who they think the best leader is, and other political questions.

So could you confirm for us today, Mr. Premier, that there is partisan polling being carried out with taxpayers' money?

Hon. Mr. Romanow: — Mr. Chairman, I'm advised that the arrangements are that the government polling, which is conducted, is conducted by the pollster in the professional advice of the pollster, the government, I guess at some point, will ask the pollster to query the public on attitudes toward health care or attitudes toward the particular issues of the day. But that we also, by contract, permit — and in fact it's desirable — for the pollster to ask additional questions if the pollster so feels free to ask additional questions required.

So at this stage in the game, whatever the pollster may or may not ask as part of the package in order to make sure that there's a complete picture of the questions

which were asked for us, is left to the pollster. And in the context it does not affect the basic issue, which is what the member's getting at, and that is what do we pay for. What we pay for is for the information which we have and you get — whatever it is, 90 days later I guess it is it's released under freedom of information.

Mr. Swenson: — Well you wouldn't be surprised if questions like, if an election were held today, what party would you vote for; and who do you think the best leader is — you wouldn't be surprised if those types of questions were asked by the pollster as an add-on?

Hon. Mr. Romanow: — May very well ask it as an add-on, and it would not surprise me.

I've been to — not lately, but in my days of retirement of politics from 1982 to 1986 — I had the pleasure of attending many conferences on a number of public policy issues involving Canadians. And we received reports from pollsters. And I can tell you that they are contracted by governments of every stripe to do government polling, and the taxpayers pay for what the government asks them to do. But I would be very, very surprised if the pollster did not, under that contract, ask additional questions. Because in my own experience, the information which flows is either beyond the scope of the mandate of the contract or done through some independent government surveying.

Keep in mind that the — and the member will know this — polling is . . . in fact some scientists, political scientists, argue that polling now is losing its utility. So much of it that's going on by private corporations and by political parties and other public interest groups, that the public is getting very sophisticated with the questions which are asked. There's a multiplicity of pollsters out there asking a multiplicity of questions.

You may not believe it, but I actually was polled myself — and I don't think it was by a government pollster — who asked me how did I intend to vote. It took me a little while to think about it, but I ended up saying that I was going to vote NDP (New Democratic Party). So it happens, you know.

All I can tell you is that as a big reform — and I don't want to be political about this — but to tell you bluntly, we are spending a huge amount less in polling. For the year ended '93-94, taxpayers spent \$263,455 to give you the exact figure — 264 to round it out — compared to '90-91, \$940,000, or virtually four times the sum.

Now maybe 264,000 is too much. Sometimes I think it is, judging by the way the results are released and the way that the media plays it, which I'm sure must have been very frustrating for you on the government benches. But you take a look at the government poll conducted, you take a look at it, and some innocuous question is dug out by the journalists — I'm not knocking the journalists here, they're all my very close friends and I like them very much, and I'm sure the feeling is mutual — but . . . You're surprised? The

question is asked, so I have to ask someone in my office, is this question asked? My point being that for 264,000 I sometimes wonder what the value of it is too.

But we do need it because what we need to know is whether or not the government policies are so wildly off-base, that you're going so contrary to public opinion, that you should be desisting, ceasing and desisting in a particular area that goes.

Now sometimes you may decide as a matter of philosophy and principle, notwithstanding the polling — I'd like to think we do that as a government, maybe too often — to be quite frank with you, that notwithstanding the polling, you're going to do what's right. But you need to have this little testing from time to time, and we've cut it down by — well, as I say, it's a quarter of, or 72 per cent of what it was under the last year, in less than a thousand days of office.

But I take the Leader of the Opposition's suggestion to heart, and maybe we can take a look at even cutting this down further.

Mr. Swenson: — I'll be very surprised, Mr. Premier, if you don't get some advice to the contrary the closer you get to the next election. There'll be those around you who will want to use the services of pollsters much more than what you might like.

There's another issue that raised its ugly head again yesterday. I think we saw an example in here of the Liberal leader trying to score some cheap political points in question period over some issues that we know surround the justice system. And as people that have been around here for a while understand, there has to be a clear separation between what police forces do and what the Minister of Justice does. That's the only way that we can all maintain confidence in the system. It's unfortunate that people like to raise that spectre once in a while to get their name in the newspaper.

But there is maybe perhaps one point that is worth while thinking out. At one time, I'm told, in this province and other jurisdictions in Canada, that there has been a separation — I believe in the federal government there is — between the Attorney General and Minister of Justice, because of some of the thornier issues that raise their head from time to time.

And I'm wondering, given the fact that the portfolio is combined now, and it was I know under our government, if it might not . . . and I would seek your opinion as one who has held I think both positions in a previous administration, if the separation of those two duties might not be a wise solution to perhaps some of the perception out there, that it would not put members in as dicey a position as they might be perceived to be in.

And I simply ask your opinion whether that might not make sense, because it is separated on the federal level and rightly so.

Hon. Mr. Romanow: — I think the Leader of the Opposition has raised a very important question but not an easy one to answer, in my judgement. The separation at the federal level is based on around two ministries. One is the Minister of Justice and the Attorney General of Canada; in this case it happens to be Mr. Rock. And then there is the Solicitor General, whose name escapes me, federally.

The Solicitor General is responsible for the police forces, namely the Royal Canadian Mounted Police, and all of the matters pertaining thereto — numbers, funding, allocation, and administrative matters. But the Solicitor General is not responsible for the nature and course of conduct of investigations by the police. Those are done by the police as they would be done in Saskatchewan or elsewhere, independently by the police. And eventually the information then is turned over to the Department of the Attorney General and Justice, primarily provincial because administration of criminal law is provincial, at which point, with a recommendation, at which point a prosecutorial decision is made or not made.

Separating the two is an interesting dilemma which has bedevilled me for the number of years that I was attorney general and minister of Justice, and also minister in charge of the police. But I have come to the view that separation is basically desirable where the activities of the police function are so numerous and so onerous that there needs to be, for administrative and other purposes, an independent ministry with deputies to look after it. I don't think that's the case in Saskatchewan.

In the context of the examination of people who are under investigation, federally and provincially, it will eventually end up under the minister of Justice and attorney general at the end of the day. But it's a debate which is certainly not a clear-cut one, and perhaps we do have to revisit it. We've been trying to consolidate our departments as you know — Urban and Rural Affairs into Municipal Affairs; Environment and Natural Resources into one department, rather than separating them. And again all I can say to the member is that I have to take that under advisement.

Mr. Swenson: — Well I don't want to belabour it, but yesterday the response said to me that there is a basic problem here. The Minister of Justice was challenging the Liberal leader to go out and say something in the hall.

The concern is legitimate — honestly. I mean we have ongoing investigations in a number of areas. As I understand it, one of the only options available is to farm it out to another jurisdiction, another province, federal government, somebody like that. I'm not sure that that process is a good one because it inherently delays; you have people dealing with things that, quite frankly, have no knowledge or background into it.

We had four separate issues raised yesterday, all of which are legitimate. They were raised for the wrong reasons. They were raised in this House in order to

create some type of political soapbox for an individual to crawl up on, but the issues are legitimate. And after a long period of time they begin to wear on people.

So I only bring this up to ask you to consider it, to look at ways that we can get through this process in a way that will be seen as responsible by all and at the same time make sure that the delivery of justice is expedient, because I believe that the case that has been mentioned around yourself for a number of years and other ones, are . . . they're very trying. And I think we all would like to see these things resolved as expeditiously as possible without any possible perceived conflict because we're all entering this Chamber as politicians first, and then we take on our various duties after that. And if you wish to comment any further, fine. If you don't, that's fine. But I think it's something worth while to look at.

Hon. Mr. Romanow: — The only comment is a bit of a repetition, but I think it's worth repeating. I think the suggestion has some considerable merit to it. I certainly will discuss this with the Minister of Justice and department organizational people, like Mr. Clark of my staff, to see if there is some merit in doing this.

Again I think the only comment that I would make is that it is a situation which really requires the highest of standards by this House, by which it should be handled. And I'll only say in passing and I only mean this in passing: I think that the nature and the form of the questions raised yesterday were — to put it mildly — very unfortunate.

Mr. Swenson: — Mr. Premier, I want to go back for a minute to the previous set of questions on polling. I know . . . at least I thought that the practice in the past under my administration, whenever there was a political question asked by a pollster, the party was obligated to pay for that question.

Do you know, in the circumstances that I raised here, if the NDP Party had paid for those questions that were done as part of an omnibus polling done for the Government of Saskatchewan where a political question was asked that wouldn't necessarily be reported on because, as you say, it was something separate from the omnibus question, whether it would be health, or judges' salaries or whatever else you were polling on. And if there were political questions asked, was the NDP Party paying for those political questions?

Hon. Mr. Romanow: — Well, Mr. Chairman, again I'm not trying to avoid the Leader of the Opposition's very excellent questioning — if I may say so — in this area, when I say that for me the problem always is, on polling, what is or isn't a political question. In fact the very act of polling itself, as I would say is implied by the nature and the tenor and the tone of your questioning, is thought by people to be political.

(1500)

You are asking questions in order to gain political advantage, and no matter how you word the questions

and no matter how extreme they go — even to the ultimate question of sort of saying, are you going to vote Conservative or Liberal or NDP? — there is a political dimension to it.

We are saying to the polling that we are releasing and to the contracts which we have entered, to the people, we have these questions which we want to ask you. You have freedom to ask those questions, any others that you want to ask; you're an independent operator in your own right. We're only paying for you under the terms of the questions that we want to ask. That's all we pay for you. And what we pay for on behalf of the taxpayers, we release to the taxpayers. What we are charged for, if I can put it that way. That is what I'm advised is the situation. And that is the case.

I tell you quite frankly again, I said this to you from a seated position, some of this polling I think really has to be looked at for its utility. If you want to talk hard-core political polling, this can only be done by a political party. That is where it's got to be done in terms of profiles and various attitudinal aspects of it. It cannot be done in a government poll. And it doesn't matter if they tagged on one or two or three extra questions at the end of the day; it won't help you any. It's not a meaningful poll, political poll.

And this is not intended to be a political poll. This is intended to be a poll on government policies and ratings and attitudes of a government policy. And you know yourself, from your many years in political life, if you asked four or five questions, one of which was how are you going to vote in the next election, that's not any kind of a political poll worth a doggone.

A political poll has to be exactly that. These are not political polls in the traditional sense; these are government polls on government policy. Now anything that a government does is political, as I say, and so that's my answer to you.

Mr. Swenson: — Thank you, Mr. Premier. I'll assume from that answer that the NDP Party was not paying for any of the questions that might be attached to those polls.

While you were in opposition you made several statements about associate ministers and their credibility and their usefulness in serving the public, and basically said that if you're not up to being full time than why bother with you. You presently employ two, three associate ministers who sit around your cabinet table — three. Can you tell the Assembly and the people today why you would not either elevate those people to a full-time position or follow your own advice to the former premier and dispense with them because they simply aren't worth their pay cheques?

Hon. Mr. Romanow: — Well actually I will tell the member opposite that I have not ruled out, by a long shot, doing exactly what I said in opposition and eliminating the associate ministers. At some point in the political cycle and in the mandate of the government, I have to take a look at obviously where we're headed and what we've accomplished and

what we haven't accomplished, and I've not ruled out the question of elimination of associates.

Let me however tell you why the associates took place in our circumstances. And I do not . . . I repeat again, this is not political because I think the debate that we're having here is at least one that I like; it's got some meat and substance to it, and even when we disagree when I say the following.

When we assumed office on November 1, '91, we felt we had a fiscal problem in two areas. One was the operating budget of the government which traditionally the Minister of Finance is responsible for, and one was in the Crown Investments Corporation side where there were a number of large expenditure items: Saferco, Weyerhaeuser, Crown Life, and HARO, very complicated deals, NewGrade. You know yourself what the NewGrade documents are like. I've actually made a point of trying to read through them all and they are that thick. I don't pretend to understand them but I've gone through a vast variety on NewGrade.

And it just simply was impossible for one person, given Gass Commission and all of that, to do it. And it turns out, I don't want to embarrass my colleague, but the member from . . . the Deputy Premier, even at that, working at the full load on Finance, was forced to request a change in responsibilities.

So the idea of the Associate Minister of Finance was — at that time it was my colleague, the current Minister of Labour — that he would take the responsibility, working in coordination and in tandem with the Minister of Finance, of trying to get the CIC (Crown Investments Corporation of Saskatchewan) contractual and fiscal arrangements rearranged, renegotiated, understood, and in compliance with the Finance policy.

In the case of the Department of Health, the same situation arose. We have undertaken, whether you like it or you don't like it, a very major reform of health care. It is the subject of many, many books, *Strong Medicine*, how to save health care, as an example. I predict this to be one of several that will come out in Canada praising what we're doing. And our situation here is that the Minister of Health was . . . (inaudible interjection) . . . well again I don't want to overstate it, but I mean we're just on the road non-stop.

And we had other problems. What do we do on labour adjustment? You have to sit down with the health care unions and start talking labour adjustment. So essentially I asked the minister from Moose Jaw to join and to carve off that function and other related functions with respect to the area of health care.

Now with respect to the Associate Minister of Education, this is a slightly different kettle of fish because here the circumstances primarily try to address the issues of special training needs, aboriginal issue needs, related to education. We all know what the demographics are and what the requirements of education are, particularly — with all of us — but one

segment of our population. And it just seemed to me that we needed to devote more specific energy to this very large, numerically and fiscally, field of activity.

Now having said that, why I started out my answer and why I'm going to close it in the same way, is that we've come in less than a thousand days quite some distance on both the finance side and on the health side, maybe not as much on the education side. I do not here mean to be critical of the department or the minister but just because I think that that is a much more complex issue.

And what I'm going to do at some appropriate time is to reread the speeches that I made when I was in opposition about the question of associates. Keep in mind that our cabinet, even with associates and counting me, I think, is 18 only. And the cabinet from '83-85 was 25, and from '89-90 was 20 which, by the way, I don't think is . . . 20 I don't think . . . looking back at it now, perhaps I was in error in criticizing 20. I don't think that's out of line. I don't intend to go to 20 by the way; I'm not laying the groundwork for 20. I think 18 or 19 is about the tops. And I know your motion that it should be a percentage of the number of seats in the House.

But let me just close on this, less you raise that. We have to have legislative and parliamentary reform but not to the point where the most important reform is not accomplished, and that is effective government. I don't mean effective politically, yes. But I mean effective in the sense of administrative, sensitive, hearing, listening, and making policies.

And a lot of these reforms which are currently being bandied around by yourself, sir, are worthwhile, but a lot of them will hamstring not only this government, but successive governments. Successive governments will live to regret the days because the biggest reform, all in the name of reform, will not have been accomplished, namely an effective, smooth-running administration.

Mr. Swenson: — I appreciate your answer, Mr. Premier, but I think you're a bit of a captive of your own rhetoric. There's no question that some of the logical answers for the problems that you face are there.

I brought that piece of legislation forward in good conscience because I believe that the public don't trust us any more to make those types of decisions. It's like the question surrounding balanced budget legislation. There's good arguments for and against, but the feeling of the public today is, is that it has to be done so that politicians have no choice.

While in opposition you made a great to-do about legislative secretaries, parliamentary secretaries. And you were right partially in your criticism of the system as it was employed by the previous administration. There were far too many of them, some put in those positions for the wrong reasons.

But I think in the parliamentary democracy the

solution would probably be to have a limited number of cabinet ministers and then as you brought people on with greater responsibility, that the option of a legislative secretary or parliamentary secretary be there, because you don't have to pay them the cabinet minister's salary. What you do though is allow them access to things like Executive Air, the car pool, the ability to carry on the functions of a minister but in a limited way.

And what I would suggest, Mr. Premier, is that you do away with your associate ministers and that you drop the number of your cabinet down to around 15 or 16, but you reinstitute a parliamentary secretary position with some criteria attached to it that the public will feel comfortable with and that the abuses which you saw in the previous administration don't happen in your own. I think it's employed with a great deal of success in other jurisdictions; and it's one that would say to the public, yes, I'm cutting back on the number of cabinet ministers, that I'm not necessarily simply playing politics with demographics, that I'm trying to satisfy a very large caucus by having people elevated to cabinet in some form or other.

And quite frankly I look over your cabinet and I see people that are working far harder than others. And I think what you want in executive government is to balance that load out, access for the people who you're charged with serving, but not necessarily have to play so much politics because that's what sours the folks out there.

I mean they look at your Provincial Secretary who is the Keeper of the Seal. And beyond that there ain't a whole lot there. And yet I look over his monthly salary here, and we're over 15 grand for basically political people that work for him. And I understand allegiances, Mr. Premier, but I think there's a better system that could be employed.

Now you would have to go back a little ways on some of the things that you said about parliamentary secretaries, but I really believe there's a saving for the government there.

And I'm not trying to tell you that the parliamentary secretary regime employed by the previous administration was the right one. There was abuse there, and I'm the first to admit it. So you can take it as a suggestion. You can ignore it. You can do whatever you wish, but the people are telling me that you do need to reread some of your own speeches and get on with some democratic reform vis-a-vis the way that Executive Council structures itself.

Hon. Mr. Romanow: — Well I think we have made some democratic reform. The other night I pointed to an article in the *Leader-Post* which I quoted to yourself; I'm not going to do that again. I think we are captive to some extent of our speeches that we make in opposition; that is almost the inevitable nature of politics.

I think the argument on legislative secretaries that you make today is a solid political science and solid

governmental argument. You should be bringing on MLAs (Member of the Legislative Assembly) and taking the duties off ministers and training them for potential ministerial function. That is what good legislative secretaries should do.

The reality was, however, that we campaigned against that, and we've tried hard to keep as many of our promises as we have kept. This is one which we have kept, although it's been tough. It's as simple as that.

How to revisit it, I don't know. As I say . . .

An Hon. Member: — Give it a new name.

Hon. Mr. Romanow: — Well what I have to do is tell the member what I just said a few moments ago. When I'm sitting down in the next several months or weeks taking a look at what the nature of the cabinet should look like, in the context of your suggestions and the like, I'll have to make some hard decisions both as to associate cabinet ministers and legislative secretaries. But my own belief is that 18, 19 as a cabinet is the tops, that we've got to restructure the departments of government to fit in within that, and that they should carry out their responsibilities as efficiently as they can. But it's not an easy question.

And I would say the last point about reform and I think the member will agree with me when I say this. You can't legislate honesty. I mean honesty is legislated — the Criminal Code says you've got to be honest and so forth. But you can't legislate those things.

(1515)

We can reform our institutions to make sure that they're transparent, they're open, and they're efficient, and they're responsive as best as you can. But at the end of the day, accountability and responsiveness and receptivity will depend on us as individuals, the quality of people that are elected to this Chamber.

You can have the best rules and the best reforms, and the worst MLAs will stymie this institution. You can have the worst of rules and the worst of reforms, and the best of MLAs can make this institution sing, as I have seen it sing in years, in my years. And I mean sing — a great palace of debate, a great forum of ideas, a great exchange of philosophies, a clash of personalities on a non-personal basis. It has sung. And I think some day again it will.

But to me, the notion that you can do it by simply legislating A to Z . . . now all the stuff that has been advocated, not only by you people, in the third party, but even by our side, I'm not dismissing out of hand. But I just know it doesn't matter what the rules are; you give me the people, the quality of the people, you'll make this Chamber sing.

I remember the debates of Ross Thatcher — I've referred to this in the past — and Davey Stuart. I remember some of the debates involving Devine and Blakeney, Premiers Devine and Blakeney. If I may say

so, involving myself even. The place might not be exactly harmonious, but this was what parliament was all about.

And we're going to continue working . . . (inaudible) . . . reforms, and we're not dismissing your reforms out of hand. But I think the fundamental assumption behind this has got to be really looked at by all of us: whether you can make reform and accountability work by rules and statutory regulation alone. And I think we can do some of it, but at the end of the day what we need to do is to make sure that we are in the spirit of that kind of accountability.

Mr. Swenson: — Well, Mr. Premier, we all remember the things of our youth in a better light than we do the present sometimes.

One of the issues that you recently dealt with, and it's interesting that I would read an article which talks about your minister of Municipal Affairs talking about how Buy Saskatchewan strategy will be implemented. She refers to it as a new policy of buying from Saskatchewan companies since late last year.

I find this rather strange. I know that you've dealt with this recently at a provincial premiers' meeting because the lowering of trade barriers is something which predicates against a Buy Saskatchewan strategy. But it was something that was done extensively under the previous administration. I believe SaskPower was taken from about 17 per cent of its purchases to over 90 per cent.

I'm wondering if you could explain to me the new policy initiative of Buy Saskatchewan which your minister of Community Services talks about — this is from Monday, May 30, so it's this Monday. And I'm wondering . . . well, I'll quote you a little bit more:

Saskatchewan municipal governments are being encouraged by the province to review their policies and make sure they are following a Buy Saskatchewan strategy.

To my knowledge, that has been in place for a long, long time and I'm just wondering, in the light of the discussions that are going on amongst provinces, if you could tell me exactly what your minister is up to here?

Hon. Mr. Romanow: — The long and the short of it is, it's an attempt to extend your Buy Saskatchewan policy which applied, as I understand it, to the departments and agencies and commissions and Crowns in government, to third parties — to encourage the municipalities, school boards, anybody who's involved in this province, to Buy Saskatchewan. That is essentially what I think is behind the statement of the minister, although I must confess I've not read the text of her remarks myself.

Mr. Swenson: — How does this square, Mr. Premier, with your recent discussions with other premiers on the lowering of interprovincial trade barriers, with Saskatchewan placing itself in a better position to

export our technology, our goods and services, some of the things that you were talking about in your estimates with the Liberal leader the other day, about how Saskatchewan is positioning itself in various areas to take advantage of certain things. How will this policy initiative of your government square in this recent level of talks amongst provinces?

Hon. Mr. Romanow: — There will be no difficulty in squaring the circle as far as I can see because in the discussion of the lowering of interprovincial barriers, no provincial government is surrendering the notion that all barriers should be removed in all circumstances. It is an impossibility in this country and it is an undesirable policy, in my judgement. Some of the premiers may disagree with me in this regard; in fact they have disagreed with me in this regard.

What we're attempting to do in the discussions is to lower, in some of the areas, some of the key barriers in order to make sure that as Canadians we are able to move freely and compete for the provision of goods and services within the borders of this country from sea to sea to sea, understanding that there will be the necessity for regional local discrepancies based on regional local concerns.

The example that the Deputy Premier uses is northern Saskatchewan hiring. Aboriginal content as an example tied into that as well, something which your government also pursued under the lease arrangements for the uranium mines up there. There's always room for that.

What we're saying by this statement is, look, not Saskatchewan only if this is usurious, if it's not justifiable, if it's much more expensive than, say, other competitors as Canadians. What we're saying is that our people can supply just as well, just as competitively. Think Saskatchewan first, buy Saskatchewan first.

I'd go so far to say even if the margins were a little bit higher for the Saskatchewan business people, give the Saskatchewan business person the break. You don't have to give it to the Albertans or the Manitobans. This is not being un-Canadian, it's being pro-Saskatchewan and it's consistent with the interprovincial barriers discussions.

The point I wish to make on the barriers, which again is another very key point the Leader of the Opposition raises — this is perhaps a bone of contention between he and myself, and maybe not — we will never ever be able to perfect the economic union of this country. We are only 27 or 28 million people, most of whom are strung out within 100 miles of the United States border. The north-south pulls are too great; the distances are too great; the cultural differences are enormous, as we know, witnessing the Quebec debate.

The best that we can do is try to continue to lower those barriers while permitting ourselves to build up our regional and local economies as best as we can.

And that's been my quarrel with the former administration, although I think we came pretty close in Mr. Mulroney. It's been my quarrel with Mr. Chrétien ever since I first got to know him in the constitutional talks in '78-79.

I think perfection of the economic union is an ideal, but it is not the right economic nor is it, in my judgement, the way in which this country of 29 million people survive.

By the way, let me close, you will know this, California — this is perhaps bad geography but it will make my point — is about the size of British Columbia geographically: 30 million people, the sixth-largest economy in the world, California alone, and that's efficiencies of scale, travel, markets, climate, oceans, ports.

We're not even the size of California and we're going from Newfoundland, Cornerbrook to Victoria, or right out there at the far end of Vancouver Island, where they're doing logging these days, Clayoquot Sound or somewhere.

So you have to have these sometimes seemingly contradictory positions resolved as best as you can through a reasonable compromise.

Mr. Swenson: — You don't envision — and the reason I ask the question is that municipal government is a little squeamish these days with the way that they've been treated by senior level of government — there are no sort of penalties being envisioned here, are there? This is strictly a voluntary pronouncement by the minister as a statement of the governmental policy. We've got nothing here that will once again dip into the ratepayers' pocketbooks in any way, is there?

Hon. Mr. Romanow: — No, there is nothing by way of penalty, financial or otherwise. This is simply an attempt to encourage — I use it when I say boosterism, in the best sense of the word, boosterism — to booster, bolster Saskatchewan business, Saskatchewan entrepreneurs.

I would say to the Leader of the Opposition, as an example in today's *Leader-Post* — again I'm going to have to start making a change in habits and start reading this newspaper. But this is what happens when you have a good media relations branch — small, tight numerically, they put this in front of you. I know that the Liberal member from Regina North West would be interested in this.

Page B7. Big headline: "Job picture brightens", "More Regina employers expect to be hiring." Next headline, "Oil, gas firm promising." Next headline, Golden opportunity for Cameco — your corporation. I give you acknowledgement for that and credit. "Golden opportunity for Cameco in Asia." "Farm cash flow improves." And just to top off the stories, "Zero-coupon bonds more attractive now."

Well my point is, what we're trying to say is that that's

the big picture, we think. We think that's the big picture. And we're saying to Saskatchewan municipalities, really flesh it out. Give it real meaning. Do whatever you can do by way of additional support for Saskatchewan business.

Time to be optimistic, Madam Member, from the opposition sides, to make sure that we can really get this ball rolling.

Mr. Swenson: — I've got one and my colleague here has one. My final question to you this afternoon, Mr. Premier, and it goes with your pronouncements earlier this year on gambling. Now I know you and the Liberal leader had quite a discussion on gaming, and I'm not going to get into that . . . (inaudible interjection) . . . Well I know it takes two to argue.

You said over and over and over again that you personally didn't agree with gaming. And I know, for instance, your colleague, the minister from Moose Jaw Wakamow, when Moose Jaw's downtown improvement district were planning a casino back in 1988-89, led a procession down Main Street, Moose Jaw against any type of gaming. This was a very small enterprise compared to what your minister from Prince Albert is now envisioning. We're on a much grander scale.

And I guess my only question to you is: do you personally believe that Las Vegas-style casinos in our two major cities are going to break the track record of most other major casinos so far tried, which show about 80 per cent of the players coming out of the local economy, 20 per otherwise? Do you honestly think that your government, that your initiative, is going to break the mould that everyone else has fallen into? Is there something here that I've missed?

Because if you have a personal distaste for this thing, what the numbers are showing all over Canada is that 80 per cent of the players will be local, and they will be from the lower ends of the economic and social scale. And I'm not sure that that is going to be good for our province. So is this why you've got some personal reservations because you know that probably the pattern won't be broken?

Hon. Mr. Romanow: — Mr. Chairman, first of all, I think the hon. member will understand when I say — and he may not accept — that when you are a government and part of a government, you have personal views, and you articulate them in the deliberation of government policy. And at the end of the day, government policy is decided by democracy, in a vote in a democracy, and that's the end of it. And our policy on the gaming is as we have articulated it, and therefore I support that policy. Obviously if I didn't, I would have no right to be the Leader of the Government or the Premier.

Let me talk a little bit about Moose Jaw very briefly. When Moose Jaw arose four or five years ago — I think the Leader of the Opposition will acknowledge this — this was a proposal for free-standing Moose Jaw casino operation, at which point the arguments

respecting self-government demands of aboriginal people, primarily status treaty Indians, was not an issue on anybody's agenda. It was just an idea of a group of Moose Jaw business people to get the Moose Jaw casino going.

If our world had remained that way, I would venture into offering my personal opinion again to this extent, the extent that I can, by saying that I would be with the member from Moose Jaw and would be adopting the same position as I did in Moose Jaw.

(1530)

But since that time the world has changed. What has happened, amongst other things, are two things: one, an outflow of gaming dollars from the province, which means that somebody else profits elsewhere — that's a fact; and number two, Indian bands, the Indian nations of this province take the view that under some rubric of treaty, self-government, they have the right to set up, amongst other things, casinos; that they are not regulated by the Criminal Code — some of them have taken that view. The best example was White Bear a couple of summers ago.

Now therefore if you're in government, you're faced with this choice: you can say in government, for a whole number of reasons — perhaps even including the one that you've talked about — no, we're not going into casinos. Then the moment you say that as a government, you've got to mean it. Because then you've got to kick into place the administration of the Criminal Code of Canada and the police and the court system and the consequences that flow from that.

We know what happened at White Bear. There was a 4 o'clock-in-the-morning raid by the RCMP (Royal Canadian Mounted Police), machine guns, masks — they had to do their job — and all the controversy that had ensued. And with it, all of the optics, which are undesirable in any society, the optics of a non-aboriginal system enforcing something on an aboriginal system, with the leadership of the FSIN taking the point of view, perhaps, that flows from that.

So when you combine those two factors, then in government you are faced with a very tough position and you either have to say yes or you say no. We have decided yes. I won't take time into telling you all the reasons for because I can't do it any better than my colleague the minister in charge of the Gaming Commission has done, except to say this specifically to your point, to say this — two things as I sit down on this question — I think there is a difference in the Saskatchewan context inasmuch as there — if you look south of us, immediately south of us and the proliferation of casinos that exist there, some of them in . . . is there a place called Deadwood?

An Hon. Member: — Deadwood.

Hon. Mr. Romanow: — Deadwood, where is it? South Dakota?

An Hon. Member: — Yes.

Hon. Mr. Romanow: — Population — 2,700.

You know I have people telling me they get on buses in Saskatoon for a 14-hour drive to go to Deadwood, 2,700, two nights, and come back to Saskatoon. I think that Regina, being what we are — 185,000 people, 200,000 people, Grey Cup next year, the revitalized downtown, the optimism which is going — that there is a potential for the attraction to this part of the community which would attack the notion that 80 per cent is drawn from inside the internal core.

I don't know where that breakdown would or wouldn't take place. The experts and the studies of the Gaming minister will tell you on that when he considers it. I think there is that possibility and that attraction or that . . . I won't say attraction but that development that takes place.

The last point I want to make to you, sir, and to the Leader of the Third Party, is what I believe is the necessity here to be as logically correct and consistent as you can be, as we can be. I understand in government and politics sometimes it's not possible. But one cannot take the position, as the Leader of the Third Party — as best as I could figure out and I'm checking her words very carefully last night and analysing it — can't take the position that says, well bingos may be okay. Horse-racing may be okay. VLTs (video lottery terminal) may or may not be okay. Those are all forms of gaming. But I'll draw the line there and say that casinos are not okay.

One is either morally, economically, legally, constitutionally — in the relationships of the aboriginal first nations — for this or against this. Or you can be — I don't mean any member here — or one can be hypocritical about it and simply pretend that we'll outlaw it, and it doesn't exist, knowing full well that it existed in the '80s, existed in the '70s and existed in an uncontrolled way, unregulated way, undeveloped way.

To give you a flavour of the cabinet debate and the caucus debate that goes on, all of those dimensions enter into it from a variety of people's perspectives. And we have concluded as a government that we can't rearrange history. You can't mix with the facts. You have to be logical and consistent. If that's the case then, since you allow so many forms of gaming now, this is the next logical conclusion for economic development purposes and for aboriginal purposes. And let's do it in the best controlled possible environment and climate. And where the third party, in my judgement, is fundamentally in contradiction. And I would argue politically as well — and to some extent you too, sir, because of your members' attacks on this — is that some form of gambling is acceptable or I'll turn a blind eye to it; some forms aren't acceptable.

An Hon. Member: — That's not the point.

Hon. Mr. Romanow: — And the member from Rosthern says that's not the point; that is the point.

Because the only other issue, alternative, is to permit it and to do it in the most controlled . . . do the addiction . . . Look, your criticisms on the addiction side I think are fair game. I think we're doing a good job; you don't think we're doing a good job. I think that's fair game.

But once that you decide that you're going to allow a certain activity in society, then you do it either regulated with all of the support services attached to it to make it work, or you forget about it. You can't do it the way the Liberals are doing it and the way the Tories are doing it, which is basically, as I see it, trying to walk all sides of the street or both sides of the street on this particular issue.

So that's my answer. I'm sorry to be long-winded about it, but it's a very important topic and one which is not free of difficulties. But that's the government position and that's what we are advocating in this Bill.

And by the way, the Bill that's before you is simply a vehicle Bill. I don't want to get into the debate, but it's a vehicle Bill. We need an instrument to set this into motion. It's not a regulatory Bill and can be passed off pursuant to the policy once the minister finishes piloting the Bill through. So there's nothing magic about this particular Bill one way or the other, except that it's the statutory legal requirement to develop this instrument for the policy which we've been debating now for the last two years.

So I would urge you people, if you can, to see it from our point of view and to do the kinds of criticisms that the member from Rosthern is doing on hot lines on addiction and things of that nature. But I don't think we can turn back the clock any more. Can't go back to the good old days where we sat around on a verandah, ate ice-cream and drank lemonade and didn't have to worry about violence on TV. Sometimes I wish we could. We cannot restructure history. What we've got to do is live with what we have.

Mr. Swenson: — Well, Premier, I'm going to say a few things and then take my seat, because my colleague from Kindersley's got one question for you evidently.

But I mean, to listen to you on this issue, I think you probably present some of the right reasons. But the simple fact is when you talk about logical and all of these nice-sounding words, you're doing the exact opposite. And the reason I wanted you to talk about it was because I know what the member from Prince Albert's going to say when we take this Bill through — logical, methodical, doing this right because of first nations isn't bringing in a Bill on the 76th day of the session and expecting us in a few days time, Premier, to roll over and pass this thing through which virtually gives you and your cabinet unlimited power.

You look at the sections in there. I could be Joe Blow from Muckinskavich and you could give me a part of the proceeds. That simply, Mr. Premier, is not methodical, it's not logical, it isn't all of the things that you just answered me. The reasons you gave about Deadwood and about all of these things are very

logical reasons, but the actuality of what we face in this House doesn't follow that. It doesn't, sir.

We are going to have to, in a matter of hours, deal with this issue and you are totally free to take a hundred million dollars out of the Saskatchewan economy without anyone having really any control on you. I'll take my seat and let this process go on but I say to you, look at your own words in *Hansard* about methodical and logical and doing this in a slow, well-thought-out process. This is not well thought out, Premier.

Hon. Mr. Romanow: — I must make a response to this because again this is a very valid question. And I have to tell the Leader of the Opposition and the members of the House two things about the Bill. You can accept it or reject it. It's up to the opposition what you do with it of course, and I mean that.

Number one, the Bill was introduced at the stage that it was, not to somehow expect the opposition to let it go through in a day or two, although I think it can go through in a day or two because — here's my first point — the Bill essentially is structured like most Crown corporation Bills are under your administration and under our administration. I'll tell you something else. You don't even need to compare the Bills. If you were coming to a law office and you were incorporating a company, you would have articles of association and by-laws of the corporation which would have precisely the same kinds of flexible terminology to it. There's nothing exceptional to this. Nothing exceptional to this. This is not unusual.

But the second point is, it came in because the minister was just successful a few days ago, as we know, depending on . . . I think successful in coming to the arrangement with the Federation of Saskatchewan Indian Nations and some of the other actors, thus permitting us to say to the Assembly, we're now ready with the Bill.

Now as I say, this is not a plea for . . . I mean when we finish consideration of the Bill, or the House, there's an old saying: governments open the legislature, oppositions close it. You people will decide when you close it.

But I'm telling you as a lawyer and I'm telling you as a person who's been on the government side and the opposition side, the Bill itself and its powers are not unusual vis-a-vis other Bills of the same calibre setting up corporations.

Now your question next is what happens with the money, there's no accountability in the money. This corporation will be the same kind of corporation, subject to the same auditing and the same accounting procedures as is any other corporation, of any instrument of the government that has been set up, with annual reports, with auditors' comments and critiques, with a variety of the caveats attached, just as we deal with the Public Accounts or deal through Crown Corporations Committee in our day-to-day operations.

This is not the place to make the stand one way or the other. The stand has been made by both you and the Liberal Party in virtually every question period. And after this Bill passes, today, tomorrow, one month from now, one year from now, the issues will still be before us. This is merely the vehicle.

If we were able to successfully conclude our negotiations, we would have introduced it on day one. That's what we did with the labour Bills. They've been around now for months. Why would we want to try to do this in the last few days? I mean, it's not going to escape the policy. It's not going to prevent you from getting out tomorrow, if we adjourn tonight, and saying that the policy is all wrong. We don't expect that.

So all I'm saying to you is there's nothing unusual. If you want to concoct the argument that it's unusual because of the issue, you can do it. But if you look at the Bills and if you went to a lawyer, these powers are not exceptional, they are traditional.

I decry, unfortunately, the way governments have over the years — it goes all the way back to the '70s — they give themselves more power, regulatory, etc. But there's nothing special or extraordinary in this, that's all I'm saying.

Mr. Boyd: — Thank you, Mr. Chairman, and Mr. Premier. I wanted to this afternoon, just for a few minutes, discuss with you some comments that you made with the Leader of the Opposition earlier this afternoon about democratic reform. You had said that you'd certainly looked at all of our Bills with respect to democratic reform and the reasons why you wouldn't agree to them or the reasons why you would agree to them.

But one in particular that I wanted to discuss with you this afternoon, Mr. Premier, was Bill No. 31, the appointments review committee, that we presented to the legislature here earlier this session. It's one that I believe is a very important piece of legislation. It gives an opportunity for a committee to be set up to review appointments to government, Mr. Premier. And I think it goes to the heart of democratic reform because it deals with the issue of patronage, Mr. Premier.

You said countless times over the years . . . we can pull the record for you if you like on it, the clips of your statements with respect to patronage in the past, Mr. Premier, talking about . . . when you speak about patronage, you said that former MLAs and people that are obvious political appointments, it shouldn't be done. And as I said, I can give you the quotes if you like. I'm sure you recall them, and that won't be necessary.

(1545)

But you've done it, Mr. Premier, on a number of occasions. To my knowledge, I think it's 37 now and counting, the number of political appointees that would be considered I think by anybody in Saskatchewan as patronage-type appointments, Mr.

Premier.

We've done it. The previous administration did it on numerous occasions and you pointed them out at every opportunity, the kinds of patronage appointments that the previous administration did. I've spoken out in our party as an opponent of that type of system and you're probably aware of that. Media reports coming out of our annual meeting in Saskatoon here recently pointed out that, Mr. Premier.

So I think that the Bill that we presented was an important piece of legislation. I think it was something that unfortunately I think you and your government dismissed it out of hand too quickly. It should have been given more thought, I think. It should have been given the merit that it certainly is due, Mr. Premier.

We know that your government, as I said, has engaged in patronage. Just one again — I think it was yesterday or maybe even the day before — Mr. Dombowsky, David Dombowsky's been appointed onto the board at the University of Saskatchewan in Saskatoon. There's a number of them. We've got the whole list here, Mr. Premier.

As I said, we did it. You did it. The only one that seems to feel that they are purer than the driven snow on this is the Liberals, Mr. Premier. But unfortunately, it appears that the Liberal leader isn't quite as pure as the driven snow on this one either.

I'd like to quote to you something that came out of the . . . I believe it was a meeting that was held in North Battleford on April 17 where the Liberal leader is talking about patronage, Mr. Premier. And I think it points to a certain lack of credibility on this issue as well, when we deal with the Liberal leader, Mr. Premier. And I quote, here's what the Liberal leader's views on patronage would be, and I quote from the paper of April 17, and it says: Another example, she said, is the NDP record of incompetent patronage appointments. However, she said she doesn't mean she wouldn't make partisan appointments if she were premier.

This doesn't mean Liberals won't get jobs. They're competent. If you have someone who's competent and has integrity, it doesn't matter what their political stripe is because they will do an excellent job.

So I think it's, Mr. Premier, I think it's very obvious that while the Liberal leader in here says that patronage will not be a part of her administration if she were to form government, it's clear that when speaking with Liberals in the supposedly friendly confines of a meeting with Liberals that she's trying to present to them that she will indeed make patronage-type appointments.

So as I said, Mr. Premier, you've made them, we've made them, the previous administration made political appointments, partisan political appointments, and the Liberal leader now — I guess the mask has come off a little bit with respect to her

intentions if she were ever in a position of authority in the province of Saskatchewan.

So, Mr. Premier, that's why we feel so strongly that that was a very important piece of legislation, the Bill 31, dealing with patronage appointments. And that's why it's important, Mr. Premier, I think that the people of Saskatchewan would have an opportunity to hear more about that piece of legislation and an opportunity to have input into it and believe that politicians will do the right thing on this for once, Mr. Premier.

And I think we've reached the day, I believe, in society where people will not go along with this any longer. They simply will not go along with government after government after government making political appointees, patronage-type appointees. And it simply is the case, Mr. Premier, where all parties are doing it and all parties have said they would do it. But now we have an opportunity and a Bill in this legislature, Mr. Premier, which would at least provide some measure of control over this type of thing.

And I think, Mr. Premier, that . . . I wondered if you would care to make some comments on that type of issue because I think it's something that goes towards the integrity of a government, Mr. Premier.

Hon. Mr. Romanow: — Well, Mr. Chairman, I think the hon. member raises a very important issue. And I'm not going to get into the debate with him on the issue of patronage lists and numbers because he hasn't done it with me, and I appreciate that. So I'm not going to do it either because I think there's a larger issue which he is addressing.

May I make one comment, however. I do agree with him with his comments about the Liberal leader and the Liberal Party. I think that the history of the party in power is one which is riddled with patronage appointments. There's no doubt about that. And the clipping which you've alluded to — got to check our media services branch — I haven't seen yet, but we'll have to get a copy of that to take a look at it.

An Hon. Member: — You're paying them 360,000.

Hon. Mr. Romanow: — Well, okay, don't get into that now. Anyway, I agree about that. I think the idea that you say something and then act another way is wrong.

But here let me respond to your position. Number one, by voting against this Bill does not mean that we are voting against the notion that there should be a better way to deal with what we call patronage appointments. I just don't think this Bill speaks to that issue adequately and we have no alternative Bill which is available for us to advance at this stage in the game.

And I'll tell you why I don't think it does. First of all, under 67.02 of the Bill, page 2, basically the first and second categories of positions is the way it is structured now through a combination of public service agreements and order in council

appointments. In the year '93-94, 1,035 appointments were made, of which 1,029 were hired by competition or under the terms of the collective agreement. This would be category 2, 99.4 per cent under category 2, roughly speaking, on the assumption that the Appointments Review Committee, which you recommended in the Bill, wouldn't alter the guidelines as to what goes into category 2 and what goes into category 1. And the number of order in council appointments were .4 per cent . . . No, 0.2, and 0.4 were under Public Service appointments.

So you can see 99.4 per cent were without order in council appointment. So we roughly have a situation where under category 1, patronage positions under your Bill, that's a sliver. At the very, very top, they're the ones that make the headlines, but it's at the very top only.

But there's an argument for it at the very top. If the day should come that you would occupy the treasury benches, you will not be able to appoint people who do not support the fundamental policies of the government. It's simply not possible.

That doesn't mean you have to fire the deputy ministers. We try not to. I believe in the British model. In the British model you get the deputy ministers preparing new budgets for a new government in seven days. I think our deputies, from my deputy to the deputies of the departments, are in that category.

But when we're talking about category 3, you're talking about an entirely different kettle of fish. The example I give is the hospital boards which everybody on the opposition side is so critical of. You're critical of them initially because you're critical about the initial policy brought under reforms. How could we go through a system where on a highly politicized vote of 4 to 3, Joe Blow is appointed which is what your Bill recommends? And I just don't see it working that way.

I'd add one last point if I can to this observation by the member from Kindersley and this . . . to the member of Kindersley, just for a moment if I can because I think to me this is a very important point. In effect, the proposal which you advocate advances to a large measure an appointment mechanism which parallels the United States of America. Now that's not a bad model to follow. It's a great democracy, the United States of America is.

But when you have congressional committees deciding nominees ranging all the way from court appointments to specific governmental appointments and functions, you see sometimes the results, a) good people sometimes don't offer themselves because they just simply do not want to go through the political scrutiny and the politics that takes place in the nominations — Judge Bork is an example and not on the Supreme Court of the United States; b) when you have a public hearing like that, you have vested interest groups politicizing and putting pressure on MLAs for appointments. A perfectly good person

might be skewered from an appointment because of a belief on choice or on a lifestyle issue or a religious issue or colour of skin.

And I just don't think that the American system works. I think accountability under the parliamentary system is the best. You don't like the appointment of Joe Blow made by this government, you kick the heck out of us during question period and during estimates, which is what you've been doing. And we've got to try to justify it to the public. If we do, we get re-elected; if we don't, we don't get re-elected.

But the key here is to depoliticize as much of it as you can. And we think we made very great strides in doing that by these numbers that I've given to you.

And I'll close by the way I started. By voting against this Bill at this session does not say that we oppose further consideration of the Conservative proposal, the PC (Progressive Conservative) proposal, to depoliticize and to remove patronage from government. And you're right, you're one member at that convention of yours — amongst others — who spoke very vehemently against the practice of the former government. I take my hat off to you for that.

But that doesn't mean that this is the Bill. I think it is not the Bill for the reasons that I've articulated. So we need to consider the deliberation of this in a very meaningful way and this exercise that the PCs were involved in here in this House was, I think, a valuable exercise.

But it cannot be cast in the context that you're against patronage and I'm for it. It's more complex than that.

The committee reported progress.

(1600)

COMMITTEE OF THE WHOLE

Bill No. 33 — An Act to amend The Alcohol and Gaming Regulation Act

The Chair: — I would ask the minister to please introduce the officials who have joined us here for consideration of this Bill.

Hon. Mr. Lautermilch: — Thank you, Mr. Chairman. I have with me today the acting president and CEO (chief executive officer) of the Liquor and Gaming Authority, Gordon Nystuen. I have Dave Innes, the vice-president of the licensing division; Maurice Herauf, the manager of the licensing administration branch; Brian Poole, the licence administration branch, the assistant manager; Leary Claypool, executive director of the Horse Racing Commission; and Susan Amrud, Crown solicitor with legislative services and Justice.

Clause 1

Mr. Neudorf: — Thank you very much, Mr. Chairman, and welcome to Mr. Minister and the officials. Mr. Minister, the Act as such, to amend The

Alcohol and Gaming Regulation Act, at the surface tends to convey the impression that it's a good Act, and that there is some legitimacy to it. And in large measure I agree with that. I think there is some common sense in taking that particular stand and making this particular initiative.

But like usual, when I say that, there is a however. And the however is that I don't think necessarily that this particular Act can be viewed in isolation. And I suppose that's where my concern would come in.

When I think back to the time when we were in government, the Horse Racing Commission was under the Department of Agriculture and Food. And now you are purporting to change that, and include it into The Alcohol and Gaming Regulation Act. And I guess what that does is probably epitomizes and shows most clearly the difference in philosophy of the two governments, in that you are putting such a tremendous emphasis and hanging your hat on the gaming dollar. More than anything, I think that it just sends that signal.

Now quite frankly, I don't have a particular hang-up about bringing it over into that commission, so I don't think that this Bill is going to take all that, necessarily all that long.

I am concerned, however, with some of the statements that you as minister made during the second reading of the Bill, because that tells me that you're not viewing racing in this province necessarily as an industry as such, but that you're viewing it from the larger perspective of the gaming dollar. Because what you tried to do during your second reading speech is give all the wonderful reasons why we are where we are, as the Premier did just doing his estimates, and I was kind of fascinated with his answer. Because the two of you are singing from the same song sheet and apparently in tune with each other. Because you're trying to set the scenario that this is just the next logical step — the horse-racing, the casinos, the VLTs; that there's a progression, that you're just following the natural step.

And again, coming back to this Bill, precisely and directly I think I will agree with it. But what concerns me is a heading in the *Star-Phoenix* or the *Leader-Post*, whichever — there's not much difference between the two — and it says, the heading: "Lautermilch spurs on horse-race betting." And a quote that they ascribe to you is that:

The bottom line is we've got to get more people out to the track to wager on the horses because that's where the dollars come from.

That's your comment, Mr. Minister. And that underlines and underscores, I think, a premiss that causes many people in this province some concern. Is that the only reason? Is that your motivation? Get more people out so that they can bet more so that the government can make more money. I guess that's where the biggest concern of people is.

So while there are advantages, while there is this single point of entry, and all those kinds of things, maybe we should just take a moment, and we don't want to get necessarily on long political exposés here, but give me a précis on how you perceive that this amalgamation will be better than having the two separate authorities as they were prior to this proposed amalgamation.

Hon. Mr. Lautermilch: — Mr. Chairman, I would like to say to the member from Rosthern that the essence of this Bill and what we're attempting to do in this Bill is basically amalgamate, as you've indicated, the Saskatchewan Horse Racing Commission into the things that the Liquor and Gaming Authority license. And what it does on the other aspect is to change really the meaning of the licences that we have established and the way we license alcohol, the sale of alcohol, and it changes it from licence to permits.

I want to say just a couple of words with respect to other aspects of why we see the amalgamation as being an important . . . certainly we're going to be having some administrative savings and that is one of the initiatives that government has taken on since we formed government in October '91.

And I think what it will do is allow us in a better way to protect the industry. It's an industry that across North America is struggling. And we understand quite clearly that there are something in the neighbourhood of 1,600 direct jobs in Saskatchewan that are created by the horse-racing industry; and that is really an important component.

I want to refer briefly to your comments with respect to the headlines out of the Saskatoon *Star-Phoenix*, I believe it was, and perhaps the Regina *Leader-Post*. And the quotes were right, and I certainly . . . I won't suggest to you that I didn't make those quotes, because I did. But I did in the context of trying to maintain the base of the jobs, the 1,600 jobs that are involved in the industry.

And I think it's important to know that the Government of Saskatchewan, now as in the days of your administration, take nothing in terms of revenue from the horse-racing and the *pari-mutuels* and the betting that takes place at the track. Government has nothing to gain in terms of revenue.

What we're trying to do is decrease our administrative costs. The amount of people and the number of people who see and view horse-racing as a form of entertainment has been dropping and certainly we want to, you know, maintain that job base of those 1,600 jobs.

There are a number of people who make their living training horses, as you will know, breeding horses, and who work directly at the tracks. And we feel a responsibility to try and cut the administrative costs in that industry. But in no way will this Bill increase the number of dollars that go to government revenue, because frankly the Government of Saskatchewan takes no revenue from the *pari-mutuel* bets at the

horse-racing tracks.

Mr. Neudorf: — Mr. Minister, I'm going to ask you some fairly . . . And I want to pick up on the jobs and maintaining the jobs. In about two or three questions time we'll pick that theme up once more.

I want to go through some of the logistics — precise questions for which I hope you will have precise answers. What costs . . . You've been talking about administrative savings and so on, so what cost savings do you expect to obtain by this amalgamation? Give me some hard figures.

Hon. Mr. Lautermilch: — We expect to be able to save in the neighbourhood of \$500,000 in administrative costs. A lot of what happens in the Saskatchewan Liquor and Gaming Authority is duplicated now with the separation of the Saskatchewan Horse Racing Commission and the services provided by SLGA (Saskatchewan Liquor and Gaming Authority). So we're hopeful that we'll be able to save in the neighbourhood of \$500,000 with this amalgamation.

Mr. Neudorf: — Well we'll just see how accurate your figures are as we go along.

How many people are currently employed by the Horse Racing Commission and how many people will be directly dedicated to the horse-racing regulation in this amalgamated Authority that you're creating? So two questions.

Hon. Mr. Lautermilch: — I'm not sure that I got the last part of the question, but there are two full-time employees and 12 part-time employees at the commission. And the other question was?

Mr. Neudorf: — How many people will be dedicated to the horse-racing regulation in this new Authority?

Hon. Mr. Lautermilch: — Basically the savings will come, Mr. Member, from overhead, office space, and that type of thing. The number of employees will be maintained. That won't change. The staffing will be maintained as it is.

Mr. Neudorf: — Yes, I don't think you answered my question. How many people are going to be working in the Authority dedicated to the horse-racing regulations and so on?

Hon. Mr. Lautermilch: — It'll be the same as it is now. There'll be two full-time employees and there'll be approximately 12 part-time employees.

Mr. Neudorf: — Twelve part-time? Is this because of the different racing seasons or what would that be for?

(1615)

Hon. Mr. Lautermilch: — It's because of the nature of the industry and the fact that it is a seasonal industry.

Mr. Neudorf: — You mention that there will be

savings in terms of office space, consolidation and so on. How will the outstanding leases for the Racing Commission be handled? Will there be any costs associated with the abandonment of some of these leases? Because obviously some of the leases will not expire when this new Authority is set up.

Hon. Mr. Lautermilch: — Yes, with respect to the existing leases — and I haven't the details with me here today — but the process is that Saskatchewan Property Management Corporation takes over excess space and deals with excess space. And in the overall scheme of government we're trying to disassociate ourselves with a number of lease spaces, that we find ourselves to be in a surplus position as well. As you will know, some of the existing leases we've been able to renegotiate to a more favourable position based on Saskatchewan markets in our province at this time. So the transfer will go to SPMC; SPMC will deal with the excess space in the process that they use.

Mr. Neudorf: — Yes, but Mr. Minister, that doesn't answer my question. Surely you have a figure on which offices will be closed, which office will remain open, and what's the length of the lease left after that office is vacated, and what is the monthly lease rate so that we can get a figure?

Hon. Mr. Lautermilch: — Just as an example, the office in Saskatoon will be amalgamated with the SLGA offices up there and we're paying \$23,000 a year in lease rates in that location in Saskatoon.

Mr. Neudorf: — In which location? The one that you're giving up or the one that you're going to be moving into? And for how long is that lease that you're still bound to pay?

Hon. Mr. Lautermilch: — The lease expires in just a little bit over a year.

Mr. Neudorf: — So what arrangements is SPMC going to have to do with this building that will still be leased for over one year but will have been vacated?

Hon. Mr. Lautermilch: — I'm not aware of any plans that Saskatchewan Property Management Corporation has with that particular spot at this time. What I will do is, from Property Management Corporation, ask for an indication as to whether or not they have made plans and if so, what those plans are, and I will pass them over to the member.

Mr. Neudorf: — A little while earlier, Mr. Minister, you indicated to me that through this amalgamation there would be a \$500,000 administrative savings. Does that \$500,000 include the loss of money on this empty space or have you just ignored that in your figuring?

Hon. Mr. Lautermilch: — What we will be doing is we're going to be shifting the costs of the Saskatchewan Horse Racing Commission. That will be moved into the Saskatchewan Liquor and Gaming Authority's . . . and it's budgeted in there. The amount of dollars will be spent in there. The 500,000 will then

be money that will be free to put into the horse-racing industry, so basically we're shifting the administrative costs from Saskatchewan Horse Racing Commission into the Saskatchewan Liquor and Gaming Authority, and that's the portion . . . the residual portion will be absorbed through the SLGA.

Mr. Neudorf: — What did you mean by your statement that that \$500,000 then would then be invested into the Horse Racing Commission? I didn't follow the reasoning behind that.

Hon. Mr. Lautermilch: — There are a number of areas that we are looking at in terms of marketing software for the systems. There is a request, and certainly we have a need to upgrade the security, and requests come on a fairly regular basis for that. As well, we may be . . . and portions of this may go into some of the pools that assist the industry over the course of the seasons.

Mr. Neudorf: — Let's talk a little bit about how this amalgamated Authority will work as far as the board structure is concerned. Will there be a single, joint board handling all aspects, or will there be different jurisdictions like horse-racing be delegated to committees? How do you foresee this amalgamated board working? Areas of expertise, or everybody working on everything?

Hon. Mr. Lautermilch: — Mr. Member, the SLGA will have a seven-member board of which two members will come from and have expertise in horse-racing, and that will be their background. We've done that with bingos and with the other aspects, with liquor, and we've put people on with that kind of expertise. As well, we'll be asking from industry input to put together an advisory board to monitor and to maintain a proactive approach to horse-racing in the province.

Mr. Neudorf: — Mr. Minister, different areas of the Authority's jurisdiction I believe will be in conflict with each other. For example, the promotion of casino gambling, for example, could well have a negative impact on track betting. How do you see the Authority resolving these disputes? Will one area be given preference over another?

Hon. Mr. Lautermilch: — Well it really isn't the role, in terms of marketing of casinos, of the Saskatchewan Liquor and Gaming Authority. We will be later this day discussing Bill 72 that will enable and that will structure a Treasury Board Crown that will deal with, I guess, the economic side of the establishment of the casinos. And that will be done by the Saskatchewan Gaming Corporation.

What we are attempting to do is to put the Saskatchewan Liquor and Gaming Authority in a position where it is dealing primarily with licensing and with regulation. We see it as that kind of an entity as opposed to developing marketing strategy for casinos and those kinds of things.

We're really trying to focus on regulation. We believe that the people of the province want a strong

regulatory body. And so what we're trying to do is disassociate the operations of the gaming industry and the horse-racing industry from the regulatory and licensing side.

Mr. Neudorf: — Let me try another tack then, Mr. Minister, to get the answer that I'm looking for. Have you undertaken any studies to estimate the negative impact that casinos will have on track betting? And if you have, could you indicate where those studies are and could you share them with me? Because I think, Mr. Minister, you would agree that that \$500,000 that you're prepared to put into to support the horse-racing industry could be gobbled up in very short order if there is indeed a negative impact, as I suspect there will be, in this competition for the gaming dollar because the competition gaming dollar is finite; there is a limit to it.

Hon. Mr. Lautermilch: — Well I guess the history of this province is such that the casinos have been operating in Saskatoon and Regina for a number of years and have been competing with the track.

In terms of the changes here, what we are doing, the tax rebate from the *pari-mutuels* is in the neighbourhood of \$1.7 million. Out of that, there was a \$500,000 administrative cost out of the \$1.7 million. The moving the Horse Racing Commission into the SLGA will give an expanded base. It will give the whole \$1.7 million.

In terms of the impact on horse-racing, we don't deny that the expanded casinos and the video lottery terminal program will have some impact. It's been the history, throughout North America where expanded forms of gaming happen, that horse-racing comes under yet more pressure. It's nothing new; it's something that's been ongoing for a number of years and we're certainly anticipating that.

We're looking at a number of initiatives that we might do. Simulcasting the races on the video lottery terminals is an option that we've been looking at. The exhibition associations in both Regina and Saskatoon have asked that we look at how we might integrate the video lottery terminal program on site, you know, directly close to where the horse-racing operates, and so it would have a positive impact on some revenue for them in that respect.

The temporary casinos, as an example, are operating for this year until we establish the site locations for the expanded casinos. Both are operating on the sites of the horse-racing venues in Regina and Saskatoon. And for this year, at any rate, we believe that there will be quite a substantial increase in draw of people to the track sites. And if it, I guess, intrigues or interests the people, they'll slip over to the horse track and spend some of their time there.

We know and we readily admit that the horse-racing industry is under some pressure from expanded gambling all across North America. As an example, we know that a lot of gaming dollars that were spent historically in Saskatchewan are leaving this province

to North Dakota and to Montana and to Winnipeg, and those dollars are being spent in those provinces. That is putting pressure on the horse-racing industry.

The numbers in terms of the dollars that are spent at the *pari-mutuels*, which basically funds the government input to the horse-racing industry, it's been a struggle to maintain it, which is why the government is putting at this point a tax rebate of some \$1.7 million into the industry.

This consolidation will remove the 500,000 from that 1.7, which will give another \$500,000 of assistance to the horse-racing industry. And in my consultations with the industry — the breeders, the people . . . the trainers, the owners — they view this as a positive move from the discussions that we've had with them. And what we're attempting to do is to put some assistance to what is a struggling industry. And from all of the indicators from people who know the industry, who are involved in the industry, that pressure is going to continue. So it will be an ongoing struggle to help to maintain a viable horse-racing industry in the province.

Mr. Neudorf: — Yes, I'll pick up on that last point in a question or two's time. You mentioned that the industry has always been under pressure from casinos. Surely you're not equating the casinos of the past to what you are proposing in the future; surely you're not suggesting that, Mr. Minister.

Another comment that you made was that as one of the alternatives that you are looking at of propping up this industry, is that you are considering putting VLTs and casinos in close proximity to the betting — the horse-race betting — facilities. Now is this something that is feasible? Is it up to you to decide where these go? I thought that you had given those over to the two major city town councils and their citizens to come up with a site as such, and that you had committed to . . . that you had committed to, that whatever site was comfortable to them would be acceptable to you.

So there seems to be a mixed message here, Mr. Minister. Could you clear that up?

Hon. Mr. Lautermilch: — Well there may be, and I'm going to try and clear it up if I can.

I guess it's . . . historically, we need to understand that prior to 1982, horse-racing was the only game in town; there were no other forms of gambling. There was no competition from bingos; there was no competition from, basically from the casinos. The casino . . . the bingo dollars, as an example, have expanded from '82 to \$4 million, to a point where we're looking at \$150 million spent on bingos which has put, you know, an amount of pressure on the horse-racing industry, which for a while operated with no competition.

(1630)

I want to explain this one more time. There are two different programs — there is the video lottery

terminal program in the province for which we have purchased 3,600 machines. And that is one program.

The casino operation will be separate and apart from the video lottery terminal program. It will operate independently of and from the VLT program. We have some flexibility in terms of what we do and where we place the video lottery terminals.

The site locations . . . and you're quite right, we have asked for input from the two major cities in terms of site selection. We're awaiting the results. Regina has made their decision with respect to location and we'll be developing and putting together a process for site selection. We're in the process of doing that right now. But I need you to know that the VLT program is separate and apart from the casino program; those are two separate entities.

Mr. Neudorf: — That's what I thought, and I was wondering why you would have rolled the two into your previous answer when you said, putting on site the casinos and the VLTs. And that's what prompted my subsequent question. I didn't think that you would be willing to put the casinos in the same locality as the VLTs and as the betting services.

Mr. Minister, you're quoted in the Leader Star as saying, and I've already quoted it once before:

The bottom line is we've got to get people out to the track, to wager on the horses because that's where the dollars come from.

Do you see that one of the jobs of this new Authority will be the promotion of horse-racing as you have indicated that you think it should be?

Hon. Mr. Lautermilch: — Yes, that kind of assistance to the industry would come from the advisory committee that we will be establishing in consultation with the industry players and the people who are involved in the industry. That would be the role that they would take on.

Mr. Neudorf: — Well, Mr. Minister, obviously you are feeling some sympathy and some empathy with the horse-racing folks out there — as I do — as well, and that's essentially why, if we have to, we are going to be taking a fairly close look at this Bill because we can, as I said before, see some advantages. My concern is the 1,600 jobs that you are alluding to, and I know some of the folks in our area are also dependent upon jobs in this area.

However we, at the same time, have to be careful that we know what we're doing with the taxpayers' dollars and the regulations that are going to be in place to support such an industry. Now when you're saying that we will put \$500,000 toward this project then I want to make sure that we know what we're doing. And your comments, first of all, are saying that we must promote and then you're saying well, maybe I won't promote, maybe it's up to them. It's a situation where your objectives in promoting horse-racing and promoting casinos . . . and I'm going to say that,

because when we come into the casino aspect of it you have a real vested interest in that because it's bucks in your pockets.

So how do you intend to choose between the forms of gambling then in establishing your promoting priorities? Because I don't think that you can completely wipe your hands off and say, well that'll depend upon the Gaming Authority as to whether or not they're going to be promoting horse-racing. So I want you to make a distinction there and comment on each of those.

Hon. Mr. Lautermilch: — The industry has been consistently telling us that they want to be involved in their industry, and they want to be directly involved in the industry. And one of the recommendations . . . We put out a discussion paper on horse-racing last year, and one of the recommendations and one of the discussion pieces that we put out was the establishment of the advisory committee. And we had some very positive feedback because the players in this industry want to be involved in the day-to-day working and the marketing and the promotion of it.

My comments I think were really quite justified. The only way the horse-racing industry is going to survive is from the dollars that come through the *pari-mutuel* windows. Without that there's no revenue for purses; there's no revenue for promotion. We have an industry that will die and as a consequence 1,600 jobs may disappear.

I want to say to the member today that in the development of the regulations that we are going to put in place, we are in the process and will continue to consult with the industry, both the horse-racing industry and those affected by the hospitality industry, in terms of developing regulations.

I give this commitment to you, that we will be consulting with you as we develop these regulations. I think it's important that the opposition . . . and quite clearly you've indicated that your goals in terms of maintaining a secure base for horse-racing in Saskatchewan are quite similar to mine, as the representative from the government side. And we would want, and we will ask, for your input as we put together the regulations that will have impact on the horse-racing industry in Saskatchewan. So over the next months we certainly will be consulting with you and with your staff, and asking for your input.

Clearly you are involved to the point that you know a number of the people who are employed and who work in the industry and who are owners, people who have a vested interest, as do members on the government side. And so we would certainly appreciate your input as we put together the regulatory package for the horse-racing industry in our province.

Mr. Neudorf: — Well now that you mention that, what is your time frame in terms of the regulations being into effect?

Hon. Mr. Lautermilch: — I guess mainly I'm referring to the regulations that will be put in place to govern the sale of alcohol with the hospitality industry. The Saskatchewan hotels association consultations are going on; the Saskatchewan restaurant association. The industry itself has been very instrumental in terms of developing the rules under which horse-racing operates, and we don't foresee major changes in regulations on the horse-racing industry.

There may be some, but I just say that we give you the commitment that as this process and the impact of this, the introduction and the passing of this Bill takes place, that the regulations that will come as a result of the passing of this Bill will be done in consultation with members of the opposition, the official opposition, and members of the third party.

Mr. Neudorf: — Well, Mr. Minister, that is at least a commitment that we will look forward to for . . . and working with you on that.

There's another area that I want to turn to now and that is to refer briefly to the issue of charities. As I indicated before, the gaming dollar, the monies available, the extraneous money in people's pockets is finite and it is certainly limited — at least it used to be under the system that we've had. With your penchant now for laying the economic future of this province on the gaming dollar, obviously there's going to be a tremendous promotion and a lot of the money that is not really expendable is going to be used on your gaming ventures.

So with this expansion in gaming, I think you will admit that this will have an impact on charities and the charities across the province. You've admitted that casino gambling will have and will draw people away from the racetrack, as such. Is it not true also that people will be drawn away from charity sponsored gaming, and what impact is this going to have, Mr. Minister?

Hon. Mr. Lautermilch: — Well, you know you're quite right. There has been some change, and I think some fairly dramatic change in terms of gaming and gaming opportunities in the province. I indicated earlier this afternoon that the amount of dollars that were going into the bingos and subsequently into the hands of charities has been increasing quite dramatically since 1982 — where we had \$4 million spend, we're looking at I guess something now in the neighbourhood of \$150 million.

More and more charities have been seeking profits from gambling as a form of revenue to put their programs together. And I would just say to the House and I say to the member that we are really uncertain in terms of what the impact is going to be on the existing forms of gaming. Until we have the programs established, really it's quite difficult to know what that impact is going to be.

We were very much surprised this year when we saw the spend on bingos increased to the point that it had at the same time it was competing with the

introduction of the video lottery terminal program.

We're cognizant of that fact, and I think this is probably a discussion that we'll get into as we address Bill 72, the establishment of the Saskatchewan Gaming Corporation because we have in there, included in revenues from the expanded casinos, a charity component which will help to mitigate the impact of existing forms of revenue for charities. And I think it's an important component. It's something that the member of the third party and you as the critic for the Saskatchewan Liquor and Gaming Authority had been asking for for a number of months.

And as we were involved in our negotiations with the Federation of Saskatchewan Indian Nations and as our discussions continued with the charities across the province, it became really quite clear to all of us that there needed to be a degree of comfort and an ability to ensure that some of the existing charity revenues would not be devastated totally by increasing the gaming opportunities in the province.

So the new agreement with the FSIN and the new corporation that is established will have a charity component in order to deal with the concerns that you raise. And I think it's, frankly, a responsible approach that we took as government — listening to the people of Saskatchewan, listening to the people involved in charities; it was their desire that we do that. The member from the third party indicated that she saw a necessity for that, as have you, and we have moved to put that component in place.

Mr. Neudorf: — Well you're talking as if you've done a lot of consultation with charities and everything is just perfect as far as they are concerned. So, Mr. Minister, I would ask you, what consultation have there been with charities? Which charities are you talking about? Could you be a little bit specific in terms of your actual consultations.

Hon. Mr. Lautermilch: — We can certainly provide you — and we have provided during, I think, question period debates in this session — a list of the consultations that we have had not only with charities, but with the horse-racing industry and people connected to that industry. And I think as I recall it was probably 20 pages, 30 pages thick.

We have had consultations with the officials . . . or by the officials with some of the charities, met with numerous bingo associations, exhibitions, exhibition societies, and the list goes on. But I will send across to you another copy of the list of consultations that have gone on not only with the minister's office but with the officials from the Saskatchewan Liquor and Gaming Authority.

Mr. Neudorf: — Your government is fond of saying, Mr. Minister, that we've consulted a whole bunch and therefore give the impression that everybody is happy. Are you telling me now that the charities that you have had these discussions with and those that you may have omitted are happy with your plan right now?

Hon. Mr. Lautermilch: — Well, I wouldn't want to suggest to the member that there are no concerns out there because quite clearly the charities are concerned about their existing revenue.

We have changed the way bingos operate in this province, we've established the association model of operation of bingos in the province, and that has meant a change really in terms of the number of charities that have been involved in bingo revenues. Some have lost. There are some charities, and some very worthy charities, who don't have the revenue that they had a couple of years ago because of the nature of the change in the associations and the charities who have been involved.

We have more and more charities on an ongoing basis looking for access to bingo funds. And I certainly don't want to get off of the topic of this Bill, but I guess in the context of the impact on horse-racing and charities, they are both concerns of mine and of yours. And I wouldn't suggest to you that there isn't a degree of concern out there about the impact of the expansion of gaming opportunities because there is, which is one of the reasons that we have included a charity component in the expanded casino agreement that we have signed with the Federation of Saskatchewan Indian Nations. And I think really we're taking a responsible approach.

(1645)

Change never comes easy, whether it be in health care reform or whether it be in the development of the gaming industry. We live in difficult times and money is not that easy to come by. So quite clearly, we have those concerns out there from a lot of different sectors.

But as I say to you, we're cognizant of the fact that there are changes happening, and the change frankly is inevitable and we're dealing with that and trying to manage that in the best way and in the most responsible way that we can.

Mr. Neudorf: — Mr. Minister, we're both on a slippery slope here and the slippery slope is that we're tending to gravitate toward Bill 72. And I've asked the technical questions, at least most of the technical questions that I have on this particular Bill, except to say to finish off this idea on the charities, you obviously must have done a bit of research on this.

Now I would like to have some kind of a study in my hand from your department or your government that indicates the impact that your new gaming strategies, your . . . first of all, your penchant for promoting and advertising and increasing the amount of gaming dollars spent on horse-racing that you have committed yourself to and your other gaming strategies and initiatives. What impact is that going to have on charities without getting into Bill 72?

Hon. Mr. Lautermilch: — We have commissioned a number of studies, I would say to the member from Rosthern, that deal with the impact of expanded gaming in the province, many of which are not

available for public consumption because a lot of them deal with third party information. And I think the member will understand that.

I think probably the most important measure is what has actually in fact happened since the expansion of gaming has taken place and that would be since we're introduced the VLT program. And what I will do is ask my officials to put together all of the statistics since that has taken place and will send an updated list of those across to you. I think the measure of the impact will be evidenced quite clearly in that.

Mr. McPherson: — Thank you. Mr. Minister, now this Bill that you're bringing forward, it brings horse-racing under the purview of Liquor and Gaming, and of course, we're all for efficiencies, Mr. Minister, but there's a few things that I would like you to address and that's the future of the horse-racing when of course your gaming policy is clearly detrimental to the handles that horse-racing is generating.

I understand from your comments that you will save about a half a million dollars and I'm just wondering what you intend to do with these savings. Do you intend to direct these savings into the horse-racing industry, or what is your intent?

Hon. Mr. Lautermilch: — Well what we know is that there's about a half a million dollars on administration and costs of running the independent commission that will now be available to enhance the pool, the fund that goes . . . the purse fund. It's not a great deal of money and we admit to that.

But government hasn't been in the past subsidizing horse-racing. What we have done is rebated the percentage of the *pari-mutuel* fund that government would normally take as a fee. We have historically been remitting that to the horse-racing industry. As I indicated to the member from Rosthern, that was in the neighbourhood of a gross amount of \$1.7 million, out of which \$500,000 was used for purposes that although they did have an impact — you needed the administrative dollars — it wasn't money that would go directly into the owners and into the hands of the industry and the people who make that industry work and who create the 1,600 jobs that are directly impacted and directly happen as a result of horse-racing.

So it's not a great amount. We recognize that. But \$500,000 out of \$1.7 million is no small amount, and I believe will be well received by members of the industry as a result of this initiative.

Mr. McPherson: — Well that's surprising, Mr. Minister, because we too are concerned about the 1,600 people that earn their living or portions of their living through the horse-racing and investing in breeding stock and so on. And I'm looking at a letter here. I have a letter that you had sent to the Saskatchewan Horse Racing Commission and those people involved. This letter, I guess, is sent out in October, 1993. I guess you'd made reference to

having sent a copy of this letter to the Liberal leader because of, I guess, a very brief and minuscule period in which you claim there is some ownership involvement in the industry. But this letter of course didn't go to the Liberal leader.

But I want to refer to a few portions in it because now you're saying that the half million dollars is to go just into the prize pool . . . (inaudible interjection) . . . Well that's what I understood you just to say . . . (inaudible interjection) . . . Well, I'm asking you — the other member is gone now.

But what you said just moments ago was that it would go to enhance the prize pool, I understood? Well then, you can clarify that now.

Hon. Mr. Lautermilch: — What I said to the member from Rosthern, and if you'd been listening you would know that I suggested that the advisory board would be in a position to use some of this incremental dollars for marketing, for software in terms of developing programs.

There's also a security aspect. There are pieces of equipment that are required in order to maintain proper regulatory function at the track. And quite clearly there are a number of areas that this will be used for. And I'm assuming that the advisory board that we will be establishing, and the advisory committee, will know best how to move this money around.

We see the Saskatchewan Liquor and Gaming Authority as a regulatory and a licensing body, and that's what we intend to be. This \$1.7 million is a rebate that is not collected from the *pari-mutuel* windows; it's money that is turned back to the industry and I think that's where it's appropriately put. It is an industry that is struggling to survive.

I think we've made some very positive initiatives in terms of the consultations we've had with the industry over the past months and years, at least since this administration has been in place. And I want you to understand that there is other money that goes into the operations of the horse-racing industry.

We've been threatened in this province, with the Prairieland Exhibition on an annual basis saying they aren't going to be running the Thoroughbreds in Saskatoon. And we work very closely with them to try and assure that Thoroughbred racing happens in the Prairieland Exhibition grounds up in Saskatoon. And it's been a struggle that we've had for the last two years that I've been directly involved in it. But we've been able to ensure that it happens.

I want you to know and I want you to be reminded, there are many areas where the horse-racing industry has come to a complete, dead halt. It stopped; it's just gone. We've been able to maintain it. Is it healthy? The answer is, it's marginal. But we will do what we can in the interests of the industry to maintain the jobs.

I want to say to you that I don't propose to be an

authority on the horse-racing industry. It's very much a unique culture, and I have met some very interesting people since I've been sworn in as minister in charge of the Saskatchewan horse-racing industry. They best know their industry; they're involved in it directly. And this is why we have established the advisory committee, so that people who know the industry, who understand the industry, can better deal with the day-to-day problems. And that's what we have attempted to do by establishment of that committee.

Mr. McPherson: — Well thank you, Mr. Minister. In the letter then that you sent out on October '93, I'm just going to quote from it:

Despite the difficulties that have faced this industry over the past several years, our research and studies show that with goal-oriented, long-term planning now under way, the potential for the industry renewal is extremely positive.

So the questions that would come from that statement is: describe what goals that you're referring to and which studies you're referring to in the letter.

Hon. Mr. Lautermilch: — I think, to put it simply to the member, the goals would have to be to enhance the stability of the industry. And I think that that's quite clearly what we're attempting to do. Have we achieved all we've set out to do? The answer is no, not at this point.

One of the things that we're attempting to do is to focus the administration of the Horse Racing Commission within the Saskatchewan Liquor and Gaming Authority. And I think that's important.

What are we attempting to do? Quite clearly, if we don't have the purses to support the breeders, we're not going to have a good quality of stock. And one of the things that we need to do to attract people is to have a number of horses in the field who are competitive and have a good quality of stock. Quite clearly the market share that needs to be developed in terms of the whole gaming dollar needs to be protected and enhanced where we can. And certainly those are some of the goals that we hope to achieve.

I would want to say to the member from Shaunavon, if you have some ideas and some thoughts with respect to how we might better protect or enhance the industry, that he would want to sit down with the Leader of the Liberal Party and perhaps they would be willing to share some of their thoughts and some of their ideas with us as we develop the future, and a long-term, hopefully viable future for horse-racing in Saskatchewan.

Mr. McPherson: — Well thank you, Mr. Minister. I think now we'll go back to the question I asked. Your letter refers to some long-term planning, and you do this with studies, I can only assume, and you state here: the potential for industry renewal is extremely positive.

And that's what I'm asking you, is how do you see this potential? By what studies are you referring to? What planning have you done? In your letter you're referring to planning, so just tell me it now.

Hon. Mr. Lautermilch: — Well let me go through some of the suggestions and some of the things that we have itemized in terms of plans. We have looked at a multi-year planning horizon, in terms of the rebate, for the *pari-mutuel* tax. And I think that's long-term planning and I think that's important. Regulatory reform and the amalgamation of the Saskatchewan Horse Racing Commission with the Liquor and Gaming Authority, and I think that's long-term planning.

Industry development, we have indicated that we will appoint a nine-person horse-racing and breeding advisory board made up of representatives from different organizations from the different tracks, and that we would seek their counsel and their involvement in the development over the long haul. We need to know that we have management both in terms of the Standardbred operation and in terms of the Thoroughbreds, who are in concert with the industry and who are supportive of the industry and who want to manage in the long-term interests of horse-racing in Saskatchewan.

In terms of people coming to the tracks to share that form of entertainment, I think quite clearly it's important that we have a reasonable marketing strategy and that people are made aware that we have a good quality of horse-racing in the province. It doesn't take a Wall Street lawyer or three university degrees to understand that business is business. You've got a market, you've got to have sound management, you've got to have a product to sell, and you've got to have a commitment to the business. And I want to say to you that in all of these areas we have developed a plan.

(1700)

Now you may not be satisfied with the plan, or it may not be enough for you, or you may want a study done by a professional from goodness knows where — I don't know what's on your mind — but I want to say to you that the suggestions that came from the paper that we put to the industry have been most helpful in terms of developing for us a long-term future.

Mr. McPherson: — Well, Mr. Minister, I mean it's in your letter that you keep referring to this positive renewal — well just about the entire letter is talking about renewal of the horse-racing industry. In fact the closing comments, and it says and I'll quote:

In closing, I encourage you to develop your breeding program, select your racing stock, and count on employment plans with the confidence that horse-racing in Saskatchewan is about to realize its true potential through renewal.

Now are you guessing at this, or did you do a plan, or

you know there's going to be some renewal? Because I look at a study — I guess it's one that you had sent over — *Encouraging Stability & Innovation: To Revitalize the Horse Racing Industry in Saskatchewan*. I look at . . . on page 7 of this study it says:

Since the mid-1970's gross gaming revenue spent on horse racing has decreased as a percentage of total money spent on gaming from 100 % to less than 3 % currently.

This decline is in part due to the enhancement of gaming and entertainment opportunities throughout Saskatchewan with the introduction of expanded lottery programs, bingos, and the new VLT program.

So then you're, I guess, trying to convince the people with your letter that there's some sort of renewal, and they should go out and spend monies and employ more people, as you're saying, get into more breeding programs. But yet I don't see anything to back it up, that you intend to promote or do anything more for the horse-racing industry than I guess make them feel good by sending them out a letter.

So what I'd like to ask you, Mr. Minister, is give me an evaluation of what potential you see in Saskatchewan for horse-racing. And also given this study that I just quoted from, tell me what the impact of the VLTs and some of these other gaming opportunities you called will have on the horse-racing industry.

Hon. Mr. Lautermilch: — Well let me answer the member in this way. I mean you refer to — and I know the paper you're referring to — it's a document called *Encouraging Stability & Innovation: To Revitalize the Horse Racing Industry in Saskatchewan*. The document was shared with the different stakeholders, the horsemen's benevolent and protection association, the Metis Society, the Regina Exhibition Association, the Horse Racing Commission, the Institute for Applied Arts and Technology. I mean it was a fairly widespread document asking for input from the industry in terms of how we develop the future.

You quote from page 7 of the document that since the 1970s the revenue spent on horse-racing on gaming has decreased from 100 per cent to less than 3 per cent. So don't over-dramatize what we're talking about here. When horse-racing was the only game in town and when there were no other forms of gambling opportunities, quite clearly 100 per cent of that revenue went to horse-racing.

Since then you've seen an expansion into the bingos in the 1980s. You've seen the introduction of the video lottery terminal program. You've seen an expansion, and you see the two proposed casinos, and you know full well that there's going to be pressure as there is in other jurisdictions on the horse-racing industry.

What we're attempting to do is to minimize the impact and assist where we can. Now you may not be

comfortable with what we've been doing, and you may not agree with the amalgamation and the administrative savings with the amalgamation of the Horse Racing Commission into the Saskatchewan Liquor and Gaming Authority. And that's fine with me.

And you may not understand, as I don't profess to understand, this industry in detail, and perhaps what you might do is consult with the Leader of the Third Party, with your colleague, and she might be able to explain some of the past problems of the industry, and she may in fact have some solutions that she might put forward with respect to the industry and the development and its future.

And I say to you again, it doesn't take a Wall Street lawyer to understand that in order to have a successful industry, you've got to have a good product. In order to do that you have to have money into the hands of the breeders and the trainers, and you have to be able to market your product. It's not unlike any other business. And when you've got increased competition, you know that you have to be innovative in terms of marketing your product with the increase in competition for the gaming dollar.

But I want to remind you, sir, that as you have indicated there is a finite gambling dollar — you or the member from Rosthern at some point in time. But you need to understand that gaming is a growth industry, not only in Saskatchewan but across North America. The bingo revenues are up. The casino revenues are up. The raffle revenues are up.

The horse-racing industry has not been, for a number of years, experiencing increases in the number of dollars that are spent at the *pari-mutuel* window, and that may be because it's not a form of entertainment that is widely enjoyed, as widely as others. So you've got the competition factor. Now you can't force people to spend their entertainment dollars in one particular hotel or restaurant. You can't force them to be there. You can only offer and put your best foot forward. And if people choose to involve themselves in that direction, then they'll do that. But you can't create, and you can't do the impossible.

So I say to the member, we're working with the industry, and we will continue to work with the industry to develop long-term planning and long-term stability for the industry, if that in fact is possible. That's our goal. That's what we hope to achieve. You may not agree with the methods that we're using, and that's fine, but that's the way it's going to be. We're going to work with the industry in the best interests of that industry.

And you refer again to the introduction of the video lottery terminal program, and I find it quite interesting that you, as well as the leader of your party, can sit on both sides of the fence day after day after day. Your leader says that some of her friends support gambling and some of them don't, and she supports her friends. And we know that; that's quite clear. That's quite clear. She doesn't take a position.

Now is she suggesting or are you suggesting that we shut down the video lottery terminal program? Because if you are — I know it's competing with the horse-racing industry — and if that's what you're suggesting then perhaps you want to go back to your riding in Shaunavon and you might want to consult with some of the hotel industry down there and some of the people who are in an ailing industry and were facing competition from video lottery terminals across the Montana border and across the Alberta border, and ask them if they would support your plans to shut the VLT program down.

So don't give us both sides here. You've got to be a little consistent, and at some point in time I think you might. But I say to you, if you want to work with us, we're more than willing to share with you your thoughts and our thoughts. We've offered, and I offer the same to you and your colleagues — the members of the third party — if you have some ideas we'd be more than willing to hear them.

I don't profess to be, as I've said before and I'll say it again, an authority on horse-racing in Saskatchewan. It's a unique culture and it's an industry that few are familiar with, and we're working with the industry to do what's best for them because they know what's best for them. And that's why, as a result of this paper, we'll be establishing the nine-person advisory board.

But I would like you for a minute to refer to the Bill and perhaps you would tell us . . . And I mean if we're going to discuss the Bill, which is what I think we would want to do — it's Bill 33; it deals with the consolidation of the Saskatchewan Horse Racing Commission with the Saskatchewan Liquor and Gaming Authority — and I ask you, do you agree with the concept of cutting the administrative costs and amalgamating these two operations, or don't you?

Mr. McPherson: — Mr. Minister, you talk about inconsistencies. That answer showed a lot of inconsistencies that you've been playing with all evening. In fact if you want to continue with the political answers, you may find yourself here for a long time.

A few minutes ago you talked about trying to lessen the impact, minimize the impact of other forms of gaming on the horse-racing industry, and that's totally inconsistent with this letter where you're talking about all the potential, and you want people to invest. And yet your government is just going to try and lessen some impact.

Another thing that you're extremely inconsistent about, Mr. Minister, you first said that, well you wouldn't have VLTs at the track. Then of course you went and put VLTs next door at the exhibition grounds. You said, well casinos will draw people back to the track. Now you're planning to move the casino off the exhibition grounds, move it downtown. So that seems very inconsistent. In fact I'm wondering if now you think that perhaps you should move the horses downtown.

Mr. Minister, I'm just wondering if you can evaluate the impact of expanded casinos, and there's a couple of studies that were done. The Fox study and Harrah's study say that handles will drop by 10 per cent when the casinos open. So just, without being political, tell me what the impacts are. You of course have dealt with the studies, or you wouldn't be able to know how on earth you're going to minimize impacts or create potentials for the industry's renewal.

Hon. Mr. Lautermilch: — Mr. Chairman, let me say to the member that quite clearly the access to the market is what is going to be inevitably the success or the failure of this industry.

The industry has been quite clear in telling us that that is the position that they would want to be in, is to where they have access to the market. And they know they have to have a good product in order to sell. They understand that.

And they have asked us as well to act. The Saskatchewan Liquor and Gaming Authority is the regulator and the licensing of horse-racing. And that's what this Bill allows. What this Bill allows is that the SLGA becomes the regulatory and licensing body, and the industry will be more responsible for the access to their market.

Now if you want to know in exact detail the impact on horse-racing by expanded forms of gaming, what you need to do is look at documents that may or may not be available — I don't know — from the Manitoba experience. You might want to look at Ontario. You may want to look at some markets in the southern states.

You will find variances in all of those different areas and all of those different jurisdictions. There isn't one area where the impact will be identical to the other. And we're not going to know in the Saskatchewan context what that impact is going to be until the expansion has taken place.

But what I say to the people in the horse-racing industry, as I've said to them before, we will work with them in order to help them access the market, the gaming market. We will, as the regulator and the licensing body of the Saskatchewan Liquor and Gaming Authority, develop regulations and develop a system that will allow them to operate in the least cumbersome way possible. And that's the direction that we take. And if the member would agree to that, we would certainly be more than willing to work with them in terms of that concept because I think what is important to members on the government side of the House is the people who are working in that industry and who depend on it for their living.

Mr. McPherson: — Mr. Minister, as I referred to before, the Regina exhibition, they've noticed about a 40 per cent decrease in betting since VLTs and expanded casinos were opened at the Buffalo Buck Casino. Now of course people may be dropping by, but they're not betting. In fact the opposite is true, and

they're leaving the racetrack and dropping by the casino to invest money they used to bet on the horses.

Mr. Minister, what I want to know from you is what exactly are you going to do to preserve the income levels of the racing industry, in light of the competition that you've created?

Hon. Mr. Lautermilch: — Well can I ask the member, is he referring to a 40 per cent decrease in the last six days that they've been running in this season. Because I haven't got those figures here. Is it this season that you're suggesting there's a decrease of 40 per cent?

(1715)

Mr. McPherson: — Well it's been a 40 per cent decrease since the introduction of the VLT program.

Hon. Mr. Lautermilch: — Well let me say to the member, I mean they've been operating for six days or six running days in this season. And are you . . . is this what you're referring to? Or are you referring to maybe when we had the pilot project — 150 machines in the south-east corner — that was impacting? I'd like a little clarification here in terms of seasons, in terms of running days, and the decrease, the 40 per cent that you allege.

Mr. McPherson: — Mr. Minister, you're just playing games with whether it's seasons or running days. The fact of the matter is there's a huge decrease; you and I both know that. And I'm asking you what plans your government has to preserve some income levels in the racing industry, because they employ 1,600 jobs, as you said earlier.

Hon. Mr. Lautermilch: — Well as I said to the member opposite, we knew and we understand that there's going to be pressure on this industry as gaming expands. What is difficult to ascertain is whether this is an impact as a result of the increase in bingo dollars that are being spent. Is it as a result of the introduction of video lottery terminals? Is it as a result of the number of dollars that are spent in casinos? Or is it a combination? Is it as a result of the number of dollars that are spent in raffles? Because all of these forms of gaming dollars have increased, which is quite clearly an indicator that people's preference has not been for horse-racing.

If your figures are correct and there is a 40 per cent decrease, quite clearly people's preference has been for other forms of gambling. They're not spending their money at the racetrack; they're spending it on raffles and on bingos and on the video lottery terminals and in the casinos, in the casinos that are operating around the province.

So to establish which particular area of expansion in gaming has caused the problem is fairly difficult. If your figure of 40 per cent is right — and we don't argue that it is or isn't — what we say is we anticipated and we knew that there would be a fairly dramatic impact on the industry. But there has been over the past years. As bingo expanded in the 1980s, the

impact became more and more dramatic, and we don't deny that.

Mr. McPherson: — Well, Mr. Minister, I guess, given your comments this evening, you'd love to have that letter that you sent out last October back, where you're talking about all this potential for renewal because that's certainly not where your mind is at today. In fact what I'm hearing from you today is essentially that your government has given up on the horse-racing industry and the 1,600 jobs that are attached to it.

Mr. Minister, will horse-racing have a guarantee of revenues under the charitable component of Bill 72?

Hon. Mr. Lautermilch: — Well let me say to the member from Shaunavon that there are a number of ways that we can open up access to the horse-racing market, and we're looking at all of those at this present time. I mean it doesn't follow that to bet on horse-racing you have to attend to the track and to the site where the racing is taking place.

We're looking at interact on video lottery terminals and what we might be able to do on that regard. We're looking at the expanded casinos and the possibility of putting in access to the tracks at the casino. There are people who may not want to attend to the track but who would, as part of their entertainment time — they attend the casinos — would want to spend a little time betting on the races either in Saskatoon or in Regina.

And I just say to the member, you can make all of the assumptions in terms of our sincerity with respect to the horse-racing industry that you want, but I say to the people in the industry and I say to the people of Saskatchewan that we are concerned that the industry be maintained, and we are looking at new and innovative ways of bringing more dollars to the industry.

Mr. McPherson: — Well, Mr. Minister, you know what I've heard from you in the last while here is of course reasoning or excuses that competition which your government has brought in to the horse-racing industry, it's the reason the industry is dying. And of course, horse-racing industry is relying on a great deal of labour and investment; and of course VLTs, on the other hand, don't. I mean they're just . . . they're inhaling the money of the people of the province.

So my question is: what are you going to do to make things fair? Are you not going to be concerned about the 1,600 jobs and the investment that brings in? Or is your government just bent on raking as much money from the general public as they can through the VLT program?

Hon. Mr. Lautermilch: — Well you know, let me say to the member — and I don't claim to be an authority on this industry; I certainly am not — what I can tell you is that you don't have to be at the racetrack to gamble on horse-racing. Over half of the drop, over half of the handle, is from telewager — not betting even on the races that are running before the people

who are attending at the track.

As an example, Chicago, Illinois, has not got a casino industry. They haven't got the casino competition. What they have is a major racetrack, Arlington Park, that is going broke. So I mean you can make all the assumptions that you wish. I can only say to you that I know that the horse-racing industry across North America is in trouble and there are a number of reasons that can cause that.

What I also know is that this government is committed to working with people in the industry to ensure that we maintain that industry and to ensure that we will if possible maintain a viable industry and protect those 1,600 jobs.

Mrs. Bergman: — Thank you, Mr. Chair. I have some comments regarding Bill 33, An Act to amend The Alcohol and Gaming Regulation Act.

Mr. Chair, Mr. Minister, after reviewing this legislation, I must say there are a number of things within it that are improvements. These will undoubtedly benefit the people of Saskatchewan.

This Bill improves the rules concerning the transport of alcohol between the permit holder's business and the franchise of the liquor vendor. In the past only couriers were allowed to do this work. Under these changes, permit holders will be able to transport their own product.

Another improvement is the ability . . .

The Chair: — Order, order. Order.

Mrs. Bergman: — Thank you, Mr. Chair. Another improvement is the ability to transfer a permit to the spouse or estate of the deceased upon the death of the permit holder. In the past, the survivors of a permit holder for a dining or beverage room had to go through the long process of applying for another permit through order in council. This placed unnecessary stress on people whose lives were already complicated by the death of a friend or a loved one.

Mr. Minister, this is a good provision. And I say with confidence that my constituents in Regina North West will support anything that reduces bureaucratic red tape.

I also see improvements in regulations concerning cooking wine. The amendments in this Bill recognize problems of controlling the sale of this product as well as the hazard it presents to public health.

Furthermore, this Act will clarify the rules to allow limousine services to acquire permits. It continues to allow sampling of products within liquor stores, giving customers more opportunity to try new products and make better choices. These amendments, while minor, are all sound and reasonable improvements to our current liquor laws.

Although I support these improvements in the Bill, Mr. Chair, I have concerns with other aspects of the Bill. I believe that through this Bill the government is continuing to follow a path that the people of Saskatchewan have become so accustomed to in the past two and half years. That well-trodden path I believe is quickly wearing out from overuse. At every turn we see the government moving matters of legislation into the realm of regulation. This Bill is but one example. Numerous sections of the legislation it amends will be removed from the statute books and placed in the regulations. I am alarmed at this process but somehow not surprised.

Why does the government want to continue to remove decisions from the legislative process where they are quite open to view, unlike in regulations? I understand full well, Mr. Minister, that regulations must follow a proper process, just like legislation.

My concern is that the regulatory process is far too obscure, far too closed, and too tempting for government to use. This defeats the purpose of regulations. Regulations are meant to refine legislation to account for what cannot be foreseen, to temporarily allow legislation to be effective until it can be amended. Regulations were meant for those purposes.

They were not meant to be used as tools to make major decisions. People fear regulations, because before they know it, the government has changed a regulation without consulting them, without major public debate, and without taking the time to listen.

Decisions to change regulations can have a profound impact, especially in the beverage and dining-room business. I would like your comments on that particular issue, Mr. Minister.

Hon. Mr. Lautermilch: — Well let me say to the member from Regina North West, I really find this quite ironic, because I think if you were to research *Hansard*, you would find that — I think it would have been in about 1988, just shortly after I was elected to this legislature and was a member of the opposition; I was the critic of the then-minister, Graham Taylor, who was minister responsible for the Saskatchewan Liquor Board and Liquor Licensing Commission and he introduced a piece of legislation — that I used the same critique that you now use with respect to moving from statute to regulation. And I have to say in hindsight, I was wrong.

And the reason I was wrong is because of the nature of the industry and the changes that have occurred since I've been monitoring the operations of the hospitality industry and the changes, and how the sale of alcohol and the different venues and the styles and the types of businesses have changed. I'm quite convinced that my critique, although well-meaning, was not founded on I guess a pragmatic position, because it just . . . it doesn't work.

And I just want to give you an example of the situation that we encountered in my home town, in Prince

Albert, just recently. We had an inquiry — the Liquor and Gaming Authority — had an inquiry from a young businessman who asked and was applying for a licence to establish a neighbourhood pub. Well the whole concept and the whole way we retail and the way the hospitality industry is presenting their product has changed and continues to change so dramatically we didn't have a place for him.

So I guess what that would have meant, had we not been introducing this Bill, would be that we would yet have another category of a class B licence and we've got 15 of them now. We've got class A which is basically not age restrictive, it's a restaurant situation. We've got class B in which we have 15 categories; those are all age-restricted venues. And then we've got class C which deals with the manufacture of beverage alcohol.

What this Bill does is it allows us to refer — instead of licences — but to refer to them as permitted areas. It gives us a little more flexibility in terms of dealing with the business community and their aspirations and their changes.

One other example is the brew pubs which, up until a few years ago, was a concept that wasn't known to our province. So what we're attempting to do is allow the Liquor and Gaming Authority, through regulation, to deal with the needs and the concerns of the Saskatchewan hospitality industry, and to be able to quickly move when there's an area that they need to see addressed.

I should tell the member that we are in the process of consultation with the restaurant association, with the Saskatchewan hotels association, and others who we have asked to be involved in the drafting of the regulations because they best know what will serve the needs of their industries in terms of how the Liquor and Gaming Authority regulate the sale and the licensing of their establishments.

(1730)

And I say to the member from Regina North West that I give you the same opportunity, and I will offer you the same opportunity as we have offered the industry, if you would want to become involved in a critique of the regulations before they're in fact passed by cabinet, that we offer you the opportunity to do a critique of the proposed regulations. And that kind of input we think is important.

This is certainly not an attempt to move control from the Legislative Assembly to the hands of either the minister's office or bureaucrats or cabinet. That's not the purpose of this. What we're trying to do is to put the Saskatchewan Liquor and Gaming Authority in a position where we can be responsive to industry's demands and industry's needs. And I certainly offer you the opportunity, if you would be so inclined, to involve yourself in assisting us to put together these regulations.

Mrs. Bergman: — I appreciate the offer you've made

and I'd be glad to take you up on that. And I guess it was sort of worth the effort asking the question to have you say that you were wrong once. And it certainly indicates your empathy with my situation. Thank you.

Ms. Haverstock: — Thank you very much, Mr. Chair. Mr. Minister, I have one very short question and in fact it could have a very short answer. It could be either yes or no. We really have been talking about, and I'm going back just a moment to the horse-racing industry — I didn't get a clear understanding of a particular position from you on a question that was posed.

I'm wanting to know about your commitment, the commitment of the government, to the horse-racing industry in Saskatchewan and a guaranteed, long-term commitment to the racing industry. Will the horse-racing industry get a percentage of the money from the charitable component that is being proposed; yes or no?

Hon. Mr. Lautermilch: — I'd like to be able to answer yes or no, but I would want to say that we're looking at all of the options. We have indicated that we — and as you have requested — that we introduce or that we involve in the negotiations or the discussions a component for charities. You will note in the legislation, when we get to Bill 72, that we have in fact the leeway to involve charities, Metis, the exhibition associations, and other entities. And part of the reason we left that particular area open is to give us flexibility for the changing needs that may in fact be out there.

As I've indicated to your colleagues, we're looking at what we might be able to do with respect to interact on the VLTs. There may be a place within the casinos — and we haven't finalized any of these decisions yet — in the expanded casinos in Regina and Saskatoon.

But I can assure the member this, and I've attended to some of the same functions that she has as someone who is more interested. I shouldn't say more interested; let me rephrase that. But who has more of a history with the horse-racing industry than do I.

But I want her to know that the government has a strong resolve and a strong commitment to the industry and I'm hoping that . . . and I was hoping that we had been able to evidence that with some of the comments that I as the minister have made and some of the interaction that we have had, some of the legislative changes that we have proposed here. And I guess some of the conversations, although sometimes rather difficult with some of the management of the existing facilities, it would have been fairly clear that our commitment to both Thoroughbred and Standardbred racing in this province is sincere.

And we will work through this process and I certainly ask for your input and I request your input. It's a difficult area and I know that you will understand it's not only difficult here in Saskatchewan, but in other areas, and everyone is struggling with how they maintain the industry.

Because I think maybe not only feelings from the heart

are involved. We certainly understand the economics of the job associated with this and certainly us as an agricultural community here in Saskatchewan should have some pretty serious interest in it. And I assure you that this government does, and I certainly do as the minister.

Ms. Haverstock: — Well thank you very much, Mr. Minister. Before I bid farewell to your officials . . . But I think they'll be staying around for another Bill.

You would have been so much happier if you had said a yes or no because you twiggled my memory to something else I wish to comment on. You mentioned the Regina casino in passing, when you were talking about Regina and Saskatoon, and I do want you to know that the Regina casino manager is the one who stated in the last few days that the handles are down by 40 per cent since the new casino opened.

Now that remark was made by that individual, and I really do think that it would be in the best interests of your department, of your ministry, to look into that. I don't think that it is incumbent upon me to phone up and find out exactly what it was he meant by the comments. But I do think that as the minister in charge, you may want to call him and in fact check with him to determine whether or not those numbers were accurate that he gave out publicly.

Hon. Mr. Lautermilch: — A brief response to the member from Greystone. As you will know, there's been some degree of cross-subsidy from the casinos both in Regina and in Saskatoon in terms of the operations of the Standardbreds down here and the Thoroughbreds in Saskatoon. And that has been ongoing for, as we are told by the exhibition associations, for a considerable period of time.

Mr. Butler will also be aware that the take from their table games, with the introduction of the VLTs in that area, will have increased the number of dollars that the exhibition association in fact has to work with in terms of cross-subsidizing racing from the casino operations.

It's one of the reasons that we put an exhibition component in Bill 72, which we'll be, I'm sure, having a brief look at later. It's one of the components that we added in, and our goal is to achieve a situation where they can maintain the revenue that they have been generating through gaming.

But as I say before — and we've been through this, so no need to get into it again — but I think we really need to look at marketing strategies and how we pique people's interest in terms of attendance to the tracks. If that can't work, quite clearly as I've indicated, we're looking at some other options — interact on VLTs; the possibility of something established in the expanded casinos.

So there are options that we can use and we're looking at them. And if you have any thoughts, I'd be more than willing to meet with you at some point in time to discuss them in more detail. Whenever you're free.

The sooner we adjourn, the sooner we'll all have a little more time to have these kinds of discussions.

Clause 1 agreed to.

Clauses 2 to 108 inclusive agreed to.

Hon. Mr. Lautermilch: — Mr. Speaker, just before I move the motion, I would like to thank my officials for their work in putting together this legislation and I would, as well, like to thank the members of the opposition for their questions.

And with that I would like to move that this Bill be reported without amendment.

The committee agreed to report the Bill.

**Bill No. 72 — An Act to Establish the Saskatchewan
Gaming Investment Corporation and to enact certain
Consequential Amendments arising from the
enactment of this Act**

Clause 1

Mr. Neudorf: — Thank you very much, Mr. Chairman, Mr. Minister. I've noticed that in perusing this Bill that this Bill is actually a creature of this Legislative Assembly in its formation and it is resultant, in many degrees, to the Crown Investment Corporation Bill that was passed in 1993.

And while there are lots of similarities between this Crown corporation that you're planning and proposing to set up with other Crown corporations, there are rather some distinctive differences as well. And one thing that caught my attention, particularly, is the fact that in section 5 it says that the corporation, essentially, is going to be established by the Legislative Assembly. Yet interestingly enough, and notice this, Mr. Minister, this corporation is going to be set up by us folks in here, yet its wind-down, its cessation is not going to be done by the creature that created it.

In other words, the creator will not be the destroyer in the end, if you want to use that terminology, but rather it will be Treasury Board's prerogative to wind it up. I found that very interesting while I was reading that. Normally what happens is that a corporation is established by the Treasury Board and it is subject to wind-up by the Treasury Board. But a question I guess I would have for you is: why would we set up a Crown corporation in this Assembly and yet this Assembly has no say as to when it is going to be wound up, but rather that it will be Treasury Board that will have that right? Could you answer that for me, please?

(1745)

Hon. Mr. Lautermilch: — Mr. Chairman, I'm told by my officials it was just adopted in terms of the standard procedures of The Crown Corporations Act and it is consistent with that Act. And that's why the wind-down provisions were drafted in that fashion.

Mr. Neudorf: — Well right away we're not getting off to a very good start here. You say it's consistent with that Act. If you recall some of our oppositions to that Act in those days, you will know that we did not agree. This particular point, quite frankly and admittedly, escaped us. And I guess now we're feeling some of the full effects of that Act that you passed last year.

But that doesn't answer my question. That just gives the wherefore that this is the thing that has happened and you're being consistent with that Act. But why would you want it that way, Mr. Minister? Why would you want to go through the charade of setting up a Crown corporation passed by this Assembly, and yet give the power to the Treasury Board?

And for those who don't know what the Treasury Board is, it's the hand-picked members of cabinet. It's not even all of cabinet. It's the Premier's hand-picked part of cabinet that now will have the decision as to the demise or the continuation of this Crown corporation. It escapes my logic; I can't understand it. Could you explain it for me?

Hon. Mr. Lautermilch: — It is, by the way, not the Treasury Board that has the authority to wind it down. It's the Lieutenant Governor in Council that have the authority to wind down the corporation which, as I've said before, is consistent with The Crown Corporations Act.

Mr. Neudorf: — I'll give you another opportunity, Mr. Chairman. Would you check with your officials again that what you're telling me, that it's not Treasury Board, but rather Lieutenant Governor in Council, which to the uninitiated simply means all of cabinet. So what we're arguing about now is it the select members of cabinet of Treasury Board, or is it all of cabinet?

Hon. Mr. Lautermilch: — This is dealt with under section 5 of the Act, part (b), which refers to section 16 of The Crown Corporations Act. And under section 16(1) of The Crown Corporations Act it, and I'll quote, I'll read it into the record:

The Lieutenant Governor in Council may wind up the affairs of a Treasury Board Crown corporation and dissolve a Treasury Board Crown . . .

So what this part of The Crown Corporations Act indicates is that it would be cabinet that would have the ultimate authority to wind this Crown corporation down.

Mr. Neudorf: — Do you think that's legit? Is that democracy? And I repeat my question again. Other Treasury Board . . . other Crowns are established by Treasury Board. Here we are going through the charade of setting up a Crown corporation through the Legislative Assembly — that's what we're doing here. Why would not this Assembly of all elected officials then have the right to say we don't need it any more, we want to do away with it, we want to amend it?

What you're telling me now is that yes, this Assembly has the right, the prerogative, of setting up this Crown corporation, but you and your colleagues in cabinet can do away with it at your whim. I don't see the consistency in that; I don't see the democracy in that.

Hon. Mr. Lautermilch: — Well let we say to the member from Rosthern that quite clearly the act of establishing this Crown corporation in full view and in purview of the Legislative Assembly was a request, I believe, of yours in question period a few days ago when you asked if, in fact, we were going to have this open and above board and if it would be open to public scrutiny.

There are two issues. The first issue is that we have acted upon that in the introduction of Bill 72. To establish this Crown corporation ensures that in fact the establishment of the Crown — the reasons for the establishment — are done in full view of this legislature and with input from all members for debate if they so wish. The reason that the requirement to establish the Crown corporation is because of the Criminal Code of Canada, which indicates that we needed a vehicle to have the legislative authority to involve itself in gaming.

We wanted to separate the regulatory and the licensing body, which is the Saskatchewan Liquor and Gaming Authority, from the development and the day-to-day operations with respect to the operations of the casino. So hence we brought in a Bill that will establish a Crown corporation.

This Crown corporation will operate the expanded casinos in Regina and Saskatoon. The normal process will be that the dealings of this Crown corporation will have total public scrutiny through Public Accounts, as do other Crown corporations, so that any revenues that are generated from these casinos will in fact have wide public scrutiny. In terms of the establishment of this Crown, that's why we're doing that. That's why we're here today and that's why we're debating this Crown corporation.

And I think that in terms of operating responsible government, we want to allow members of the opposition to debate broadly, first of all, the establishment of this Crown; but secondly, on an annual basis and on a regular basis that the Provincial Auditor would have access to the workings of the Crown, the dealings of the Crown, the revenue that flows through that Crown corporation; that we would have the funds that will go to first nations and to other entities fully accountable to the Provincial Auditor. And that is the goal that we're attempting to achieve today. That is why we're here debating this Act right now.

Mr. Neudorf: — Now, let's read between the lines of what you just told me. The only reason this Bill is before the House today is because you couldn't get away with it. Your lawyers warned you: don't try it without backing legislation. That's what they told you, because you would be contravening the Criminal Code of Canada. That's the only reason we're in here.

You tried it the other way first.

And that's the only reason, in spite of what the Premier said a few hours ago in here, why we are doing this in the 11th hour. That's the only reason. Your Bill was brought in last Friday. Here it is Wednesday and we're debating in this short time frame a major, major shift in the direction in which this province is going under your government's direction, Mr. Minister.

So let's be perfectly clear. If you would not be breaking the law otherwise, this Bill, your machinations, would never have seen the light of day. The last thing you wanted to do was to be held accountable through this legislature, through the official opposition, to the people of this province. That's the only reason — none other, none other.

You talk about accountability. You talked about auditor so that the auditor could see. Well of course, Mr. Minister. That's why you're being forced to bring this into a Crown corporation, so that the auditor in fact will be able to peruse it. Otherwise there would have been no accounting. There would have been no accounting, Mr. Minister.

So although you are doing this, although you are going through this process, it's the last thing that you want to do because you don't want to air this dirty linen, as it were, in the public light of this legislature.

So, Mr. Minister, answer the question. You haven't answered the question. You haven't gotten close to the answer yet. This is the question. Number one, this Act is going to establish, by an action of the legislature, a Crown corporation. If you will, in the bigger democratic process this would be considered the people of Saskatchewan's will being incorporated into a Crown corporation. Well that's fine.

But why then would cabinet, why then would the Premier and his select chosen few have the determining ability to wind up this Crown corporation? Because it seems to me that if this corporation is a creature of this legislature, it is only this legislature that can do away with it. That's precisely the question. If you could answer that, we can get on to something else.

Hon. Mr. Lautermilch: — Well I would certainly be more than willing to get on with other aspects of the Bill because I think it's a very positive piece of legislation. It allows for the first partnership in this province, a true partnership in this province, with Saskatchewan's first nations people.

And I want to say that the wind-up provisions are quite consistent with The Crown Corporations Act and the authority that The Crown Corporations Act, under section 16, gives the Lieutenant Governor in order in council the authority to wind down a Treasury Board Crown corporation and to dissolve the corporation. The section of the Act that refers this to . . . The Crown Corporations Act refers to section 16(1) and I've read that into the record. It's consistent with the legislative authority under the Act, The Crown Corporations Act.

You may not agree with it, as you've indicated, when we established this Crown . . . The Crown Corporations Act. It's the law of the land, it's legislation that was passed, and it was proclaimed. This Bill is consistent with The Crown Corporations Act, and I am satisfied in terms of the order in council and the ability of the Lieutenant Governor order in council to dissolve the corporation.

But I want to say that there was never an intention, never has been, and there never will be an intention to cover up dealings with respect to this development. The reason this Crown corporation is here is to comply with the Criminal Code of Canada and to allow for accountability and to allow for the Provincial Auditor to have access to this entity that we're, through legislation, hoping to construct, and that there will be accountability because that is an important hallmark of what this government, I believe, has been able to achieve — and that's open and accountable government.

And whether it be with respect to the operations of the Liquor and Gaming Authority, whether it be with the operations of the new Saskatchewan Gaming Corporation, it's our intent and our goal to achieve a maximum of accountability. The wind-down provision of a corporation is allowed by The Crown Corporations Act, under section 16(1), and this is consistent with that.

And I think it was drafted with forethought, it was drafted with consideration of our desire to be accountable, and I think it's a good piece of legislation.

Mr. Neudorf: — I think a lot of people in this province would tend to disagree with that last statement, Mr. Minister.

All right, so now we have established the fact that the only reason this legislation is before the legislature is because you had no other way. We've established that. You had to abide by the Criminal Code; you couldn't find any other way out. And I rest my case simply on the fact that here's the most important piece of legislation on day 76 of the legislature — day 76 — and you're going to get up and parrot the words of the Premier that we couldn't get a deal done with the FSIN before so therefore we couldn't do this. And I don't think, Mr. Minister, that that is a legitimate excuse at all.

And I'm appalled, quite frankly, that you as a legislator, even though you are in the privileged position of being in cabinet, I don't think that you're the type of guy that just because you have a special privileged position right now that that's why you would say you agree that you and your few colleagues around cabinet should have the right to undo, in the privacy of the cabinet room, where you can undo the work of this legislature.

We're taking up the people's time. We're taking up people's tax dollars this evening to discuss this piece

of legislation. And we're going to pass this legislation, I know — you have the majority. This legislation will pass tonight and the legislature has done that.

Now you're telling me, and you just said that you feel comfortable in the fact that cabinet, in the secrecy of the cabinet room, can wind down something that this legislature has created. I don't understand the rationale of that. I don't understand why you think you should have that power. I can see in the old days, if the Treasury Board created a Crown corporation, that the Treasury Board then would be able to dissolve or do away, wind up, or whatever with it. This is different. This is different because of what you did last session under the CIC Bill that was passed. So I'm disappointed.

(1800)

This new Bill talks about the president of a corporation that is going to be subject to the direction of the board of direction. I'll repeat that. This new Bill, in section 8 . . . and I hesitate to identify the sections, Mr. Minister, because you know we're not supposed to talk at this stage about individual clauses, but because the chairman is a nice fellow I think we can have a little bit of leeway here to expedite the matters and get this thing over with.

So, Mr. Minister, this new Bill says that the president of the corporation is subject to the direction of the board of direction — president. The Treasury Board Crown corporations, as I understand it, none of them have a president. Why would this change have been contemplated? What's the significance of that change?

Hon. Mr. Lautermilch: — Well I can't agree with the member. I'm sitting beside the acting president and chief executive officer of the Saskatchewan Liquor and Gaming Authority which is a Treasury Board Crown. So the title of president for the new Saskatchewan Gaming Corporation is not inconsistent. It's not inconsistent with the process that the existing Treasury Board Crown, the SLGA, operates under.

Mr. Neudorf: — The Bill also gives powers of corporations and these powers are enumerated in the Bill. Now in the other Crown corporations, as far as I understand, this is done by regulation — Lieutenant Governor in Council. Why would that difference be here?

Hon. Mr. Lautermilch: — I'm told by my officials that the powers are not enumerated in the Bill if it's established by an order in council, but the process is, when a corporation is established by legislation with the powers that are embodied in the content of the Bill.

Mr. Neudorf: — Well if that's the case, then I would imagine that cabinet also would not have the power to wind down. We're back to that issue here. I agree with you and I think you gave me a good answer here, but I wonder if it's consistent with your previous answer

about the ability of cabinet to do something that only the legislature created. There's inconsistency in there.

Hon. Mr. Lautermilch: — Well I guess my interpretation would be that it uses a different process in terms of the developing and putting . . . drafting the powers into the legislation. I think what is important is that the powers are articulated and that people understand what the ability of the Crown corporation is. And we have in this section and under the powers, we have incorporated for your critique the powers of the Saskatchewan Gaming Corporation. And I think that certainly you should be satisfied to have that . . . those powers articulated so that we can critique them here.

Mr. Neudorf: — Yes, exactly. Great, super, fine; I appreciate it; it's great. That's the way it should be.

However, the other Crown corporations are established by Treasury Board and therefore their rules, their regulations, their powers are enunciated by regulations, which means it's your little elite group of cabinet ministers that makes those regulations; and that's fine because it was a creature of Treasury Board, so cabinet should be able to do that.

Here we have a creature of government . . . pardon me, not a creature of government, a creature of this Legislative Assembly. And so therefore the powers are in legislation, and we see it here; we'll be passing those tonight. That's great. That's how it should be, Mr. Minister. Absolutely.

Then let's go back to the previous point. Why then should you, as a cabinet minister, have the right to do away with what this legislature has established? It just boggles my mind. And I'm sure everybody that's listening tonight is saying: yes, why? Why should cabinet have that power?

You get up and you say, well that's because there's an Act that says it has to be that way. But you are the very same guys that passed that Act. I don't want to give you too much credit because I don't think you could look this far ahead and anticipate what we're doing here because you didn't want this legislation. You only thought of this legislation last Monday, and that's when you got your drafters ready to draft this Bill because you had to; you were forced to.

I've got a lot of other questions along that line, but on sober reflection, Mr. Minister, I don't think we're getting anywhere, quite frankly, because you haven't got the answer for me. And I'm not buying the answer that you're giving by blaming it on a previous Act, because let's get to the fundamental issue. And I don't for a moment believe you that you believe what you're saying. That's not democracy; that's not democratic.

But you know who I'm going to blame for this, quite frankly, is myself. Because like I said at the outset, I didn't catch this in the CIC Bill that was passed last year. I missed that thing. But we would have put up an argument had I or had we, and it would have gone

anyway, so we'd still be facing the same situation as we're doing now.

So, Mr. Minister, I want to spend some time now on some of the specifics of the Bill, some of the ideas behind the Bill, some of the projections and so on that you have. And in order to accomplish that, I'll go to some more specific questions, some general questions, I guess, on the Bill itself.

And that is that one thing we noticed is that a large component of the casinos that are being set up will be VLTs which will be on the premises. Now some questions that I want to talk about pertaining to the existing VLTs: how was the sharing of VLT profits with the exhibition associations determined? How did you determine that?

Hon. Mr. Lautermilch: — I guess first of all I would like to sort of establish what our definition of the electronic equipment that we use for gaming and the different terms because I think I've got this established in my mind. In the casinos we'll be establishing slot machines which are the little mechanical differences and they've got the arm inside and all that, whatever goes with it. The video lottery terminal program is what we have in the temporary casinos and what we are running in the hospitality industry venues at this point in time.

VLTs will not be in the casinos. We will be . . . and I believe the figure is 500 slot machines for each casino location, both in Regina and Saskatoon. That is separate and apart from the video lottery terminals. And that program, as I've indicated to you earlier tonight, has a maximum at this point — and I see no reason nor do we have an intention to expand the number — of 3,600 machines, which is about 50 per cent of market saturation.

In terms of the agreement, the temporary casinos are operating with video lottery terminals. There are 200 in each, Regina and in Saskatoon. As the operations of these temporary casinos are functioning, government at this point is taking all of the revenue generated from the temporary casinos on the video lottery terminals.

We have . . . and I guess it would be important for me to explain the history of our discussions with the exhibition associations. We have given them a commitment and we understand their need for the revenue that they're generating from their casino operations because they use it to subsidize other venues, whether it be horse-racing or other agricultural projects that they embark on. They take their percentage of the profits from the table games. At this point government, through the Saskatchewan Liquor and Gaming Authority, is taking all of the revenue from the video lottery terminals in the interim casinos.

Mr. Neudorf: — Well thank you for that explanation, Mr. Minister. I didn't know that the VLTs were distinct from the slots that will be in the casinos themselves.

Now answer the question. During your explanation,

you forgot what my question was, which was precisely: how was the sharing of the VLT profits or slot profits with the exhibition associations determined?

Hon. Mr. Lautermilch: — Well there are a number of variables. Firstly, we indicated in our casino expansion policy that we wanted to strike arrangements and agreements with the Federation of Saskatchewan Indian Nations, the aboriginal community actually, which includes the Metis, the exhibition associations. And we had in the course of putting together this policy, we're looking at the involvement of charities in terms of revenue sharing.

We hadn't at that point — nor have we as a matter of fact at this point — established what the role of the exhibitions in both Regina and Saskatoon will be; simply because, as you will know, city council passed unanimously a decision to zone a request for a casino to be built in downtown Regina. There is some interest in having the exhibition association involved in the management of the casinos, so it's not possible at this point to determine how the 25 per cent that is allocated in this Bill to other entities will be shared. Because we don't at this point know what the role of the Regina Exhibition Association will be.

Now having said that, we are expecting within the next weeks to put together requests for proposal that may involve . . . and if the exhibition associations are successful in terms of putting a proposal together that would be accepted by government, they may in fact act as managers. We don't know that yet because we're going to go through a request for proposal and an open bidding process for the involvement in the casinos. That as yet has not been defined.

So in terms of how we established revenue sharing for the exhibitions, keeping in mind firstly that we gave them the commitment when we initiated our policy that we would attempt to maintain their revenue as it has been, and what we have indicated is that we would be willing to look to a five-year average of their revenue. We certainly didn't want to see a decrease in revenue.

What has in actual fact happened, as I understand it, that the revenue from the table games has increased fairly dramatically, and that is basically their portion of the revenue of the temporary casinos. So having all of this in mind, that's how we came to the conclusion that we did. And that process now has been ongoing for, I think in the neighbourhood of two months, and it continues on based on the information that I've just given you.

Mr. Neudorf: — Mr. Minister, where does that put the exhibition park in so far as their willingness to get their share of revenue through the management of the casino? Where is that at?

Hon. Mr. Lautermilch: — As you will know and as I've indicated, the city council in Regina has passed a motion requesting that we select a downtown site and that the exhibition association be involved in the

management of the expanded casinos as they operate into the future.

We haven't yet determined who will be the managers. We haven't yet determined a site location, nor have we determined the development and which entity will in fact be the development. We are in the process of designing and putting together requests for proposals, meaning that we would ask interested partners in the . . . with respect to site, with respect to the physical development in the design of the casinos and with respect to the management of the casinos.

We're putting together requests from interested parties to put to us their vision of how these casinos would be managed; in the case of the exhibition association, how they would manage them. And that process will take place in the near future.

What we will do is bring the interested parties together and explain to them where we would hope to see this development go, not in terms of location, but the type of management that we would want to see.

As an example, in part of this Bill is an agreement with the Federation of Saskatchewan Indian Nations that there be a 50 per cent aboriginal employment component. We would want to see through their proposals how they would attempt to achieve that. So at this point we're well aware and have indicated that we would certainly rely on the recommendation from the city councils, and in Regina they've made quite clear, and we will rely on that input. We're developing the request for proposals now and hopefully we will come to an agreement that'll be satisfactory to all parties.

(1815)

Mr. Neudorf: — Mr. Minister, I think before we fall into a trap here, we tend to concentrate on the effect that these casinos will have only on Saskatoon and Regina and their exhibitions, and to my way of thinking and to my knowledge, we're talking about what is classified as the "A" fairs, and we want to take a look at some of the "B" fairs — the ones in, for example, in Moose Jaw, Prince Albert, Yorkton, North Battleford — fairs of this . . . and how they are affected.

So in the larger context, Mr. Minister, was there any opposition to these arrangements that you have so far, from any of the exhibition associations in Saskatchewan?

Hon. Mr. Lautermilch: — Let me say, Mr. Chair, in terms of the role of the exhibition associations in the province — and I would like to make this clear because I'm not sure if it's understood universally, so I would like to be able to clarify this today — I have met personally with exhibition associations throughout this province, with Yorkton, Battlefords, Prince Albert, golly, I couldn't recall now how many, but lots. And during the course of the conversations we have indicated to them that because we have chosen the sites — and I would want to indicate as well my officials have met with them on an ongoing basis,

many of them — that with respect to the decision that we would establish a casino in Regina, and in Saskatoon, and no other place, it became clear there would be some exhibition associations outside of the main centres who may be impacted more than others.

We have put together, and we've done on a few occasions, as an example in Moose Jaw, we have put video lottery terminals on a special occasion basis in their casino, in their existing casino operations, to attempt to maintain the revenue that they had been generating with their casinos over a period of time. The period of time that we use is perhaps, I think a reasonable one, in that we look at a five-year average. And as the temporary casinos have been introduced here in Regina and in Saskatoon, we're monitoring quite closely the impact on the casinos in the outlying areas.

I think it's important to know that not all exhibitions involve themselves in casino gambling, and some to a very small degree. I believe the Prince Albert Exhibition Association generates somewhere in the neighbourhood of \$250,000 a year. There are others that generate less than \$50,000, so really not big players.

But the commitment that we give to them is that we will attempt, in as much as they relied on casino gaming, we would attempt to minimize the impact of the two casinos that will be established in Regina and Saskatoon. Part of it we're going to do through the temporary video lottery terminal program that will run in conjunction with special events in their casinos. If there are other measures that are necessary, we're willing to look at that.

Mr. Neudorf: — Thank you, Mr. Minister. A little bit more specifically what I want to get at — and I'm glad that you mentioned that you had some personal contact with some of these exhibition associations, and particularly I think you mentioned Battleford, North Battleford — was there any direction given by your government or yourself to any of the exhibition associations regarding how or when they should respond to media inquiries, either by yourself or by some of your officials?

Hon. Mr. Lautermilch: — I can say to the member that we don't instruct exhibition associations as to how they handle media on any issue. And I'm not sure what the member is trying to get at. But in terms of our interaction with the exhibitions, I guess how they would handle media inquiries, that would be their responsibility and their decision, as to how they handle and what kind of comments they make.

Mr. Neudorf: — Mr. Minister, we've been informed that a letter was sent to officials of the Battleford's Exhibition Association, directing them not to make any comments regarding gaming to the media unless they went through your government first. Can you confirm this? I'll give you another chance.

Hon. Mr. Lautermilch: — I can confirm that to the best of my knowledge, a letter of that nature has not

come from my office. I am told by the president of the Liquor and Gaming Authority that he is not aware of any letter that would have . . . or that was sent by him or any of his officials.

Mr. Neudorf: — So let me get this perfectly straight, and for the third time now I'll be asking you this. You are denying then that any letter of this sort exists. Am I clear on that?

Hon. Mr. Lautermilch: — I'm saying, to the best of my knowledge, I am not aware of any letter of that nature. If the member from Rosthern is aware of a letter of that nature, I would be certainly interested in having a look at it. And if he has one with that nature of content, I would certainly appreciate him sending a copy across to me.

Mr. Neudorf: — Thank you, Mr. Minister. I just wanted this to be on the record, so it is on the record. Thank you very much.

Mr. Minister, was there an official agreement reached — for instance, was there a deal signed by you and the FSIN? — or was it a verbal agreement?

Hon. Mr. Lautermilch: — We have, the officials have, negotiated the contents of a document, of an agreement. It has been signed by the negotiators on both our side and by ours. The agreement has been taken to cabinet. Cabinet has endorsed and approved the agreement. On our side we then took it to the caucus who have approved the agreement.

The Federation of Saskatchewan Indian Nations held their Legislative Assembly, I believe, last Thursday, a week ago Thursday and they ratified the acceptance of the agreement. I believe it's a document that has 17 clauses. We will be signing formally within the next few days and those arrangements are being put in place by the officials today and the oncoming days.

Mr. Neudorf: — So, Mr. Minister, if this agreement was ironed out and worked out between you and the FSIN and that it is a signed agreement as you have just said, then there are going to be a fair numbers of taxpayers' dollars going in there to substantiate what that agreement is that you have signed.

So I think it's fairly legitimate for me if your government, if you as a cabinet minister, your officials, all of cabinet . . . and you just said that all of caucus, your government members, have seen this legislation, and since we are in the process — not the legislation but the agreement — but since we're in the process here of legitimizing that agreement by establishing this Act, this Crown corporation through this Act, then I'm glad to see that your official is already scurrying to the back to get a copy of that agreement because that is precisely what I would want — is to be able to have a look at it. And I'm sure the third party also would like to have a look at this.

So if you could just get to your feet and make that commitment we can get on.

Hon. Mr. Lautermilch: — Mr. Speaker, my officials are at this point bringing in copies of the agreement and I will be passing the copy on to the Leader of the Third Party and to yourself, sir.

Mr. Neudorf: — I appreciate that, Mr. Minister, and we're making progress. That certainly saved a lot of time, that decision. And I'll tell you when other decisions would save us time so that you could act accordingly.

Mr. Minister, who were the individuals involved in the negotiations themselves from the government and the FSIN? And while you're getting that information, were there any consultants involved at any time during your discussion, any consultants involved? And if you answer yes, then I would want the names of those consultants and where they are from.

Hon. Mr. Lautermilch: — Mr. Chairman, the negotiators on behalf of the Government of Saskatchewan were John Yeomans from the Saskatchewan Liquor and Gaming Authority; Ron Stengler who's from Executive Council; Ray Clayton, an employee of Energy and Mines; Larry Anderson from Justice; and on behalf of the Federation of Saskatchewan Indian Nations, Chief Barry Ahenakew, Chief Ray Ahenakew; Vikas Khaladkar and Mic Ryan were the other two negotiators on behalf of the FSIN.

There were no consultants and therefore there were no consultants' fees.

Mr. Neudorf: — Thank you, Mr. Minister. During these negotiations I guess it's not surprising the people and the folks that were there; although a legitimate question, I think, would be why Mr. Clayton from Energy and Mines would be on this — I don't see that relationship, but I'm not really asking that question either but you may have an answer for that.

An Hon. Member: — Because he's a good negotiator.

Mr. Neudorf: — Because he's a good negotiator. Well a good negotiator . . . I guess that'll depend on when we see the deal and take a look at the entire deal. Because my next question is: if you had these kinds of people involved in negotiations, why were exhibition associations not included? Why were the charities not included, and why were the Metis not included in these negotiations?

Hon. Mr. Lautermilch: — Mr. Chairman, at the outset of the discussions with the Federation of Saskatchewan Indian Nations, the Metis Society, the exhibitions, we indicated quite clearly that we would be negotiating at separate negotiating tables; that we would negotiate with the FSIN at a separate table and a separate agreement from the agreement that we would hope to reach with the Metis and with the exhibitions.

And that's what happened. We felt that it was important that we negotiate firstly an arrangement with the FSIN. They were in the position to negotiate

with government and were anxious to negotiate, so we started with them.

The role of the exhibitions, as I've indicated, is less clear in that we didn't believe it made any sense to have people who were going to share or do the management be part of the profit revenue sharing. So we started with the Federation of Saskatchewan Indian Nations, and I would want to say that we're quite pleased with the arrangement that we have been able to negotiate with them as are they.

Mr. Neudorf: — Well how can you say that the FSIN was ready to do the negotiation but the exhibition associations weren't ready? Answer that question.

And secondly, how could you at that point have presupposed that the exhibition associations were going to be part of management? I didn't think that that was an issue at that time when you started the whole negotiation process. There's an inconsistency there, Mr. Minister. Explain that.

Hon. Mr. Lautermilch: — Well, Mr. Speaker, we have done some negotiations quite clearly with the exhibition associations in that we have negotiated the establishment of the interim casinos at both Regina and Saskatoon.

Mr. Speaker, the commitment that we had given the exhibition associations was only one, and it was a very simple commitment that we would help them to assist in maintaining their revenue base — that was the commitment. And we have held true to that and we will continue.

(1830)

The Federation of Saskatchewan Indian Nations were anxious to strike an agreement. Some of the issues that were outstanding with respect to jurisdiction, we felt could be down, certainly minimized, if we were to be able to strike an agreement. So it became for us a priority, as it was a priority for the FSIN.

Mr. Neudorf: — All right, Mr. Minister, now answer the question. How could you presuppose at that stage that the exhibition associations would be involved at the management end of it? You used that as a reason for not including them in the negotiations.

Hon. Mr. Lautermilch: — Because they told us they were.

Mr. Neudorf: — Well my information is that this was only concluded very, very recently, that in fact they are going to be assured their amount of revenue, as it was before, guaranteed through the management process. And if I have that wrong, you're finally going to be able to enlighten me on something.

Hon. Mr. Lautermilch: — Mr. Speaker, the conversations and the discussions that we had with the exhibition associations, both in Regina and Saskatoon and other areas, happened a long, long time ago.

I've been in Saskatoon on a number of occasions and met with Mr. Sakorski and Mr. Keith, representatives of Prairieland Exhibition Association. And the commitment that we gave them at that time was that we would ensure that their revenue would be maintained whole, because we know the positive work that that association does in that community.

We have given the same commitment to the people in Regina, both from the officials' level and from my level, that we would maintain the revenue. They have made no secret of the fact that they wanted to be involved in the management of these casinos. They in fact — and the comments are in the media and have been in the media over the past weeks — folks in Saskatoon are wanting the casino established on the exhibition site and they do want to manage it. It's been no secret that they wanted to be involved in the management. The agreement that we have reached with the FSIN is that they will be in as partners but they won't take, as we understand it, the hands-on.

So there was some differences, but in terms of the government's position as it relates to the exhibition associations, that hasn't been a secret for a long, long time, and we've been very open in our conversations and in our discussions with them.

Mr. Neudorf: — Mr. Minister, the last time I asked you a question in question period, yesterday I think, I got an answer to a question which was the fourth answer. And finally, after I'd been given four different answers on four different occasions to the same question, you said, and I may paraphrase, you said, aw shucks, let's include all four of them. And the agreement, and the question that I'm referring to is \$1.75 million that is considered to be an upfront payment to the SFIN. How much of that money is going towards payment of costs already incurred by the SFIN as part one of your answers, and what are those costs specifically, the exact cost?

Hon. Mr. Lautermilch: — First of all, Mr. Speaker, I want to correct the member opposite. He keeps referring to this \$1.75 million as taxpayers' dollars, and I need to correct you on that because it's not the first time you've used that terminology.

An Hon. Member: — I didn't say taxpayers' dollars now.

Hon. Mr. Lautermilch: — Well this is money that comes from the profits of the interim casinos; it is profits from gambling. And we're both clear on that now, that we have said for a long time that there will be no taxpayers' money in the development, in the building of these casinos. And this government's position will not waver on that. The money that goes to the Saskatchewan Federation of Indian Nations is \$1.75 million. It comes as a result of the negotiations where their position was that they wanted a share of the revenue from the interim casinos.

There were some variables in terms of when the Saskatoon expansion would take place. The variables

were that we didn't know how much revenue these would generate, so rather than negotiate a percentage, we negotiated with them a dollar value that it appears after seeing these operations run for a while, will work out to roughly . . . I can't remember the figure, but it's irrelevant now. But it was a reasonable agreement we believe we've reached, and the number is \$1.75 million.

Now in terms of explaining to you how this money will be spent, I think it's important to look at the legislation and how the first nation fund deals with the expenditure. There is a six-person board, nominated by the chiefs' Legislative Assembly and ratified and passed by the Lieutenant Governor in Council, who will be responsible for managing and operating the funds. The money is designated for economic development, social development, justice, and there are other initiatives. And we can discuss these in more detail when we go through clause by clause. So basically it is a group established by the chiefs' Legislative Assembly to deal with the distribution of the funds.

They also are in the process of putting together a revenue-sharing formula that is based on a fair and equitable revenue sharing that will ensure that all Indians in all parts of this province have a share of the \$1.7 million of revenue that comes from the video lottery terminal profits.

I don't know the exact numbers as to how the chiefs' trust, board of trustees, will divide this and I don't have those details. But what I am told by the federation, that they expect in excess of \$1 million to be distributed to the 74 bands throughout the province and that the balance will be used for administrative costs and for ongoing costs that they will incur between now and when they will be sharing the revenues from the expanded casinos, which we hope to open next summer.

Mr. Neudorf: — What's an interim casino?

Hon. Mr. Lautermilch: — The interim casino, and I guess we refer to them as, is what it is is the historical table game operations that are functioning and have been functioning at the Buffalo Buck Casino and the casino in Saskatoon. As I've indicated earlier tonight, we have added to those casinos and to that physical location 200 video lottery terminals in each location both in Regina and in Saskatoon. The money that we have in this agreement agreed to, comes from the profits from the video lottery terminals that are operating in those two site locations.

Mr. Neudorf: — So there are two interim casinos in the province?

Hon. Mr. Lautermilch: — Yes. We have for two months now, I guess, or three, in the case of Regina, we have had these casinos, these video lottery terminals operating in conjunction with the table games, both in Regina and in Saskatoon.

Mr. Neudorf: — Could you answer my question that I

asked you two questions ago without too much addendums? How much of that \$1.75 million of upfront money to the FSIN is going toward payments of costs already incurred by the FSIN and what are those costs? Because that is one of your multiple choice answers.

Hon. Mr. Lautermilch: — Well I am told that the breakdown is \$1 million to the band level. That leaves a residual amount of 750,000. I am told that they have incurred in the neighbourhood of \$300,000 of costs to bring together the chiefs' Legislative Assembly to deal with this issue, and I'm not aware of what the other costs are.

But I can tell the member from Rosthern that through this Bill, and when this Bill is passed, that every cent of this expenditure will be open to the purview and to the scrutiny of the Provincial Auditor. It will be open to the scrutiny of members of the opposition and members of the government in Crown corporations estimates, and there will be in great detail, if the members ask for it, an accounting for this money.

I want to indicate to the member that this money has not been signed over yet. We haven't final . . . certainly everyone has ratified the agreement. We haven't had the official signing and until the official signing takes place no money has changed hands.

Mr. Neudorf: — How much of that money is going to developing the partnership, as your multiple choice (b) answer was?

Hon. Mr. Lautermilch: — Well I'm told, to answer your question, that there is in the neighbourhood of \$300,000 of costs incurred. I can't tell you what that is for. I haven't had a breakdown of that nor have I asked for a breakdown of it but I am told that's roughly the amount that has been incurred.

Mr. Neudorf: — Thank you, Mr. Minister. We want the complete breakdown. And you're committing yourself to give us that?

Hon. Mr. Lautermilch: — I can't give you a breakdown of expenditures for money that hasn't been spent nor been allocated. What I can tell you is that the accounting process that has historically been used with the expenditures from and through Crown corporations will be put to this Assembly. You know the process for Public Accounts. You know how that functions and how that works, that there's an annual report presented, and there will be an annual report in which every penny that is disbursed through this Crown corporation will be accounted for. It will come to Public Accounts and you will be able to review that in a very timely fashion, the same as you do with other reports from Crown corporations that we table in this legislature.

I can't give you a breakdown of daily expenditures on a daily basis from either the Saskatchewan Liquor and Gaming Authority or other funds. You're asking me to give you a breakdown for funds that haven't even been spent.

Mr. Neudorf: — Then how do you know the funds are going to be spent? Where did you come up with your 1.75 million then? Because surely to goodness there's got to be a mechanism in place or an accounting or a balance sheet or a budget or a cash flow or something that has been shown to you that this is a legitimate amount of money. That's all I'm asking.

Surely you must have seen something more than just, by golly, I think it's going to be 1.75 and that that's what you're basing it on. I know how the accounting procedures in this place work. All I'm asking from you is some kind of an indication as to what legitimizes the 1.75.

Hon. Mr. Lautermilch: — Well I guess what legitimizes the 1.75 is the agreement that we struck. And I've indicated to you quite clearly, it is revenue that is in lieu of revenue sharing on the interim casinos. And that's how the figure was arrived at, through negotiations.

In terms of how this money is spent, I've outlined the process. The Federation of Saskatchewan Indian Nations will select a board of trustees of six persons — of no more than six persons — to deal with the way this money is divided.

I've indicated to you that they will be setting a revenue-sharing formula, the same as municipal governments do. Money is disbursed from the provincial government to municipal governments. Their formulas disburse this money around the province. And that is exactly what will happen with respect to the Saskatchewan Federation of Indian Nations with the money that we are, through this agreement, going to be prescribing for them.

Now I can't give you any more. I can tell you what the process is. I've already told you that a million dollars of that, they tell me . . . and I have no reason not to believe the word of the Federation of Saskatchewan Indian Nations; there are some in here who may not and who may not have that trust, but I do. They have told me that a million dollars will be going to band level and that \$750,000 will be going into costs incurred and costs that will occur between now and when the casinos, the expanded casinos, are open. And the revenue will start to flow to them through the agreement that we have reached, which will give them 25 per cent of the net profits. Now I don't know how much more detail the member . . . what more detail would satisfy the member.

Mr. Neudorf: — Mr. Chairman, Mr. Minister, by what specific criteria will you and your cabinet colleagues determine the location of the two casinos — I know we talked about that a little bit previously — as exactly where those casinos will be in Saskatoon and in Regina?

Hon. Mr. Lautermilch: — Well I want to say to the member, I guess there are two aspects to this. One is that we want to be satisfied that the site selection will be one that will select a site that will not encumber the

economic development and the economic opportunities in the communities and that will not disrupt their long-term plans for economic development and for development of these kinds of projects. So that quite clearly is one of the criteria. The Regina City Council has told us that they will endorse a centralized, a downtown location, downtown site. And we intend to comply with that.

The second criteria, in terms of specific site selection, will be based on many criteria. One is the time frame in which the developer can put together a proposal for us; the reliability of a proposed contractor to develop a site; traffic flow; parking; all of these kinds of things that would be taken into account with any other kind of development. What we want to do is maximize the business opportunities for these casinos and we have indicated that we want to work with the cities to determine the locations. And that's the process that we're embarked upon. But the bottom line is that we're going to put together a good business deal and we're going to put together casinos in locations that are going to work and that are going to serve the people of this province well.

(1845)

Mr. Neudorf: — Mr. Minister, why did you renege on your original commitment to consider casinos in other parts of the province? You made a specific commitment to the proposal from Battleford and yet you reneged. Why was that?

Hon. Mr. Lautermilch: — No, I think you're maybe misinterpreting something here because let me tell you what the people in North Battleford and Prince Albert and Yorkton and Melville and Swift Current and Moose Jaw and any other community that we talked with were told.

We told them that we were looking at the concept of developing smaller, regionalized casinos, on a much smaller scale than we would do if we were to centralize, which is what the policy is at this date. We knew that there would have to be a limited number of those because we couldn't have two dozen casinos operating because they couldn't compete against each other and still maintain economic viability.

And when we were out we told them that this a concept we were looking at and that's exactly what we did. We had proposals from a number of different communities and we put them all together and ultimately we made the decision that to maximize the opportunities that we saw in this industry, that the market share . . . and that we could develop a much more economically viable casino if we were to situate them in Regina and in Saskatoon. And based on that we put together the policy.

But I'm sorry I must differ with the opinion of the member from Rosthern. That is not the case.

Mr. Neudorf: — Mr. Minister, understand the member from Rosthern is not expressing his own opinions here. We're doing the work of the people.

And this is what we are told from the folks from Battleford, North Battleford, and other areas. And that's why we're still very interested in your comments about that letter that I was referring to previously.

On another topic, Mr. Minister. You're going to be keeping 50 per cent of the hold as it's called and the profits of the casinos and so on. Is that the only revenue that you are contemplating from the casinos that is going to accrue to the Government of Saskatchewan? Or are there other aspects to it where you will be reaping a windfall? Mainly I want you to address the PST (provincial sales tax), the 9 per cent. How is that going to apply? Will you be getting more taxation as well as the profits?

Hon. Mr. Lautermilch: — Let me say to the member from Rosthern that what we will be doing as a government is benefiting in spin-offs; yes, we will. We'll be benefiting in the spin-offs by virtue of the fact that we're keeping Saskatchewan dollars here in Saskatchewan and spent back here in Saskatchewan.

But in terms of the percentage, the only percentage that we will be taking is the 50 per cent of the net profits. Twenty-five per cent will go to the FSIN and the other 25 per cent will be shared by the other entities that are detailed in this piece of legislation, in Bill 72.

Mr. Neudorf: — I could pursue that a little bit more. But what I want to do now, Mr. Minister, then, is go on to another topic, and that is some of the make-up that this Bill proposes in terms of the corporation and who's going to be heading the corporation.

You're telling us that the corporation will consist essentially of seven persons appointed by the Lieutenant Governor in Council. In other words, cabinet is going to appoint seven people. And we know already that three of those people are going to be nominated by the FSIN. However, that leaves four other people on the board, Mr. Minister. Who is going to appoint those? Right now it stands as if the government is going to have a total say as to how this corporation is established.

Would it not make sense, Mr. Minister, for those other four people then to be comprised of an all-party committee where, because of the significance of this venture and because you want the people of this province to be assured that everything is going to be operating properly, that in fact, as I could see the situation unfolding, you would have, of those remaining four, two people and one from each of the other parties, or whatever arrangements could be made — that in fact all citizens of the province, through their representatives here, would be part and parcel of that committee that would run the corporation or be part thereof.

Hon. Mr. Lautermilch: — Well, Mr. Speaker, we intend to structure the board and to appoint members to the board based on the same criteria that we do in other Crown corporations, in both Treasury Board and CIC Crowns. This will eventually be a board that will

have public representation, and it will be based on gender equity, it'll be based on regionalization, it'll be based on the expertise of the appointments to the board, whether that be in the accounting background, whether it be gaming, or whether it be legal profession. There are a number of different things that I think make good board members and that other members of our government believe make good board members. But the bottom line is the board will be representative of the province of Saskatchewan and of the people of Saskatchewan.

The Federation of Saskatchewan Indian Nations are basing their appointments on similar criteria to what we will be using when we make our appointments.

And yes, the member is right, they are approved by order in council. So the final decision in terms of how the board is comprised is done by order in council.

And I would want to say that the cooperation that we've had and that the Federation of Saskatchewan Indian Nations have shown us thus far in the negotiations and in the discussions, tell me that we will be able to work very closely with them in developing a board that has regional representation, that has gender equity and gender parity, and that represents the interests of the Crown corporation that will ultimately be in the best interests of the people of Saskatchewan.

Mr. Neudorf: — I suppose by now I should know better than to expect any other kind of an answer from you, Mr. Minister.

The Bill also indicates, Mr. Minister, that the corporation may enter into and participate in arrangements or undertakings related to establishing, managing, or operating casinos, or other related businesses and activities. What is that? What other activities are we talking about? Are we talking about restaurants? Are we talking bars, gift shops, hotels — what?

Hon. Mr. Latermilch: — Well this is pretty much a standard clause, as I understand it, in terms of the objectives and the mandate and the establishment of the administration. What it would do is give the opportunity that if the corporation made the decision to involve itself in ancillary services, that they would be able to do that.

As an example, if the decision was made that incremental parking would be required, that this corporation would have the opportunity to involve itself in a parkade, in coat check, valet service, those types of things. So that's what this portion of the clause allows for.

Mr. Neudorf: — Excuse me, Mr. Chairman. The Government House Leader was just making me an offer here that I could hardly refuse — trying to sell me some chocolates. But anyway, Mr. Minister, these ancillary activities that the corporation might be embarking upon — where would the profits go?

Hon. Mr. Latermilch: — I mean you raise a hypothetical question here, but if there were profits that would come from ancillary services, they would go to the corporation in the same fashion as profits from the activities of the Liquor and Gaming Authority profits, go from there to the Consolidated Fund, and then ultimately they would end up in the hands of the Consolidated Fund.

Mr. Neudorf: — Oh nonsense, Mr. Minister, that's not a hypothetical situation. You just admitted that there could be ancillary operations and you gave a whole list of things, so obviously there will be profits. My question was: where will those profits go? It's another addition and more of the money grab for the government, is the point that I was getting at.

You also say, Mr. Minister, that, "The corporation shall obtain the approval of the Lieutenant Governor in Council before establishing any casino." Why would this not have to have legislative approval, Mr. Minister?

Hon. Mr. Latermilch: — Mr. Chairman, I want to say to the member from Rosthern that that's the intent of this Bill. This Bill gives the corporation the approval to put together casinos. That's what we're doing right now.

Mr. Neudorf: — Mr. Minister, I would like you to comment on this, because what I see in this Act, in this Bill, is the total, omnipotent powers given to cabinet — Lieutenant Governor in Council — where it says simply that you as a cabinet can make regulations defining, enlarging, or restricting the meaning of any word or phrase used in this Act. You can change willy-nilly anything you want, prescribing any matter or thing authorized by this Act to be prescribed in the regulations. You have total control of that, cabinet does, respecting any matter or thing that the Lieutenant Governor in Council considers necessary for the purpose of this Act.

There's nothing that cabinet cannot do, Mr. Minister, in response to this legislature enacting legislation to set up this Crown corporation. But after that you can make any changes that this legislature has made. Again there's a total inconsistency to the democratic process. Why would you allow that?

Hon. Mr. Latermilch: — Well let me say to the member, you know along with governing comes some responsibilities in terms of decision making. We don't come to this House for approval to build a new liquor store. That's a decision that's made at an administrative and a cabinet level.

This Bill allows us the vehicle to do a similar process with respect to the development of casinos. It's a framework that allows us to work through that process.

Mr. Neudorf: — Mr. Minister, the omnipotent powers go beyond what is normally done because we're going through the process here in this legislature of creating, of passing a Bill with a lot of clauses in it,

whatever number of clauses it is, and yet you're saying now it's well within the mandate of cabinet to make any changes that they see fit. I'm questioning that. I don't think that's right . . . (inaudible interjection) . . . Yes you can. Yes you can. You can make any changes, but I just read it to you, the articles and the numbers and the words in this Act. And if you want me to I can repeat that. We won't, because you know what I'm saying.

Mr. Minister, again I hesitate to be specific as to what clause, but if you happen to turn to page 7, and 22(2), you'll know what I'm talking about. Now, Mr. Minister, there's a problem here that I can see, and that is where:

. . . the Minister of Finance may pay, out of monies appropriated by the Legislature for the fund, . . . not exceeding 25% . . .

Why, Mr. Minister, if you are making the commitment that there will be 25 per cent paid out, why are you including the word, may? And I think this is exactly the same section that the Leader of the Third Party also has a concern about. And she has an amendment coming up, an amendment that will address that.

But why would you not . . . if you've made the commitment that you will put the word "shall" in, instead of using the discretionary "may", would you be amenable, when we come to that clause, to in fact accepting the amendment by the Leader of the Third Party?

Hon. Mr. Lautermilch: — I am told by the officials that if you'll go on to clause 3 you will read that it says, at the end of each fiscal year of the fund, the Minister of Finance shall determine — shall determine — the net profits of that corporation for that fiscal year.

Mr. Neudorf: — Well let's go back to this one. What does this mean then, the Minister of Finance may pay out monies appropriated by the legislature for that purpose?

(1900)

Hon. Mr. Lautermilch: — What the clause do is indicate that the Minister of Finance will make an estimate of the profits, okay? She makes an estimate, and at the end of the year — and if you go through this clause by clause — you will see that there is a requirement in here that 25 per cent of the profits will be paid to the Federation of Saskatchewan Indian Nations. If the estimate is short at the beginning of the year when she makes the estimate, that shortfall will be picked up in the next year, at the end of that year, okay?

And that's articulated, if you go through here, and I can tell you that the legal representatives of the Federation of Saskatchewan Indian Nations are quite comfortable with the fact that they will be generating 25 per cent of the net profits. Their officials have looked at it; their legal people are quite comfortable with the fact that we have in the legislation a

commitment for 25 per cent of the net profits of the casino.

Mr. Neudorf: — Well, Mr. Minister, then put it in. Why is the "may" there? Let's not fiddle around. If that's your commitment, then agree to "shall" and we'll go on. Why not make that commitment today in all of the aspects of the Bill? It doesn't make sense to have "may" all of a sudden appearing in one particular section.

Hon. Mr. Lautermilch: — Basically what this whole section does is it is a "shall" clause; it's not a "may." But what it does is gives the flexibility, as I'm told by the legal people I have here with me, to be able to put an estimate, to put some upfront money into the hands of our partners, the Federation of Saskatchewan Indian Nations. But that this clause, and as the lawyers interpret it and as the federation's lawyers have interpreted it, is a "shall" clause. It's not a "may" clause. But the front gives flexibility in terms of an estimate to what the revenue will be.

Mr. Neudorf: — Well I'm not a lawyer and I've always said thank heavens for that. So I guess it's not my position to argue the legalities of the situation. But to my layman's way of thinking, it doesn't make sense.

Mr. Minister, another question that I have, and I want to talk a little bit about the associated entities fund that has been established, where you say that again cabinet, the Lieutenant Governor in Council, shall appoint a board of trustees of not more than six persons. Why not make it — and I know what you're going to say, that they may be included — but why would you not establish that board in legislation, that it shall be made up of, and then . . . made up of the members with the vested interest instead of leaving it open to the members of cabinet to pick that? Why not do what you did with the FSIN so that the associations that are going to be participating in this funding would also have the opportunity to make their nominations to that board?

Hon. Mr. Lautermilch: — Mr. Chairman, let me say to the member from Rosthern that the board of trustees that we will be putting together can and should have, in my opinion, representatives of those entities that are going to be sharing the revenue.

At this point we don't know whether the exhibitions will be involved. That's a variable at this point. We don't know which charities may be involved. That is a variable as well. So in terms of naming, first of all, the number, in terms of naming the associations or the entities where these would come from, what we have attempted to do in this is establish a board of trustees that will be representative of the entities that are involved when we have finalized the negotiations as to who will be part of the associated entities fund. And we'll handle this in a similar fashion to what we do with board appointments and commission appointments, in that we want them representative of the people that they impact on and we want a broad base, as broad as we can. And that's what this board of trustees will do.

Mr. Neudorf: — Mr. Minister, it just seems to me . . . and this is actually appalling that you're telling us now that you want to set up an associated entities fund as part of the Saskatchewan Gaming Investment Corporation and you don't know who your partners are.

You just told me now that as far as you're concerned, the exhibition associations are not part of it. That's what you just finished saying. You don't know whether they're going to be part of the make-up; you don't know if charities are going to be part of the make-up; you don't know if the Metis are going to be part of the make-up. That's what you just told me.

And if your partners in this deal are not . . . or is that not what you told me? You're shaking your head. What did you tell me? Start again.

Hon. Mr. Lautermilch: — What I was attempting to explain to the member was this. If the exhibitions are involved in the management of the casinos, there would be no need for them to be sharing revenue from the associated entities fund because the commitment we gave them was that they would maintain their revenue whole. We would attempt to do that.

Now if they're maintaining that revenue out of the opportunities in management, there may be in fact not be a need for them to be part of the associated entities fund. But we don't know that at this point because we need to go through the request for proposal process that you and I discussed earlier in terms of establishing who'll be the management, who'll be the developer, and where the site will be.

So, shortly put, if they're involved in management, they may not be involved in this revenue sharing of this 25 per cent. So we need the flexibility and we understand that that may be the case. That's why this was put together in the fashion that it was and that's why we can't articulate how this board will be designed because we just don't know whether they will be there or whether they won't.

Mr. Neudorf: — So what you're telling me now is that in fact if the exhibition associations are not part of it because they're part of the management, if charities are not part of it, if you can't come to an agreement with the MNS, there's nobody to share that money with. Is that what you're telling me, that this board appointed by cabinet, not by the folks that are going to be involved, there's no money to pay out?

Where will this money then be paid out, or to whom will it be paid out — this so-called 25 per cent? If these organizations that are in doubt right now in fact and indeed turn out not to be part . . . are not part of this associated entities fund, who will get that money?

Hon. Mr. Lautermilch: — Mr. Chairman, let me take the member to clause 30, and I'm sure you'll forgive me for going because it's a clause by clause; I don't want to do that, but that's the only way I can explain it. And it says:

Subject to any directions given by Treasury Board, the board of trustees may make payments from the fund:

(a) to charities and exhibition associations in Saskatchewan;

(b) to any organization or association representing Metis people in Saskatchewan;

(c) to any person, organization or association in Saskatchewan prescribed by the Lieutenant Governor in Council . . .

So the charities are in there, the exhibitions are in there, and the Metis are in there. And that's, I think, clarified enough; I would certainly hope it is.

Mr. Neudorf: — Oh, quite on the contrary, it didn't clarify anything; it opened up a whole kettle of fish that I was coming to anyway, so I appreciate you for doing that.

Now what you've just said . . . and you neglected to continue on, because (c) and (d) of that says Treasury Board now — just go back and make sure — yes:

Subject to any directions given by Treasury Board, the board of trustees . . .

But notice that — subject to direction of Treasury Board. So you cabinet guys are the ones . . . and gals, are the ones that are going to be making that determination. However you're saying now, first of all, on (b) that:

(b) to any organization or association representing Metis people in Saskatchewan.

Do they like that? Do they like that? You can give it to anybody — (c) and (d): you can direct it to be given:

(c) to any person, organization or association in Saskatchewan prescribed by (cabinet); or

(d) for any purposes prescribed by the Lieutenant Governor in Council.

In other words, the funds can go to anybody at any time for any reason, subject to what cabinet wants. Those are the omnipotent powers that you've given yourself. Right?

Hon. Mr. Lautermilch: — Well, Mr. Speaker, the powers that we have given this corporation and the board of trustees is that they can in fact involve the charities in this 25 per cent. They can involve the exhibition associations in the 25 per cent. That they can involve any organization or association representing Metis people in Saskatchewan. And that's quite clearly the intent.

Now if you're suggesting that if we would draft this with respect to just — let me use the example of the Metis component — to the Metis Nation of

Saskatchewan, and if that would be identified and articulated as the only vehicle to share casino revenues, then I guess we have a little problem. Because we're not satisfied with the accounting and there are some issues that I'm sure you're well aware of, surrounding the way . . . the audit report. And government at this point is not in the position to be putting money in that area.

I'm hopeful that that will be cleared up soon, but at this point it's not. But I tell you this: the government is committed to putting money for economic and social development into the hands of Metis people in Saskatchewan, and that's why this clause is in the Bill.

Mr. Neudorf: — Complete power by cabinet, bottom line — complete power. Now the other question I want to ask you now is that, first of all, you have said that the government is going to keep 50 per cent of the pot. You're going to get 9 per cent and a whole host of things added to that pot, of PST taxes and so on. Of course you are. And everything that's sold, you're going to get . . . any of the ancillary actions that we were talking about, you're going to get that. So don't argue that. All right. I'm glad I finally got your attention to agree to that. We're making headway here, Mr. Minister.

But the issue that I really want to bring up now is this: 50 per cent for you, 25 per cent for the FSIN — if they can enforce the rules that you have given then to your favour as we have just discussed — and then 25 per cent for exhibition associations, for charities, and for the MNS, the Metis Nation. Is that right, Mr. Minister?

Hon. Mr. Lautermilch: — I think you're close. The revenue sharing is 50 per cent government, 25 per cent FSIN, and 25 per cent for the associated entities fund.

Mr. Neudorf: — Where does it say, Mr. Minister, in this legislation, that it's 25 per cent for the associated entities fund?

Hon. Mr. Lautermilch: — Well, Mr. Chairman, I don't think it's any secret — I've said it here and I've said it outside of this Assembly — that we intend the 25 per cent component for the associated entities fund to go to exhibitions and to the Metis and to charities, is the policy of the government, and it is the policy of this government.

Mr. Neudorf: — I'm not going to accept that and neither will the people of this province. What are you telling me? That it's the policy of this government, at this day, at this stage, right now? What I'm concerned about: what is your policy tomorrow?

That's not good enough. Put it in here. Put it in here, because the charities don't trust you. I don't trust you. I don't think anybody trusts you. So if that's the policy of your government, then put it in.

Where is that 25 per cent written? Oh you've got it written for the FSIN; you've got your 50 per cent probably written in here. As a matter of fact, I'm not

sure. You do? Okay. So where is the 25 per cent for these other funds? Put it in . . . (inaudible interjection) . . . Would you make it? Would you make that commitment, that not only is the FSIN's 25 per cent written in stone, but also for the associated entities as well? Would you do that?

Hon. Mr. Lautermilch: — Mr. Speaker, and the member feels, it appears, quite strongly on this. And I want to say to him that this government feels very strongly with respect to the revenue-sharing percentage. We are more than happy and pleased to be able to put 25 per cent of the profits to the associated entities fund.

And if the member has some recommendations in terms of what he thinks may be appropriate . . . you know, are you satisfied with 25 per cent? We've said it publicly, and I continue to say that we're more than willing to . . . and the intent certainly of this, it's not . . . the government's 50 per cent isn't articulated in this Bill nor is the 25 per cent for the associated Metis fund or for the associated entities fund.

The only thing that's articulated in here in terms of percentage is the 25 per cent for the Federation of Saskatchewan Indian Nations. And we have indicated, the government has agreed and would want 50 per cent of the revenue, 25 per cent for the FSIN, and other entities, 25 per cent.

(1915)

Mr. Neudorf: — Well of course, Mr. Minister, the whole thing is making sense. It's all falling into place. I can see why you did not restrict yourself to 50 per cent. You didn't want to put 50 per cent in because you could see yourself getting 60 and 65 per cent because, on the other hand, you haven't legislated 25 per cent either for the associated entities. So what they lose, you gain. So why would you want to restrict yourself to 50 per cent? That's what you're doing here, Mr. Minister, the game is fairly obvious and quite simple.

Would you be, Mr. Minister, if that's the policy of your government, would you then accept an amendment that we will put forward, or an amendment that the third party . . . it doesn't matter to me who gets the credit for this. But one fact is definite — there is no 25 per cent for the other side of the coin.

Now if that's your policy and if you're committed to it, then I would suggest that you would have no problem with limiting the associated entities to 25 per cent, but at least they know that they are getting 25 per cent. And then the various percentages of that 25 per cent could then be allocated by agreement or by negotiations.

Hon. Mr. Lautermilch: — Mr. Chairman, I am willing to entertain a House amendment. As a matter of fact, I'll propose a House amendment if it will give you more comfort. I would have to admit that we are committed to the 25 per cent, and if you're not satisfied that this Bill prescribes the 25 per cent, then

we're willing to put it into legislation. When we go through the clause by clause, I will introduce an amendment that I'm certainly hopeful will satisfy you.

Mr. Neudorf: — Quite frankly, Mr. Minister, I don't care who does the amendment. We brought it to your attention. It's a concern that people have. You say you are endorsing that basic concept; so whether you do it, or the member of the third party does it, or I can draft one, it's no problem. We have the Legislative Law Clerk to help us, and we can get that drafted in short order. So what do you suggest?

Hon. Mr. Lautermilch: — Let me suggest that in section 32 is the one that deals with the payments required to the fund under the associated entities. I see no reason that we couldn't do a direct parallel to section 22, which articulates the first nations fund and make it . . . and put it in compliance with what will work with respect to the associated entities. Would you be satisfied with that?

Mr. Neudorf: — Mr. Minister, usually what happens when you make an amendment to a Bill, there are some consequential problems that might be created. If we take a look at clause 32(1) . . . (inaudible interjection) . . . I'm glad to hear now that the officials are informing the minister that the amendment has been drafted with all the consequential problems associated with it.

That explains to me the minister's . . . (inaudible interjection) . . . well we're making progress, Mr. Minister. And I'm sure that you would have suggested this on your own if I hadn't hammered away at you, in order to get this issue resolved. So I can assure you that we will be supporting that amendment — reluctantly that this whole business is in front of us in the first place.

All right, Mr. Minister. There's one other amendment while we're at it perhaps, that you might consider, that just came to me as I was looking at page 10 of the Bill, as I have it, in part IV, where it says, "Consequential Amendments and Coming into Force." Would you be amenable perhaps to accepting an amendment that would read: the coming into force not to take place until one year's time? Would you be accepting that amendment?

Hon. Mr. Lautermilch: — No.

Mr. Neudorf: — Well, Mr. Minister, I think that is unfortunate. And I say it's unfortunate because as we have been going through question period day after day and as we've been going through the various parts of the Bill and the problems that are existing, and the things that are not ready, and the things that are not in place, and the casinos that are maybe going to be coming up, and so on, that there's so many, such a large host of unanswered questions pertaining to this particular Bill that I think that, although I made it somewhat facetiously, obviously, the six-month hoist or whatever you want to bring into a matter like this, that I think we should pause and we should reflect upon what we are doing to this province.

And I guess I could, as the official Opposition House Leader, say well we are going to pause and we are going to reflect and simply by 55.1 request a three-day hoist on this issue — would then of course bring it into next week, Wednesday, to give you an appropriate period of time to really reflect upon what you're doing to this province. And while I am tempted to do that . . . members are saying, no, Bill, you wouldn't do that.

This is a serious issue, Mr. Minister, that we are working on. And I get the distinct feeling, as some people in the press have said, that gambling policy flying by seat of the pants. And I think this is a problem that we're experiencing here, is that you're so gung-ho on this whole issue of gambling that you're bound and determined to institute it whether you're ready or not, whether the people of this province are ready or not.

I've asked you a great deal of questions during question period. The city of Windsor, for example, has just instituted their gambling policy. The response from the city council and from the government was totally different than what it has been in the province of Saskatchewan. Regina and Saskatoon said you're putting casinos into our place, you're bringing in a whole host of concomitant problems with this new investment that we're going to have to have more resources to face those problems whether it be traffic problems, whether it be prostitution problems, whether it be racketeering problems, or whatever it happens to be. And we don't have the resources.

Are you going to be able to turn some of your 50 per cent profit to counter that? We heard today that you're spending \$550,000 a year to combat the addictive problems that you are admitting are going to be there, while we came up with an alternative that would cost \$77,000 a year but be much more effective.

And the minister, Associate Minister of Health, could only say, well I haven't had time to look at it. That's the problem exactly. We don't know what we're getting ourselves into, Mr. Minister. There are so many issues out here that have to be resolved, but you're so bound and determined to get your greedy little hands on the loot and the booty and the pot at the end of the rainbow, that you're not doing due diligence to the social consequences and in fact the economic consequences of this problem.

You think it's going to do something for the province. I heard the Premier here before. I heard the Premier say that we've got to keep the bucks in the province and that's part of your rationale, otherwise they may go to Deadwood. Where is Deadwood, he asks?

Well, Mr. Minister, let's face one thing. The expendable dollars in the budgets of many people is very, very limited. And I'm assuming, and I hope that you would assume, that the monies that you're going to generate, the \$80 million and the \$248 million or whatever you're projecting for the future years, where is that money going to come from? Answer that.

Is it going to come out of the expendable budgets of

people? Will they be using only that money that is discretionary spending on their part? I don't think there is that much discretionary spending in this province. It's a finite amount; it's limited. But by feeding on the hopes, feeding on the aspirations of the people, you will undoubtedly loosen up more money than that which is spent on gambling now.

Because of — mark my word — there could be a feeding frenzy going on. People who should not be spending so much money will now be spending that money on gambling. Because with the proliferation of expanded gambling opportunities, it will happen.

Because I have an economic theory of my own which is that supply creates demand. If the supply is there, if the availability of it is there, there will be those people who will access that supply — people who should not, people who should not. And we know that from experience. We know that from what happens at the bingos. We know that happens and nobody can hide that fact.

So by you going out and making this supply available, you think that you're going to create and generate revenue for the province. Well you might, but what are you doing, Mr. Minister? What is your government doing? I think what your government is doing is not creating one cent of wealth. Nothing. What you are counting on is the redistribution of wealth. A typical socialist philosophy. Perhaps that's why that fits in with what you are doing. You are not creating one dime.

And, Mr. Minister, if you think that you're going to keep the gaming dollar home by creating a casino in Regina and a casino in Saskatoon, think again. Oh I'll grant you a certain percentage will stay home, but the people who go to Reno and the people who go to Vegas and the people who go to Deadwood will still do that. Because you know and I know that that is a diversion for them, that is a holiday for them, it's the sun for them, and they're still going to be doing it.

But, Mr. Minister, what we are witnessing here is that an attempt to rectify the dismal job creation strategy that your government has not had; you haven't got a job creation strategy. You have not created jobs. We've got 6,000 jobs fewer than when you took office. So what are you saying now? Well the first time that you try to tell me is if you're going to be against it, you're against jobs, you're against jobs for the Indians.

I do not begrudge one job that the Indians get out of this — more power to them. Chief Roland Crowe did what was right in his eye and I don't blame him for pushing you for getting some jobs. Because there were no other job opportunities. You have created nothing, you have created absolutely nothing. The Minister of Economic Development has only created jobs for the airlines industries as he goes around, tooting around the countryside and around the world. That's the extent of the job creation, Mr. Minister.

And now you're seeking a way out. And I think it's going to be a dismal, dismal failure because I've asked

you what are the social impacts going to be?

I've cited some. You create the supply and you're going to create the demand. And you mark my words, there's going to be milk money and there's going to be children's clothing money that's going to go into the VLTs and into the casinos, because people who are on the verge, on the economic verge, will look for that pot at the end of the rainbow. And on occasion I go buy a lottery ticket for 6/49 because I think well maybe my ship is going to come in too. I can afford a dollar or two that way.

But a lot of these folks are going to be pulled in to the gambling syndrome simply because of their economic status. And part of that money, part of that pot of 50 per cent and 25 and 25 per cent that we've been talking about, is going to be made up of that money from those people. And you are actually fighting the deficit of this province and you're fighting the debt of this province, created by us or by Thatcher or by you, you're going to be fighting that deficit and that debt on the backs of those poor people.

Because mark my word that is going to be a major portion of the revenue that you're going to generate by this ill-founded, ill-conceived plan of yours to fight the fiscal restraints that we have on this province, and you're going to use the Messiah and the saviour of your economic woes based on gambling.

Some Hon. Members: Hear, hear!

Mr. Neudorf: — Mr. Minister, I say to you that any government that for a moment thinks that they are going to solve those kinds of problems by going to gambling is creating a major, major bigger problem and headache for them down the road by using that particular example. It's not going to work. Many of the things that you've done thus far, it's going to in the long run prove counter-productive.

And I challenge you, Member of Prince Albert Northcote and I challenge the Premier that when history takes a look at what's happening in this province over the last couple of years and some of the actions that you have perpetrated on the people of the province, when history has a look at that, it will be more condemning of you, I suggest, Mr. Minister, than it ever will of us. And history is not . . . Well, I'm not going to get into that.

(1930)

But, Mr. Minister, the legacy of your government, the legacy of this member from Riversdale, who is now the Premier of this province, is not going to be that of the gentleman whose bones you like to dig up from time to time and roll around. Tommy Douglas's legacy will not be equalled by your government. Because your legacy will be the destruction of the society as we know it in this province at this time. That's what is going to be your legacy, Mr. Minister.

And do you know what? The end result of all of that is that our problems will not be solved. That's the sad

part. If indeed you could fight the deficit and balance that, if indeed you could raise enough money to pay off that debt, then there might be some justification, Mr. Minister; then there might be some justification, and never mind the social ills that it would have created in the meantime.

But, Mr. Minister, we have here an article from the *News Weekly* of April 9, 1994, and it's an article of a country that tried this process that you're undergoing. Now you're fond of quoting things like New Zealand did to get their debt under control; the citizens bit the bullet there, as it were, and now they're on the road to recovery.

Well this is not out of New Zealand, but it is out of Australia, and it is called: Australia — a casino-led recovery? And it's an interesting article, Mr. Chairman, and, Mr. Minister, because in part . . . and I will read in part:

Apart from that (it says), the only significant change in the state's fortune and the Kennett government's only obvious achievement seems to be a huge increase in gambling.

That's what happened in Australia.

It goes on to say that there were some problems:

Both solutions turned out to be nothing of the kind as the economy's underlying problems of growing debt, high real interest rates and industrial decline remained unaddressed.

For the nation as a whole, the gambling boom is the tip of an economic iceberg, as spending across the economy on long-term investment is falling.

Mr. Minister, it continues on and it becomes a little bit more dramatic. It talks about:

Victoria's spending figures show that while consumption may be rising, the percentage of consumption going into more useful parts of the economy is falling while gambling consumption rises. Politicians, at the same time, are encouraging both trends.

Gambling turnover in Victoria grew by 56 per cent last year, \$5,000 per adult per year. Now, Mr. Minister, that is indeed a great deal of money that was being spent on gambling. However, the interesting thing to note is that the only consumption increase in the economy was the consumption revolving around gambling. And it goes on to say: Government expects to collect \$968 million from gambling.

That figure, of course, is irrelevant to the Saskatchewan scene because of our different situation. But whatever that figure happens to be, it's equivalent to 14 per cent of total revenue from taxes, fees, and fines. In other words, a tremendous increase in revenue to the government where gambling revenues now form 14 per cent of their total revenue.

And it goes on to say, however:

But while the government has licked its lips over the gambling boom, spending trends in more productive areas of the economy have been more disquieting.

And that's what was the essence of some of my previous remarks, that it's going to be counter-productive in the long run. In the seven months . . . I'm just going to give you a few examples here. In the seven months to January 1994 — so it's fairly up to date — in the seven months to January 1994, expenditure by Victorians on groceries — now notice this — expenditures on groceries, confectionery, and tobacco has fallen by 1.2 per cent. Spending in clothing and fabric stores has fallen by 5.7 per cent. Spending in domestic hardware stores and jewellers has fallen by 19 per cent. Jewellers, well that's more expendable type again, discretionary type, so that's the first to go. Spending in hotels, liquor stores, and licensed clubs has fallen by 4 per cent. So again less revenue for the government, I suppose.

The point, Mr. Minister, is that there is a finite amount of money. I don't know why we would want to reinvent the wheel in Saskatchewan when we have examples in the countries around the world that have tried it, and they have found now that the answer, the panacea, was not there as they had anticipated, because of the concomitant problems involved and by the counter-productivity. Because there's that finite amount of money that you're going to be able to expend upon.

And, Mr. Minister, I reiterate again, this is not job creation. This is not an economic boost to the province. All you are doing is rearranging the chairs on the Titanic. That's what's happening here, Mr. Minister. And surely to goodness, you should recognize the fact that what you are preparing to do is to go down as those chairs went down, because it's not the answer that this province is looking for. We are looking for meaningful, real growth where there's a creation of wealth, where there's a creation of goods.

What you're doing with this legislation is the quick fix. That's all. You're doing the quick fix that in the end is going to be disastrous, in my opinion, to this province.

And you have the support of a lot of people in the province for this; I grant you that. But it's all the people who are looking for a means. They're looking for a means to recoup and recover some of the funding that they have lost through the other strategies that your government has employed.

And, Mr. Minister, again I say, you're off on the wrong track. And all I can ask for you is to just pause, consider, give it more time, come back after the people of this province have spoken, because you have no mandate for what you are doing. You did not fight the last election on this major change in the fabric and direction this province wants to go. And so what you should do then, Mr. Minister, is recognize that and give the real people of this province a chance

to react.

Ms. Haverstock: — Thank you very much, Mr. Chair. The other day when introducing the Act to establish the Saskatchewan Gaming Investment Corporation, the minister referred to this as being an historical legislation. And given that we are being pressured in the dying hours of this legislative session to examine the very recently introduced legislation to create a Crown corporation to manage casinos and, of course, hopefully you are wanting us to pass that legislation, I'd be more inclined to characterize this not as historical legislation but as hysterical legislation.

The timing is very suspect. And it raises concerns in the public's mind, for sure. This truly appears to be something that has been dreamt up on the back of a napkin at the 11th hour. And unfortunately what it does is reflect much of what I have raised as concerns during question period, Mr. Minister, that this kind of behaviour is indicative of what happens when there is no strategic plan.

It has been very difficult to review this Bill and to propose amendments for the simple reason that there has been such insufficient time. And as well, there's insufficient information about what form the casino ventures will take to determine if this legislation actually suits its purpose.

Now some things are evident. First, this is not simply a tidy, regulatory body set up to receive the profit cheques from the casinos once they're in operation. This is in fact very much like an investment corporation with all the powers of SOP Co, or whatever it's going to be called, or any other economic development corporation.

This is legislation that answers questions which haven't been asked yet and yet it fails to answer questions that have been asked for years. It does not deal with jurisdiction by first nations people, or the eventuality, in fact the promise by some chiefs, that casinos will be opened on reserve land, perhaps in cities, despite whatever agreement has been signed to create this corporation. And it does not deal with the partnership for the remaining 25 per cent of the casino deal; does not spell out clearly who the partners are and what role they will play.

Now as recently as this week, a decision was made by the Regina casino . . . or that the Regina casino would be built in the downtown area of Regina, but that the exhibition association might manage it — and I underline, might.

As recently as this morning, Mr. Minister, neither casino had met with your government since the announcement of this Act, to understand how it actually applies to them, what their revenue share would be, or how they would fit into the partnership with a charitable component and the Metis Nation. So I don't think that my assessment that this is pretty last-minute stuff is very far off the mark.

In reading through this Bill, there are warning bells

that go off in several places. And I do hope, Mr. Minister, that you will be able to provide some answers this evening that are going to settle some of those alarms.

The government has indeed attempted to shrug off different kinds of questions as though what they are being posed for is nothing but political digs. But I do believe that all of the questions asked, particularly related to expanded gaming in the province of Saskatchewan, deserve reasonable replies. The concerns are real, and they have been raised because they are very real, and real to many, many people.

There are three components, as I view it, to this whole issue. There is the social issue of addressing the potential for addiction, and crime, and poverty. And I think that you already have the views of both the official opposition and the third party; and I would hazard to guess, people within your own caucus, Mr. Minister, who have raised this and their concern that perhaps this has not been adequately addressed.

There is the economic component of whether our society, whether our economy in the province of Saskatchewan, can support gaming and to what levels.

And I won't go in at this point the difference between the kind of exporting province we are, which deals with an open economy, versus the fact that we are a closed economy when it comes to gaming in the province of Saskatchewan and the implications for that on our economic development and growth.

I do believe that some of the comments that have been made by the Premier about this topic have been indeed naïve — naïve to make statements about the concentration of gaming in Saskatchewan. And while the Premier alluded not only today but last evening as well that my position is illogical when I say that — and this is his quote, that bingo is okay, horse-racing is okay, and some VLT's are okay, but casinos may not be okay — what I think he fails to understand is the interrelatedness of the various forms of gaming, and what can be termed the cumulative effects of gaming and the fact that there is, believe it or not, a saturation point to every single activity.

Now let me use an analogy for just a moment between gambling and alcohol. Now it's like saying it's okay to drink beer, it's okay to drink Scotch, and in fact it's okay to drink wine, and most people probably would not argue with those statements. But what happens when you drink scotch on top of beer and then you drink wine on top of that? There is what one would term a cumulative affect, and there is a point at which one passes beyond the ability to tolerate a certain concentration of both the amount of alcohol and the mixture, the mixture of alcohol.

And gaming, Mr. Minister, is quite similar to that. When gambling was introduced in Saskatchewan and expanded according to the demand, more or less, and according to the permissiveness of the government of the day, there were certain variables that took place at

that time. And it took many, many years for the changes to take place.

Now I spoke at some length about this during the private members' day when I had a motion brought forward, about the evolution of gambling, and in fact spent considerable time walking through that evolution in the . . . how it had transpired in the province of Saskatchewan. So when we introduced lotteries to the mix, horse-racing had already been up and running for a couple of decades.

Lotteries did have a significant impact on the racing industry and from which in fact it never totally recovered. Now there was the introduction of commercial bingos and that dealt another blow. It had an impact as well on some of the gaming that had already been present. But after seven or eight years, it's interesting, because with some innovation and some support from government and some real insight on the part of the participants in the horse-racing industry, that industry began to show recovery even though that recovery was somewhat measured.

(1945)

Then all of a sudden there was the proliferation of the video lottery terminals. And I find it rather astonishing, one of the things I've been asking for of course is measurement to take place; to provide yourself with enough time to simply measure the effects of what has been transpiring.

The effects of the introduction of VLTs was felt almost immediately. Nevada ticket sales plummeted, and this has been acknowledged not only by the hospital lottery foundations but yourself . . . the hospital foundations, pardon me. Horse-racing handles did a nose dive, and I think that you've alluded to that as well. And now, it's interesting that the people who are always talked about as somehow VLT-saving, and those are the hoteliers, bar owners are now seeing their liquor sales drop, which I'm sure your officials can talk with you about with some authority.

Hoteliers in fact are calling me quite frequently, talking about the horror stories. And this is one that came in yesterday, so this is the one that's most clear in my mind. About the \$500,000 — that is the profit being sent to your government, sir, on VLTs from the town of Bengough. Now the member from Bengough-Milestone may find this a very interesting piece of information. I would be surprised if she doesn't know it. That community is 527 people — that's \$500,000 in VLTs, and that wasn't over a twelve-month period, Mr. Minister.

Now nobody is measuring the impact, and we have no idea at all about whether this will get better or whether it will get worse. But one of the things we do know is that trend lines are being established, established as we speak, established as we sit here this evening; they are being put in place. And while all this is going on, the provincial government decides to expand casino gaming knowing full well that this is going to deal yet another blow to different parts of the

gaming industry.

But the concern that I have is that there continues to be a persistence, a persistence in moving on without a full evaluation. Does this indicate that you really have not looked at all of the component parts with great care? One in fact has to draw that kind of conclusion.

Now you know — as government, you have to know — that Saskatchewan will indeed have a saturation point. Whether you admit it today or not becomes irrelevant. But in fact there will be a saturation point. But still the government moves on, presses on, and appears to be very oblivious to the fact that the people who will build two \$40 million casinos will not likely agree too easily to bail out their investments if the government suddenly realizes that they in fact have been participants in a bad decision.

And now, as I said, at the 11th hour, the government is scrambling together legislation which does not address the interrelatedness of all of the players who have been involved since day one of the gaming industry in the province of Saskatchewan.

So, Mr. Minister, I just simply don't think that Saskatchewan is ready for this Bill in this form. And I know that there is an inevitability to all of this and that's one of the reasons why I put some amendments together for this evening. The inevitability comes from the fact that you do have a 53-member majority government and we're going to get this in the province of Saskatchewan whether some of us like it or not.

Before I get into clause by clause, I would like to ask a few questions about the agreement that you passed over this evening to us, your agreement with the Federation of Saskatchewan Indian Nations; and I do appreciate that you gave this to the official opposition and myself. I am interested in whether the agreement has been made public. In fact I will sit down and just let you respond to that question.

Hon. Mr. Lautermilch: — Mr. Chairman, let me say to the member from Greystone that as I've indicated earlier this evening, we haven't made this a public document. This is an agreement between the government, the Federation of Saskatchewan Indian Nations; it's been ratified by all levels on the government side and agreed to. The Federation of Saskatchewan Indian Nations has indeed ratified and agreed to the document. It has been signed by our negotiators, by our officials, but it has not been officially signed by either government or the federation.

We intend to have the signing ceremonies take place very shortly. We wanted to wait until this legislature had had an opportunity to review the Bill. I thought in the interest of maybe a better understanding of what we had achieved with the federation, that we would share copies of this legislation with the Leader of the Third Party and the Leader of the Opposition. I would certainly hope that you would respect the confidential nature of the agreement, but I wanted to send it over so that you had a better understanding.

And I'm sure that the federation will have no problems in that they feel it's an agreement that was struck on behalf of the interests of not only their members, their band members and the bands that they represent, but a good agreement on behalf of all of the people of Saskatchewan. It hasn't been released to the press. The only two copies outside of government and the federation are yourself and the Leader of the Opposition.

Ms. Haverstock: — Thank you, Mr. Minister. I note in the agreement, and I quote:

that the government agrees to place expeditiously before the Legislative Assembly of Saskatchewan, either at its present session or in its next session, legislative proposals creating the corporation.

Mr. Minister, given that you had that option, according to the agreement with FSIN, to present this in the next session, can you explain your logic then in not forming the rest of the partnership to the satisfaction of all the other participants, given that you were actually provided with some leeway in your own agreement with FSIN in when you would bring forward this legislation.

Hon. Mr. Lautermilch: — Well in response to the member, let me say that upon the request of the member from Rosthern who asked that . . . and was quite adamant with respect to having the legislative authority to ratify this agreement and to enter into the expanded casinos, we made the decision that after signing the agreement with . . . and formed . . . reaching the agreement with the FSIN, that we would in this session introduce legislation that would give legislative authority through a Treasury Board Crown, an entity that would be established, the opportunity to embark on the purposes for which this Treasury Board Crown is intended.

On one hand, the members of the official opposition are asking for us to introduce legislation, which we complied with. That's the reason it's before you. There seemed to be and appeared to be at that time no rush by the opposition to end the session. As you will know, the opposition members are the people who ultimately decide the adjournment date. And it was our position that while we were here, we may as well get some work done, and so the Bill was introduced and that's why we're debating it right now.

Ms. Haverstock: — Well I did need an injection of humour this evening, so I'm glad you provided it for me. I found that . . . and it is time for a little bit of levity. You've been putting in a considerable amount of time since late this afternoon on your ministry this evening and late today.

It's curious that you would raise that, Mr. Minister, because the House Leader for the official opposition was quite articulate this evening and quite adamant about his concern that this was introduced last Friday at the end of a legislative session. And now what

you're suggesting is that this entire exercise was at the bidding of the official opposition. And I'm not going to be speaking on behalf of the official opposition, but I would suggest that I'm sure that they're thinking you're taking liberty with what their intentions were.

In fact, Mr. Minister, what I was asking about was the fact that the agreement that you signed with the Federation of Saskatchewan Indian Nations gave you the leeway. They actually provided you with the leeway of not introducing this until a later date. My specific question to you was not about the official opposition at all; it was about why is it when you were given that leeway with the one set of partners with whom you have signed on the dotted line, that you would not spend the rest of the time allotted you in this agreement to indeed bring the other participants on side who could be given the same opportunity to talk about what their interests were and what they would like out of a partnership with your government as well.

Hon. Mr. Lautermilch: — Well I want to say to the member that in terms of the clause in the negotiation and in the agreement, that the reason that clause is there is because we weren't sure of when this agreement would be ratified or even if it would have been ratified by the federation. Had the session been adjourned — and we had no knowledge of when the opposition members may choose to leave the legislature, to adjourn — we needed to give ourselves the ability within the agreement to be able to deal with this in a subsequent session of this legislature. That is why that clause is here.

The fact is that we signed this agreement. We therefore had the ability and the opportunity to introduce the legislation and deal with it in this session of the legislature. We were here, as I said, and while we're here we felt we may as well try and achieve and accomplish as much work as we can on behalf of the people of Saskatchewan.

I want to say that this is in fact an agreement that was signed with the Federation of Saskatchewan Indian Nations. We have indicated, and through government policy, that we wanted to share the profits of these casinos based on the formula of 25 per cent for the federation, 50 per cent of the profits for government, and 25 per cent for the other entities, as is evidenced in this legislation.

I find it interesting that over the days that we debated this issue, the Leader of the Third Party consistently indicated her concern for the charities and the fact that there may not be a charity component. What we have done in this Bill and in this Act is we have guaranteed a charities component. We have guaranteed a component for the Metis and we have guaranteed that the exhibitions' revenues will be maintained whole.

And I want to say that my interpretation of the agreement that has been signed and what history will show, differ quite dramatically from the member from Greystone in that I believe we have for the first time shown the Indian people in our province that we

truly do believe in their right to self-determination and we do believe in their right to economic freedom and we do believe in their ability for themselves to create jobs through their government structure. And I think really that's what history will show.

With respect to the direction in this area and your comments in terms of the social impact, we recognize and we understand that there is and there does come about social consequences as a result of gaming, whether it be bingo, horse-racing, lotteries, whatever form of gambling.

There are people who will find themselves in difficulties in this area and we recognize that, and I want to say that I appreciate the concerns and the issues raised by the members of the opposition as well as yourself. That's why we established months and months ago, an advisory committee to deal with the social impact. And that's why we have implemented in almost every occasion at this point the recommendations that they've put before us.

Now you may argue about the inevitability of gambling and you can mount an argument on either side of this issue, and I'm familiar with both. I think what we have done is taken the visionary approach in terms of our dealings with the Federation of Saskatchewan Indian Nations and the Indian people in this province. And I think we've done the appropriate thing given the circumstances that we're faced with.

Now whether we are able to deal with the jurisdictional issue through this agreement and whether we are able to have a resolve to that issue, I'm not sure. But I know this, without putting together this kind of a partnership and this kind of an agreement, we would be guaranteed to be facing that issue.

(2000)

And I think that the fact that this province is built on cooperation and understanding and working together — agricultural community working with the urban community and the Indian people working with non-Indian people — that's the history and the nature of this province as I know it. And I think that this is an agreement — and it's embodied in this legislature in legislation in Bill 72 — is an agreement that will be recorded in history in a different light than I think you may interpret at this point.

But having said that, I say to the member that the agreement was signed. We had the opportunity in this session of the legislature to introduce the Bill and to pass the Bill and its enabling legislation that allows this corporation to conduct gaming activities. That's why the Bill's before us.

The negotiations and the discussions with the other parties, the associated entities, will take place. We have a year until this casino is established. So we have a year to have those discussions with them, to negotiate, and to monitor the impact of the interim casinos and the video lottery terminal programs, and

we expect to do just that.

Ms. Haverstock: — Thank you, Mr. Minister. Well actually I think there could have been a much more specific answer to my original question which was, given that the agreement that you had with the Federation of Saskatchewan Indian Nations indicated that you could do this either this session or next session, I shall repeat this. What was the reason why you did not take the time to form the rest of the partnership to the satisfaction of the other participants?

Hon. Mr. Lautermilch: — Let me say to the member from Greystone that this agreement in no way jeopardizes the negotiations with the other entities. We have a year before there's any revenue at all that'll be generated with the new casinos that this Bill refers to.

And I guess I echo the comments of the Premier. Are you for it or are you against it? Do you support this legislation or don't you? How many casinos do you want? Do you want them sovereign? Do you want them off reserves? What really do you want? We're not clear; we're not sure.

I say to you, ma'am, we have taken a position. We have put forth a policy that establishes two casinos in this province. And after that we wouldn't be establishing any other until we have in fact determined the impact of these casinos.

Now our position is clear; we're on record. This Bill indicates where we're at with respect to casino development. Our position is clear. But I want to say to the member from Greystone — I've listened to you time after time, day after day, week after week, as a matter of fact even session after session, and you have never once had the courage to stand up in this legislature and tell the people of Saskatchewan who you support.

I'm not clear to this day whether you support the horse-racing industry but not the VLT program. And I'll tell you what. The members of the Federation of Saskatchewan Indian Nations who sat in this gallery about a week ago have got a clear understanding of where you come from. They understand quite clearly.

Now I tell you, you may fool some, you may do that. But I can tell you what you're not going to do. You're not going to fool them all. And I tell you especially, you're not going to fool the Indian community in Saskatchewan. And you, madam, are going to pay a severe price come election time.

You who aspire to be the premier of this province, who can't even put together, can't even put together an articulate direction in terms of your political party, you can't articulate where you're going — or you won't. So I tell you, your lack of inaction is a clear indication that you don't support the involvement of Indian people in profits from gambling. You don't support the involvement of the Metis people in gambling.

I tell you what you support. You support your own political initiatives and that's fine. But the people of this province will see through you and they will act accordingly come election time. And I suggest to you, madam, that you shall never sit in the Premier's chair, taking the Premier's office.

Some Hon. Members: Hear, hear!

Ms. Haverstock: — Well I always welcome comments just like those made by the minister in charge of gambling for the province of Saskatchewan. And I do welcome the fact that the Premier is now sitting in this House, letting me know again that indeed we must be doing well or he wouldn't expend the energy that he does saying what he does. And if people are wondering indeed who sits on what side of the fence, it was this very Premier of Saskatchewan, who was then leader of the opposition, who in Moose Jaw indicated that there would never, ever, ever be casinos under his administration because they would destroy Main Street, Saskatchewan.

If we want to talk about friends of people who may end up in important places in gambling, I shan't start naming names in this legislature of people who likely will end up on the roll along the way, who actually sat in this very legislature as New Democratic members. I think one of the things . . .

An Hon. Member: — Why don't you start naming names? Name the names.

Ms. Haverstock: — Oh well, my goodness, perhaps what we should do is get back to the questions of the minister. I'm sure that you can, sir, answer some of these questions. It would be very . . .

An Hon. Member: — You name the names.

The Chair: — Order, order. Order, order.

Ms. Haverstock: — Thank you very much, Mr. Chair, for taking over. There has been some talk of a casino in Prince Albert. And I do recognize that this is your home constituency, so I wonder if you could indeed tell me where those discussions are at.

Hon. Mr. Lautermilch: — Mr. Chairman, I am firstly going to ask the member from Greystone to name the names, to name the names. I tell you, the performance that you put on in question period yesterday with respect to your accusations against the Justice minister tell the members of this Assembly and the people of Saskatchewan just who you are — not who you say you are, but who you are. You sat in this legislature, you stood in this legislature tonight and you made allegations that people who were involved with this government, who sat in this legislature, are involved and part and parcel of these discussions and of this agreement. I want you to stand in your place — have the courage to name the names.

If you aren't willing to name the names in terms of the allegation you're making, I'm asking you to withdraw

your statement because that is absolutely unacceptable.

Ms. Haverstock: — Mr. Minister, I am indeed here to ask the questions this evening, and perhaps what we will do is get back. If you'd like to read *Hansard* tomorrow, you go right ahead. Because one of the things that I indicated, it will be interesting to note who will be involved in this in the future. I never at any time indicated they would be, as we speak.

And I find it most interesting that the Premier of this province, and you, sir, never hesitate to raise the names of individuals constantly who cannot defend themselves in this legislature. You do not hesitate to raise those things. I really would like to pose my questions to you tonight and perhaps what you could do is attempt to answer them.

I'm wondering if you could tell me where the discussions are at as far as the Prince Albert casino is concerned, Mr. Minister?

Hon. Mr. Lautermilch: — I am going to say to the member from Greystone that I am asking you to name the names who were involved in the allegations that you just made. You put the names before this Assembly or withdraw that statement.

Ms. Haverstock: — Mr. Minister, I shall pose my question again. In Prince . . .

An Hon. Member: — No, you're going to withdraw the names.

Ms. Haverstock: — I never named any names, Mr. Premier. You indeed, sir, are the person who has named names this evening. I have not raised anyone's names. I think perhaps that you protesteth too much. You're the individual who's been naming people in this legislature, name after name of people who cannot defend themselves. So if you're suffering from guilt, that's your problem.

There is talk of a casino in Prince Albert, which is your home constituency. I'm wondering if you could tell me, please, where those discussions are at.

Hon. Mr. Lautermilch: — Madam, I am going to ask you one more time. I think before we can carry on a meaningful debate, I need to know where you were going. You have smeared in the last few minutes a whole category of folks, as the Premier said, and you have made some allegations of involvement by former members of this legislature, is what you said and I heard you well.

And I want you to have the guts to stand up and name the names of those who you are alleging are involved and stand to profit from casino development. I am asking you again: you name the names, you . . . or withdraw the statement. Those are your two options. And we'll continue with the discussion.

Ms. Haverstock: — Well, Mr. Minister, if you would like to be here for the next several hours, that's your

prerogative. All right? I am here this evening to talk about different aspects of gaming, particularly as it relates to the Saskatchewan Gaming Investment Corporation that you want to have as a baby brother to the family of Crown corporations for the province.

Now if you would like to proceed with why we are here tonight, so be it. If you would like to continue in the vein in which you have been behaving, so be it. But what I'm going to do is pose the question again. And the question is: for your home constituency of Prince Albert, do you in fact have an opportunity to share with us this evening where the discussions are at with any proposed casino or if indeed there even is one in your constituency of Prince Albert?

Hon. Mr. Lautermilch: — Mr. Chairman, the member earlier tonight indicated that there will be people in high positions who stand to profit, who will benefit. No names would she put before the House. Yesterday the smear campaign you were on . . . knowing full well what the judicial process is and how it works, how it functions, you stood in here and made allegations that you wouldn't repeat outside this legislature. And I'm saying to you, you may have hid from them yesterday but I want you to stand in here today and either name the names of the people who you are alleging will maintain high positions, or withdraw.

I'm going to ask you that for the last time. If you haven't got the courage to do that, or if you haven't got the decency to do that, we'll move on with the questioning, and I will answer to the best of my ability the questions that you put before me.

But I ask you the last time, stand up and have the courage, the decency, to either withdraw or name the names.

Ms. Haverstock: — Mr. Minister, I am not going to discuss yesterday, I'm not going to discuss any part of history other than the fact there was not one thing raised in this legislature, sir, that is not an issue in the province of Saskatchewan. None of those things were raised by myself; they are realities in the province of Saskatchewan that people are asking for a status report on.

So what we are going to do . . . (inaudible interjection) . . . Oh, isn't this most interesting, Mr. Minister, and Mr. Chair, that the Premier of this province continues to interject and raise people's names, people who are not in this Assembly, people who cannot defend themselves publicly, and that is a disgraceful performance. I find this most interesting.

Mr. Minister, I do pose one more time to you that you have a home constituency of Prince Albert; in your Prince Albert constituency there has been talk of people being interested in a casino. And I wonder if you would please discuss with us where any of those deliberations are.

Hon. Mr. Lautermilch: — Well, madam, let me tell you where it's at in terms of Prince Albert, in terms of North Battleford, in terms of Yorkton, and other areas.

In case you haven't been watching, we have enunciated what our policy is and what our position as a government is with respect to the expansion of casinos in the province. We are going to expand in Regina and in Saskatoon.

We've indicated quite clearly that until we know what the social and the economic impact of those casinos will be, we don't believe that we are in a position to license casinos in any other location including Prince Albert. And that's the state of the negotiations. We've had discussions with the exhibition association in that community, with the Prince Albert grand council, and with the community at large. They're well aware of the policy. I would have hoped over the weeks that this was discussed and debated in here that you would have understood where the policy was. So if now I've been able to help you in terms of understanding that, I'm pleased.

Ms. Haverstock: — Well I'm sure the people in Prince Albert, in your own constituency, will be very pleased to hear that you've articulated a position because they have been somewhat confused. Is there any extension clause that would blanket other casinos or extend this partnership further?

Hon. Mr. Lautermilch: — Madam, the people in Prince Albert are not confused with the policy. You may be, but they aren't. They're well aware of the fact that we have as a policy decided to establish only two casinos until we know the social and economic impact of those casinos. We're not in any position to expand beyond that area.

Now I think that's quite clear. I think that's quite easy to understand. And I can tell you that there were some who were disappointed that we didn't decide to establish casinos in North Battleford. There were some who were disappointed that we never chose Prince Albert as the location, some in Yorkton, some in Moose Jaw. And I understand that. But it makes no economic or social sense to establish casinos in every community in the province. It just wasn't workable.

We looked at regional casino concept over a period of time. It became quite clear to us that in terms of maximizing the profits of the casinos that we'd need to centrally locate them. The overhead costs with regional casinos wouldn't be appropriate. And we felt that these two casinos had by far the best chance of success of any locations in the province.

Based on that we put our policy together. The communities in the regions around the province understand quite clearly what the policy is and that is where we stand with respect to that and that's where we'll be until we know what the social and economic impact of these two casinos are.

(2015)

Ms. Haverstock: — I take it then, Mr. Minister, that you're saying that there is no possibility of an extension clause that could blanket other casinos and that you don't have a capacity with this particular

piece of legislation to extend the partnership at all. That's what I heard you say.

Hon. Mr. Lautermilch: — We have the ability in this legislation to establish casinos in other locations. It doesn't limit us to two; it gives this corporation the ability to develop and manage the operations from the government and from the FSIN's perspective. It doesn't limit us to any number of casinos. But as government policy has been enunciated, we are establishing only the two — one in Regina and the one in Saskatoon — until we know the social and the economic impact.

The corporation has the authority to do that, but we choose not to exercise that authority at this time.

Ms. Haverstock: — Well thank you, Mr. Minister, because that's precisely what I thought the legislation said. And although you haven't given us any definitive study on profit projections or the number of visits that are required to achieve any particular mark that you have laid down, I'm sure that you would agree that any projections assume that you don't have any competition from anywhere else within the province.

Has your department done any evaluation as to what level of competition the casino, let's say in Saskatoon, would be able to withstand if there were competition from another casino that happened to come into Saskatchewan or be erected in Saskatchewan?

Hon. Mr. Lautermilch: — Well there are a couple of points to be made. First of all, the licensing authority rests only with the Saskatchewan Liquor and Gaming Authority. It's our intention to license only two casinos in the province — one in Regina, one in Saskatoon.

In terms of the competition factor, quite clearly casino gaming competes with the Western Canada Lottery Corporation's operation, with the bingo halls, with other forms of gambling. We went through that in terms of the pressure on the horse-racing industry by other forms of gambling. And that's how it works.

And I say to the member opposite, I'm not going to get into the debate with you in terms of what information would be required to satisfy you, because the only thing that will satisfy you is a political victory in this province, which I don't think is attainable in the near or in the distant future.

Let me say to you this: we have put together the information based on people in the industry who understand and know the industry. We've put together information from other jurisdictions. We've done internal studies from Justice, from the Department of Economic Development. We have studied this in depth. We are taking a very conservative approach to expansion, as we have done with the video lottery terminal program. Market saturation by . . . all of the experts in this province tell us that this market can handle 7,000 video lottery terminals. We chose to put in 50 per cent of what market saturation is — a very conservative approach; I

think a very good business approach. We're doing the same with the casinos. We're putting in 1,000 slot machines, and based on that we will develop the casinos. We don't believe it's market saturation. We think we're well below market saturation which will guarantee, we believe, their success.

And I want to say, madam, rather than having dollars flow outside of the province to build health care and educational programs in North Dakota and Montana and Manitoba, we have partnered with Saskatchewan's first nations to ensure some economic benefits for their people at the reserve level. We expect to do that for and with the Metis and we expect that we will be able to deal with the exhibitions and the charities as they are a component of the revenue share of both of these two casinos as well.

Ms. Haverstock: — Mr. Minister, what action would you plan to take to protect your interests then, and those of the partnership, if in fact there were the threat of competition, if this were posed by someone who was not governed . . . their casino was not governed and given permission, not governed by this particular agreement?

Hon. Mr. Lautermilch: — There are two aspects. In the first place, as the Criminal Code of Canada stands, the authority for licensing casinos and operating casinos lies with the Government of Saskatchewan and that's our position. The Federation of Saskatchewan Indian Nations have a different position. Quite clearly that is one of jurisdiction. That's an argument that will ultimately be settled either by amendments to the Criminal Code of Canada or a challenge in the courts. We have partnered and an agreement has been reached that will give us the largest markets and the most lucrative and the most profitable markets.

If I were to . . . I can't think of a hypothetical scenario, and maybe you can, and maybe if you have another situation in mind you would want to share the details of those with us tonight because I'm not sure where you're headed. But I can only say to you that the only body that has the authority under the Criminal Code of Canada to license casinos is the Saskatchewan Liquor and Gaming Authority. And they intend at this point to license only two, one in Regina and one in Saskatoon.

Ms. Haverstock: — I think, Mr. Minister, that you know precisely what I've been leading up to — and we could have of course been beyond page 6 a long time ago in my questions — what agreements have you reached as to the process to settle jurisdictional agreements with aboriginal peoples on reserve casinos?

Hon. Mr. Lautermilch: — This agreement and this legislation, neither piece, the agreement that we passed on to you earlier tonight, nor Bill 72, deals with the jurisdictional issue.

It gives no solution to that, to my knowledge. The only solution to the jurisdictional argument will be settled in the courts or by an amendment to the Criminal

Code of Canada.

Ms. Haverstock: — All right. Well I didn't think those questions were all that painful, but it sure took us a long time to get through this small handful of them.

I want to look more directly at the Bill itself now. We've talked a bit about unforeseen and unplanned competition but we really haven't spent too much time talking about your government's plans. So moving to page 2, section 4(a), speaking specifically about the objects of the corporation, which is, and I quote: "to establish and operate casinos in Saskatchewan", I am wondering, how many casinos? Do you actually have a limit on the number that you've been discussing, and who's going to decide in fact if there will be further casino developments?

Hon. Mr. Lautermilch: — The policy, to the member from Greystone, is that there will be two casinos established. There will be two licensed — one in Regina and one in Saskatoon.

We have indicated that we would not entertain the expansion of the number of casinos until we had done an analysis of the social and economic impact in our province. That clearly will take some time after the casinos are up and running, and until that time we are not entertaining the idea of expanding beyond the two that we have already announced in our policy.

Ms. Haverstock: — I take it then that it is this corporation that would decide if there would be further casino developments?

Hon. Mr. Lautermilch: — No. The Saskatchewan Liquor and Gaming Authority would be the vehicle and the body that would decide whether or whether not a licence is issued to another casino application.

What this legislation allows us to do is separate the management and the development of the casinos, and I guess you could refer to it as the economic development side, from the licensing and regulatory side, which remains with the Saskatchewan Liquor and Gaming Authority.

So you have two separate entities: the operator, the builder, the manager; and you have on this side the Saskatchewan Liquor and Gaming Authority, who is a licenser and a regulatory body.

Ms. Haverstock: — Thank you very much. I contend that the objects of the Crown are somewhat unclear. And I understand that the corporation is being put in place to establish casinos in Saskatchewan. That's a mechanism whereby casinos can be established. But what I'd like you to do is to help those who are observing this evening to understand whether this Crown is being formed to operate the casinos or whether it will simply own shares in the operations of the casinos or whether there's some other derivative that perhaps is remaining unclear to Saskatchewan people.

Hon. Mr. Lautermilch: — Basically what we have is a

Crown that will be established as a revenue stream; the money will be funnelled through, the profits will be funnelled from the casinos through the corporation to the Consolidated Fund; the Consolidated Fund will divide it into the trust funds that we have articulated in the Bill.

Basically the other role of it would be to enter into agreements with developers, managers, those sorts of things. The board of directors, as you will know, is a seven-person board, and that would be the role of the corporation.

Ms. Haverstock: — Mr. Minister, Crown corporations are typically established to provide services to the public which are considered to be essential services most efficiently delivered by a public Crown. And the existing family of Crown corporations were created to address the delivery of services or the administration of resources.

So the question which arises for me is whether or not gambling is considered to be an essential service. It calls into question, of course, the role that your government is playing in this. And do you have in mind that this is simply a vehicle to set up a way to receive the government's share of the profits? And I'm just wondering how this all fits into the context of a Crown as we've traditionally known them.

Hon. Mr. Lautermilch: — Well I'm not sure what your definition, or your purpose, or your understanding, of the reason for Crown corporations is in the context of some of the Crown Investments Crowns, or other Treasury Board Crowns. I can tell you what the intent of this Crown corporation is. It's a Treasury Board Crown that is going to be established to allow us to comply with the requirements of the Criminal Code of Canada. And that is to establish a body that has the legal authority by the Criminal Code, the federal government's Criminal Code, to operate, to involve itself in gaming.

We have one other vehicle, that being the Saskatchewan Liquor and Gaming Authority, but we have made a conscious decision that we would want to see the Liquor and Gaming Authority as a regulatory and a licensing body, therefore as the Premier announced earlier today, we entered into a partnership. We agreed that we wanted to structure a board of directors with other members on, and therefore that's the reason that we felt it necessary to introduce legislation to establish this Crown because we want to be in compliance with the Criminal Code of Canada, and at the same time have the developmental side of the casinos separated from the licensing and the regulatory side.

Ms. Haverstock: — I find that quite interesting. How involved then is this going to be in providing the management? Is it going to be involved at all?

Hon. Mr. Lautermilch: — The role of the corporation is not hands-on, day-to-day management. It would be contracting management from . . . it may be a partnership arrangement with the exhibition

association and another management entity. We don't know at this point. We're putting together the request for proposals to see what will come forth in that regard and we will determine, based on those proposals, which would be the best deal to enter into in terms of management of the casinos.

They'll also enter into development contracts with developers, and I guess depending on which site, which proponents for which site, we don't know yet who they will be entering into contracts to build these casinos with, and design and all of the things that go with that.

The other aspect, and I would want to remind the member that under the Criminal Code of Canada, it is only the provincial government under that code, in our interpretation of the code, that has the right to operate slot machines.

This is not an unusual Crown that we're setting up. There are other models. Manitoba has established a Crown corporation to do the same thing that we are establishing this Crown for. Manitoba has done the same, as has Quebec. Their interpretation of the Criminal Code is in . . . very much similar to ours; they've established their Crowns to do the same that this Crown will do.

Ms. Haverstock: — Well thank you very much. I'd appreciate it if you'd be able to define for me the specific role that the board of directors then plays. I mean do they have any hands-on role at all as far as management of the casinos are concerned? I'm just very interested; and if you could, sort of operationally define what their roles are.

(2030)

Hon. Mr. Lautermilch: — Well as I indicated before, they will involve themselves in contracts with the operational aspect of the casinos and with the development of the casinos — the physical development of the casinos. They will be overseeing on a day-to-day basis the ability of the management team that is contracted with to deliver, in the best interests of the people of Saskatchewan, a good management, a good management scheme.

We are certainly feeling that the board that will be set up will be, as this whole initiative evolves, that they will in fact be representative of the people of the province, as we attempt to do when we establish other boards. So basically I think what you have here is a very important board, I think, with the involvement of the federation and, as well, government appointments, appointments from government. We have a chance in practice to build a working relationship on a day-to-day basis with the first nations people and the Government of Saskatchewan or the people of Saskatchewan through their government.

Ms. Haverstock: — Thank you very much. Mr. Minister, how will you decide then the representation, what representation the partners will have on the

board? Have you come to some decision about how you will go about doing that?

Hon. Mr. Lautermilch: — As the member will know, there are at this point some grey areas in terms of the involvement of the associated entities, whether or not the exhibitions will be part of the revenue sharing, or whether in fact they will be part of the management as is proposed by the Regina City Council. So that is a bit ambiguous now because we don't know who in fact will require funding.

What I can say is that the board will be . . . as we do when we put our boards together, it will take into account gender, regionalization, background of the board members in terms of their expertise in their private lives. As well, the Federation of Saskatchewan Indian Nations will be appointing three members who in fact will be representative, and I'm assuming in my discussions with Chief Crowe that they in fact will be regional and that they will, in the best of their ability, be appointments that will be representative of Saskatchewan's first nation.

I want to say, in terms of direct involvement by other people, as you will know, in the sections that refer to the first nations fund and in the section that refers to the associated entities fund, that there will be an appointment, a board of trustees — six members — which will, in our opinion, give an opportunity for the involvement by, I guess, people with a more focused interest on . . . in terms of how the casinos are operating.

So we've got the board level of the corporation, we have the board of trustees in terms of the associated entities fund, as well as the first nations fund. So I think it's a structure that will give accountability; it will give fair representation for all of the players involved, and we felt it was as good of an arrangement as we could put together, and I believe it will serve the people of Saskatchewan well.

Ms. Haverstock: — Thank you very much, Mr. Minister. I'm wondering if you achieved an agreement with the exhibition boards, with the charitable component, and with the Metis, that the Crown would be created while the details of their involvement were yet to be determined.

I was just wondering if you had come to some agreement with the exhibition boards, with the charitable component, and with the Metis Nation, and that was of course that the Crown itself would be created, but that the details of their involvement weren't yet going to be defined.

Hon. Mr. Lautermilch: — As the member will know — let me go through this sector by sector — the charity component, firstly, is to assist areas of the charity who are relying now on existing forms of gambling to fund their operations. We don't know for a certainty who is going to be impacted nor by how much.

I do know this — and you and I have discussed this — that there appears to be some problems in terms of the

portion of revenue that come from the break-opens and are funnelled to the hospital foundations. And I think that that is one area that's quite clearly, at this point, going to give us some trouble. And that's why the charities component is in there. But we don't know who in fact or which areas of the charities sector we would want to involve, so it's difficult to know who to negotiate with, with respect to that.

So we took the position that as part of the 25 per cent for the associated entities, that we need to have that charity component there. And that certainly is there.

With respect to the Metis, the commitment that we have given the Metis people of this province is that there will be a portion of the revenues from the casinos that will be there to satisfy the economic and social needs of Metis people.

As the member will know, there is some difficulties with respect to an audit that is being done on the Metis Nation of Saskatchewan, and there are some problems associated with that. And we have taken the position that we would not release funds until we are assured that there is an accounting process in place that will satisfy the needs for scrutiny by the Government of Saskatchewan to ensure that all of the funds appropriated to that body would be in fact spent in a fair and an appropriate fashion. We haven't been negotiating with the MNS simply for that reason, and have indicated that we don't believe government is in a position to do so until some of these areas have been cleared up.

In terms of the exhibitions, and I've indicated this just a little earlier, we're not sure whether or not they'll be involved in the management. They — both bodies, Regina and Saskatoon — have indicated an interest in managing the casinos if not having the casinos situated right on site. It's less ambiguous in terms of Regina. The decision by city council has been made that they would prefer a downtown location and that they have asked that we include in management the exhibition associations. That will be part of the request for proposals situation.

So we don't know whether or not they'll be involved in management. If they are, then quite clearly there's no need to involve them in the 25 per cent share of the revenue that has been set aside for the separate entities. Because they can, through the management and management profits, maintain their revenues at a level that they have come to expect historically through their operations with the existing casinos. And that's the commitment that we made to them, that whether it be in management, whether it be as a portion of the revenue sharing directly, they would be looked after.

So that's why we can't appoint or name specific groups that would be appointed to the board of trustees or the board of directors. That's really why we haven't been involved in the negotiations. The exhibitions will probably, and I'm assuming, be involved in the discussions in terms of the management contract.

So it's a pool of capital, a pool of profits that we have set aside. The revenue will not be flowing to this for perhaps a year if we get the casinos up and running by, say, June of next year. Profits would flow subsequent to that and we would have had to have in place before the revenues flow a determination as to exactly how we share that percentage, other than . . . We could just hold it in trust but I think it would be much more preferable to have these details decided by the time these casinos are up and running.

And I'm . . . this is such . . . it's rather detailed, as you will know, and I'm trying to make my answers short but at the same time give you answers to the questions that I know you have been looking for. So I'm trying to talk a little faster and condense my answers here.

Ms. Haverstock: — I think your comments regarding the charitable component and the Metis Nation is . . . I mean that's a very fair analysis. I can understand where there would be a lot of complexity because of what's been transpiring with the latter and of course the unknown variables in the former. And I was particularly interested of course in if there had been an agreement reached with the exhibition boards that the Crown was actually going to be established, but whatever was going to be worked out was going to be worked out later with them, their involvement.

Now in the language of the Bill, of course, what comes up in a particular clause is that the corporation will consist of seven members. And we know that three of them will be nominated by the chiefs' Legislative Assembly of the Federation of Saskatchewan Indian Nations, and then that there will be four other persons.

Will representation on the board preclude those individuals or the groups that they represent from being directly involved in the day-to-day management and operations of the casino?

Hon. Mr. Lautermilch: — I think if you're asking if employees of the corporation would be involved at a board level . . . (inaudible interjection) . . . The exhibition? Maybe you could rephrase that for me. It's been a long evening.

Ms. Haverstock: — Actually I would definitely agree with you on that. It has been a long evening. It's been a long session.

I'm wondering if anyone's representation on the board as an individual or if they're representing a particular group . . . let's say the exhibition board. They had representation on the board. They were one or two of the seven members or, for example, the fact that there are going to be three sitting members of the Federation of Saskatchewan Indian Nations on the board — does this preclude them from being directly involved in management or the operations of the casino?

Hon. Mr. Lautermilch: — Well we're quite . . . we're well aware of the potential for conflict of interest when we do appointments to this, as well as other

boards. The agreement that we have signed with the FSIN stipulates, as one of the parts of the agreement, that they will not be the operators; therefore, it wouldn't be a conflict of interest to have representation from the FSIN on the board that oversees the management because they're not going to be the management.

We would, I think, take the same approach . . . well, I shouldn't say I think, I'm certain we would take the same approach when we would look at appointments to the board from other sectors. I can't tell you specifically where they'll come from at this point but quite clearly we wouldn't want to put ourselves in a position where there was a conflict or an appearance of a conflict of interest.

Ms. Haverstock: — I think that's fair enough as well. I just want further clarification if I may. Are you saying then that if the Saskatoon and Regina exhibition boards are involved in the management or in submitting proposals for management that this would restrict them from holding a seat on the board? Like I just want to understand this better. Or would they be able to nominate people as well and still participate in the proposal process?

I'm just wondering how all this is going to be shaking down.

Hon. Mr. Lautermilch: — I'm told by my officials, and as you know I'm not involved in the day-to-day discussions with the different entities, but I am told that the exhibition associations have been told by the Saskatchewan Liquor and Gaming Authority officials that they would not be appointed to the board.

They are going to be, as I understand it, making application for both management and construction and so for those reasons they wouldn't be appointed as government representatives to the board.

Ms. Haverstock: — Thank you very much and bless you. I really had that idea, you know; I really thought that was the case when I was reading this and I'm interested in this because of the clause in the FSIN agreement states and this is a direct quote from it:

One of the qualifications for developers shall be that they be Saskatchewan-based, based on criteria established by the corporation and approved by the government.

Does this mean then that the board will be proposing criteria to the Legislative Assembly?

Hon. Mr. Lautermilch: — No, I believe the process would be that the board would develop criteria for the request for proposals for management, for the building of the physical facility and for the design — all those things. The process would be that the request for proposals would be designed. They are in the process of being designed right now; not this evening but this week and next. They would then call the interested parties in and explain what we're looking for, what the corporation is looking for, in terms of the

different requests for proposal.

And then I guess I asked them to go away and come back at a prescribed time with a proposal for their involvement in each of these areas. Then there would be an analysis done of the proposals. Based on the analysis, the appropriate body or party would be chosen and then I would assume, subsequent to that, a management contract or a contract for development would be entered into and the development would go on. And that's what I assume to be the process.

(2045)

What I can say is, in terms of this corporation, we have in this legislation embodied accountability. The Provincial Auditor has access to this corporation as he would to any other Crown corporation. It reports to the legislature through the Public Accounts Committee.

The funds that will be established for first nations and for the other entities will all be accountable in the same fashion as any other expenditure that would come through the blue book or any corporation that is established by this legislature.

Ms. Haverstock: — Thank you very much. I'm going to just find out sort of what you have in mind as far as the board is concerned because I'm sure you've given this some consideration.

Do you plan to fill the positions then on an interim basis on the board in order for the criteria to be defined and then possibly to replace these individuals with representatives who will reflect the make-up of the partnership? I'm just wondering how you've been thinking through this.

Hon. Mr. Lautermilch: — Yes, I can tell the member we will be appointing, in the initial phases of this corporation, a bureaucratic board from government's perspective. I can tell you that there will be a representative from Executive Council, from the Department of Finance, from the Department of Justice, and the Department of Economic Development. Those will be our four appointments.

We want this all to have a chance to flesh itself out in terms of the subsequent agreements. And I think in the developmental phase, it's really important that government, as an overall initiative, and the different departments have the opportunity for input and coordination as we embark on what are some clearly significant developments — expenditures of 25 million-plus.

So quite clearly, we would like an overall . . . and an overview from different aspects of government as we embark upon the development of these proposals.

Ms. Haverstock: — I note as well, Mr. Minister, that the FSIN agreement, it's quite clear in its statement. In fact there's a . . . it indicates that a Saskatchewan-based developer may — and the word is "may" — include arrangements under which the

Saskatchewan-based entity enters into a partnership or joint venture arrangement with an entity which is not Saskatchewan-based. I think that's the correct quote.

I'm wondering exactly what that means. I mean could it conceivably mean that if an American casino company could be partners with, let's say, the Federation of Saskatchewan Indian Nations, if they wanted to invest in building one or both of the casinos, is that possible then under the agreement with them — like under this Act?

Hon. Mr. Lautermilch: — I want to answer the member in this fashion. First I want to point out that the FSIN will not be involved in the building; they have exempted themselves through this agreement and through agreement with us.

What we are trying to do is maximize Saskatchewan content. And quite clearly, I think in this kind of an initiative when you're looking at hundreds of construction jobs, when you're looking at ongoing management, the goal certainly must be to, first of all, employ the existing employees where that's possible in the existing exhibition-run casinos.

But we do have some areas where there may in fact be a lack of expertise. That one of the areas that are pointed out by my officials are that they don't believe the design expertise, design consultants in terms of the casino, that that expertise would be available in Saskatchewan and that that might be an area where perhaps a developer, a Saskatchewan-based developer, may want to go outside of the boundaries of Saskatchewan to wherever you would find these kinds of people and bring in that kind of talent.

So basically that's the reason that it was drafted as it is, because we don't want to tie these developers to a position where they can't get top-notch people, and top-notch talent, top-notch ability, to put together a first-class casino operation — so that's basically what it is. But the bottom line is we really want to maximize Saskatchewan content.

Ms. Haverstock: — I would like to say that I completely followed that, but I was somewhat distracted and I missed a portion of it. Now what I'm trying to do is figure out here if . . . and I very much support the idea of having Saskatchewan content if you will, Saskatchewan-based developers and so forth. But does it mean that one could in fact, as partners in this, bring in an American company then, if the expertise was considered to be lacking in the province in Saskatchewan? Is that possible under this Act?

Hon. Mr. Lautermilch: — The short answer is yes, and let me expand upon this and you will understand for obvious reasons why I'm going to expand on my answer. We have expertise within the exhibition association casinos as an example, the operation of table games and so forth. We will be looking at training programs for existing and for new employees of the casinos.

Now that expertise may be required from outside of the province, and I don't think that we would want to limit ourselves to a cost-effective solution to that problem by limiting ourselves to Saskatchewan- or Canadian-based expertise. If it's a requirement that we would have to, to get the best that we can in that field, go outside of the province, we would do that.

But certainly when we're looking at all of these proposals or any of these proposals and we will be indicating to the proponents in the different aspects that we are interested in a Saskatchewan-based, in a Saskatchewan preference if you will, in terms of job opportunities for our people. So the answer is yes, there would be the opportunity for the developers, the proponents, to go outside of the province.

We will be looking though and we'll be viewing in a very positive fashion a proposal that would give more Saskatchewan content. I mean if you're looking at X number of Saskatchewan content with contractor A, or X minus 2 with B, I'm sure the officials would be looking at the one that would certainly maximize the Saskatchewan opportunities.

Ms. Haverstock: — That helped. It is interesting to me that the FSIN agreement that you sent over, it does clearly spell out that the developer and the operator will be responsible to finance, but in the Act . . . in fact neither in the Act nor in the agreement that was presented that — with FSIN — it alludes to what the percentage of the profits will go to the developer or the operator. And I'm just wondering if you have a formula for that? Like is it somewhere that I just haven't been able to locate?

Hon. Mr. Lautermilch: — It's commonly held in experiences in casinos throughout North America and throughout Europe that the rule of thumb is that roughly the amount of dollars that come through, half are taken up by management and those types of fees, and about half of them are profit. Within the portion of management would come management fees, those kinds of funding.

I want to make it clear that it's not in this legislation, that there will be no provincial government money invested into these casinos. It's government policy, it's cabinet's directive, that there will be no taxpayers' dollars involved in the development of these casinos. These will all come from private operations.

I can tell you that when we look at these proposals, we're going to be looking for the best buy we can get in terms of the management side because we certainly want to maximize the ability of this corporation to generate profits for the shareholders, for the partners that we've articulated in . . . as we've articulated them in this Bill.

So I think if I can blow the bugle of government just a little bit, those who have dealt with us in the past will recognize that we are not . . . although not overly aggressive, we are fairly good negotiators and we run a fairly good, businesslike government. And this will

certainly be, and I'm sure will be, evidenced in whatever agreements are reached by the board of directors of this corporation.

Ms. Haverstock: — So if there are going to be separate builders and then separate operators of the casino, each, I take it then, will negotiate their share of the profits? I mean I know you were talking about what is traditional or acceptable in other places, but I'm just wondering if there is some time frame that you have in which you intend to announce the structure of the profit sharing, or is this going to be done after you've seen the proposals and . . . I mean just how is this all going to work out in the end?

Hon. Mr. Lautermilch: — Okay. Every once in a while I have to stop and consult with the officials, and this, I guess, was one of those moments.

I want to say that in terms of the request for proposal that we will be putting forth, this is . . . it will not be open or an option for a management firm or a management entity to take part of the profits. We will be putting to them a proposal that will ask them how much they're going to charge us for the lease per square foot, how much they're going to charge us for the management fee, how much the salaries are going to cost. All of those things are going to be articulated in the request.

And those, I guess, we'll wait and see what they put before us. In terms of whether or not there will be one request for proposal for management and for the development, the answer is they'll be separate.

The fact that you may in fact be the developer of a site location does not necessarily mean that you or someone associated with you would be the operator. We're looking for some competition in terms of the development and the management, and we think the wider we open this base the better proposal we're going to get in terms of an agreement.

Ms. Haverstock: — Thank you very much. Just to move to a little different area here, I'm interested in knowing whether you've set limits on the range of remuneration to be paid to the directors?

In fact what I'll do is pose another question that goes along with this. I am interested, and you may not be able to provide that for me . . . to me this evening, but I'm wondering what the current range of per diems and expenses happen to be that are paid to Crown board members at present. And if you could provide in writing — it doesn't have to be immediately — but in some detail, what all the per diems and expense rates are for Saskatchewan Crowns. And I don't even expect that tomorrow; I'm just trying to, at some point, look at some comparative analysis here.

Have you determined then — just to get back to my original question — have you set limits on the range of remuneration that you'll be paying directors?

Hon. Mr. Lautermilch: — I guess to answer to that I would say, that as an overall government policy we

have set . . . we have different Crowns and different boards classified, based on the requirements for their expertise, the amount of time that they're going to have to spend on the job, and I guess the level of responsibility, and those are all rated within government.

This Crown will be treated very much similar to that. And I don't know what the rate or the per diem would be for the directors of the Crown. I can undertake to get to you, in writing, answers to the questions that you have asked in terms of the rate.

I just would want to say just briefly, in terms of the board of trustees for the operations of the first nation fund and for the separate associated entities fund, those funds, the funds to pay their directors, their members of that board, will come from inside their fund. Okay? This one would be paid by the Crown in the normal process that we would deal with any other Treasury Board Crown.

I think the maximum per diem that I can recall — and I may be wrong, so don't hold me to this — I think is something in the neighbourhood of three fifty a day. But as the Crowns that I'm dealing with and that I look at, it's more in the neighbourhood of perhaps \$150 a day plus travel.

(2100)

Ms. Haverstock: — Thank you. Well I am interested in being able to do some kind of comparison along the way, once you are able to establish what these amounts will be.

The Act says the corporation shall employ a president, and since . . . And then there's a quote: the board shall constitute the corporation. I'm wondering if you can lay out the way in which you are seeing the corporation unfold, the time frame that you have in mind for looking at hiring a president, how you will ensure that this will be a non-partisan selection process, and that the person hired is paid a salary that's considered fair and reflective of both the responsibilities and of course the economic situation of the province.

Do you have that in mind? Do you have dates or a time line along which you're seeing the corporation being created with all of its component parts?

Hon. Mr. Lautermilch: — Well initially the employees that will come from the corporation will be seconded from other departments. We have expertise within the Saskatchewan Liquor and Gaming Authority. They have been involved in the process of the development, the discussions, and they're well acquainted with the development of the casinos and all of the information that comes with it. So we will be seconding employees from one department to work within this corporation. So in terms of incremental employment, initially there won't be any. Will there be any changes in the rate structure that we are paying these existing employees to be seconded? The answer is no.

I would believe that, as we do as a practice in this government, we will be using competition as a process for selecting the employees. But initially we are going to be seconding existing employees.

And I want to point out that we don't see this as a major or a large bureaucratic structure. It is not certainly our intent to create employment opportunities within this Crown corporation. Our goal is to create employment opportunities for people within the casinos, ancillary services that will be delivered to the casinos, new businesses that will be established to serve the needs of the casinos. This is not the employment opportunities that we see; we think there'll be very limited employment and initially it'll be through secondment.

Ms. Haverstock: — Well thank you, Mr. Minister. I am interested in the position of president. And the Act says: "The corporation shall determine the president's conditions of employment . . ." And I do think that people are genuinely interested in knowing what level of qualifications will be set out for the president of this corporation.

Who's going to determine and set the necessary qualifications for the job? And I am interested in whether or not it will be open to public competition.

Hon. Mr. Lautermilch: — As is the practice of this government and the process, I'm assuming that the board and the minister in charge, would be looking at applications.

Firstly, I think it'll take a period of time to determine exactly what quality of person that we would want, what calibre of person; always striving to find the best qualified person for the least amount that we have to pay of course. But ultimately the minister would make a recommendation to the cabinet, to Executive Council; Executive Council would review the recommendation; discussion as always happens around the cabinet table in terms of major appointments and appointments to Crown corporations.

And that would be the process. It's not a matter of the minister by his or herself making a decision. We will rely on the expertise that we have around us in government to help to do the analysis, but the final decision would be signed off by Executive Council.

Ms. Haverstock: — To just go back to the agreement that you sent over this evening. I think it's in clause (j), there's already one board created to deal with gaming, and that's the Saskatchewan Gaming Commission. I think that that board deals with this Crown, you know, I would think — like to think of course — that the board that deals with this Crown is not going to have any kind of political involvement. And I'm interested in knowing to whom the board is going to report. What I'm trying to determine is whether the government's role is critical to the operation of the casinos, or if they simply will be sharing the profits that are produced by the operations

that go on.

Hon. Mr. Lautermilch: — Well I think, as with any Crown, there will be a minister in charge, a minister who is responsible for his or her actions to colleagues and the people of the province. The board, certainly I would hope we would establish a board that would be built around the principles of the ones that we already established for Crowns. We look at gender; we certainly take into account regionalization and having regional representation. We want the most qualified people that we can.

And I think if you look at the appointments, the committees and boards and commissions across this province, you will find that they are not done on a political basis. Do we hire or do we appoint New Democrats? We most certainly do. The fact has been stated in the province on many occasions, 50 per cent of the people in this province voted New Democrat in the last election, and so some of them will ultimately end up on boards and commissions.

But the criteria, the main criteria for employment that we are looking for with respect to the boards, is qualifications and their capacity to be able to handle the job.

I think one of the most important things and the important initiatives that this government has embarked upon, and I think in some degree have achieved, is to try and re-establish in Saskatchewan a professional civil service. We've had a look at . . . and I don't want to be political here, but I think history has shown that quite clearly political civil service won't serve the province of Saskatchewan over the long haul. And what we are attempting to do with our appointments, the boards and commissions, and to senior positions, is to hire people who are qualified and whose loyalty is to the people of Saskatchewan and not to any particular political party.

Ms. Haverstock: — I'd like to move on to the powers of the corporation. And it is indicated that the corporation may, and I quote: develop, construct, renovate, or equip any building facility.

It appears on the one hand as though the government will not be financing the construction of casinos in any way, shape, or form. And I can understand the empowerment to be able to equip the facility, because you made reference earlier about the need for you to be able to be in charge of the video lottery machines and so forth. But it seems clear that someone else will build and will own the buildings. That's how I've come to understand what it is you've presented to me tonight.

If the two casinos planned will not require government involvement in the construction and if the government has no plans at this time to build any other locations, what is the purpose of this clause? Because it really quite confused me.

Hon. Mr. Lautermilch: — I learned some things myself tonight, Madam Member. My officials explain

the reason that this particular part, under section 9, clause (a), to “develop, construct, renovate, equip any building, facility or improvement,” is because of the requirements of the Criminal Code of Canada that the province manage and control gaming. And I’m sure you’re well aware of that part of the Criminal Code.

Anyone who would be developing or managing or operating would be acting as an agent of this Crown corporation, which is empowered by this legislation to involve itself in gaming. So that’s the reason this particular clause is here, and basically it just would mean that the physical development and the day-to-day operation and management, those people, those corporations or entities, would be acting as agents of this Crown and thereby agents of the Government of Saskatchewan to comply with the Criminal Code.

Ms. Haverstock: — Okay. That’s interesting because I actually wanted to build in some checks and balances in the process in this and I will be proposing an amendment a little later on this particular item.

Now this raises a very interesting turn of events, because this is not the legal information that I received so I’ll try to have someone go down and check into this at this strange hour.

Let’s move on then to the next section of this that I’m interested in. The corporation may:

... enter into and participate in arrangements or undertakings related to establishing, managing or operating casinos or other related businesses and activities;

That’s the, I think, (b) of this particular clause, 9.

Would you explain just what other related businesses that you might have in mind? What might be necessary to have had this in the legislation when it was being drafted?

Hon. Mr. Lautermilch: — Let me use as examples: it may be for parking, it may be valet service to serve the clients who will attend to the casinos, it may be coat checks.

What we’re doing is putting in place legislation that will give the casino corporation, the Saskatchewan Gaming Corporation, the ability to operate.

It’s nothing more than that; nothing less. If there’s a need to involve in other activities, this clause would allow that to happen and the examples that I’ve cited would be reasons that this clause would be here.

Ms. Haverstock: — I guess that’s what I was wondering, Mr. Minister, because it appears to me as though the private sector in Saskatchewan is going to respond to fill needs, if in fact there are needs to fill and if there are products to provide or if there are services that there are to offer, and it appears as though that this particular part of the Act will set the government up with an opportunity to be in

competition with the private sector.

So I would like your comment on that, please.

Hon. Mr. Lautermilch: — Well let me comment really quite briefly. It’s not the intention of this Crown corporation to compete with private industry. The intention of this Crown corporation is to comply with the Criminal Code of Canada, to allow the Government of Saskatchewan, with the partners that we have signed agreements with, to operate and conduct gaming.

We have as you know . . . as part of government’s direction, part of our policy, part of what we are building our economic development strategy on, we’re relying heavily on Saskatchewan business for job creation and job opportunities, and it certainly isn’t the intention, either philosophical or through accident, that we want to put ourselves in a position to compete with industry.

Business does what business does best, and that’s create job opportunities for Saskatchewan people. This Crown corporation is being established for the simple reason that we need to comply with the Criminal Code, we want input from our partners in terms of the management of the casino. There may be some things that we need to do over a course of time, and I think it would be near-sighted not to allow ourselves the clauses and the opportunities in here if at some point in time there was a requirement.

But the focus here is on Saskatchewan business creating job opportunities for Saskatchewan people. These powers are not inconsistent with other corporations that have been established, but we don’t see this as a job creation opportunity, as I said. I think you’re going to see a small employment level in this corporation, and it’s basically here to comply with the Criminal Code of Canada. And that I guess would be my answer to that.

Ms. Haverstock: — Thank you very much. The other — I’ll just pass on the section (c), but to go on, it states the . . . to promote and market its casinos and related businesses and activities. Again, I guess this brings into question the job of this Crown, because my understanding was that it really should not go beyond collecting the profits of the casinos and overseeing its general operations in a way of ensuring that it can be accountable to the people of the province.

If the operators want to maximize their profits, I think they will promote and they will market their products, just as any enterprising business person would do. And if the government wants to promote the casino as an attraction, I think that’s fair enough; I don’t have any objection to that.

I do question the necessity of government involvement in the promotion and the marketing when there will be professional management engaged to do those jobs. So if you could comment on that section please, Mr. Minister.

Hon. Mr. Lautermilch: — I want to begin by saying that the regulations with respect to what would be or is appropriate marketing and advertising in terms of gaming and the different forms of gaming in the province is regulated at this point by the Saskatchewan Liquor and Gaming Authority and the ultimate decision in terms of what is appropriate for marketing and advertising will be done by the regulatory and licensing body which will, after the passage of this Bill, be separate and apart from the operation, the development, the management.

So the ultimate decision in terms of what kind of advertising is appropriate, what kind of marketing will in fact — and the level, as a matter of fact — will be done by the Saskatchewan Liquor and Gaming Authority.

The same comments that I made with respect to the managers being agents of the government and empowered by the Criminal Code of Canada, that they would act in this regard as agents on behalf of the Crown corporation, the government, in the same fashion that I suggest in clause (a), would be in terms of the development and the construction and the renovation and all of that sort of thing. So basically the management is acting as an agent. We've articulated the development in the construction phase. This would handle in the same fashion the promotion and marketing of the casinos, but the ultimate regulator is the SLGA.

Ms. Haverstock: — Well I'm just wanting to proceed just a little bit further because clause (e) in section 9 suggests that the corporation may, and I quote, "acquire and provide services." And I'm just wondering, I know that you have made some reference to these but I'm interested if you could provide some details as to what services it would be that the corporation would want to acquire and provide.

Hon. Mr. Lautermilch: — Well let me say this clause, clause (e), would do . . . I guess it could go both ways. It says, "acquire and provide services." As an example, if there was a requirement for a consultant with some expertise that is not available to the corporation through other arms of government, that they would have the ability to contract the proviso of that service.

And on the other hand, the experience that will be developed through the establishment of these casinos could be shared for a cost, I would assume, to another jurisdiction or to other entities. So I guess to acquire, just as an example, consultant services and/or to provide consultant services, this clause would satisfy those opportunities.

Ms. Haverstock: — Thank you very much. In clause (g) I think this gives the corporation the authority to "charge, to mortgage or encumber any of its property and" — this part is noteworthy, I think — "give a security interest in any of its property".

I'm wondering if you could explain what is meant by

that, Mr. Minister. Does that open the possibility of selling shares in the casino at some point in the future if the board were to decide to do so?

Hon. Mr. Lautermilch: — I am told by the officials that this clause is consistent with other Treasury Board Crowns, but basically what it allows is for personal property security to be let by the corporation. So that, I guess, is a sufficient explanation — if there was a purchase made, that there would be a personal property security that could be let by this corporation.

Ms. Haverstock: — Thank you very much. I'm going to skip over a few sections. In section 13 the quote is "Unless directed otherwise by Treasury Board, the corporation shall pay its net profits for each fiscal year to the general revenue fund." End of quote. What is the annual target that you have for profits?

Hon. Mr. Lautermilch: — I think, member, the figure that we're thinking is quite realistic would be about \$50 million in net profits. Estimates can go anywhere from 30 million to \$70 million, and some, I guess, even as high as \$100 million. But I think a realistic and a fairly conservative figure is \$50 million. In terms of how that \$50 million is achieved, it's very much a product of the kind of casino, the style of casino you operate, and whether you've got good management, whether you've got bad management, what the market conditions are, what the economy is, what you're able to draw in terms of tourism dollars. But I think to use the figure of \$50,000, if we were budgeting that figure — and I would want you to know that there is no revenue from casinos budgeted in this fiscal year — but if we were to budget, I think a realistic figure would be in the neighbourhood of \$50 million net.

Ms. Haverstock: — Thank you very much. Given that section that I just quoted, why would the Treasury Board direct the corporation to not pay its profits to the General Revenue Fund? Can you give me an example when that might be . . . under what circumstances that might happen.

Hon. Mr. Lautermilch: — I am told that what it does is basically just allow Treasury Board to determine how much from the corporation goes to the Consolidated Fund. There may be a year where they would want to retain reserves for the purposes of establishing maybe a corporate headquarters. But those kinds of things — it just gives Treasury Board the opportunity to determine. This is not, by the way, inconsistent with the Saskatchewan Liquor and Gaming Authority. It's a pretty standard practice. But that's what this clause allows.

Ms. Haverstock: — As a matter of practice, is it possible to earmark the profits of the corporation to specific types of expenditures? I'll give some examples. I mean certain things that we deal with — job creation or health care or infrastructure projects.

Hon. Mr. Lautermilch: — Yes. Certainly it's possible to direct funds to health care or to education or to construction of highways or northern sewer

infrastructure programs. All of that is possible. But I think I've mentioned this in question period when the member has questioned. We have taken the position that this money would go as — the portion that would go in terms of government revenue — would go into the Consolidated Fund and it would be divided through the budgetary process when we sit down and determine on an annual basis what our needs are for Education, for Health, for deficit reduction, that we have the flexibility to move.

As you will know, studies have been done that will indicate a dependency when funds are earmarked and so what we're trying to do is allow that flexibility within government. We're well aware of the dependency on charities of gambling dollars in this province, as you well know. It's a very sensitive area. That's one of the things that I guess have been done in the past.

What we're attempting to do within the context of the government's portion, not to identify it as either being health care . . . I mean it may be politically expedient to do that. I mean I'm well aware of the fact that if we were to say that well, we're putting so many dollars into health care or we're putting so many more dollars into education or if we're putting together a job-creation program, that it's good politics. But I don't think it's good public policy and that's why we have not designated these funds for any particular initiative.

Ms. Haverstock: — Under the same section, Mr. Minister, it states that slot machines owned by the corporation be exempt from The Slot Machine Act. I just wonder why.

Hon. Mr. Lautermilch: — What this section does basically is allow us to lease the slot machines that we would be placing in the casinos but not a requirement to own them. So that's why the exemption — so we would be able to go into a lease arrangement with a supplier, and we wanted in the . . . (inaudible) . . . of this Bill to allow ourselves that opportunity.

Ms. Haverstock: — Part III, sections 18 through 25, deal with the first nations fund. I'm wondering if the fund is managed and operated, it says here by a six-person board of trustees, how did you arrive at the number six? I know that sounds like a fairly unimportant question, but is it not tradition to have an odd number of trustees in order to prevent a tie vote? I'm just curious.

Hon. Mr. Lautermilch: — In the legislation it suggests that the board be not more than six. If the Federation of Saskatchewan Indians were to determine that the number five would be adequate to serve their purposes, then it would be five. The other option is to put a non-voting chairperson in the number of six. So I guess it's a decision that'll be made by the federation and they will determine how best this thing will function, I guess.

Ms. Haverstock: — In section 19, the remuneration expenses of the board of trustees come out of the fund.

How does the Act ensure that expenses are reasonable? And will the board of trustees be subject to the same public scrutiny — I think I know what the answer is, but I feel compelled to have to ask it — the same public scrutiny as other Crown corporations?

Hon. Mr. Lautermilch: — You will notice under section 23, and we'll be getting to that — I'm not trying to skip ahead here — but that one deals with the Provincial Auditor and what the auditor's role is. The Provincial Auditor will audit this fund the same as he will do any other entity that is under his purview, either the Provincial Auditor or a designate from private industry. And it's audited annually and/or any other time the Lieutenant Governor in Council may require. So we have in place here a fund that will have the same audit characteristics of other arms that are dealt with.

And in terms of establishing the board of trustees and their per diems, expenses, this would be done by the Federation of Saskatchewan Indian Nations. We have put no qualifications. They are, as we view them, a separate governance structure. This is their fund. And I am sure, as politicians, they will understand that they want to maximize the number of dollars and minimize the administrative costs. Because they too face elections and their people will be holding them accountable as well.

Ms. Haverstock: — Thank you for that clarification. I just wanted to understand in my own mind that this actually means that the rates of remuneration and the allowable expenses then will be defined by the board of trustees themselves, not by regulation, not by any other group, but by the board of trustees. I understood that correctly?

And it does mean as well then that the board of the corporation, it's a hands-off situation where they do not have the power to limit the remuneration of the board or the expenses of the board of trustees as well. Okay. I will indicate for the record that you nodded affirmatively. Okay.

In section 21, the board of trustees, it says, may invest the monies of the fund and may dispose of the investments and reinvest.

What are the limitations on trustees under The Trustee Act?

Hon. Mr. Lautermilch: — I'm told, madam, that it's basically for short-term investment, very conservative investments for the short term, and that's basically what The Trustee Act in this clause would refer to.

Ms. Haverstock: — Thank you very much. That was actually my next question, and you anticipated it. I just wanted to ask whether or not there's any guarantee that the investments would end up being subjected to any undue levels of risk such as being used for high-risk capital business ventures and so forth.

We can move on to part IV, the associated entities

fund, in section 28. The fund is managed and operated by a six-person board of trustees. And again I have the same question as I had previously. How did you arrive at the number six again, because of the tradition of using odd numbers with trustees to prevent tie votes? And I'm wondering who recommended this structure for the associated entities fund.

(2130)

Hon. Mr. Lautermilch: — The number was . . . and it's similar to what was in the first nations fund. It's up to. It's an appointment of up to six. From time to time the number of members on boards of directors have different grounds for different reasons, are increased, decreased. Some have the authority to appoint eight but will only, for whatever reason, appoint six or five or four.

I think what we want here is a board of trustees that will be able to manage in a very positive and accountable way the funds that come in to this entity. I don't believe that there necessarily will be six, but there may be. But it just stipulates up to.

Ms. Haverstock: — Okay. I am interested, Mr. Minister, in if there happened to be someone who did recommend that a particular structure for this section, or pardon me, for the associated entities' board of trustees. And I'm wondering with whom you consulted when you created this part of the Act, part IV?

Hon. Mr. Lautermilch: — The consultations, there really were no consultations. The officials tell me that this part of the Act, part IV, was really modelled on the discussions and the negotiations that went on with the first nations fund. So basically it's just modelled on the first nations fund. But in terms of consultation there really haven't been any.

Ms. Haverstock: — Okay. Presumably this fund is the means by which the corporation provides for the management of the 25 per cent share of the profits. I think I'm correct when I say that. And presumably this is the portion then that is to be shared by charities and as well as by Metis and others.

So I'm just wondering why does the Act not require that the charities or the . . . and I know that you made reference earlier as to the complexity of this, like who represents the charities as well as the confusion around what has been happening as of late with the Metis Nation.

But I'm wondering if there had been an attempt made to ensure that there would be representation on the board in this case, as there had been with Part III?

Hon. Mr. Lautermilch: — Yes, I would want to say that with respect to the board and the make-up of the board, there is ample opportunity to put the players in this associated fund on that board. I would assume that, as happens with other funds of this nature, there is fairly broad-based consultation and consensus within a particular sector as to how revenues would

be shared and those sorts of things.

So I think with the allowance of six people that there's ample opportunity for one sector to be represented at the board and to share the concerns of the larger body that they would represent. And so I think that they will be as well using the consultation process with their colleagues and partners and the people that they work with in terms of the position that they would take on this board of trustees.

Ms. Haverstock: — To move on to section 29, the remuneration and expenses of the board of trustees come out of this fund and I have the same questions here. You were indicating in the previous section that it really was FSIN that was able to make a decision about their board of trustees and remuneration and expense accounts and so forth. I'm wondering if the Act ensures that expenses . . . how there's a control in this section when nobody really knows who anybody is. How will this be determined?

Hon. Mr. Lautermilch: — These can be done and they can be controlled. The amounts and the per diems, the travel, the rate of travel, can be done through order in council so government, quite clearly, can have an overview.

And I think what we would want to develop is consistency based on the, I guess, the workload and based on the responsibility similar to what we would do with other appointments. So ultimately, order in council would have the authority to scrutinize expenditures in this area.

Ms. Haverstock: — The next section, Mr. Minister, that I have proposed, or will be proposing some amendments to, is section 30. And I have sent over, I think, the corrected amendment. We won't deal with that at this time.

But I do recall that when the member from Rosthern was up earlier this evening, this was a particular concern to him as well, this section of the Act. This is the section that determines the payments from the fund that may be paid to charities, exhibition associations, or the Metis Nation and others.

And part III, as you know — we're now into part IV — but part III dealing with the first nations fund makes very, very clear the purposes for which the funds paid are to be used. It lays out in fact a list of eight different specific areas in which this can be spent. And I note that this is missing from part IV, and I'm curious as to why it is missing. Does this mean — I'll just add one more thing to this and you can answer both at the same time — does this mean that the payments to the various agencies and groups can be used for anything?

Hon. Mr. Lautermilch: — I am told that these organizations are already under legislation in terms of where they can spend or where they cannot spend their money. So there really is no . . . there's no reason to designate a specific target for funding in terms of these particular players.

Ms. Haverstock: — I guess I can follow then that what you're saying is that if you're dealing with exhibition boards, their rules they follow; if you're dealing with the different charitable organizations, they are already defined, that kind of thing, on which they can spend their money.

Now you made reference earlier to what has been transpiring with the organization as far as the Metis Nation is concerned. How will government determine which organization represents Metis people? Are you going to be just having to put this on hold until this is sorted out by the different Metis groups that are at odds at the moment?

Hon. Mr. Lautermilch: — Well we don't believe so. Let me say, firstly, we're certainly hopeful that we can get it resolved to these outstanding issues that we've referred to earlier.

And I think we certainly recognize that there are other entities that are representative of the Metis community. As an example, there is a Metis economic development corporation. There's elected northern municipal councils that are certainly representative of Metis. There are some inner-city groups — as an example, the Indian-Metis friendship centres. And those are all options.

But I think the goal in what we're trying to achieve here is an economic and a social-based and a capital pool that will deal with the concerns and the needs of Metis. To my mind, the most important and the most basic and the most fundamental is that it not be eaten up in program development or administration, but the people for which these funds are intended in actual fact receive benefit from the programs that these dollars will be able to sponsor.

One only has to look at the poverty in the inner cities of Regina and of Saskatoon, and I guess I speak to my home community, the West Flat in Prince Albert is one area with a high percentage of Metis population and the poverty in there is clearly not acceptable. And hopefully, with the allocation of funds, some of these funds and programs to Metis people will be able to alleviate and improve some of the living conditions for them.

Ms. Haverstock: — Thank you very much. Will the payments be made to all exhibition associations? And if not, why not?

Hon. Mr. Lautermilch: — There's two aspects of this, and I went through this briefly with the member from Rosthern earlier this evening. We have made one overall and general commitment to the exhibition associations — that we would attempt to maintain their revenue base and to assist them in maintaining their revenue base.

We have, on special occasions, a video lottery terminal program that we have put in place in North Battleford and in Moose Jaw as well. There are other communities that haven't taken us up on that offer to enhance their revenue. But I would say to the

exhibition associations, with the exception of Regina and Saskatoon who are in a bit of a different circumstance, our attempt is to maintain their revenue base for them.

There are a number of initiatives that can be done. We would want to base the amount that would be fair for them based on a period of years of revenue that they've generated. This is not for incremental or expansion to their revenue. What we are trying to do is maintain them whole. And that's I guess, the purpose for which we see the programs that we put in place such as the seasonal or special event video lottery terminal programs. And we think there are a number of things that can be done to assist them.

Ms. Haverstock: — Thank you, Mr. Minister. I'm wondering how you are going to go about choosing which charities will in fact receive monies from this fund. And I'll add a question to that: will the funding provided affect other government financial support for those particular charities which are chosen?

Hon. Mr. Lautermilch: — The ultimate decision would be made by the board of trustees in terms of where that goes. And as I've indicated earlier this evening, we're monitoring very closely the impact of expanded opportunities in gambling on the existing forms, the existing dollars, and the existing programs. And I indicated that we believe there will be a bit of a problem with the hospital foundations and we certainly intend to as an example address any problems that may arise there.

I don't know that we're going to be able to satisfy every charity. There is, as you have said, there is a finite number of gaming dollars that are going to be in this province. There are more and more charities that are looking for access to gambling dollars. The dependency is quite clearly there, and all one has to do is look at the reaction when consumer demand for one form of gambling shifts to another and the revenues decrease. There's a pretty strong reaction and we understand that.

But the charity component is in here to minimize the impact by other forms of gambling and hopefully we'll be able to do an adequate job in ensuring that we at least maintain the status quo.

Ms. Haverstock: — Well thank you very much. I understand the complexity of how one would try to go about identifying who it is, which charity would receive some funds, But I take it from your response, Mr. Minister, that at this juncture there is no way in place of being able . . . nothing in place to help you determine at this point who the charities will be and who they will not be. Is that an accurate estimate?

Hon. Mr. Lautermilch: — As I said, we've been monitoring the Liquor and Gaming Authority and it is certainly monitoring the revenue base for the existing forms, and I think we'll be in the process over the coming year. Hopefully we can establish a final agreement here.

But we have a year until these revenues are going to be flowing in order to determine what the impact of the video lottery terminals is, to determine which are net losers, which areas are net losers; and through that process, we'll be able to enter into negotiations with the charities around the province and hopefully come to a fair and reasonable agreement.

Ms. Haverstock: — Clause (c) of this section suggests that the Treasury Board could authorize payments to, and it states, any person, organization or association determined by cabinet. I'm wondering what categories of individuals would you anticipate should receive funding in any way from this particular fund.

Hon. Mr. Lautermilch: — Well I guess it would be a separate entity. We'd be an entity that is not a charity. And I can't just . . . it's difficult to think of what that might be. But if there is in fact a worthy cause that would arise, maybe on a one-time basis, we might be able to introduce some revenue into a solution for that worthy cause. I don't know. It might be a flood in the north-east corner of the province. I just don't know.

But the allowance is there, if there is a worthy cause that is identified that isn't a charity, that we would have the ability to deal with that kind of a situation.

(2145)

Ms. Haverstock: — Mr. Minister, is it possible for the board of trustees in this section that it could actually make payments from this fund to the General Revenue Fund if it chose to do so?

Hon. Mr. Lautermilch: — I can't think of a reason that we would move from this fund into the Consolidated Fund. It would be more likely the Consolidated Fund would allocate to this fund and then from this fund to the charities and so on. So I think that would be the process.

Ms. Haverstock: — In clause (d) it indicates that the board of trustees may make payments to these organizations, and I quote, "for any purpose" decided by cabinet. Will the purposes be described in regulations and what purposes for the funds do you, as minister, anticipate would be approved by cabinet?

Hon. Mr. Lautermilch: — What this clause gives is rather than specifying a specific charity, it could . . . or the Lieutenant Governor by order in council could specify a general purpose. It may be inner-city poverty or it may be goodness knows what, but it just gives the allowance for dealing with revenues for a general purpose as opposed to a specific entity.

Ms. Haverstock: — I'm going to go on to section 31 and you'll probably be almost breathing a sigh of relief. Why does the Act not stipulate that the associated equities fund receives up to 25 per cent, but only a prescribed percentage set by cabinet?

Now I know you made reference to this this evening and I'm wondering if perhaps I can get you to reiterate what you had stated earlier and we may be able to go

through this fairly promptly.

Hon. Mr. Lautermilch: — Yes, I certainly can. I didn't believe and I guess we just never thought it would be of concern in that we have on so many occasions, both inside the House and outside the House, specified that the special entities fund would be an allocation of 25 per cent of the net revenues from the casino operations.

That appeared to be a concern for the member from Rosthern. I think it appears that you have concerns with that and we will be introducing House amendments tonight that will specify the 25 per cent for that fund.

Ms. Haverstock: — Thank you very much. The board of trustees, it states, may invest the monies of the fund and may dispose of the investments and reinvest. Are there any limitations on the board when deciding whether the monies are required for payments or whether the monies should be reinvested; or invested for that matter, not just reinvested?

Hon. Mr. Lautermilch: — It's for surplus monies only and is, as I indicated in the other clause that deals . . . a similar clause in the first nations fund; it's for very conservative investments and for the most part it would be for short term. This is not a matter of funds for speculative investment. We're talking here basically a holding pattern, and so very conservative and for the most part it would be short term.

Ms. Haverstock: — Thank you. I'm assuming that all the questions I asked about the other fund in fact would apply in this case and I think you made mention of some of those, that are there limitations on the trustees under The Trustee Act and the forms of investments and reinvestments they can make.

In section 34, the Act requires the fund to be audited and provide a financial statement to the minister. I'm just wondering if this is going to be done through a simple accounting document or if in fact there will be a full report on the activities of the fund.

Hon. Mr. Lautermilch: — There would be a full report on the activities of the fund and we would be under the same scrutiny by the Provincial Auditor and be subject to the same requirements from the Provincial Auditor as any other entity.

This would not be a half-baked financial statement. It would be in full detail and, as we've indicated, has to be presented within 90 days of the fiscal year, and within 30 days of the preparation the board of trustees would have it. And it would operate in accordance with The Tabling of Documents Act where they would have to be laid before this legislature, therefore ensuring the maximum opportunities for public accountability.

Ms. Haverstock: — Well, we're bringing it on home now, sir. In part V, which is the consequential amendments and coming into force, it's actually 36(7) I have some questions about.

This amends The Alcohol and Gaming Regulation Act to permit the cabinet to make regulations regarding the terms, conditions, conduct, as well as the management, of lottery schemes.

Does this mean that cabinet will determine the rates of pay-out on games of chance?

Hon. Mr. Lautermilch: — Yes. Under this section, section V, it does a couple of things. It allows the Saskatchewan Liquor and Gaming Authority to act as the regulator and we can set the percentages in regulation.

The other part that this particular section allows, and the changes allow, is it allows for our inspectors to access to the casinos to do the proper inspection, the required inspection, by the Saskatchewan Liquor and Gaming Authority to ensure that the regulations and licences are complied with by the operators.

Ms. Haverstock: — What categories of individuals do you anticipate may be prohibited from participating in lottery schemes?

Hon. Mr. Lautermilch: — Well we already do have some very strict criteria. Anyone with a questionable past in terms of criminal activity, people who are not financially stable and who would be a security risk, are quite clearly people that would not be candidates for employment in terms of these kinds of job opportunities.

As you will know, we have former commissioner of the RCM Police in Saskatchewan, Mr. Egan, employed by the Saskatchewan Liquor and Gaming Authority. He is certainly well versed in investigations of this nature. He has built good working relationships with the RCM Police and the different city police forces, with other jurisdictions in Canada and in the United States. And so his ability to do the security checks really is second to none and we do really rely quite heavily on him with respect to employees, not only employees but checks with respect to the type of people we do business with.

I think really it's quite important in terms of the Liquor and Gaming Authority and our licensing of gambling operations and opportunities that we ensure that there is not only inasmuch as you can ever guarantee someone's honesty and correctness, but that that perception is there as well. And so we take great pains and we spend a lot of time in doing these kinds of investigations and that is the process that we take very seriously and we will continue to take seriously in the upcoming years.

Ms. Haverstock: — Well thank you very much, Mr. Minister. It was ever so much easier to get through that when we finally engaged in questions and answers.

I want to just go back for one moment to something that I had asked; I'd indicated I would have some people look into; and it's your reference to the Criminal Code. And as you know, I indicated that I'd

be proposing an amendment to clause 9(a). I'm wondering if you can explain exactly which clause of the Criminal Code is being satisfied by clause 9(a) in which the corporation, as you stated, requires the ability to have the power to build and construct buildings.

Hon. Mr. Lautermilch: — The section of the Criminal Code of Canada would be section 207.

Ms. Haverstock: — Did I hear that correctly — 207, did you say? Okay. I have just a couple of other questions then. I'm wanting to know if all other casinos in the province have had this requirement of being managed by a Crown. I mean, I'm curious as to why it is with this particular part of the Criminal Code that we've been able to in fact have this happen, and why we have existing casinos in the province that got built without a Crown.

Hon. Mr. Lautermilch: — There are different rules that apply when you introduce slot machines into these venues. The existing casinos that have been operating around Saskatchewan for some 25 years can, under the Criminal Code, be allowed to operate, as they are an agricultural society and that is allowed under the Criminal Code. But as soon as you introduce the slot machines it's a whole different picture.

And the people who have looked at this for us have indicated that we really only had two options. The one was to allow it through the Liquor and Gaming Authority which is mandated by legislation to do this, or to do it through a new corporation, which is what we are debating here tonight, the new corporation to allow for these gambling experiences to happen and be in compliance with the Criminal Code of Canada.

Ms. Haverstock: — Well one final question to you and if you can't answer this, this is fine; it's just a curiosity for me. I'm just wondering if you could explain why in Manitoba, for example, that the lotteries corporation is able to operate the casinos and the VLTs, whereas in Saskatchewan we have hotels and the government that are involved in the partnership as far as the VLTs, and that's under lotteries, but we now require a Crown once we create our own casinos.

And it's somewhat a circular, confusing situation. But if you do have an answer for that, I'd appreciate it.

Hon. Mr. Lautermilch: — Well there's certainly a different situation between Saskatchewan and Manitoba in that in Manitoba they include no one in the partnership. The Government of Manitoba generates all of the revenue for the Government of Manitoba, where we have tried to establish a partnership and been very successful thus far with our agreement with the FSIN.

This required then a board of directors, and under the Criminal Code, as we've indicated before, we're required to have a legislated body to deal with this undertaking. We couldn't put it into the only other

vehicle that we had, that being the Saskatchewan Liquor and Gaming Authority because it would be . . . the board would be of a different nature for a different purpose. We want to see that as a regulatory and a licensing body. On this side, we have included the FSIN as members of the board of directors and it will oversee and contract the management and the development of casinos.

And the other point to be made is that Manitoba operates as a Crown, Ontario operates as a Crown, and Quebec operates as a Crown. So all three jurisdictions have established Crown corporations to do the same thing that we are intending this corporation to accomplish for us.

Ms. Haverstock: — Well thank you very much, Mr. Minister. And I do want to thank your officials for being so attentive this evening, as well as late this afternoon. You've spent a very long, long time here and I thank you for it.

The Chair: — Before we proceed to clause-by-clause consideration, I've been provided with a list of amendments, and the first two amendments are to the long title of the printed Bill and to section 1, to the short title, and I just want to refer members to citation 706 from Beauchesne's, which states:

(1) The title may be amended if the bill has been so altered as to necessitate such an amendment.

Therefore in my opinion we should begin clause-by-clause consideration at clause 2, proceed through the Bill, then come back to the short title, clause 1, and finally dispense with the amendment to the long title of the printed Bill.

Clause 2

Hon. Mr. Lautermilch: — Mr. Speaker, I move that we:

Amend clause 2(c) of the printed Bill by striking out "Investment".

Amendment agreed to.

Clause 2 as amended agreed to.

Clause 3

Hon. Mr. Lautermilch: — Mr. Chairman, I move:

Amend section 3 of the printed Bill by striking out "Investment".

Amendment agreed to.

Clause 3 as amended agreed to.

Clauses 4 to 8 inclusive agreed to.

(2200)

Clause 9

Ms. Haverstock: — Yes, thank you very much. I have in fact had enough discussion with the minister this evening and some of the indications are that section 270 of the Criminal Code is what requires this section.

I am going to go forward and propose this, and I know that it's going to be defeated anyway, but I did have considerable concerns about the power that this really did lend to the new Crown especially as far as the potential of what some of the implications of this wording would mean.

I'm going to have to assume that the government is doing this for precisely the singular reason that was pointed out, and that is to meet with the conditions of the Criminal Code of Canada.

The clause 9, I move:

That clause 9 of the printed Bill be amended:

(a) by deleting clause (a) and substituting the following:

"(a) equip any building or facility;"

(b) by deleting the words "or other related businesses and activities" where they appear on the clause (b).

and

(c) by deleting clause (d) and re-lettering clauses (e) through (k) as clauses (d) through (j) respectively.

I so move, Mr. Chair.

Hon. Mr. Lautermilch: — Mr. Chairman, I want to thank the member for her amendment, but I think her concerns have been addressed in our discussions and I would not support the amendment.

Amendment negated.

Clause 9 agreed to.

Clauses 10 to 19 inclusive agreed to.

Clause 20

Hon. Mr. Lautermilch: — Mr. Chairman, I move that we:

Amend subsection 20(1) of the printed Bill by adding the following clause after clause (h), and it would be:

"(i) health initiatives".

Amendment agreed to.

Clause 20 as amended agreed to.

Clauses 21 to 29 inclusive agreed to.

Clause 30

Ms. Haverstock: — Thank you very much. I do want to make a short comment. I'm going to introduce this amendment that I hope will serve to give at least some comfort to those groups that we discussed earlier, the exhibition boards, the Metis Nation, and different charitable organizations.

Therefore, Mr. Chairman, I move to:

Amend clause 30 of the printed Bill:

(a) by renumbering the clause as subsection 30(1);

(b) by deleting all the general words preceding clause (a) whereby they appear in renumbered subsection 30(1) and substituting the following therefor:

“Subject to the agreements with the partners comprising the Associated Entities Fund under direction pursuant to those agreements given by the Treasury Board, the board of trustees shall make payments from the fund totalling a minimum of 25% of the corporation's net profits:”

(c) by deleting clauses 30(1)(a) (b) (c) and (d) and substituting:

“(a) to exhibition associations in Saskatchewan, the 1993 net proceeds that those associations had earned, from casino activity generated revenue;

(b) after one year, if there has been an increase in the amount of casino wagering above the gross casino wagering for 1993, the guaranteed amount paid to exhibition associations will increase by that percentage;

(c) to any organization or association representing Metis people in Saskatchewan; or

(d) to charities, non-profit organizations, or associations in Saskatchewan prescribed by the Lieutenant Governor in Council.”

And

(d) by adding immediately after renumbered subsection 30(1) the following:

“(2) Subject to any directions given by Treasury Board, the board of trustees may make payments from the fund for any purpose prescribed by the Lieutenant Governor in Council.”

I so move, Mr. Chair.

Hon. Mr. Lautermilch: — Thank you very much, Mr. Chair. Again, I appreciate the concerns and the amendment proposed by the member from Greystone. We are satisfied that the clause as it exists will satisfy the needs of the exhibition associations, the Metis, and other interested parties with respect to revenue sharing. So I would not support the amendment.

Amendment negated.

Clause 30 agreed to.

Clause 31 agreed to.

Clause 32

Mr. Neudorf: — Thank you very much, Mr. Chairman. As we have been discussing during the time that I had with the minister, we became concerned that while the section on the FSIN, the first nations fund, there was a definitive commitment for 25 per cent, but not in the next fund, Mr. Chairman. I would like to make the following motion therefore:

Amend clause 32 of the printed Bill by striking out subsections (1) through (8) thereof and substituting the following:

“(1) At the beginning of each fiscal year of the fund, the Minister of Finance shall estimate the net profits of the corporation for that fiscal year.

(2) For a fiscal year of the fund, the Minister of Finance shall pay, out of moneys appropriated by the Legislature for the fund, an amount not exceeding 25% of the corporation's estimated net profits for that fiscal year as estimated pursuant to subsection (1).

(3) At the end of each fiscal year of the fund, the Minister of Finance shall determine the net profits of the corporation for that fiscal year.

(4) Subject to the Minister of Finance's right to withhold moneys to the fund pursuant to subsection (7), if the amount paid to the fund pursuant to subsection (2) for a fiscal year is less than 25% of the net profits of the corporation for that fiscal year as determined pursuant to subsection (3), the Minister of Finance shall pay to the fund an amount equal to that difference.

(5) An amount payable pursuant to subsection (4) shall be paid out of the general revenue fund.

(6) If the amount paid to the fund pursuant to subsection (2) for a fiscal year is greater than 25% of the net profits of the corporation for that fiscal year as determined pursuant to subsection (3), an amount equal to that difference:

(a) is a debt due to the Government of

Saskatchewan; and

(b) is payable by the fund to the Government of Saskatchewan.

(7) The Minister of Finance may collect any debt due pursuant to subsection (6) by withholding an amount equal to the debt from any future amounts to be paid from the general revenue fund to the fund or in any other manner allowed by law.”

Thus far the amendment, Mr. Chairman. Mr. Minister, I think you will agree that this is a very legitimate amendment, because essentially what we have done here is taken out these and substituted for what you had the very same section as it was in the first nations fund essentially. And therefore what it will do is ensure the compatibility of the two funds so that indeed each of these funds is being treated in a similar fashion.

So, Mr. Chairman, I trust that the minister will see to it that he would support this amendment.

Hon. Mr. Lautermilch: — Mr. Chairman, I would want to say that I appreciate the efforts of the member from Rosthern and his amendment. We have been going through this Bill clause by clause. We have just passed clause 22, that in article (2) of section 22 uses — and I’m going to quote from that:

For a fiscal year of the fund, the Minister of Finance may pay, out of moneys appropriated . . .

May — and I want to use the word, I want to emphasize the word “may” for the same reason that in the subsequent clauses the word “shall” in clause (4) of section 22 is used. It indicates the same intent in the first nations fund, and the drafting would not be consistent if we were to accept the amendment of the member from Rosthern.

So I would suggest, and I will propose an amendment that will be consistent with section 22, that in clause (2) uses the word “may” as opposed to “shall” because we need to be consistent, first of all, with respect to the first nations fund and the associated entities fund. And if we use my wording, it will be consistent. If we use yours, we’re going to have an inconsistency here.

(2215)

Mr. Neudorf: — We’re not completely together on this but we’re getting closer together. So what I would suggest is that since I’ve read my amendment in already and you are concurring with it except for this — the “may” to “shall”; the “shall” to “may” — I suggest, Mr. Minister, that you make a subamendment to this particular amendment and then we’re on the road.

Hon. Mr. Lautermilch: — Mr. Chairman, I would move a subamendment:

That under section 32(2), the word “shall” in the first line be removed and substitute the word “may”.

Amendment to the amendment agreed to.

Amendment as amended agreed to.

Clause 32 as amended agreed to.

Clauses 33 to 35 inclusive agreed to.

Clause 36

Hon. Mr. Lautermilch: — Mr. Chairman, I move that we:

Strike out subsection 36(2) of the printed Bill and substitute the following:

“(2) Section 2 is amended:

(a) in clause (g.1) by adding ‘, the Saskatchewan Gaming Corporation’ after ‘section 207 of The Criminal Code’; and

(b) by adding the following clause after clause (u):

‘(u.1) ‘Saskatchewan Gaming Corporation’ means the Saskatchewan Gaming Corporation established pursuant to The Saskatchewan Gaming Corporation Act’.

Amend clause 6(1)(b.1) of The Alcohol and Gaming Regulation Act, as being enacted by subsection 36(3) of the printed Bill, by striking out “Investment”.

Amend clause 14(b.1) of The Alcohol and Gaming Regulation Act, as being enacted by subsection 36(4) of the printed Bill, by striking out “Investment”.

Amend clause 28(1)(d.1) of The Alcohol and Gaming Regulation Act, as being enacted by clause 36(5)(a) of the printed Bill, by striking out “Investment”.

Amend subsection 28(2) of The Alcohol and Gaming Regulation Act, as being enacted by clause 36(5)(b) of the printed Bill, by striking out “Investment”.

Amend section 28.01 of The Alcohol and Gaming Regulation Act, as being enacted by section 36(6) of the printed Bill, by striking out “Investment” wherever it appears.

Amend section 179.1 of The Alcohol and Gaming Regulation Act, as being enacted by subsection 36(7) of the printed Bill, by striking out “Investment” wherever it appears.

I so move.

Amendment agreed to.

Consequential Amendments arising from the enactment of this Act)

Clause 36 as amended agreed to.

Hon. Mr. Lautermilch: — Mr. Deputy Speaker, I move that the amendments be now read the first and second time.

Clause 37 agreed to.

Motion agreed to.

Clause 1

Hon. Mr. Lautermilch: — Mr. Speaker, I move:

Hon. Mr. Lautermilch: — Mr. Speaker, by leave of the Assembly, I move that Bill No. 72 be now read the third time and passed under its title.

Amend section 1 of the printed Bill by striking out “Investment”.

Motion agreed to, the Bill read a third time and passed under its title.

Amendment agreed to.

Clause 1 as amended agreed to.

The Assembly adjourned at 10:32 p.m.

Hon. Mr. Lautermilch: — Mr. Speaker, I move:

Amend the long title of the printed Bill by striking out the word “Investment”.

Amendment agreed to.

The division bells rang from 10:24 p.m. until 10:26 p.m.

The committee agreed to report the Bill as amended on the following recorded division.

Yeas — 18

Romanow	Lautermilch
Thompson	Renaud
Shillington	Trew
Johnson	Serby
Goulet	Sonntag
Kowalsky	Crofford
Cunningham	Stanger
Bradley	Jess
Lorje	Langford

Nays — 6

Neudorf	D’Autremont
Toth	Haverstock
Britton	Bergman

THIRD READINGS

Bill No. 33 — An Act to amend The Alcohol and Gaming Regulation Act

Hon. Mr. Lautermilch: — Mr. Speaker, I move that this Bill be now read a third time and passed under its title.

Motion agreed to, the Bill read a third time and passed under its title.

Bill No. 72 — An Act to Establish the Saskatchewan Gaming Corporation and to enact certain Consequential Amendments arising from the enactment of this Act (changed from Bill No. 72 — An Act to Establish the Saskatchewan Gaming Investment Corporation and to enact certain