



Standing Committee on Crown Corporations

Hansard Verbatim Report

No. 41 – March 5, 2003



Legislative Assembly of Saskatchewan

Twenty-fourth Legislature

**STANDING COMMITTEE ON CROWN CORPORATIONS
2003**

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Indian Head-Milestone

Peter Prebble
Saskatoon Greystone

Kim Trew
Regina Coronation Park

Brad Wall
Swift Current

The committee met at 09:35.

Saskatchewan Liquor and Gaming Authority

The Chair: — Good morning. With us today are officials from the Saskatchewan Liquor and Gaming Authority and the president and CEO (chief executive officer) is Sandra Morgan. Ms. Morgan, could you introduce to us your officials, following which I understand you have a brief opening statement. And following that I would ask on . . . ask Mr. Ahmad from the Provincial Auditor's office to make his comments, and then we'll open the floor up for questions. So Ms. Morgan.

Ms. Morgan: — Well with me this morning is, to my immediate right, Barry Lacey who is the vice-president of corporate services. To my left is Jim Engel, he's the executive director of policy. And beside Jim is Dale Markewich, who is our vice-president of compliance. And behind me, starting on my far left, is Cheryl Hanson, the vice-president of gaming; beside her is Faye Rafter, the executive director of our compliance branch; then Kim Emerson from our minister's office; Lisa Ann Wood, who is our executive director of human relations; and Paul Weber, who is the vice-president of operations. And beside Paul is Brian Keith, who is my executive assistant.

And if you're wondering why there are so many of us here, with the exception of two people, none of the individuals before you were at SLGA (Saskatchewan Liquor and Gaming Authority) at the time of . . . for the years under review. So I brought as many officials as I could in order to hopefully answer the questions that you put to us.

I thought it might be helpful if I just provided a quick snapshot of SLGA, who we are, and what it is we do. As the committee is aware, we are a Treasury Board Crown responsible for the distribution, control, and regulation of liquor and gaming across Saskatchewan. We achieve this through socially responsible, fair, and, we believe, cost-effective services and programs delivered by employees at our head office here in Regina, a liquor distribution centre in Regina, the warehouse, an office in Saskatoon, and a network of 81 stores throughout Saskatchewan.

In addition there are more than 190 franchise outlets in Saskatchewan and customers also enjoy access to 490 off-sale outlets who offer a full selection of products since last December. They now sell beer, wine, and spirits.

We own and operate all video lottery terminals and own and operate all the slot machines at the four First Nations casinos. We also license and regulate most forms of gaming, including bingos, raffles, casinos, break-opens, and horse racing.

And we are organized according to six divisions and all of the people who head these divisions are here this morning. Corporate services is responsible for financial administrative procurement, our information systems, and audit support. The human relations division includes our organizational development, communications, and human resources. As of the end of March last year, we had 832 employees in 64 communities throughout the province and approximately 90 per

cent are members of the Saskatchewan Government Employees' General Union, local 6080.

The operations division oversees the liquor stores, the franchises, marketing, and distribution of liquor products. Regulatory compliance, which is a new division, which has responsibility for gaming and liquor inspection services, horse racing, licence administration, and community liaison.

The gaming operations division was created last July and it's been charged with responsibility for the policy development in the gaming area. We believe that gaming has grown so much and has become such an integral part of our business that it was necessary to have a separate division responsible for gaming operations. Heretofore the licensing division included everything — it included all the inspections, compliance, and gaming operations so that in essence you had the same individuals responsible for the regulatory side of our operation as responsible for policy development which would . . . which I believe is wrong so we separated the two.

And finally the policy and planning division leads and coordinates our corporate planning and performance measurement, policy development and analysis, research and evaluation, and legislative services. The coordination of our corporate planning process also rests with this division. We use the balanced scorecard model at SLGA because we believe that more accurately reflects the business we're in and is a model used by the commercial Crowns and private industry.

And finally just let me say that on the social responsibility side, we try to balance our business side and social responsibility side. And we participate in a number of provincial programs including: bring your ID (identification) program, the fetal alcohol syndrome public awareness program, have someone from the road. We have a server intervention program, VLT (video lottery terminal) site contractor training, problem gambling programs. There's a total of \$4.25 million annually spent on problem gambling initiatives in Saskatchewan — 2.75 from the government directly and then through the First Nations Fund, another 1.5 million for First Nations.

And in a unique project that we've been involved in for the last year, and it will continue for at least another year, is a pilot project in La Loche with respect to banning beer bottles. The RCMP (Royal Canadian Mounted Police), the community leaders, health care deliverers . . . providers, approached us a while ago saying that they were having a real problem in that community with broken beer bottles. They were being used as weapons and there were lots of injuries and kids were stepping on lots of glass in the schoolyards. So we, all of us together undertook, along with the Western Brewers Association, a two-year pilot project banning beer bottles for sale in La Loche and it's just completing its first year in April.

So those are . . . That's just a quick picture of what SLGA looks like today, Mr. Chair.

The Chair: — Thank you.

Mr. Ahmad: — Thank you, Mr. Chair, and good morning to members. We've completed the audit of Liquor and Gaming

Authority for the years ended March 31, 2000 and 2001.

In our opinion the authority's financial statements for those years are reliable. For those years the authority had adequate rules and procedures to safeguard and control its assets, except for the matters we reported in our 2000 Fall Report Volume 2 and 2001 Fall Report Volume 1.

Also the authority complied with authorities governing its activities relating to financial reporting, safeguarding of assets, revenue raising, spending, borrowing, and investing, except for the matters we reported in our reports mentioned earlier on.

Thank you, Mr. Chair. That's my comment.

The Chair: — Thank you very much. Before we get into questions — and I recognize Mr. Wall — I want to just read into the record what might be termed a bit of a constraint in terms of our questions. And this is a copy of a memo from the deputy minister of Justice to Ms. Morgan in her capacity as president and chief executive officer of the SLGA and it's regarding the Standing Committee on Crown Corporations/SIGA (Saskatchewan Indian Gaming Authority) file. And he writes:

In your memorandum of February 26, you indicated the Saskatchewan Liquor and Gaming Authority is scheduled to appear before the Standing Committee on Crown Corporations on March 5, 2003 and ask for advice with respect to this appearance as it relates to the SIGA investigation.

The police investigation of the Saskatchewan Indian and Gaming Authority, SIGA file, has been completed. However, the public prosecutions division is continuing its review of the file.

I recommend that both the Standing Committee on Crown Corporations and the Public Accounts Committee continue to postpone their reviews on any issues that pertain to the SIGA matter.

And so I think, members . . . I've made them aware informally of that.

Having said that, if there are any other questions pertaining to operations of the SLGA, we'll be pleased to entertain them.

Mr. Wall: — Thank you, Mr. Chairman. And with respect to the letter you just read, thank you for your advance notice of the fact that we'd be receiving that letter as a committee today, and also for your co-operation in determining then what gaming related issues would still be on the table for questions and what wouldn't.

I just would have one question then, not to officials, but maybe to members of the government who sit on this committee. If there is any indication at all . . . Well, if they've been asking the . . . Is there any indication at all as to when . . . any ballpark estimate as to when this is going to be concluded over at the Department of Justice? Have they provided even that?

Because you can imagine that this particular agency of

government, which is significant in terms of the money it generates and its impact across the province, hasn't really had legislative scrutiny. Not necessarily the fault of officials, but just the process here. It hasn't had any meaningful legislative scrutiny either by this committee and there's no forum for estimates.

And while we're getting a chance to remedy that today for a large part of the Liquor and Gaming Authority's operations, this whole SIGA issue remains sort of . . . not under a cloud, but we're just unable to ask questions as representatives of taxpayers. So do you have, does anyone have any estimate at all as to when . . .

The Chair: — We have no indication and neither have we asked, as members, for any indication and neither do we feel that it's appropriate that we ask or put any pressure on people in the Department of Justice.

Although the Department of Justice is a department of government, in many ways the prosecutions branch and those who are responsible for the laying of charges in the, in terms of criminal investigations operate in many ways as if they're independent of government. And we express no interest in their activities and neither should we be expressing any interest in their activities.

I know it's a difficult concept to understand that you have a department of government but that you should not and ought not to ask or direct or query operations of a part of that department. But that's the way that the administration of justice has, in the main, been administered in Saskatchewan. And so the short answer is that, no.

Mr. Wall: — Thanks. I don't think we're asking if anybody's pressuring the government . . . the Department of Justice, on that side of the Assembly. It was a question as to — had someone asked the question; is there a ballpark timeline for the Justice department to come forward with any . . .

The Chair: — No.

Mr. Wall: — Thank you. So I have some questions here that relate to some of the supplementary financial information that was provided by officials, and I'll maybe begin with that, Mr. Chairman, with your indulgence. And I'll just pick out a few and ask you to please explain the nature of that . . . of these items. And I would start with 2000-2001 supplementary financial information where the Liquor and Gaming Authority paid EDS Canada Inc. 413,000, and 279,000 for EDS Innovations Inc. And I assume they're part of the same family of companies. And I just wondered if, you know, what was the nature of that computer related project, and is it finished? Is that work complete or is there more to come?

Ms. Morgan: — I'll ask Barry to give specific details but firstly I'll say that EDS has been a partner, almost, with SLGA (Saskatchewan Liquor and Gaming Authority) for the last four years, as we've moved to a new international . . . it's called a UPC (universal product code) system for the sale and tracking of liquor products across the world. And we had to upgrade all of our software and our hardware such that we could use the bar codes that are now . . . that now appear on all the bottles.

But I'll let Barry speak specifically to the work they're doing because it's his area that's been spearheading this. Barry.

Mr. Lacey: — Thank you, Sandra. About two and a half, three years ago, SLGA recognized the need that it would need to upgrade some of its systems, and at that time it went out looking for some strategic partners on the IT (information technology) side that it could partner with, with respect to the upgrading of those systems.

And so approximately two and a half, three years ago, through a RFP (request for proposal) process, SLGA went out and looked for strategic partners. And in fact we, through that process, have engaged two partners from the private sector to work with us with respect to our systems upgrades. One is EDS and the other one is Paradigm Consulting here in Regina.

The work being undertaken from these groups — in the years in question particularly, work was undertaken with respect to replacing of our PRISM (product retail inventory and sales management) system which is basically our merchandising, inventory tracking, inventory movement, and product purchasing and pricing system, as well as the customs and excise component of that system.

The system that was replaced — and actually that replacement was completed at the very beginning of this fiscal year, that process had been completed — resulted basically in an upgrade of that system that (a) was a system that was originally built in the '80s, and secondly, needed to be upgraded as a result of the liquor jurisdictions across Canada agreeing with the liquor industry to move to a UPC product code. And so there was a necessary requirement to upgrade our system to allow us to do that.

Mr. Wall: — Thank you, Mr. Chairman. So in the year that we were just discussing we were talking about roughly for the . . . I mean are both items in here related to that project that the officials just outlined, Mr. Chairman?

And while you're at it, you might as well comment on the much larger figure then for the subsequent year, over \$4 million, and whether that's all part of that same RFP and project.

Mr. Lacey: — Yes. Mr. Chair, there's a . . . As part of this strategic partnership, there's a number of initiatives that had been underway in SLGA for the last two or three years that these strategic partners have been involved in. One is, is that system upgrade that I had spoken to.

The second one was upgrading the overall IT infrastructure. It's kind of the base within the organization upon which to build these systems. As well with the move to UPC we've been looking at upgrading our point-of-sale system out in the stores. So both EDS and Paradigm have been involved in that work as well.

As well we've done some work around our Internet and intranet sites at SLGA over the last two or three years. And both of those parties which I had mentioned previously have been involved in that. And the figures that are in the supplemental information reflect the work that those organizations have been doing for us on those projects.

Mr. Wall: — They're two really different projects, so it sounds like.

Mr. Lacey: — They are.

Mr. Wall: — One is your operating system per se, one is your . . . is sort of . . . is your retail/wholesale technology that you need to track product at point of sale, I assume, and that sort of thing.

So was there an RFP in both instances? And specifically the \$4 million figure we see in the following year, what is . . . Is that a mix of both projects or was that for the, you know . . . Which of those two things was the \$4 million for? And was there an RFP then, another RFP for the second bit of work that you're talking about?

Mr. Lacey: — Mr. Chair, the majority of those dollars in the year, the majority of those dollars in the supplementary information related to EDS would be related to the PRISM and warehousing system of SLGA.

In undertaking those projects, the system has a number of components to it. There's a warehousing component with respect to tracking product within the warehouse and moving information outside the warehouse. There's a custom and there's an excise component with respect to tracking and reporting and paying customs and excise on products to the federal government, and as well then a pricing system and a back-office information system.

In undertaking this project, there were . . . I guess I can best describe it as there was an assessment made on whether or not there were products available outside, from other suppliers, upon which to basically purchase made products already. And as well there was a determination made that, in some cases, the products weren't available on the market, so EDS actually helped us custom build some aspects of that system.

It's probably most simple, simply to say that on the customs and excise side and the warehouse component of that broader system, we went through an RFP tender to acquire software provided by third-party software suppliers, which then EDS and those third-party suppliers helped us integrate into our broader system, if that's helpful.

Ms. Morgan: — Yes. I think it's fair to say that at the time the original RFP was let, it was understood that this would be a multi-year contract. It wouldn't be just the one year because this was going to take a little while to do. And as Barry has said, there was a lot of software not available so we in essence built the software that exists, in consultation with EDS while they were helping us put all these systems into place.

Mr. Wall: — But throughout all of this, EDS had to . . . Thank you. But throughout all of this, EDS had to compete with some other provider at some point. At the outset of this process, they competed in a process.

Ms. Morgan: — Yes, absolutely. Yes.

Mr. Wall: — It wasn't a sole source arrangement?

Ms. Morgan: — No, both EDS and Paradigm responded to an RFP.

Mr. Wall: — Right. As we ... (inaudible) ... Okay. Thank you very much.

And is that complete then? Will the next year's supplementary financial information show another big hit because ... or another larger figure as we see in 2001 and 2002?

Mr. Lacey: — Currently we are working on upgrading our point-of-sale system, which is actually the system you see when you go out to the stores — upgrading both the hardware and the software related to that system. And EDS is ... EDS and Paradigm are assisting us in undertaking that upgrade. We expect that that will likely be about a year process. So yes, Mr. Chair, I'd expect that we would see some further expenditures in our 2002-2003 information when that is released.

Ms. Morgan: — But it'll be for the POS (point-of-sale) only because PRISM for all intents and purposes is completed.

Mr. Wall: — Thank you. Mr. Chair, I notice that in the 2000-2001 supplementary financial information, there was a payment to Ernst & Young for \$461,397 and I'm going through these other sheets and finding that, you know, there's been ... Pricewaterhouse has obviously been retained for various activities. But I can't find ... It doesn't seem to be as high as it was in that particular year. Do you recall the reason for that \$460,000 payment to Ernst & Young?

Ms. Morgan: — Yes. The payment to Ernst & Young was related to SIGA, to the SIGA file. It was an audit they conducted after the Provincial Auditor's report.

Mr. Wall: — Thank you. FPR Developments Limited, what is that? I see that's a recurring payee.

Ms. Morgan: — Yes. That's one of our stores in Saskatoon which we lease at a mall. Which one is it now, 8th Street?

Mr. Lacey: — Yes. On 2nd Avenue North.

Ms. Morgan: — Second Avenue North. Yes. It's one of the Saskatoon stores that's leased from a private developer so it's an ongoing annual cost.

Mr. Wall: — Thank you. And my final question, at least on supplementary financial information for now, Mr. Chairman, is related to grants in lieu of taxes that the stores pay across the province. And it's an issue that I know was talked about from time to time in my old job at city hall in Swift Current.

Is the Liquor Board using the uniform sort of process that other Crown corporations use or do you know if you have your own individual relationships with the various town governments and city councils?

Ms. Morgan: — Without knowing too much of the details of what the commercial Crowns, exactly what the system is they use, it's my understanding that the one we use is similar. Yes.

Mr. Wall: — And do you feel, would you say, significant

concerns from municipalities or not very many concerns at all about the amount, the grant that they're receiving for the store in those communities?

Ms. Morgan: — No. I've been at SLGA for 18 months and I can honestly say this issue has never come up.

Mr. Wall: — Thank you.

Ms. Morgan: — No one has ever raised it.

Mr. Wall: — Has the Liquor Board done an evaluation at all as to the advantages of leasing or owning, I mean either one? I'm sure you made decisions ... You just talked about a Saskatoon store, for example. So do you do that on a sort of a one-off basis for each location you're considering or do you have a preference, I guess, to own or to lease?

Ms. Morgan: — I think ... We do not have a preference. The reality is when we are thinking of building a store or the existing stores, we try to work with the community as best we can and oftentimes the city or town that we have stores in will approach us about a policy thrust they may be undertaking with respect to their community — themes that they want for their communities, or a special spot in the community that they would like us to build a store that is property owned by the local town or municipality.

So wherever we can, we try our best to co-operate with the community in meeting their needs as opposed to just building a store and owning it for our sake. So some are leased; some are owned; some are built on property the city or community would like us to.

Mr. McMorris: — I just ... Thank you. Mr. Chair, one question and my colleague from Swift Current had alluded to it, but the grant in lieu of taxes then you were saying that you're not quite sure how the Crowns determine what grant they're going to give. Can you explain how you determine the grant that would go to the various towns?

Ms. Morgan: — Well, yes. I think on this I'll have to undertake to get back to you with our specific information on how any grants that we pay are paid to the local community. I have to tell you honestly I can't answer that question this morning; I don't have the information here.

Ms. Bakken: — Thank you, Mr. Chair, and welcome, officials. First of all just a brief question on an explanation of why the travel for Saskatchewan Liquor and Gaming since 1999 till the annual report of 2000-2001 has increased some \$500,000.

Ms. Morgan: — This is mostly in-province travel. The largest percentage of our travel costs during these years under review are in-province travel and they are reflective of the increase in inspections with casinos and liquor outlets in particular, and we have staff on the road almost continually. So it's an increase in our in-province travel with respect to the number of inspections now that are being done at casinos and at all of our permitted liquor outlets.

Ms. Bakken: — Well it is my understanding from conversation with people that work within the industry that there is extensive

training of staff. Does this come into play in this travel or is that expense somewhere else?

Ms. Morgan: — No, the travel cost would reflect the expenses for staff to be trained if there's travel involved. And with our staff training, we try as best we can to alternate between Regina and Saskatoon for training but then staff that are located, you know, in the North go to Saskatoon and staff in the south stores are in Regina. So yes, that includes also staff training.

Ms. Bakken: — So how many training days would there be on an average for staff during the year?

Ms. Wood: — It would fluctuate. There could be anywhere between five and ten. It would depend on the training needs of individual staff.

Ms. Morgan: — Yes, it would . . .

The Chair: — If she's going to answer a question, then she should come up and speak into a mike . . .

Ms. Wood: — Training days for staff would vary. It would just depend on the individual training needs of staff. It would tend to fluctuate between five and ten days per staff.

Ms. Bakken: — Thank you. When this training is carried out, is it done in-house by people already employed by Liquor and Gaming or how is this training provided?

Ms. Morgan: — Well again that depends on what the training is. Product knowledge training, we have in-house staff who do that. Our lead management training, there is an outside facilitator sometimes for some of the sessions but there are also in-house trainers. We have trained trainers so now in-house staff can do some training as well.

Ms. Bakken: — And is this out of . . . what is out of house? Is that tendered out or how is that awarded?

Ms. Morgan: — I believe there is only one out of house right now.

Ms. Wood: — It is always done through an RFP process or a tender process of some kind. Yes, I mean I can think of three recent issues where we've done tender processes. One would be the leadership training; another one would be . . . (inaudible) . . . we'd contracted with the Tourism Education Council to develop a training program for our retail staff; and we've contracted with the Indian Federated College to provide our Aboriginal awareness training. And all of those were done through RFP processes.

Ms. Bakken: — And do you have any idea what the dollar amount would be that you spend on this training per year?

Ms. Wood: — It depends on the number of staff being trained in any one year, so there's differing amounts for different years.

Ms. Bakken: — Could you give us a ballpark figure?

Ms. Wood: — I'm just trying to pick one year as an example.

Ms. Morgan: — We could provide that information to you . . .

Ms. Wood: — . . . in a more detailed . . .

Ms. Morgan: — . . . gather it together and give you specific details of . . .

Ms. Wood: — Absolutely.

Ms. Morgan: — All inclusive, yes. I mean, we know what we pay the individuals providing the training but to incorporate the travel that was involved, we'll get that to you in detail.

Ms. Bakken: — Thank you. Just one last . . .

The Chair: — Can you direct that then to the Clerk of the committee . . .

Ms. Morgan: — Okay.

The Chair: — And he may have some requirements in terms of number of copies, you check with him. But please provide that to him and he'll make sure that Ms. Bakken and others are provided with the information.

Ms. Bakken: — Thanks, Mr. Chair, Ms. Morgan. Does this cause any undue problems at the workplace because of this extensive training? Has it caused a problem in fulfilling enough people to actually cover the workload in the liquor stores?

Ms. Morgan: — We believe that the manner in which we organize training does make certain that our responsibilities in the stores are covered. For example, you would not have several members of staff from one store all taking this training at the same time; it would be staggered. You know one time there'd be maybe one person and the next another individual but we believe that it . . . We've not had major problems I think it's fair to say. I think all of the divisions have done a very good job of selecting individuals such that we can still provide services to our customers.

Ms. Bakken: — Another question regarding the liquor stores and the management of same. Previous — and I don't have the exact date in my mind — but there were four regional managers in Saskatchewan. I believe within the last year to two years it has been increased to eight regional managers. And I would like an explanation of why it is necessary to have double the number of regional managers.

Mr. Weber: — Mr. Chairman, it's in fact . . . What it is, we've developed an internal training program to develop our management staff in the authority. So we have a development program for regional managers; it's an assistant regional manager program. The regional managers are there for about 18 months and it's a rotational basis; it's done through a competition in the organization and really it's a management development program.

So there aren't eight regional managers, there are four regional managers and they each mentor an assistant regional manager to provide them with some management development training. And we will do this on an ongoing basis.

The first term of the assistant regionals will be up the end of this summer and we'll be in the process of recruiting four additional to give us the training that we need to try and fill positions, management positions, from inside the organization.

This program was developed as a result of concerns raised by our staff that they weren't able to compete with external candidates because they hadn't been given an opportunity to broaden their experience and to get exposed to the whole operation. So it's an internal management development program to, as part of our training program, to train staff.

Ms. Morgan: — It's also, I should just add, part of our commitment to succession planning. I mean the reality, as everyone knows, is that in the next decade there are a lot of people going to be leaving the workforce, and we are no different as an employer than anyone else.

And we have got to make a concerted effort here to give people in the organization opportunities to move into the management positions so that, in essence, they become the managers of tomorrow. So it's certainly intended to be giving opportunities within our organization to individuals who have been there, in some instances, for a number of years.

Ms. Bakken: — Thank you. So just so I'm clear on this. Once these assistant regional managers, I believe you called them, are trained — and it's 18 months, the time frame?

Mr. Weber: — Yes.

Ms. Bakken: — They then . . . where do they go? Do they return back to their original job and stay there until there is an opening for them to apply for or what happens to them?

Mr. Weber: — Yes, Mr. Chairman. They return to their original position that they came from. That position was backfilled on a temporary basis while they're in the development program. And then we would select four additional and continue with the program but they would go back to their original positions.

Ms. Bakken: — And does this affect their level of pay? Their level . . . Does their level increase on the pay scale?

Mr. Weber: — When they go back to their original position? No.

Ms. Bakken: — Right. They return to their original position at their original pay.

Mr. Weber: — That's correct.

Ms. Bakken: — Thank you. I'd just like to ask a few questions around the whole issue of horse racing. As most people are aware and certainly Liquor and Gaming Authority is aware that this has been an ongoing issue in the province, and certainly at this time is front and centre for many individuals in Saskatchewan.

I have been contacted by people from various areas that are associated with the horse racing industry, whether they be people that — or I should say from the horse industry, period —

whether they be involved directly with horse racing or are bettors or whether they simply have horses and are interested in having an avenue to use those horses, to train them and so on, as well as suppliers to the industry that are very concerned about what is happening in the province.

The whole issue that Exhibition Park in Regina now will no longer have horse racing, is no longer allowing horses on the grounds, period, is not allowing residents of this province to utilize any avenue related to those barns, including the track that was built at Queensbury Downs.

I realize that Exhibition Park is an entity unto themselves. However, they are closely tied with Saskatchewan Liquor and Gaming and receive substantial funding from Liquor and Gaming. And a portion of that funding, I believe, is between 1.3 and \$1.6 million which is paid from Liquor and Gaming annually to support horse racing in Saskatchewan. And so certainly revenue from Liquor and Gaming plays a huge part in the whole horse racing industry.

And I would like, I guess, first of all to know what involvement Saskatchewan Liquor and Gaming had in the decision to no longer have horse racing in Regina and also to no longer have citizens at large in Saskatchewan have utilization of the facilities at Exhibition Park and of the track.

Ms. Morgan: — Well I can't speak to the issue of no horses at all any more at the exhibition. I wasn't aware of that. Obviously the board made a decision to get out of the horse racing business.

And I know that Doug Cressman, shortly after I became the president of SLGA, indicated to me that the board was thinking along these lines, that they weren't making any money on horse racing. So they have made this business decision to transfer their operations to Saskatoon such that, in essence, thoroughbred horse racing will be consolidated in the city of Saskatoon.

With respect to the \$1.3 million, that's in essence the total grant monies annually to the entire industry. It doesn't go just to Regina. That was shared by Saskatoon, Regina, and any rural tracks that were horse racing.

Regina would only receive money in an amount reflective of how many race days they were going to conduct in any one year.

So I think, to answer the question about how much involvement did we have, SLGA really had none. I mean, that was a decision of the board of the Regina Exhibition Association, that they no longer want to be in the horse racing business. And for some time both Regina and Saskatoon have talked about the necessity they could see coming, whereby there would be consolidation of racing at one track only because the industry couldn't afford to be running many tracks.

And I think it's the nature of the horse racing industry. It's in a slump across North America, quite frankly, and it's only in those communities where it is heavily subsidized by casinos at the racetrack that they are succeeding. And it's just the way the business has evolved, as I understand it. So we continue to

make the parimutuel tax 100 per cent available to the horse racing industry for horse racing and this year we will be paying \$7,000 a day to the tracks that have racing.

Ms. Bakken: — So just so I'm very clear. Your association, the Saskatchewan Liquor and Gaming association, had absolutely no input into the decision that was made at Exhibition Park to close down.

Ms. Morgan: — No, we did not. It was the board. Totally the board.

Ms. Bakken: — And they did not confer with you about your . . . Did you not have to agree that you would then transfer all \$1.6 million to Saskatoon?

Ms. Morgan: — They didn't confer with us in the sense, you know, well will you do this? No, no they didn't. They informed us after they had reached an agreement that they had an agreement with Saskatoon.

The issue for us is, there's \$1.3 million — or last year that was the parimutuel tax paid — available for horse racing in Saskatchewan. And note that money is granted to those communities that have horse racing. And Regina decided it doesn't want to have horse racing. Saskatoon will likely expand the number of days it races, so therefore it will receive more money this year.

There are some rural tracks that are going to be racing this season too. Melville is one, Yorkton, and Prince Albert. So they will receive parts of that grant money, too.

Ms. Bakken: — Ms. Morgan, the majority of the dollars that are generated from racing in Saskatchewan do not come from live racing; they come from simulcast teletheatre betting.

Ms. Morgan: — Teletheatre . . .

Ms. Bakken: — It is my understanding under federal legislation that there has to be a number of live race days in order to have teletheatre. Would you please explain to me if the live race days are all held in Saskatoon, does Saskatoon then have to be where the teletheatre and the simulcast comes into or can it be somewhere else in the province even though there is not live racing being held there?

Ms. Morgan: — The answer is yes, but I'll let Dale respond directly.

Mr. Markewich: — That's actually correct. You have to have 10 live days of racing in order to have a simulcast licence. You need 50 days of racing to have teletheatres, so to have teletheatres in the various other locations, you have to have at least 50 days of racing to have that. So Saskatoon is . . . the urban centres are the only centres that are going to be able to get . . . (inaudible) . . . so, yes.

Ms. Bakken: — And so last year were there 50 days of live racing in Saskatchewan, and if there were, where were they?

Mr. Markewich: — No . . . yes, there were. There were 60 days of live racing last year. Regina had 26; Saskatoon had 32;

and Yorkton had 2. The previous year they had more and last year what they did is under the federal regulations they can assign their whole market area to another track that has 50 days. Last year they assigned the whole market area for Regina and Saskatoon to Assiniboine Downs in Manitoba in order to keep the simulcast up and running and generating the parimutuel tax.

Ms. Bakken: — Okay. So they assigned . . . Would you repeat that? They assigned . . .

Mr. Markewich: — Yes, each of the two tracks in Regina . . . our whole market area in Regina . . . in Saskatchewan was assigned to Regina and Saskatoon, the two urban tracks. They could not meet the 50-day requirement under federal regulations.

And so what they did under federal regulations, they are allowed to assign their whole market area to another track and they got permission from the CPMA (Canadian Pari-Mutuel Agency), which is the federal regulatory body, to transfer the whole market area. We don't actually have any say in that process; it's federally regulated.

Ms. Morgan: — So in essence the federal body allowed Regina and Saskatoon to be assigned to Assiniboine Downs in Winnipeg. Thereby the 50-day qualifier was not in issue.

Ms. Bakken: — Okay. So I would just like to read into the record a letter, if I might, Mr. Chair, if that's appropriate. This letter came actually from Hugh Mitchell, vice-president of racing from Woodbine, and it's to Regina Exhibition Association, in particular Mr. Doug Cressman. It's about the simulcast signal, and it reads:

I write to keep you apprised of Woodbine's position on the request from our horse people to withhold the Woodbine signal from Queensbury Downs. Doug, after careful thought and some extensive due diligence we have elected to not withhold the signal from your association.

We will be monitoring the situation closely over the next few weeks with the hope that some progress can be made in contract negotiations with your standardbred horse people. On the thoroughbred side, we have some reservations over the legitimacy of the First Nation Horse Racing Association which we understand is an association you have contracted with. However, for now we will rely on the provincial and federal regulators to set and manage the legitimacy test for horse people's association.

Again, we encourage you to reopen discussions with the HPBA and FNHRA with the goal of establishing a tri-party agreement on the thoroughbred speed horse race dates for Queensbury Downs.

And it goes on, just . . . closing.

My understanding is that there has been some concern around this signal being brought in and whether it actually is legal or not. Do you have any comment on it?

Ms. Morgan: — I would have to say no one has raised this issue with us directly, but then they're not required to because

it's totally federally regulated. We have no jurisdiction in this area at all.

We regulate the grants that are paid to the industry here in Saskatchewan and that is the only thing we would regulate.

Ms. Bakken: — In this letter it refers that we'll rely on the provincial and federal regulators to set and manage the legitimacy test for horse people's association and, therefore, whether the signal is legitimate to come in here.

Ms. Morgan: — He may have stated that, but we have nothing to do with the signal. It's like the CRTC (Canadian Radio-television and Telecommunications Commission); the province has no authority there. We have none whatsoever with respect to teletheatres and simulcast.

Ms. Bakken: — But are you not responsible to ensure that you have a contract signed with a legitimate association in order for you to be able to qualify for this signal?

Ms. Morgan: — The answer is no. There is no contract required. No. Go ahead, Dale.

Mr. Markewich: — The contract requirement that I think you're talking about is in the federal regulations.

Under the federal regulations, the CPMA teletheatre betting regulations, requires a contract in place between a track and a horsemen's group in order for the signal to be . . . It's not our requirement; it's the CPMA requirement.

Ms. Bakken: — And does CPMA, do they not delegate that authority to you to ensure that that happens?

Mr. Markewich: — No. A copy of the agreement has to be sent to the CPMA. We don't . . . I think in the regulations all they have to do is notify us.

Ms. Bakken: — And so you have nothing to do with actually having a contract signed.

Ms. Morgan: — No.

Ms. Bakken: — To ensure that an association is legitimate and that they are, that so many horse race days are held in order to . . .

Mr. Markewich: — The race days, absolutely. We make sure the race days are going to be held. Yes. They won't receive any funding without actually competing.

Ms. Bakken: — But those are also tied to being able to receive the signal — the number of live days.

Ms. Morgan: — Yes but that's where we don't have any jurisdiction. It's federal government only. They provide the signal.

Ms. Bakken: — So then when an organization comes to you, and wants to be certified as a legitimate horse racing association, you have no part in that whatsoever.

Ms. Morgan: — Go ahead, Dale.

Mr. Markewich: — To receive grant funding, absolutely. So we'd have to . . . we would check . . . in the example you're mentioning with the First Nations Horse Racing Association, we check to make sure that they were legitimate, i.e. they're registered with the corporations branch, they have bylaws in place, they have a membership, and they represent horses.

In this case with the First Nations Horse Racing Association, they have over 80 members; they represent 140-some horses. Are they legitimate? We believe so, I guess.

Ms. Bakken: — Okay. Just another question. Last year, in the year of 2002, the First Nations Horse Racing Association did sign an agreement with Regina Exhibition Association for a certain number of race days, therefore the grant could go from Liquor and Gaming to Regina Exhibition Park. Just . . . I'm just wondering if you are aware that the actual agreement was signed on March 12, and giving them this authority. However, the First Nations Horse Racing Association was not incorporated until March 18, six days after the contract was signed. Does this cause you any concern?

Mr. Markewich: — No, it doesn't. We are aware of the dates, and it was . . . and our understanding it was just in process; it was just a administrative delay.

Ms. Bakken: — . . . of doing the paperwork.

Mr. Markewich: — Yes. The First Nations Horse Racing Association, all their members were formerly members of the HBPA (Horsemen's Benevolent and Protective Association) which is a thoroughbred association. They felt that they were . . . their views weren't being represented. They created their own group, and it took them just a few days to . . . extra days to get their paperwork in order.

Ms. Bakken: — Did it have anything to do with the whole issue around that . . . a contract was not being . . . was not reached with the standardbred association, and there was a need for an association to come into Regina, and this was to expediate that.

Ms. Morgan: — Well I don't know if that was a specific reason. I mean, we're not at the table when the exhibition associations negotiate their contracts with the horsemen. You could ask somebody at REAL (Regina Exhibition Association Limited) if that was the case. I honestly couldn't say. We knew that . . .

Ms. Bakken: — So you play no part in this?

Ms. Morgan: — No.

Ms. Bakken: — Liquor and Gaming played . . .

Ms. Morgan: — No.

Ms. Bakken: — . . . no part in the arrangement between First Nations . . .

Ms. Morgan: — No.

Ms. Bakken: — . . . and signing a contract?

Ms. Morgan: — No. The only thing we do is we approve the race days. I sign the certificate that confirms the race days and we pay grant monies. We are not part of any negotiation between the Horsemen's Association and exhibition associations.

Ms. Bakken: — So there is no due diligence to ensure that the money that is being turned over to the exhibition associations in Saskatchewan, that it's actually being used for the appropriate reason that it was given. This money is earmarked to further the horse racing industry and for purse money, and there's nothing done by Saskatchewan Liquor and Gaming; you just hand the money over and you have no input into how it's spent, if it actually goes to where it was supposed to? Do they give you . . .

Ms. Morgan: — An annual accounting?

Ms. Bakken: — Exactly.

Ms. Morgan: — No. What we will do though is we will perform audits. Our audit division audits from time to time. I can't say that we do it annually, but we certainly audit to make sure that people who receive monies from us are spending the monies appropriately and that it is being used for horse racing in this instance.

Ms. Bakken: — When was the last audit of Regina Exhibition Park and . . .

Ms. Morgan: — Gosh, I don't know. Dale, do you know?

Ms. Bakken: — . . . Prairieland performed?

Ms. Morgan: — We could find out. Yes. Go ahead.

Mr. Markewich: — If I can add to that. We don't pay any money to an exhibition association until they actually incurred the live race day. And our officials are at the track for each race. We have a number of employees who ensure the races are being conducted according to the rules of horse racing and that basically the races are fair.

And so what they do, after they have the race, they'll submit an invoice for the appropriate purse money and operator money. And after we, you know, we verify that, you know, everything is correct, we'll cut its cheque for them for that race day. But they don't get a cent until they actually race it.

Ms. Bakken: — And the dollars go directly to the exhibition association . . .

Mr. Markewich: — Yes.

Ms. Bakken: — . . . and then they in turn pay the appropriate associated purse.

Mr. Markewich: — They pay them first, then we reimburse them. So they'll pay the purse money out right after the race and then they'll submit a bill to us. And we'll verify who the winners were and things like that and then reimburse them for the actual cost of what was appropriated for that race day.

Ms. Bakken: — In I believe it was 1996, the minister appointed an advisory board for horse racing in Saskatchewan and they had in one of the . . . I don't have it in front of me, I guess. The Saskatchewan Horse Racing Breeding Advisory Board . . . And reading from the annual report:

Plans to reinvigorate the industry continue to be reviewed by the Saskatchewan Horse Racing and Breeding Advisory Board. The board was appointed by the authority's minister in 1996 with the goal of developing a long-term strategy of innovations for enhancing the strength and viability of the horse racing industry in Saskatchewan.

And following that there was a study commissioned of which I have now attained a copy, it was very hard to come by. Could you please tell me what if anything happened because of this report that was commissioned by the advisory board, which was appointed by the minister?

Ms. Morgan: — Okay, Jim, go ahead.

Mr. Engel: — Sure. Thanks for the question. Mr. Chair, the advisory board that was set up by the minister in 1996, as the member noted, was intended to provide some advice and make some recommendations about reinvigorating horse racing in the province. They did undertake a study which the member has a copy of there and there were also, I guess, other efforts that that committee made over a number of years.

The common theme of most of those recommendations and most of those studies that came forward advocated direct subsidization of the horse racing industry in the province similar to what had been undertaken in other jurisdictions, notably Alberta and Ontario. The view of the government throughout this period was that it was not in a position to provide further direct financial assistance to horse racing beyond the return of the parimutuel grant that is returned every year, which is — the amount varies year over year — but typically about \$1.5 million.

So as, basically as a result of the initiatives that that advisory committee put forward, there was never, there was never a decision taken by government or by the SLGA to provide further subsidization of the industry and that was again for a variety of reasons. But unfortunately most of the initiatives that the industry put forward all revolved and all hinged around providing additional direct subsidy from government or from the authority.

Certainly the expectation at the time when that committee was set up, it was hoped that bringing all of the interests in horse racing together into one room and into a common process would allow for — I'm just, I'm trying to . . . a more delicate way of saying this — but basically getting them to work together rather than be vigorously fighting turf with each other. That process unfortunately didn't work and by the time 2001 arrived, some of the members from that committee had actually withdrawn from the process because of the inability of those different interests to come together and develop a cohesive plan for improving horse racing in the province.

So I think that's a fairly long answer, but I think the short answer would be as a result of that board's activity and some of

the reports and studies that were done, there was very little substantive that came out of that process other than a request from government for additional subsidization.

Ms. Morgan: — And I would just add, Madam Member, that this committee ceased to exist in January of last year. And at that time, just before the committee's appointments expired, the Chair provided a report to the minister but it was not a report that they all supported. As Jim has just said, some of the members had resigned from the committee and there was not a consensus around the recommendations in the report — other than they wanted government to provide, as Jim says, more direct funding.

Ms. Bakken: — And so whose decision was it to disband the board?

Ms. Morgan: — The appointments just expired. They had been appointed under a minister's order and, because at least two members had resigned and the committee couldn't agree, it was thought that there was not much point in reappointing them because their recommendations weren't supported by all members of the committee.

Ms. Bakken: — Ms. Morgan, what do you see for the future of horse racing in Saskatchewan?

Ms. Morgan: — Oh, that's very difficult to say. I think the, you know, the consolidation of racing in Saskatoon, for urban centres, has been thought to be the way to go here for some time.

The reality is that the public today is really interested in selecting casinos, slot machines, and VLTs as the game of choice. There's less than 5 per cent of the people in this province involved in horse racing — either betting or members of the industry. It's not the popular sport that it once was. And this is reflective of every jurisdiction in the country. Fewer and fewer people are choosing horse racing, and they like the glitz and glamour of casinos and VLTs and slots.

And this is a challenge not just for the horse racing industry but it's one, too, that the bingo industry is experiencing. And we are trying to develop some ideas through a province-wide committee on that front.

But this is just a reality, and to try and predict where we'll be even a year from now I think is virtually impossible. But we're hopeful that with the consolidation in Saskatoon that that will really be helpful because Saskatoon believes that they can really make a success of horse racing there.

Ms. Bakken: — I guess, you know, the whole issue around the horse racing industry is that it is an industry in Saskatchewan. And the whole premise of what we've heard from the Premier in the last few months is about keeping people in Saskatchewan and not giving them more reason to leave.

And from talking to various people throughout the province, there have been some 50 horse racing families that have literally picked up and moved out of Saskatchewan because of the industry not being able to survive here and a lot of the blame has been put around the lack of support from Liquor and

Gaming. And fair or not fair — you know, some probably is and some isn't.

And there was, you know, this spring because of the lack of ability for them to be able to use the facilities in Regina and the whole issue that horse racing was going to be closed or shut down in Regina caused several more to go to Alberta to train because they could not even train here. And speaking with people that supply the industry are very concerned about how long they are going to be able to support their business and their employees.

So I'm just wondering if there's been any direction given by government, by your minister, to try and find a way to support this industry and keep it in Saskatchewan or is it being written off?

Ms. Morgan: — Well I don't think it's been written off. There's been no direction from government that the monies that are available for horse racing should be increased. No. None. The government continues to make a commitment to refund the parimutuel tax.

Ms. Bakken: — From Liquor and Gaming, is there any belief that . . . I believe it's the \$2.3 million that comes from Casino Regina, also to Exhibition Park, and there will now be funds as well in Saskatoon should the casino go ahead, that will be disbursed there as well. Is there any belief by Liquor and Gaming that this should have, in any way, an impact on horse racing being supported by the exhibition associations that receive these funds?

Ms. Morgan: — I don't know as we've had formal discussions around that. Well I know that I haven't had with the exhibition associations.

I think it's fair to say that SLG (Saskatchewan Liquor and Gaming Authority) would be willing to look at a number of options if we thought something would work; if the industry really thought something could be done.

And Jim, who has had more to do in the negotiating area than I with the Saskatoon exhibition association, may know more about that.

Mr. Engel: — Just perhaps a bit of history on those . . . the keep whole funds that flow to Regina Exhibition Association — the \$2.3 million that the member referenced. Those funds are specifically given to the exhibition association as compensation for their closure of a casino that had operated on the grounds and that was impacted by the opening of Casino Regina.

The revenue that the exhibition association had earned from the casino operations when it was operating a casino had no restrictions in terms of what the exhibition association could use those funds for. And so the money that is now being paid by the Gaming Corporation directly to Regina Exhibition Association as compensation for that lost casino revenue also has no restrictions on it, in that there is no, no obligation on Regina Exhibition Association for what they may choose to use that revenue for, whether it's to support horse racing or whether they choose to use it for any of the other programs or functions that the exhibition association conducts as part of its operation.

I think the view — again, not wanting to speak for Regina Exhibition Association — but I believe that their view would be that they have tried to the best of their abilities to make horse racing viable in the community. And they for many years have been losing money operating horse racing at the site here. And I don't know that they would be necessarily inclined to take money that is currently unencumbered, that they receive as a keep whole compensation for their past casino operations, and dedicate any of that revenue to supporting horse racing.

Again, I don't want to speak for them but I suspect if that question were posed to them, that would be their response. And at the end of the day that is ultimately their decision in terms of what they use revenue that they have coming in, and what programs they wish to support or subsidize with that revenue is a decision that they alone make.

Ms. Bakken: — Just one question and then I believe Mr. McMorris has a question.

I've heard it . . . You stated just now and I believe others have stated this as well that Regina Exhibition Park loses money on horse racing. Have you had any . . . Do you have anything to substantiate that? Have they shown you the figures that actually back that up, that they are losing money? They are receiving 1.6 . . . or a portion of the 1.6 . . .

Mr. Engel: — . . . portion.

Ms. Bakken: — I believe it was 1.6; now it's \$1.3 million from Liquor and Gaming. They also receive, you know, money from Casino Regina. Now whether, you know, they use that or a portion only of that to go towards furthering horse racing, they also receive funds from the shows that they have and from the barn rentals and so on. Do you . . . Have they showed you how they can justify that they can say that they are losing money at Exhibition Park actually on horse racing, or is it from other avenues that they're engaged in?

Ms. Morgan: — Well they have first informed us . . . They don't show us their financial statements per se, but both the executive director, the former one, Doug Cressman, and the current president of the board, have told us that they do not make money on horse racing and, I mean, our inclination is to believe them in that regard. We've never asked them to give us proof that . . . Quite frankly, they're not required to.

I mean, if they say they're losing money, we have to take them at their word. They're not obligated to give us an accounting until they send us the invoices for the various races that are run, and we pay them after the fact.

So, I mean, we have the invoices, but then they have a number of extra costs like the power for the barns and people that clean the barns. And Doug Cressman had a long list of costs that are corollary to horse racing. It's not just the purse and keeping the track raked, but it's all of the other costs as well.

Ms. Bakken: — But just so we're clear on this — that there's money that goes directly to the exhibition association for their costs, as well as there's money that goes for the purses. So it's not one and the same.

Ms. Morgan: — The only money they receive from us is their portion of the \$1.3 million grant.

Ms. Bakken: — Exactly. But part of that is directly earmarked for the exhibition association and for their expenses. Am I correct? And the rest, and then the . . . And dollars are also earmarked for the actual purses.

Ms. Morgan: — Yes.

Ms. Bakken: — It's not the purse . . . The expenses do not come out of the purse money. Correct?

Ms. Morgan: — No, no. What is the total amount of money we gave to exhibition association last year?

Mr. Markewich: — It would have been around 500,000.

Ms. Morgan: — I was going to say 500,000.

Mr. Markewich: — Usually about 40 per cent of the money given to them is for operator and about 60 is purses.

Ms. Morgan: — Purses.

Mr. Markewich: — So when the races are determined, a purse structure is developed and that's what's paid out; that's what we reimburse.

The Chair: — I have Mr. Huyghebaert. Mr. Prebble was on there and Mr. McMorris.

Mr. Huyghebaert: — Mine is not relating to the horse races.

The Chair: — Yours is not related to horse . . . Yours is related to horse racing? Okay, you go to the starting line.

Mr. McMorris: — Thank you, Mr. Chair. Just one quick question on the parimutuel tax and you're saying it's 1.3 million. So that's money that comes in that the horse racing industry pays into the government and it's really a bit of a . . . it's a run through, is it? Is that how that works?

Ms. Morgan: — In essence, it's the money that's waged . . . the tax on money waged.

Mr. McMorris: — Tax on monies waged coming into government, then turned around and . . .

Ms. Morgan: — And just paid right back.

Mr. McMorris: — . . . redistributed back to the horse racing. And so that number of 1.3 million will fluctuate depending. . . And I mean as you're saying, a number of years ago it was probably quite a bit higher and it's gradually dropping down.

Ms. Morgan: — Yes, it's dropping.

Mr. McMorris: — And so then you just pro-rate that then per race day. Like you pay that out, the 1.3 according to race day and however many there has to be — well, I guess there doesn't have to be 50 — but however many race days and then you calculate that out and pay it back.

Ms. Morgan: — Yes, to the exhibition associations and then there's money to each of the horsemen's associations as well; 80 per cent . . . What's the breakdown, Dale?

Mr. Markewich: — Sixty per cent of the money is for purse, purse support and 40 per cent for operator. Right now in our current grant formula, we allocate \$7,000 per day for live race day for operator support. So in Regina, for example, if they were to race this year, they would . . . if they were going to race in — I think they had 12 days scheduled this spring or for the summer/fall meet — they would get \$84,000 for operator support. And then the purse money available is negotiated with the horsemen's groups because sometimes they would like higher purses.

If they want higher purses, then that means they have to race fewer days because there's only so much money available. If their priority is to race the higher . . . more days, then the purses obviously are going to get smaller because there's just a fixed amount of money available.

Mr. McMorris: — But that's up to them.

Mr. Markewich: — That's up to them.

Ms. Atkinson: — Given that Prairieland Exhibition is in my constituency, I just have a question. Can you tell me when we entered into this agreement where we basically rebated the wager . . . wagers, what year was that? When did we begin that?

Ms. Morgan: — It was in the mid-'90s.

Mr. Markewich: — The mid-'90s.

Ms. Morgan: — 1995, '96, somewhere in that area.

Ms. Atkinson: — So up until that time there was no subsidy basically from government for the horse racing industry?

Ms. Morgan: — No. That's correct.

Ms. Atkinson: — And can you tell me why government made that decision?

Ms. Morgan: — Not really. I don't know; I have to be honest with you. I can only assume that it was because the industry could see the writing on the wall with respect to, you know, the fact that the purses were dropping and the participation was dropping and they thought to keep the industry viable they needed government assistance and thus approached the government and whoever was the minister at that time made a recommendation to do this. It's the only thing I can think of.

Ms. Atkinson: — So up until that time those revenues that were from wagers went into . . .

Ms. Morgan: — The GRF (General Revenue Fund).

Ms. Atkinson: — The GRF. And the government made a decision in order to support the horse racing industry in the province to give that money back to the industry.

Ms. Morgan: — Yes.

Ms. Atkinson: — And in terms of the recommendations that were made from the advisory committee, can you tell us how much money they were requesting in additional support for the racing industry?

Ms. Morgan: — The last number that the Chair and I discussed was in the neighbourhood of \$7 million a year. So it would be 6 million more than they're currently . . . approximately \$6 million more than they currently receive.

Ms. Atkinson: — Okay. So it's the view of the horse racing industry in the province, I guess . . . And there was a split; that wasn't an unanimous move.

Ms. Morgan: — The horsemen didn't all agree and neither did the exhibition associations.

Ms. Atkinson: — Well the government is supporting the industry with 1.3 to \$1.6 million depending on the wagers.

Ms. Morgan: — The wagers.

Ms. Atkinson: — Per annum, they required an additional \$6 million in order to support the industry. Do you know how many people have horses that are raced in the province and what are we talking about in terms of the industry?

Mr. Markewich: — For which year? Oh gosh, in the year 2000, year ended 2000, for example, there were 334 standardbred. Now there are, in this last year, there's 211. It has been a steady decline.

And in the thoroughbred industry we've had . . . oops, sorry I was reading the licences. There's been about 450 thoroughbreds and now it's about 347. And standardbreds there was 306 in 2000 and now there's probably about 256.

Ms. Atkinson: — Right.

Mr. Markewich: — So that's . . . horses.

Ms. Atkinson: — Right. Yes, horses. So how many breeds . . . What are we talking about? How many horsemen are we talking about?

Mr. Markewich: — That will be the licences. Right now . . .

Ms. Atkinson: — Some people might have two or three or five or ten horses.

Mr. Markewich: — Right. In the year 2000 we had 334 horse licences issued. In the thoroughbred and quarter horse area, we had 664. In the last year, we had 211 licences for standardbred and 473 for the thoroughbred and quarter horse licences issued — less than 1,000, yes.

Ms. Atkinson: — Of that, how many would be, how many of those horsemen would be First Nations horsemen — do you know that?

Mr. Markewich: — Actually a large, a significant number of the thoroughbred, approximately well . . . I had mentioned earlier the First Nation Horse Racing Association has 80

members — approximately 80 members — and they represent about 130 horses. And they're thoroughbred, quarter . . . and quarter and speed horses.

Ms. Atkinson: — And the other association, how many members would they represent?

Mr. Markewich: — The thoroughbred? The standardbred I know, but the thoroughbred I haven't combined here. And I could find that information if you'd like.

Ms. Atkinson: — Okay, if you could. I'm trying to get a sense, if I have a sense of how many people work at the Prairieland Exhibition when horse racing season is on. So I'm trying to get a sense of how many people we're talking about, for the \$6 million additional grant that's being . . . that was requested.

Ms. Morgan: — Well we'll have to provide that information to you because we can only give you an approximation here.

Ms. Atkinson: — Right. Thank you. Thank you, Mr. Chair.

The Chair: — Are there any other questions with respect to horse racing? Okay.

Ms. Bakken: — Yes, thank you, Mr. Chair, I have a few more questions. I have a copy of a letter that was sent to Mr. Lloyd Holmes with HPBA (Horsemen's Benevolent and Protective Association) from Mr. Claypool on behalf of Liquor and Gaming. And this was June 6 of 2002. And he's . . . and it writes:

For the past several years the Government of Saskatchewan has reimbursed the entire amount of the parimutuel tax collected to the horse racing industry through a grant administered by Sask Liquor and Gaming. SLGA is reviewing the method by which the grant is allocated.

It is my understanding that originally the dollars did go directly to the horse associations, that they were not filtered through the exhibition associations. Is this correct, or not?

Ms. Morgan: — Go ahead . . .

Mr. Markewich: — No, it isn't. The money was never given directly to the horsemen's associations. What we did do though in prior years, we used to allocate money towards a breed. So we said well, so much money . . . because standardbred racing was up in the North and . . . sorry, in the South and the thoroughbred in the North. So we allocated money on a 60/40 split — 60 per cent went to the North and 40 to the South. So it was allocated according to a breed and the money never went directly to the horsemen — it was always filtered through the association after the race.

Ms. Bakken: — So that's always been. That has not changed.

Mr. Markewich: — That's been the case. Yes.

Ms. Bakken: — Okay. Thank you for clarifying that. I just have another couple of questions around the whole issue of TAB (telephone account betting) betting and if you could explain what that is and if it is taking place in Saskatchewan.

Mr. Engel: — Telephone account betting is basically a system where people have a pre-authorized account, if you will, to place bets at a remote track. So for example I, as in a person who might be interested in betting on horse racing, might be able to set up an account to wager on horse races at a track out of province. It's almost . . . If you think of it, it's a pre-approved account to make wagers.

There is TAB betting available in the province. This was something that was done at the behest of the horse associations. The concern we had with it frankly was that the legal opinions we received is that because technically the bet is made at a track out of province, then we are not able to collect the 10 per cent parimutuel tax on those wagers. We had some concern because effectively what this does is it takes some of the betting that might happen locally on a out-of-province race and it basically removes those wagers from the province and effectively the wagers are made directly at that out-of-province track. So as a result, there's a reduction of the parimutuel tax on those particular wagers.

But again, the horse industry . . . in their view this was something they wanted to see happen. They thought it would help invigorate people's interest in horse racing more broadly. And so at their behest we did in fact allow that type of betting arrangement to be set up in the province.

Ms. Bakken: — And what has been the result? Has it been negative or positive?

Mr. Engel: — It's very difficult to tell because we can't necessarily separate the declining handle on wagers in the province. We can't necessarily say how much of that is from telephone account betting versus how much of that is just people's continued decrease in interest in horse racing and wagering on horse racing.

Ms. Bakken: — And what horse associations actually wanted this? Could you give me . . .

Mr. Engel: — Well I'll have to confirm this, but my understanding is that was one of the few unanimous recommendations that actually came from the Horse Racing Advisory Committee.

Ms. Bakken: — From the advisory committee.

Mr. Engel: — From the advisory committee. So it was in fact all of the interests in the horse racing industry requested that of us.

Ms. Bakken: — And when did this start?

Mr. Engel: — Again, I'll have to check and I will confirm the date with you. I believe it was in 2001.

Ms. Bakken: — Just one more question around horse race betting.

It's my understanding that now in Regina at the Exhibition Park, when you, when you place a bet, teletheatre simulcast that — say you won \$100 — that when you went to collect your \$100 that they take a 10 per cent tax off of that.

Do you have any . . . Are you to . . . Do you regulate that or how do they . . . or how are they allowed to do that? And what has been the impact?

Mr. Engel: — You're correct. The local place that accepts that wager is entitled to retain a fee if they choose to for administering the access to that out-of-province racing. It is not something that we regulate, nor do we have any control over.

Ms. Bakken: — So they are free to do that.

Mr. Engel: — That's correct.

Ms. Bakken: — Simply because they are bringing the signal in.

Mr. Engel: — That's correct.

Ms. Morgan: — That's correct. The federal government gives them that authority.

Ms. Bakken: — The federal government gives them that authority.

Ms. Morgan: — Yes.

Ms. Bakken: — You have no say over that. Okay. Thank you.

Ms. Morgan: — It's kind of a complicated system, as you can see, because the federal government's responsible for a part of it, and we're responsible for a part of it.

Mr. Engel: — I should maybe just clarify that it just . . . technically it's not a tax. It is a fee withheld by that local, that local site — in this case, Regina Exhibition Association. It's a fee that they withhold to offset the costs that they incur bringing those race signals into the province from other races.

Ms. Bakken: — Thank you. I guess it's been expressed to me that, you know, it has caused many people that were betting on horse racing in Regina to go elsewhere because of that 10 per cent fee that is being charged. And so one more, you know, nail in the coffin, so to speak, for horse racing in Regina. So I just wondered if you had an authority over that. So thank you.

Mr. Huyghebaert: — Thank you, Mr. Chair. I just . . . A couple of questions. One may lead to another here.

I'd like to go back to the assistant manager mentor program if I could, just for a couple of minutes. Just to clarify for my own edification, I believe I understood that you said that it's an 18-month program, but once that program was finished then another four people would come in to be, also entered into the mentor program?

Mr. Weber: — That's correct.

Mr. Huyghebaert: — Is this a continuum?

Mr. Weber: — Yes. It's been set up now as an internal development program, as we mentioned before, for succession planning, and to provide managerial development and training for our staff.

Mr. Huyghebaert: — Okay, that's . . . that kind of clarifies because I was wondering if there was an end date. I mean, if you only have four managers in the province, is it the intent to train how many managers for succession, or what's your anticipated rate of succession? If you're going to mentor program 100 managers, or . . . with knowing full well that there's only four managerial positions in the province . . . And I'm trying to get a sense for what the program is doing, or if everybody wants . . . is going to be trained for the highest level of managerial positions in the province.

Ms. Morgan: — Yes. Well I think the reason we've done this is the reality for us is that during the next decade — and it's already started — we will turn over approximately 40 per cent of our workforce at SLGA. And we realize that we have a real . . . a challenge ahead of us with respect to training the managers of the future. So thus I think we haven't assigned an end date to this simply because we want to provide as many opportunities as we can for people to avail themselves of this training such that eventually we will have our managers trained as these jobs that become available during the course of the next decade.

Mr. Huyghebaert: — Thank you, Mr. Chair. And just a follow-on question to that. It would be to me the obvious question. If somebody is removed from their position to advance into a managerial training, I assume that the position is backfilled, their position is backfilled, and it's backfilled all the way down the line. So in other words, there's . . .

Ms. Morgan: — Somebody else getting an opportunity to do a job they . . .

Mr. Huyghebaert: — You've got four more permanent positions within the organization because you're always going to have four people in the managerial mentor program.

Mr. Weber: — Well that's correct, but the . . . at the entry level positions those usually aren't backfilled 100 per cent; they're filled on a part-time basis. So yes, and it provides . . . it's kind of a cascading development program because as we train the assistant regional managers, the skills they're learning are not just specific to the assistant regional manager position. They're general managerial skills. And the people that are backfilling for them get an opportunity to develop as well in their positions, and so on down the line.

So . . . and we'll continue to assess the program. The point is well taken that how many people do you train. We do our training assessment on an annual basis, and set our targets for the type of training that's required.

This is the first four to go through. I envisage having a number . . . four more for another program. After that we'll assess the program, see what the impact is, and make decisions on that basis.

Mr. Huyghebaert: — Thank you. That's all I have on that one then, Mr. Chair. I have one more related . . . and I don't know if I can get an answer to this or not. It's more of a local issue. Apparently there's a brand new liquor store being constructed in Gravelbourg. And I get numerous questions about why. The one there, to the people that utilize it say it's a perfectly good

liquor store and now we're just taking money and building a brand new one in Gravelbourg. And I'm wondering if you can help me out by providing me with some answers when I get calls from constituents about this — what the rationale for the liquor store in Gravelbourg was and the costs associated.

Mr. Weber: — The rationale for the store in Gravelbourg . . . The existing store, as you probably know, was originally constructed as a theatre in the 1930s. And as we go through, have gone through and have been in that store — I think we've been in there since 1951 — the store has started to deteriorate. We had some problems. There's a crawl space underneath it and there's some problems with the building itself. So we looked at it and there was a substantial cost associated with having to repair the building.

And also we'd been approached by the community of Gravelbourg saying, look, we want to revitalize and try and improve our downtown and attract more businesses. And they asked us if we would consider, if we were going to consider replacing the building, to work with them.

So when we took all of those factors into consideration, we felt that the best business decision, rather than sink more money into a very old building to repair it, was to build a new building. And that would also give us the opportunity to better market our programs, improve the selection because we were limited in space in the existing building. So we will be able to increase the product selection, improve the customer service and give the, not only the citizens of Gravelbourg but the surrounding area a better service. And that was the rationale behind it.

Mr. Huyghebaert: — And was there a cost . . .

Mr. Weber: — Roughly \$600,000 will be the cost to build that, and we will own that building. And that will be amortized over the useful life which we used as 40 years.

Mr. Huyghebaert: — Thank you for the answer. That's all I have, Mr. Chair.

The Chair: — I have Mr. Prebble and Mr. Wall.

Mr. Prebble: — Thanks, Mr. Chair. All of my questions relate to video lottery terminals. And so if there's any officials that want to come forward in that regard, just please do if they need to.

But I have a good deal of concern about the operation of video lottery terminals and I'll just say I'm speaking personally and not on behalf of anyone other than my own constituents and myself. But I have reservations about the direction that we're going with respect to the VLT program in the province and the impact that VLTs are having, that I see VLTs having on the lives of my own constituents and their families. And I've had a lot of people come to me with concerns in this regard.

My first question is, do we . . . I see that we're taking in now revenues, in the latest year under review, provincial net revenues of 180.16 million. Do we know how many . . . Do we have an estimate of the number of Saskatchewan people who are using video lottery terminals in the course of a year in the province? It must be a hard thing to estimate, but I'm

wondering if there is an estimate.

Ms. Morgan: — Go ahead, Jim.

Mr. Engel: — Actually the gambling prevalence study that the Department of Health undertook last year did ask people, as part of that survey process, what forms of gaming they had pursued in the past year. And working off of memory here, I believe the number of people that had played VLTs was around 20 or 25 per cent.

I actually have a copy of the prevalence study here, so perhaps as you ask . . .

Mr. Prebble: — Sure. Why don't you . . .

Mr. Engel: — . . . further questions I can . . .

Mr. Prebble: — . . . just take your time. Yes.

Mr. Engel: — I'll be able to find that number and give that to you exactly.

Mr. Prebble: — Sure. Yes. And any of these questions, if you'd like to just take notice and report back, that's just fine . . .

Ms. Morgan: — Okay. That will be fine? Okay.

Mr. Prebble: — . . . because there's no rush on this.

But I'd like to get a sense of our best estimate of how many people are playing VLTs. Because that's a consideration both with respect to impact but also with respect to respect for the users.

And I'm wondering . . . I'd also be grateful if you could report to us either now or at a later date on the estimates about what the average spending per year per user is, which I would think has to be getting up in at least the \$400 per year range. Does SLGA have any estimate of that? Among the users, what's the average amount of money spent?

Mr. Engel: — If I can perhaps provide, I guess, just to clarify that as the operator of the program, of course, we know when someone is playing a machine but we have no way of tracking whether it's the same person coming to the same machine.

Mr. Prebble: — Yes. Of course.

Mr. Engel: — There is no window on the machine or identification process that allows us to link a particular user to any given machines.

Again, based on the research from the prevalence study . . . Now this was a sample that is considered to be statistically significant, of all adults in the province. And of that adult population, 17.7 per cent participated in VLTs in the year of the study. Approximately 13 per cent of those 17 per cent indicated that they gambled weekly at a VLT and the median monthly expenditure estimated by those individuals who indicated they did play VLTs was reported to be \$15 per month.

Mr. Prebble: — Now has SLGA done any examination of

what's happening with respect to the, say the top 10 per cent of users, in terms of amount of money being spent? In other words has SLGA in co-operation maybe with other departments looked at all at, you know, the most frequent users, what their income profile is and how much, what percentage of their income they're spending on VLTs in the course of a year? Has there been an examination of this?

Ms. Morgan: — Well again the only detailed examination is this prevalence study that the Department of Health undertook that we supported, certainly. But we have . . . the average spend per player, I think it's fair to say all we have is the information in this study. We've not done any specific work by ourselves in that area.

Mr. Prebble: — So we don't know then . . . as the regulatory authority you're not able to estimate what is actually happening on the ground in terms of the frequent users and how much of their income they're actually spending on VLTs?

You know for instance let's say I'd be interested in whether we have any information on how many people are spending more than \$5,000 a year, how many people are spending more than 25 per cent of their income on VLT use — you know is that 100 people, is that 1,000 people, is that 5,000 people? It seems to me we need that information if we're to assess the impact of video lottery terminals. I've read that study but there's a lot of questions that that study doesn't answer that I think we need to know. And I'm wondering, is there plans for further examination of this whole issue by the department?

Mr. Engel: — I guess two comments. Of course the difficulty . . . I guess the short answer to your question about the VLT and the amount of plays the shorter answer is no, we don't have that information, similar to how we don't have that type of information for people who play lottery tickets or go to casinos.

Again the challenge in doing any type of study, significant study of that subject, is the lack of identification of individual players. The fact that we have . . . we don't require and there's no expectation that we would sort of implement some, some type of player identification system where people had to tell us who they were before they started playing the VLT or before they bought the lottery ticket or before they went to the bingo.

In answer to the second question about work that we're doing, we do have an ongoing relationship with the Department of Health where we meet with them regularly to discuss issues around problem gambling. We're certainly very much relying on their expertise around the nature of gambling problems and how to best address those.

So I guess that's somewhat of a mixed answer. We don't . . . there isn't a specific project or program in mind in the near future to look specifically at high-VLT players. At the same time we are on an ongoing basis working with the Department of Health looking at problem gambling more holistically.

Mr. Prebble: — Could I ask, Mr. Chair, could I then ask that the . . . that SLGA in co-operation with the Department of Health look at such a program? I would very much like to see an examination of what . . . I would like to see SLGA and the Department of Health work together to look at the high-end

users of the VLT system, the people who . . . And try to get some handle on, in terms of the 10 per cent of the most frequent users, how much money are they spending, what's their income profile. How many people do we think, in the province, are spending more than 25 per cent of their income on VLT use? Because when you start to get up into those kind of numbers, you're facing a very serious problem.

As part of this, do we track right now . . . Is there a relationship between SLGA and the Department of Justice in which we track . . . in which SLGA working with Justice tracks the number of crime-related activities that are connected to VLTs?

Ms. Morgan: — No.

Mr. Prebble: — Could I ask then, that as part of the study that this be done? Because again, I have a number of constituents coming to me saying, you know, somebody in my family has been engaged in criminal activity and it's VLT related.

I see the VLT issue, by the way, as a much bigger problem in terms of problem gambling than the casino. Because in the casino you've got, you've got a social environment in which people are monitoring what's going on in a way that doesn't happen in the context of a VLT where people are, essentially, unregulated, with the exception of the training programs that you're conducting for VLT operators about which I'm very pleased. I'll get to that in a moment.

But I would really like to see this examined in some depth, because I don't know how we assess the real social impact of VLTs without having access to this information.

Ms. Morgan: — Well we can have some discussions about this but, as Jim said, we have no mechanism currently to identify the players on VLTs short of the security cameras in a casino. But we can certainly have the discussions to determine whether there might be a mechanism. We can check with other jurisdictions to see if they do any such similar thing.

Mr. Prebble: — I'd be very grateful if you could do that.

Mr. Chairman, I have a couple of other questions in this area. And one is just clarification with respect to one of the benefits of VLTs and that is the revenues to non-profit organizations. Do you have an estimate now about what non-profit organizations in the province are receiving as a result of VLT revenues? Do we have any information in that regard?

Ms. Morgan: — SLGA doesn't. The Department of Finance may. The money doesn't come to SLGA — it goes directly into the GRF. So then how that \$180 million is apportioned, I couldn't tell you. I don't know.

Mr. Prebble: — Right. Okay. That's not something that SLGA is . . .

Have we had, has SLGA had any requests from communities in terms of a municipal governing body to phase out VLTs in their community?

Ms. Morgan: — No. In fact, usually the opposite — can we have more.

Mr. Prebble: — Usually the opposite is whether they can have more installed, yes.

Ms. Morgan: — Yes. There are never enough . . . (inaudible interjection) . . . That's true. Oh yes, thank you. Jim reminded me that we do allow northern communities, if they choose not to — I mean, if a community chooses not to, to not have them. Yes.

Mr. Prebble: — And are there northern communities who have chosen that?

Ms. Morgan: — Yes. Which ones again?

Mr. Engel: — I can confirm there are. We might have to undertake to get you the list if you're interested.

Mr. Prebble: — Yes, if you could get the list I'd be interested. Actually that would be very helpful.

And are . . . In terms of the training program, which I want to thank SLGA for undertaking, I noticed that there were six sort of training workshops held in the latest year under review. As part of that, are establishments . . . Do we have a policy that limits the amount of time that somebody can spend at a video lottery terminal in a particular establishment?

Ms. Morgan: — No.

Mr. Prebble: — And do any establishments set limits on the amount of time that people can spend?

Ms. Morgan: — Not that I'm aware of. Not that I'm aware of. What we do have on these new machines that are currently being installed are a number of problem gambling software programs that things will pop up. Like now we are going to have a real time clock that'll tell you how much time you've been on that machine. It'll show the wagers in dollars as opposed to credits. There's going to be a pop-up reminder of how long you've been playing. And then as well the banner, the responsible gaming message that will run across it.

So those are the only things that the machines have, and we do not have any restrictions with respect to play.

Mr. Prebble: — I'm glad to see the machines are being installed with these provisions. I think that's very positive.

Ms. Morgan: — Yes. And training for the new machines is underway as well. It's a very aggressive training period here.

Mr. Prebble: — Is there any consideration being given to instructing operators of VLT establishments to place a limit on the amount of time that patrons play the machines?

Ms. Morgan: — No. I can honestly say we have not discussed that at all.

Mr. Prebble: — So how do, how do the operators then actually identify people who may be having a problem with gambling?

Say someone spends four or five hours at a machine and has presumably spent a great deal of their month's income, how

does — in the training program — how does the operator . . . what actions is the local operator recommended to take with respect to assisting people who appear to be addicted?

Ms. Hanson: — The training that the staff and the owners go through helps them identify when someone appears to be having a problem with gambling, with gaming. And so that people who are working in that establishment are able to recognize if somebody is having problems. While they're not able to remove them or anything like that, the brochures are available right there. The staff are aware of information that they can give to the player to assist them with their problem.

Ms. Morgan: — It's not unlike someone who's been overdrinking in a bar. I mean the owner can encourage this individual to leave the premise; say you've been there long enough if it's a case of VLT, or you've had enough to drink.

It's very . . . you walk on careful ground here because it's . . .

Mr. Prebble: — Indeed. Yes.

Ms. Morgan: — Your rights under the Charter of Rights and Freedoms can get involved in a big hurry.

So we try as best we can to encourage, you know . . . The owner should encourage the individual to leave the machine and give somebody else a chance to play. Because usually there's quite a long queue, especially in the sites where there's only three or four machines. And they'll say, well you know, somebody else wants to play so maybe you should take a break. It's not any more sophisticated than that.

Ms. Hanson: — I think that's right across this country that people are struggling with how you handle excess . . . excessive use of a VLT.

Mr. Prebble: — I'm just worried that we're being very ineffective in handling excess use of VLTs.

You know in a bar a waitress can cut someone off and basically say at some point, I'm sorry, but you're clearly intoxicated and I'm not going to serve you any more. Do, in fact, we have situations where operators are being instructed to cut people off at the VLT?

Ms. Morgan: — We don't instruct them. We don't have the authority to instruct them, to cut them off. However we do have instances where owners pull the plug on the machine. And we know immediately when a plug is pulled, you know, because of the system we have. So that happens, I think, in very extreme cases.

But we currently don't have any legislative authority to dictate that someone should come off a machine at a certain point.

Ms. Hanson: — I think what owners are trying to do or what I guess current belief is, is that the better service you provide to the user — give them coffee, give them this, offer them this or that to distract them from the machine — is the way to go since we don't have authority in law to stop.

Mr. Prebble: — My last question relates to, in addition to the

gambling prevalence study that you've made reference to, what other work has SLGA done — possibly in conjunction with other departments — to assess the social impacts of video lottery terminals?

Ms. Morgan: — I would have to say that there's probably nothing we're doing specifically about VLTs. I mean there's work being done on the social responsibility of gaming in general. But not specifically VLTs.

But the doesn't mean that this might not come under some intense scrutiny this next little while because we are replacing all the machines. I mean all 4,000 . . . Well 3,600 replaced; 400 brand new ones. During the course of the next . . . the first year after they've all been replaced, I think we're going to have to do some assessment of a whole lot of things — the play on the machines, whether or not there's any increased revenue, that kind of thing.

So that's something that we could think about as we're thinking about how we're going to assess the reaction to these new machines, absolutely.

Mr. Prebble: — I would — you know and I'm just speaking personally; I just want to emphasize I'm not speaking on behalf of anybody other than myself as an individual MLA (Member of the Legislative Assembly) — but I, I do hope that in the year ahead, in conjunction with other departments, SLGA will look much more extensively at the social impact of video lottery terminals, at the impact on people's lives who are using them extensively; look at issues and maybe seek legislative authority — which is of course my responsibility to help facilitate — with respect to setting limits on time at machines. And I'm talking about reasonable limits; not, you know, not repressive limits.

But I think it's not healthy for people to be on a video lottery terminal all day. And so I think we should look at giving, clearly giving operators the right to cut people off the use of machines if they believe that they're, you know, at risk of spending their whole paycheque for the month.

These kind of questions I think really need to be examined. And I realize they're very sensitive questions with all kinds of, you know, issues around civil liberties and human rights attached to them. So this is not a one-way street by any means.

But I think we are . . . I also think we need to get a better handle on what the real social impact of this technology is. And frankly, you know, personally I'm not a supporter of video lottery terminals; I would prefer to see them gradually phased down. I think it's, you know, it's not a . . . I don't think it's been a positive influence on society and our communities. I think it's having a very negative impact on a lot of people's lives.

And I think it's clear to me, you know, from the responses that we really don't have a handle on tracking what the social impact of video lottery terminals are because we've got no mechanism right now within government to relate the use of VLTs to criminal activity. We've got no effective mechanism to really sort of track the extent of health problems that might relate, the extent of family breakdown that might relate to VLT

use. And I think it is much more extensive than we're probably estimating in that, you know, in the little bit of study that we've done so far.

I think this is an area that needs a lot of work frankly. So that would be my suggestion. I hope SLGA will look at expending some money in this area in the coming couple of years.

Thank you very much, Mr. Chair.

Mr. Wall: — Thank you, Mr. Chairman. A couple of questions here. I'll ask them both; they're somewhat linked I guess.

But just prior to do that, I have a self-serving, parochial request of officials if they could provide some time, at some point in the future, just a breakdown of the number of VLTs in Swift Current, for example, and the amount of revenue that they generate for SLGA. I can see the global numbers here.

So the questions are these. Two major changes with respect to the retail of alcohol in the province of Saskatchewan here, actually in the year under review, in one of the years under review: the Sunday opening for board stores — and I beg your pardon, that's an old term for the Liquor Authority stores — and to the spirits at off-sale locations. So just really looking for an update as to how officials feel that is going, what they've heard perhaps from hoteliers, how does the union feel on both counts.

I heard about it walking into the store in Swift Current. You know not, frankly, not just overly concerned but just a sort of a heads up really, this what we're going to be . . . what's going to be happening now. And I wonder if you could provide just an update on how the different groups feel and how the authority feels about how those two developments are going.

Ms. Morgan: — Well you may be aware that we struck a committee in April of 2001 that we called the Rural Round Table and it was a committee of the Hotels Association, the Distillers' Association, the SGEU (Saskatchewan Government and General Employees' Union), SLGA, and the vendors, that's right. And it was to discuss issues about service delivery in the rural areas. And the outcome of that exercise in essence was moving to Sunday openings, the spirits off-sale for the hotels, and an increase in the beer selection that's available through vendors, and some . . . Oh, and our stores will, on specialty beers, sell them cold.

This was a compromise because all of the parties came to the table with, you know, a shopping list, but at the end of the day this was the compromise. And the Sunday opening piece for SLGA has been successful. Our sales on Sundays are quite good. Especially the Sunday before Christmas, the sales were very, very high. So the Sunday opening has been successful for us. We're reassessing the stat holiday opening, however, because it's not quite as good.

We met two weeks ago with the Hotels Association and they were pretty excited about the spirits off-sale. A number of their members had done a pretty brisk business before Christmas, because we started that on December 8, and they seemed to be quite happy with how that was going but we all recognized there haven't been enough months yet of the spirits off-sale

piece for them to really know the true benefits. And they also, the Hotels Association wants to do a publicity campaign whereby they inform the public that spirits are now available from hotels.

The vendors, they seem to be quite happy too with their increase or their ability to sell more cold specialty beers and we also increased the number . . . the kinds of beer that they can sell.

So on the whole I would say that all the parties . . . On the SGEU, again because they were a member at the table, they have not been unhappy about the expansion of spirits to the hotels.

There were trade-offs. The Sunday opening piece for spirits off-sale was in essence the trade-off there.

Now some hoteliers will . . . I'm going down to Estevan in a few days to meet with a hotelier there and he's going to give me information about how the Sunday opening has affected his off-sale business in particular; his beer sales, in particular.

But we purposely didn't change the hotel's ability to sell the cold beer. That's why the stores are not selling Labatts and Molsons, who have over 80 per cent of the market in this province. We are not going to sell their products cold. That will continue to be the purview of the hotels. And they currently have in excess of 70 per cent of the cold beer sales in the province and that's not going to change.

But I think only time is going to be able to truly give us a good idea of how this is all going. We opened the stores the end of July on Sundays. The spirits off-sale just went into place on December 8. So we all know that we need to have some time pass here so that we get a sense of how this is going to play out.

Mr. Wall: — Thank you very much. I'm a little surprised at the response that you've indicated from the SGEU because I think I've heard them on, their leadership on open-line shows and whatnot really not very happy at all about the spirits at off-sale. Thin edge of the wedge and all that sort of seemed to be their argument. So if you want to comment on that, fine.

And I'll just move to my last question then. It's not entirely related but I can't even repeat for you the amazing sort of, what I find to be really bureaucratic process, as it was explained to me, for somebody who has a brew pub and wishes to sell their beer to retail or off-sale their beer, I guess. It was outlined to me and I don't have . . . I mean, I made notes and I don't have them with me. And I can't remember the steps that they all have to go through in terms of, you know, going from their place — usually a restaurant and a pub combined — to a store, to find a Liquor Authority store and all the things you have to go through. And if you want to highlight what the process is, that's fine.

But are you working with those in the province in the brew pub industry to streamline how it is they could possibly market their products that they're making off-sale, the beers that they're making?

So those two. The first one a comment about SGEU and then

the other about off-sale . . .

Ms. Morgan: — Yes. With respect to the SGEU, I would just say this. Our SGEU at SLGA is a different bargaining unit from executive government SGEU. And the SLGA SGEU are totally fine with the Sunday opening and with the spirits off-sale. I mean, as I say, they were at the table. Our bargaining unit was at the table when we were negotiating all this.

I know that what I call the big SGEU, which is executive government SGEU, who wasn't there, may not have had the same kind of understanding and . . . a clear understanding of the dynamic at the table when all of this was negotiated.

So the president of our union and her members . . . I mean it even has a . . . they call it a privatization committee, they're totally . . . this is not a problem, it was all fine. So I think maybe the members that you heard on the radio might be the other SGEU, yes.

And with respect to the brew pubs, the answer is yes, we are doing some work here because we know this is very complicated. And I'll let Jim speak directly to this because it's his area that's been doing that.

Mr. Engel: — Sure and just maybe a little bit of, Mr. Chair, a little bit of background or context might be helpful here. There was a time — and this is going back 50 or 60 years ago — where there were things called tied houses where beverage alcohol manufacturers were tied with a retail outlet. So for example, some . . . many of the large breweries owned and directly operated . . . Or if not directly owned they had a very significant control over taverns where people could consume beverage alcohol.

The feeling of most governments at the time was that that was not appropriate and not acceptable because there were serious impediments to fair competition in that environment. So what happened in the late '40s, early '50s, Saskatchewan, like many other jurisdictions forced all of the beverage alcohol manufacturers to get out of those arrangements. And we specifically precluded a manufacturer of beverage alcohol also owning or operating a place that sold beverage alcohol for retail.

And you flash forward to 10 or 15 years ago where, with the advent of . . . And I should say that the provincial regulatory environment very much reflected that prohibition, that there could not be a direct tie or a direct link between the manufacturer of beverage alcohol and the retail sale of it. You flash forward to 10 or 15 years ago with the advent of brew pubs, which is a concept that I would think most people . . . That notion of a small-scale craft brewery was something that in the 1940s, 1950s no one had contemplated.

And clearly there's a restriction right now where . . . there are some restrictions right now around the sale of beverage alcohol from one commercial permittee, which is a brew pub that's manufacturing it, to another commercial permittee that's going to retail it. And again it's all related back to this broad concept of trying to avoid the notion of a tied house.

As an interim measure, what we have allowed is for brew pubs

to sell their product through us to other commercial permittees. So a brew pub . . . Maybe I'll back up. A commercial permittee that wants to sell a local brew pub's product can approach us and place . . .

Mr. Wall: — Not off-sale; this is just inside their establishment?

Mr. Engel: — This is inside their establishment. They can approach us, place a special order, we will then approach that brew pub and we will fill that special order. So effectively the beverage alcohol is not being sold directly from the brew pub to the commercial permittee, but it's being sold from the brew pub to us and then we sell it to the commercial permittee.

Now understandably many of the brew pub operators that are involved in this arrangement find that cumbersome. They would like to be able to direct sell. We're currently reviewing that arrangement and we'll, I guess, we'll consider different options of trying to address this. I mean, as an overall theme we're certainly wanting to encourage the in-province production of beverage alcohol that's going to be sold either in the province or exported out of the province.

So I think we'll . . . It's fair to say that we're aware of the issue and we're trying, we'll be trying to come up with a mechanism and a process that will facilitate more in-province production as we go forward.

Mr. Wall: — Thank you very much. That's encouraging news, I think.

Just very quickly, I think the example that was . . . that struck me and, you know, just correct me if I'm wrong, was, it was a Saskatoon operation whereby the brew pub operator, the manufacturer of the beer, had, you know, other licences and, you know, other . . . he was a permittee under a different name.

And so here you had the spectre of the same owner, you know, wanting to sell beer to his . . . himself at another . . . at an operation at a different, you know, he was . . . where he was permitted differently, perhaps. And then he had the spectre of having to go through that. So, you know, that struck me as seemingly, you know . . . That's quite a bit of red tape, you know, in order to get one product from one end of your business to the other end of your business.

Mr. Engel: — It is. I guess two comments on that. Our licensing structure treats commercial permittees as independent operations so a premise is permitted, not necessarily the individual. And really the situation you describe is, on a small scale, exactly what governments across Canada and in fact North America specifically precluded 50 or 60 years ago — that you could have one manufacturer selling their product to themselves to retail at different locations. That was what governments back then specifically tried to preclude.

And I appreciate it's on a much smaller scale and there aren't . . . It's a craft beer; it's not large-scale production. But it is a very fair comment that our current regulatory framework doesn't reflect the reality of brew pubs very well.

Mr. Wall: — Thank you.

Ms. Bakken: — Thank you, Mr. Chair. Just on the same line of questioning around the whole issue of liquor stores, what do you have in place to guard against people who come to a liquor store and try to purchase liquor, who are inebriated or who are on a list that has been made known to the individual liquor stores that they should not be sold alcohol? What do you have in place around this whole issue of prevention of sale of alcohol to people that . . .

Ms. Morgan: — The short answer is if a person is inebriated, our staff are not to sell them liquor — I mean if they are noticeably inebriated. And I say that because we don't give them breathalyzers to determine if they're inebriated. But if they show any physical characteristics of being inebriated, then we are just not to sell them products at all.

And now with respect to a list of names. From time to time we will become aware of a certain individual who should not be sold products and again our staff are informed immediately and to . . . we do our best to make sure that that individual is not served.

Ms. Bakken: — So what are steps are actually taken in-store to train staff to . . . so that they do know the appropriate actions to take and how to identify this or . . .

Mr. Weber: — We have training programs for all of our staff and we put them through on a periodic basis, as well as doing in-store training as to how to recognize someone who's inebriated because there's sometimes a concern that someone who appears to be inebriated is in fact . . . has a disability.

So there has to be . . . we encourage the staff, for example, to go up and approach the customer, talk to them to see if they can smell alcohol or those kinds of things, and to use some discretion. And we encourage them to approach the consumer before they get to the till if we can because at the till if it's busy, sometimes the cashier has a hard time making an assessment.

But we try and go . . . we have videos that we have that were produced in other jurisdictions to deal with underage, intoxicated customers. But at best it's a judgment call in the sense of there are individuals who can be under the influence and are quite capable of functioning in a normal-looking fashion, and without some form of test you can't determine that they're intoxicated.

And so I wouldn't suggest that there's a 100 per cent solution, that everybody who is under the influence gets turned down. But we try and train our staff on a regular basis. And the store managers are responsible to make sure that new casuals, for example, coming on are trained, both for intoxicated customers to recognize and not to serve, and for underage consumers as well.

As far as a list is concerned, there used to be in the legislation an interdiction list but that went back to the days when you had to sign your name and put your name and address on a piece of paper to get the product. So you could see and check a list because you knew who the person was.

As the system progressed and went to self-serve and we got

away from the slips to, fill out the slips to buy alcohol, we had no way of recognizing the individuals.

In some cases we've been informed of individuals who have a problem. When that happens, we try and co-operate with them wherever we can. But you know, for example, someone will come in and say, my mother or my grandmother or whatever has a problem with alcohol. We really wouldn't like you to serve them.

In a small community where they're recognized and the staff know the people, we encourage them not to serve. But if someone comes into our stores who is over the age of 19 and is not intoxicated, we don't have any legal right to refuse service.

So we try and co-operate with them. We've gone to the extent of where that occurs, where . . . One situation, the family . . . We come up with a process that if that grandfather came in and purchased alcohol, we would let them know that a purchase was made so that they could follow up.

But we really are in a quandary because we can't, we don't have any legal right to refuse them if they're of age and they're not intoxicated.

So depending on the circumstance — and each circumstance is different — we try and co-operate with them wherever we can, but the mobility of society and the ability of people to move between liquor stores . . . And the issue is they can't . . . they don't only buy from liquor stores. They can go to the off-sale. They can go to the franchises.

So, it's very difficult to . . . Say, for example, someone in Regina. They may not buy from the stores in Regina. They may not buy from the hotels in Regina. They can go to Balgonie and buy at the franchise. So it's difficult to get a solution to that situation.

Ms. Bakken: — In the case where a family indicates to you that they have a member that they do not want liquor sold to because they have a problem and if they gave you a picture of this person, what would . . . how would you handle that?

Mr. Weber: — Well we've had a situation like that and we've done, we've circulated it to the stores that were affected — that we thought would be affected. And we've asked the staff to be more vigilant. But even with a picture, it's very difficult to identify a person at the . . . If they really want to come in there to disguise how they look with a scarf or a hat or whatever it is, it's easy to alter the appearance. But we try and co-operate wherever we can and increase the vigilance, but I wouldn't say it's 100 per cent effective.

Ms. Bakken: — So is there any onus on the employee should they sell liquor to someone who has been identified as not to be sold to or that comes in and is clearly, through your video cameras, inebriated? Is there any repercussion or . . .

Mr. Weber: — Employees, like anybody else under the Act, can be charged and we have had employees charged with serving minors or serving intoxicated people. Most of the time it's to do with minors. And in some cases, due diligence could be proven that they'd asked the person for ID before or the

person had given them false ID and was dealt with that way.

But the employees are subject to the law and charged. And then if it's a recurring, they're obviously subject to our internal disciplinary processes.

Ms. Bakken: — Further on that, do you deliver . . . Do you allow liquor to be delivered from liquor stores?

Mr. Weber: — Yes. We have five locations in the province that have COD (collect on delivery) service; that's been in effect for over 25 years. Regina, Saskatoon, Moose Jaw, North Battleford, and Prince Albert. It's primarily used for seniors and shut-ins. We don't advertise that process at this point in time.

The delivery people are couriers that we tender for and they're under contract to us. And we advise them as well that they're obligated not to deliver to minors and not to deliver, or leave product with someone who appears to be under the influence.

Ms. Bakken: — Well it's been brought to my attention that indeed liquor has been delivered to people that are minors; that there was no effort made to actually supply the liquor directly to a person that was of age; that the liquor was left on the counter; that there was, you know, no one actually claiming it, becoming in possession of it; and also that liquor is delivered to people in their homes who are clearly inebriated. So what . . . you know, how does Liquor and Gaming regulate this or . . .

Mr. Weber: — Well if we get complaints and we become aware of those situations, we would terminate the contract with the courier and that courier could be subject to being charged for making that service.

Ms. Bakken: — So you will make or you do make every effort then to work with family members who come to you and clearly state they have a problem and want to work with you to find a solution so their family member cannot obtain liquor at a liquor store.

Mr. Weber: — Yes, we make every effort but we can't guarantee that they won't get beverage alcohol.

Ms. Bakken: — Okay, thank you. I don't know if you want . . . I've got some more issues. Are we adjourning for lunch?

Ms. Atkinson: — Mr. Chair, is it our intention to adjourn for lunch and then come back?

The Chair: — Well, that depends on . . . (inaudible interjection) . . . Yes, okay, I guess we will at 12 o'clock.

Ms. Bakken: — Thank you. Just a few questions on VLTs. And referring back to when Mr. Prebble was questioning, I think you indicated that you have no way to find out what the social impact is of VLTs in the province. Am I correct in that assessment?

Ms. Morgan: — Yes, we are not doing any specific research on the social impact of VLTs. We do work with the Department of Health on gaming in general but not specifically VLTs.

Ms. Bakken: — Okay. Well I'd like to refer to a news release

from 1995 which is titled, "Government addresses VLT concerns." And at that time minister of Municipal Government, Minister Carol Carson, and minister of Liquor and Gaming at that time was Eldon Lautermilch, put forward this press release and I'll just read part of it:

(This was referring to) "VLTs (that) were introduced (in) to Saskatchewan (some) 18 months ago, at the urging of the hospitality industry and a number of rural communities," . . . "This was a new form of gaming for the province, and from the beginning the government has been determined that VLT expansion would be carefully controlled and regulated, and any social impacts would be dealt with in a thoughtful and sensitive way. After assessing the impact of 18 months of electronic gaming on the Saskatchewan community, we are announcing a number of decisions today respecting VLTs and related programs."

And then the adjustments were that there would be reduction at that time from 4,000 to 3,600 VLTs; 10 per cent of VLT revenues would be returned to local communities; and that effective April 1 of that year, 1995, the province's education, treatment, and prevention program for gaming addiction will be expanded to further implement recommendations of the Minister's Advisory Committee on the Social Impact of Gaming.

So at that time there was a decision, these three decisions were made because of the impact of gaming in the province, after assessing, it says, the impact. And we all know that since that time VLTs have been increased in the province. I'm not aware that the 10 per cent has been returned to local governments, and there is certainly an inefficiency as far as prevention programs for gaming addiction. We currently have no in-patient treatment for gaming in the province at all.

So in light of the fact that these announcements were made because, according to this assessment of the impact of electronic gaming, how can they not now be . . . they've never been implemented . . . or they were implemented, the 3,600 now has been increased, and yet you're telling me there hasn't been a social impact study done to show that we don't have a problem. These were because we did have a problem.

Ms. Morgan: — Yes, that's exactly what I'm telling you. We have not done any social impact studies in recent years, that's right. The PA Grand Council does have an in-house treatment centre in Saskatchewan now. And we are spending money on gambling addictions or the social programs in Saskatchewan, as I said earlier, about \$4.25 million. We recognize that there is a lot of people who think that's not enough. It is the highest per capita amount of money being spent anywhere in Canada. But I think, can we do more? The answer's always yes.

And no, I don't . . . The 10 per cent back to the communities was not implemented. It's 15 per cent to the site contractor and 80 to the province or . . . and that hasn't changed.

So as I indicated to Mr. Prebble, I think there is some work that can be done in this area. And especially now that we've increased the number of VLTs and they are different VLTs, I think we need to do some assessment in that regard. Absolutely.

Ms. Bakken: — And so when the 400 VLTs were added last year within weeks of the problem gambling study coming out saying VLTs were the most addictive form of gaming in the province and of course, in Canada, that was not taken into consideration when the 400 VLTs were added then?

Ms. Morgan: — I mean, at the end of the day the government makes the decision to increase the number of machines, and we will do work in this area. The prevalence study — and Jim can speak to this — didn't indicate that VLTs were necessarily the worst form of gambling addiction. Jim, do you want to speak to that directly?

Mr. Engel: — No, I think, you know, certainly a lot of commentators express that view about VLTs, but the data that was specifically in the prevalence study wouldn't necessarily lead one to conclude that VLTs were the only or even the most significant problem with respect to problem gambling.

Ms. Bakken: — Well I don't have the study in front of me. It's my recollection that that was the indication.

Mr. Engel: — Again, I think many commentators inferred the results of the study and came to that conclusion. But again, my . . . It's been over a year since I've looked through the study myself. But I don't believe there was a specific conclusion based on, again, the numbers that were reported. And we spoke about some of those earlier today in terms of, the percentage of people who play, the percentage of people of those who play weekly, and the amount wagered on an average weekly basis would not lead one necessarily to that conclusion.

Ms. Bakken: — Mr. Chair, if I might ask then, what was the conclusion?

Mr. Engel: — In my view, the overall conclusions were that gambling is very widespread in our society. Close to 90 per cent of people do in fact gamble in one manner or another. There were . . . There was a clear indication that some of the particular types of gambling — raffle tickets, lottery tickets, and so on — are very widespread. Upwards of 50, 60, 70 per cent of the population regularly participate in those forms of activity.

There was not necessarily . . . Again we'll go look at the table again during the lunch break, but I don't recall that there was necessarily a clear suggestion the average amount wagered for people who do participate in different forms of gaming was necessarily significantly higher for VLTs than it was for other forms. And in fact, there were other forms of gaming that were — again, based on the study results — that people on a weekly basis did in fact spend more pursuing those forms of gaming than they did for VLTs.

Ms. Bakken: — Thank you. And I too will look at the study and verify that.

One other question on VLTs: what is the percentage that is actually paid out in prize money?

Ms. Morgan: — It averages ninety-two and a half per cent. It fluctuates . . .

Ms. Bakken: — And when you say averages, what do you

mean by averages?

Ms. Morgan: — Well it fluctuates from as low as 90 per cent to as high as 93, I believe is the payout.

Ms. Bakken: — And has this been consistent since VLTs were introduced?

Ms. Morgan: — Yes. That's not changed.

Ms. Bakken: — And under the . . . The new VLTs will still have the same?

Ms. Morgan: — Yes.

Ms. Bakken: — And so . . . And then I think you said that 15 per cent stays with the . . .

Ms. Morgan: — The site contractor.

Ms. Bakken: — The contractor.

Ms. Morgan: — And 85 per cent to the province.

Ms. Bakken: — Eighty-five per cent to the province. Okay, thank you.

Mr. Huyghebaert: — Mr. Chair, can I have one just quick follow-up question on this payout of the VLTs?

The Chair: — You can have a quick question. I don't know if it'll be a quick answer, but go ahead.

Mr. Huyghebaert: — Well I think it could be a quick answer. Is the payout . . . when you say it's ninety-two and a half per cent, is that based on input dollars or is it based on credits?

Ms. Morgan: — It's based on credits, but this is . . . it's a complicated system as to how the payout in the machines goes. But it's fair to say that across Canada, in those jurisdictions with VLTs, we're all the same.

Alberta is at, I think, 89 per cent. It's lower for some reason, but ours and Quebec's and Nova Scotia's average about ninety-two and a half.

Mr. Huyghebaert: — Last, Mr. Chair, do you have a figure of payout percentage on input dollars?

Ms. Morgan: — I don't think so. I think we'd have to . . . we'll have to come back to you on that one. I don't think we have it on dollars. It's on credits.

Yes. If you look on page 29 of the annual report of '99-2000, it indicates the average prize payouts. So it's the value of credits won, prizes, over the value of credits played and it's equal to ninety-two and a half per cent.

Mr. Huyghebaert: — But my follow-on question was, is there a figure of input dollars to prize payout?

Ms. Morgan: — It's the same, in essence.

Mr. Lacey: — If you have the annual report for 2000-2001 in front of you, on page 31 of the annual report it provides information with respect to actual dollars deposited into the machines. I think perhaps that's what the member is getting at. And it shows that in 2000-2001, 710 million were input, physically input into the machine and 485 million were cashed out, pulled out of the machines.

And the ninety-two and a half per cent number that we're using here for this day is actually the credits. So basically every credit you play, you have, on average, a ninety-two and a half per cent chance of winning that credit on that credit wagered.

Mr. Huyghebaert: — Yes. That's it. Thank you, Mr. Chair.

The Chair: — We're going to break for lunch. We'll be back at 1:30. For those who want to leave their material in the room, the room will be locked. And you can check with the Clerk as to what time she will open it or you would like it opened up.

The committee recessed for a period of time.

The Chair: — Okay, we'll call the meeting to order and I believe, Ms. Bakken, you have the floor.

Ms. Bakken: — Thank you, Mr. Chair. I'd like to ask you some questions around casino gaming and particularly what, if any, training policy there is for the casinos in regards to dealers and pit bosses and so on.

Ms. Morgan: — We don't have any direct involvement with the ongoing day-to-day administration of the casinos but I do know that the SIGA casinos and SGC (Saskatchewan Gaming Corporation) have very extensive training programs for their employees. That is not something we would be involved in. It would be the responsibility of the . . . of SIGA and SGC. They hire all of the people who work in casinos. We don't have anything to do with that.

Ms. Bakken: — And so you have no input into the regulation of how they're trained and if they're following training procedures or . . . you have nothing to do with that at all?

Ms. Morgan: — Oh yes, they have to have . . . (inaudible interjection) . . . sorry, excuse me . . . (inaudible interjection) . . . Right, yes. We regulate the games that are offered in the casino to make sure that they're fair and that they have integrity. But it is the job and responsibility of SGC and SIGA to train the employees appropriately so that they can run the games appropriately. And we have inspectors on site on an ongoing basis to make sure that they're being run properly.

Ms. Bakken: — So that was my next question. How do you ensure that you have . . . inspectors, did you say?

Ms. Morgan: — Yes. We have gaming inspectors. There are 10 individuals in Saskatchewan responsible for inspecting our casinos, the seven casinos we have.

Ms. Bakken: — And do you, as the licensing body, set or regulate the house advantage?

Ms. Morgan: — Now that I don't know. Faye, do you know

the answer to that question?

Ms. Rafter: — House advantage is always a problem for us because it's really an infinite kind of measure and we have . . . I can't say that . . . I can say that we observe it at Casino Regina and it's something that we're working on. The Provincial Auditor has raised the issue with us about how we could be more precise about it.

The issue with using house advantage as the measure is that, if there's a poor player at the table, it throws the whole of the probability off. It's not a good measure of what's happening at the table because it's an indicator — it's a long-term statistical indicator. So it's not something that we concentrate on; I can say that. But it's something that we've certainly spent a lot of time talking about how we can do a better job of looking at it. We get the records from Casino Regina, from all of the tables, and certainly have done an assessment.

Ms. Bakken: — So if you don't have any input into the training to ensure that the people at the casino that are actually operating the tables, and are . . . the pit bosses and so on are trained appropriately and you don't have an ongoing monitoring of the house advantage, what control over do you have of the flow of dollars that are coming in and being paid out and what revenue is to come back to the provincial treasury? How do you know if that's correct, or . . .

Mr. Markewich: — I guess a little background. Like, before any table games in the province are approved — we approve all table games — we go through all the rules of every table game that's in the province. We compare them to industry standards, we determine . . . and that's really what determines the house advantage, and it's based on a perfect played game. But we approve all the rules.

And then their employees . . . every casino trains their employees to make sure that the rules are being followed. Our compliance people go out there and they make sure the rules are being followed as well. So we watch the games; we monitor how the play is . . . how it goes, how the . . . and that determines whether or not the employees are trained properly. If they're . . . you make recommendations for improvements and that ensures the rules of play have been followed.

Ms. Bakken: — So do you . . . like do you have the training policy? Do you give them the training policy for their staff? They do that themselves?

Mr. Markewich: — Yes, that's true.

Ms. Morgan: — We register the employees they hire, so therefore we have to be satisfied that the employees that they're hiring can do these jobs that there's . . . are being expected of them, that they have the qualifications to maintain the integrity of the games.

Ms. Bakken: — Okay. So of course when we talk about gaming, we're concerned about that there's, you know, fair . . . fairness on both sides, fairness for the people that are . . . the operators of the casino and for the dealers and so on. But there's also the whole issue of fairness for the player of the game. And, you know, there is concern around, you know . . . people that

feel that the games are not being operated appropriately, or that they are not . . . there's not a fair payout at the tables.

And I don't . . . that's why I'm asking these questions, if there is a training process, and a follow-up on that to ensure that actually the people that are operating the tables are adhering to the rules and regulations and that the house advantage is in line and the payout is in line. And I guess what I'm hearing is that you really have no way of judging that.

Ms. Morgan: — Well the answer is there are two checks. Firstly, the casino itself. The casino operation itself has a responsibility to make sure that the people that it hires are properly trained and qualified for the jobs that they do. And they have action that they take if their employees are not adhering to the rules of the game.

We have rules that they need to comply with, and our officers are inspecting on an ongoing basis to make sure that they are running those table games according to the rules. And if we find that they aren't, the games can be stopped, employees can be deregistered. There is action that we can take in that regard.

Ms. Bakken: — Okay. So I'd like to ask particularly about the game of roulette and how it is regulated. Are the dealers trained and if so, how? Do you know that?

Ms. Rafter: — Well the dealers are trained at the casinos. I mean they have a very specific training program on game rules.

When they would have originally applied for setting up a roulette game, they would lay out the rules of play, which would come to the regulator. The regulator would review them, would review them with the industry standards, would review them with all the information that's out there, and would approve a game.

The individuals who would run the game would be trained at the casino.

And we would go in as investigators. We have a checklist of things to review when we go in to review anything that goes on in the casino with respect to the games and the registration of employees and so on — to observe over a period of time, to make sure that in fact they are following the rules of play, that they have been properly trained, that they are dealing properly, etc., etc.

If there's any impropriety, we would raise it with the casino. We would sit down together, review it. They would review it with their dealers and so on. You know, we would do that kind of a follow-up. So it's not that it's a wide open process. It's monitored quite significantly, actually.

Ms. Bakken: — And do you actually have monitoring devices in the casino at all times or do you just do it by . . .

Ms. Rafter: — Well the casinos themselves are required, for any table games, to have surveillance on it. So their cameras are on each of their tables.

If there's a complaint, for example, you might say that somebody would be feeling that they had been cheated or there

was something amiss at the table — we are frequently called with a public complaint — we'd go over, review the security tapes. We would review any records that we had over that period of time, anything the casino had to determine whether or not there had been a problem.

Ms. Bakken: — Okay. Again, specifically about the game of roulette, do you have any input or knowledge about the spinning of the wheel and the timing and so on? Would you have anything to do with that or is that something that is part of the training process or . . .

Ms. Rafter: — Well they're required, as part of their compliance, to do a weekly check of the wheel. Sometimes they do it more often than that to make sure it's balanced. We make sure that they do that.

There are certain standards with respect to maintaining the integrity of the ball itself and of the wheel and the play. That's done regularly by the casino staff and we check to make sure that they're doing it.

Ms. Bakken: — And so what you're telling me then that the spinning of the wheel is actually controlled.

Ms. Rafter: — It's not controlled in the sense that you can make it do this or that. It's balanced. It's according to whatever the rigours of the machinery operate.

The person, the company that supplies that wheel to a casino has to be a registered gaming supplier. The company is checked thoroughly in terms of its integrity and its meeting standards in the industry and so on and so forth. So all of that's done with respect to the machinery and anything really that's in a casino.

Ms. Bakken: — All right. The question is, are the employees trained to spin the wheel at a controlled speed? Does the outcome of the game rely on the expertise of the person that is operating the wheel?

Mr. Markewich: — There are standards like for the . . . when they do train them, like the wheel has to go around a certain number of times at a minimum. Like, basically they can't just go part, a little bit and try to hit a spot on the wheel. It has to go around so many revolutions at a minimum. So there are some standards in place for that so it's a fair spin.

Ms. Bakken: — To the best of your knowledge then, employees are not trained to control the speed of the wheel, other than that it has to make so many revolutions. After that, it is not a controlled . . .

Mr. Markewich: — Controlling it to stopping it?

Ms. Morgan: — Are you saying they're controlling it to stopping it? How many times it spins?

Ms. Bakken: — Right. That it is spun at a certain speed so that there is a control over where it stops.

Mr. Markewich: — No. Absolutely. They're trained to make sure it's fair, a fair spin.

Ms. Bakken: — Okay. Okay, that's all I have on that. And I'd like to move on to another issue unless someone else . . .

Mr. Yates: — Yes, just a quick question on the issue of house advantage. You can track going into the casino the amount of dollars that are chips purchased and the amount of money and the amount cashed out. In monitoring industry standard, if that was to deviate significantly over a period of time from the industry standard at other casinos, you'd be concerned.

And on top of that would it be fair to say that with the video surveillance of individual games and on-site inspectors, that there is a fair amount of vigilance on individual games and any large variance would be tracked through the house advantage and the change from the industry norms? Because every casino's going to have their poor players and their good players. It would be a fair characterization of . . .

Mr. Markewich: — It's fair.

Ms. Bakken: — I'd like to ask a questions about link bingo.

Ms. Morgan: — About what? I'm sorry.

Ms. Bakken: — Link bingo in Saskatchewan. It's my understanding that this is no longer being played in Saskatchewan — the whole idea of linking bingos. But there was considerable cost to install this. First of all I'd like to know what the cost was for computers, installation, the cost to SaskTel to put this system in and why it was shut down. I believe it only operated for about a year and a half and then was shut down. And so if you could answer those two questions to start with.

Ms. Morgan: — I'll answer part of it and Barry will answer the other. The game was commenced because of the industry demand. They wanted a province-wide game, all their halls linked, because they felt that it would increase the number of players coming to the bingo halls.

And in the first few months that it was operational, it made a lot of money but it didn't increase the number of people coming into the halls. So after approximately one year, I believe — was it one year? — the bingo hall operators told us they didn't want it any more; they wanted to develop something else. The industry felt this wasn't doing what they thought it was going to. And we then convened a committee of the industry, a province-wide committee, and they've been working for the last year in trying to come up with some recommendations on how the industry may be improved and how they can get more people in the halls.

So that's the history of how this came about and why it was stopped after just one year. And I'll let Barry speak to the issue of what the costs were.

Mr. Lacey: — Thanks. The game actually ran from February 2000 to June of 2001 when the game was suspended. The costs to develop the software to run the game were approximately 1.2 million over that time period, and then there were related hardware costs and installation costs with respect to putting that hardware in the various bingo halls throughout the province. And the total cost of the hardware and the related installation

costs ran approximately \$5 million.

Ms. Bakken: — So \$6.2 million to install this at simply the request of the bingo halls in Saskatchewan who were already seeing a decrease. I don't understand the rationale behind this.

Mr. Lacey: — When the game, the game concept was initially conceptualized, there was a fair amount of thought at the time and . . . that the game itself would attract not only new players, revitalize the industry, and by bringing in new players would also bring in new dollars. And the concept was, and the plan was, is those new players and those new dollars would pay for the system.

The unfortunate part of that process was . . . is those new players actually never really materialized. What we actually saw was over time, and that's in part why the committee, the industry committee asked us to discontinue the game as what we actually saw over time was dollars being used in the halls for their regular games being moved over to play the mega bingo games. There wasn't really new dollars being generated by the initiative. Instead there was just dollars moving around amongst the various games being played in the hall.

So from the hall's perspective it was an initiative to attract new revenues and unfortunately, at the end of the day, with the year under our belts, the industry felt that that, in fact, that initiative was not providing the benefits that both they and, I think, SLGA at the time had hoped that that initiative would achieve.

Ms. Bakken: — What percentage of revenue does the province realize from bingo?

Ms. Morgan: — Do we what on bingo? Sorry.

Ms. Bakken: — What percentage of revenue, or taxation or whatever term you use, do you receive . . . the province receive from bingo?

Mr. Lacey: — On the bingos, games themselves, the province does not recognize any revenues associated in general with respect to bingo operations. The revenues generated as part of bingo, a part of it goes towards the hall's operating costs and the remainder goes out to the charities.

With respect to mega bingo — and I don't have those percentages here — there was a percentage in consultation with the industry with respect to funding this initiative, that with the increased revenues that were anticipated, there was an agreement that a certain portion of the revenues generated by the mega bingo program would be allocated to help fund the costs of the development of that initiative and the running of that initiative.

So I guess that a quick answer is, is overall with respect to bingo operations in general, the province does not take in any of that money. With respect to mega bingo and that joint initiative with the industry, there was an understanding that a certain percentage of the play on interlinked bingo would go towards offsetting the development costs. I don't have that information with me here today.

Ms. Bakken: — And that was my understanding, that there was

no revenue coming back to the province from bingos. So did you not have a timeframe or something over which you were going to see recovery of this capital cost? I mean how was this decision arrived at to spend \$6.2 million on, on this idea that failed within a year and a half?

Ms. Morgan: — Well our rationale was to be supportive of charities. I mean the bingo hall operators came to us saying that, you know, they were losing revenue. They thought this province-wide game would be the answer because it had been developed in other provinces and they were trying it in other provinces, so they wanted to try it here.

But our aim was to be making certain . . . or trying to help charities achieve more revenue. That was it in a nutshell.

Ms. Bakken: — So who received the \$6.2 million? SaskTel?

Ms. Morgan: — I don't believe so. No, that would be the people from whom we purchased the software and the hardware, and the expense to install it in the halls — that would have been the cost.

Ms. Bakken: — Could it not have been achieved at a much cheaper basis if another system other than SaskTel would have been used? Was that looked into?

Mr. Lacey: — The actual development of the mega bingo game and the actual kind of operation of the mega bingo game operated very similar to our VLT programs where the Western Canada Lottery Corporation actually undertook that initiative on behalf of SLGA.

And when it came to, for example, the development of that mega bingo software package, WCLC (Western Canada Lottery Corporation) went through an RFP process so there was an open bidding with respect to looking for suppliers that could develop such a program. So from that perspective there was that open competition process to attempt to find a supplier that could provide that product at the best cost for what we were looking for at that time.

Ms. Bakken: — It's also my understanding that the software was provided by Wascana Gaming. Was that tendered?

Mr. Lacey: — Yes, that would have been the RFP process that I was speaking to previously.

Ms. Bakken: — So the tendering of the software as well as the installation, which I understood was done by SaskTel, both of those were tendered, both . . . Or that's not one and the same, is it? I mean the installation and the lines were, my understanding was, provided by SaskTel, and that the software was provided by Wascana Gaming.

Mr. Lacey: — What I can confirm is that the software was provided by Wascana Gaming and they were not part of the installation of the hardware in the halls. What I'm not aware of, it very well may have been SaskTel but I can't confirm here today who it was. I do know it wasn't Wascana Gaming, it would have been some other . . .

Ms. Bakken: — And my question is, both processes were

tendered?

Ms. Morgan: — We can find that out for you. That's our understanding but it was the WCLC acting as our agent who did that so we'll check that out.

Ms. Bakken: — Okay, thank you.

I have a couple more questions just around the whole issue of regional managers. When regional managers go out to investigate placing of a franchise or, for a vendor, into a facility, do they have the ultimate say in where that franchise goes, or is it someone at a higher level that makes that determining factor?

Ms. Morgan: — Well it is, because it is not the managers that decide where the franchise goes. We have a process that when a franchise is being created or one is being changed — a franchisee has told us he wants or she wants to get out of it — we do a . . . we advertise this. So people apply and then once the applications are received we review the applications, review their facilities, and they bring back, our employees bring back, a recommendation to the head office here in Regina.

Ms. Bakken: — The regional manager does that.

Ms. Morgan: — The regional manager does that and the decision is made here in Regina.

Ms. Bakken: — By?

Ms. Morgan: — Well it's usually a group of individuals in Paul's shop but certainly it's headed by Paul Weber.

Mr. Weber: — And the process has changed somewhat, Mr. Chairman. We now have a franchise manager who does the interviews so the regional managers are no longer involved, but the process is the same.

The regional manager conducts the interviews and inspects the premise and makes a recommendation on the basis of the suitability of the premise and then brings that recommendation back to the office. We assess it against the criteria that we use for franchises and then the recommendation goes forward to the president for approval.

Ms. Bakken: — To the president. So the president has final approval.

Ms. Morgan: — Yes, I sign.

Ms. Bakken: — Then my question is to you, Ms. Morgan. If there is a franchise in an existing building with an existing business and there has been no apparent problems or issues with it, what would be the criteria around moving that to another business?

Ms. Morgan: — It would depend on what we learned when the new owner took over the property and we did a check on this owner. Like, they are required to provide us with financial statements. What else, Paul?

Mr. Weber: — They're required to provide us with a line of credit and proof of viability of their business. But when it's in

an existing business, the franchises are not owned — they're not purchased — so the franchises are actually agents of the Liquor and Gaming Authority.

So when an existing franchise decides to relinquish their franchise, we look at things such as the compatibility of the business. For example we've had some franchises where when the initial award was made, there either weren't many applicants or many suitable applicants and its gone into something like a hair salon and that's been providing the service. And then when it's been relinquished, other applicants, perhaps a grocery store for example, has bid on it. So we look for the most compatible retail business to beverage alcohol. And we would likely consider moving the franchise to a more compatible business.

We also look at access, the condition of the building, hours of operation for the franchise. We take all of those things into consideration.

Ms. Morgan: — But I think it is fair to say that in the majority of instances we usually . . . It would go to the new owner.

Mr. Weber: — In the majority of instances it would, but we have had situations where it's changed.

Ms. Morgan: — Yes. We've had to change it for some of the reasons Paul described.

Ms. Bakken: — So if I hear you correctly, then there would have to be some very compelling reasons for you to move it out of an existing business.

Mr. Weber: — Well we're looking for the business that is going to be best able to provide this service to the community and is going to be compatible from the point of view of providing the venue that's going to have the sales opportunities in the community. So we make a decision on that basis.

For example, as I said, a hair salon versus a grocery store. The grocery store is deemed to be the more compatible business. Our research shows us the people are buying when they go shopping for groceries. It's likely they're going to make the stop for liquor at the same time. So if we put them in that compatible, that more compatible business, we will do that.

Other situations, if the grocery store or the drugstore is an essential service in the community and putting the franchise in that type of business will sustain that business in the community, we will look at that as well.

Ms. Bakken: — Thank you for those answers. I guess there's been some concern in my constituency because this incident did occur and I'm just wondering if, if when this does happen, if there is a clear indication to the people who lose the franchise, why, or is it just, sorry . . .

Mr. Weber: — We endeavour to explain to them the reasons why. They don't always agree, of course, with the reasons.

But we also, in the contract that the franchise enters into with the authority, it's clearly stated in there that it's not transferable and it cannot be sold, a value cannot be attached to it. So that

they're aware when they relinquish the franchise, there's no guarantee that it's going to go . . . For example, if someone's selling their business, there's no guarantee that it's going to go to the purchaser of the business.

On the other side of the coin, if all things being equal, we try to look at that and facilitate the sale of the business by leaving the franchise there. But sometimes that just doesn't work.

Ms. Bakken: — Thank you.

Mr. McMorris: — I just have a couple questions in the meantime.

The Chair: — On this one?

Mr. McMorris: — Kind of.

The Chair: — So what you're saying is that you don't want people to buy alcohol on a bad hair day.

Mr. McMorris: — Thank you, Mr. Chair. My question goes back a little bit, and I'm not sure whether you'll be able to answer the questions or not. It's not regarding brew pubs, but it's regarding the whole issue around making wine, though, and wine kits and . . .

I've had a couple of requests in my area of a small store that — in a resort village, a lot of retired people — I guess he services and he sells kits. But a few of them wanted to . . . him to produce the kit for them. And I know there's some legislation that prohibits that. Can you kind of explain to me what the legislation around that is? Why would it be prohibited?

Frankly this person was looking at it as a bit of a revenue generator. I mean the people didn't want to go through the process of — and I'm not a wine maker myself but — the process themselves, but have the store owner where they bought the kit to make it and then they'd take it home. But I know there's some regulation and legislation that prohibits that. Could somebody kind of clarify it for me?

Mr. Engel: — You're correct that it is prohibited. And again, it comes down to the idea that if you're going to manufacture beverage alcohol for sale, resale to another person, that you need to be permitted or licensed to do that. And that applies to any kind of beverage alcohol. It doesn't matter if it's wine, spirits, or beer. So you're correct that there is a regulatory or a statutory prohibition on the idea of someone, in this case, manufacturing wine which is then going to be subsequently sold to another individual.

In terms of why that arrangement is the way it is, there's a number of factors. Certainly there's some public safety issues around the quality of product sold, ensuring cleanliness and appropriateness of manufacturing facilities, and so on.

I guess there's a broader societal issue around the control of the manufacture of alcohol and who's allowed to do that. And I don't know that . . . I guess when the authority has looked at this in the past, there are concerns about the idea of people setting up corner stores where they manufacture alcohol and sell it to other people in an environment that can't necessarily be

very well controlled or regulated.

And I'm certainly aware other provinces have gone down this path and are in fact . . . have entered into arrangements. Either someone manufactures it for them or presumably the person is coming in and the business owner is simply helping with the process.

And I guess it's something there hasn't been a compelling demand for in the province. And it's a product of some of the historical prohibitions against doing it, plus the lack of a sort of vigorous or concrete demand from people for this. It's just something that we've never looked at or pursued.

Ms. Morgan: — I should add that I think over the course of the next year or couple of years, we want to do a review of the liquor and gaming Act and have a public review of it because there are many parts of it that we need to update. It hasn't been reviewed in detail for some time.

And I've indicated to the Hotels Association and Food and Restaurant Association that this is in our schedule of things to do over the next little while and that it would be a public process. And we would certainly welcome brew pub operators, for example, and the hotels and restaurant associations and individuals like the one you're describing to come forward with their suggestions on how we can improve this Act and make it more reflective of today's practices.

Mr. McMorris: — So I guess my understanding then is that other provinces are allowing this very thing to take place. We haven't got there yet because of perhaps a review, and there are some . . .

Ms. Morgan: — Not all provinces. Some are, but not all of us yet.

Mr. McMorris: — Some are. And there are some concerns with the whole cleanliness and manufacture. It just seems kind of funny that they can sell all the ingredients but they just can't add the water — or I don't know the whole process, but — into it.

Mr. Weber: — Yes, the two other provinces that have what they call you-brews and you-vins are BC (British Columbia) and Ontario. And what happened in those provinces initially were there were some regulations that allowed individuals to . . . would rent a warehouse and they would rent out the kettles, for example, to do the fermenting. But the individual was supposed to come in and add the ingredients and monitor it and then come back and bottle the product after the fact.

And where the issue came in is it evolved that the individual was having very little to do with it. So it was no longer an individual making it for their own consumption; it was a manufacturing facility and that changed the rules.

And even in those jurisdictions, Ontario and BC, there have been a number of changes to the regulations to tighten it up, to do things like ensure product quality and tamper-evident packaging and all of those kinds of pieces. And then, of course, there's the revenue issue that both provinces . . . they now tax the you-brew operations and that has reduced the demand for

them because they aren't able to offer it at the deep discount prices.

Ms. Bakken: — Thank you, Mr. Chair. I have a chart — and maybe you're aware of this chart — it shows total liquor sales in Saskatchewan from 1996 to year 2002. It gives the direct expenses and the total expenses and the net income. And as the sale of liquor has increased, the net income has decreased. Could you explain why we're seeing an increase in sales but a decrease in net income?

Ms. Morgan: — Okay. Is that one of our charts from the annual report? Okay.

Ms. Bakken: — I'm not sure if it's one of your charts. This is showing . . . I was given this to show the change in liquor sales, the increase in liquor sales, and maybe this is wrong. I guess I should ask you does this fairly reflect the sales?

I've got the total sales for liquor in 1996 at 289 — I believe this must be million or it could be thousand — and three hundred forty-seven, five fifty-seven in 2002. But the revenue over that time . . . or the net income over that time has stayed stagnant and is now actually, in relation to the sales, has decreased.

Ms. Morgan: — I'll just . . .

Ms. Bakken: — Is this a true reflection of what is happening?

Ms. Morgan: — Just from the way you've described it, I'm not certain. I'd have to look at it in some detail. But I can say that our overall revenues on alcohol have continued to increase, like we're making more money today. Every year there's an increase in the amount of money we make from liquor.

However, we do know that people's drinking patterns are changing, so the sales number may be reflective of that. I don't know because I don't know whose chart this is. We know that high-end spirits, for example, are not as popular as beer and coolers. In fact coolers is the market. Last year in this province our cooler industry increased by 32 per cent, whereas high-end spirits have remained static.

But it hasn't impacted on our bottom line in that respect. I mean, we're making more money than we were a year ago so I'm not just sure what this is.

Ms. Bakken: — So your expenses are not up?

Ms. Morgan: — No, our expenses . . . The cost to operate our liquor operations run at between 11 and 12 per cent, and it's been the case for years. That has not changed. It's been fairly stable for a long time.

Ms. Bakken: — So this chart is not correct?

Mr. Lacey: — It's difficult . . . I'm not familiar with that chart.

When you look at our income, financial statements, and our annual reports for the years under review, we have a number of segments where we break out our business. And one of the segments where we break out our business is in the liquor segment. And in our statements that includes not only the store

sales but also the regulatory side of the liquor business as well, so the issuance of licences and the whole regulation of the licensing piece. And perhaps we can endeavour to come back to you in more detail on that.

The comment I can make here, I guess today, is on the net income side. Over the years under review, net income has stayed fairly constant overall.

Now unfortunately what I can't do here for you today is break out that retail portion versus the more . . . the regulatory side with respect to what we see going on there without having that information with me here today. But we certainly could endeavour to provide that, to confirm that.

Ms. Morgan: — Yes, and just confirm these numbers. But I know that our costs to operate are not great. Like I say, it's between 11 and 12 per cent so . . .

Ms. Bakken: — But if your increase in sales is going up, and I believe the gentleman just said that the income is constant, then obviously the expenses have to be increasing or your net income would be increasing as well.

Mr. Lacey: — The one thing that — sorry, Jim I'll just finish — the one thing that does jump out at me and that I'm aware of is under the years under review, in 2001 we had a settlement of our . . . one of our collective agreements with our union. In fact the settlement had been outstanding for two years, and so in that year there was a number of substantial retroactive costs and that year was the year ended 2001.

So we'll see in that year a bump in expenses which will affect kind of that growth line. And for that year you're going to see a big jump in expenses because the expenses on the collective bargaining side would have basically been retroactive and you would have been bringing forward in that particular year, one or two year's worth of expenses. So for that particular year it might actually look like the net income . . . well, I guess, in actual fact the net income dropped, but in fact it was due to a recognition of some retroactive payments in salary costs that went back one or two years.

But that would be the piece that, I think that we would endeavour to bring back to you with respect to a direct breakdown with respect to the retail sides — I believe that what you're trying to get at is at the store operations — a reconciliation of that for you.

Ms. Bakken: — Well just a follow-up to that then. I think you said before how many employees you had and I thought it was 600 and . . . am I correct?

Ms. Morgan: — Just over 800.

Ms. Bakken: — Just over 800.

Ms. Morgan: — Now.

Ms. Bakken: — And has that increased? You have 800-some now. Say five years ago, how many employees did you have?

Ms. Morgan: — Well five years ago we probably would have

had in the . . . in these years under review, the number cited I believe is 750 approximately. But I don't believe our store employees have increased. The increases have been on our head office end. The employees in fact have gone down.

Mr. Weber: — Well it fluctuates in stores. What's happened is the ratio has changed, the ratio of permanent to part-time has changed. It used to be . . . at one point in time it was about a 50/50 ratio permanent and part-time. That has changed now to about a 75/25 part-time/permanent. We get more . . . Because of the nature of the business — it's retail — we're getting more part-time employees and that fluctuates depending on the volume, so the numbers will go up and down. But largely on the permanent staff side, it hasn't fluctuated much at all.

Ms. Bakken: — So when you say you have 800-some employees, does that . . . is that actual real numbers of employees taking into consideration all full-time and part-time, or is that full-time equivalent or . . .

Ms. Morgan: — Yes, that's all employees.

Mr. Weber: — We have about 1,000 people.

Ms. Bakken: — One thousand people. That's full-time equivalent positions?

Mr. Weber: — That translates into about 800 and some full-time equivalents.

Ms. Bakken: — And you said that you have 75/25. Is that a decision of Liquor and Gaming or is that because of the availability of staff?

Mr. Weber: — Well it's an effort to manage our costs in the sense of if we have permanent employees, they have to be employed and working and paid — whether there's business or not. And so we changed the ratio in recognition that the type of business we have, we're not as busy on Monday, Tuesday, Wednesday as we are on Friday, Saturday, Sunday. So we try and change the ratio so that we . . . we're utilizing staff when we need them and we're not having an inordinate number of staff there when we don't need it.

Ms. Morgan: — That's fair to say. That's management's decision.

Mr. Weber: — That's right.

Ms. Morgan: — That's a decision they've made.

Ms. Bakken: — Okay. And you indicated that there'd been an increase in head office jobs. Why would you need an increase in head office jobs?

Ms. Morgan: — Well because we've strengthened some of our operations. Our audit division, for example, is one area that we've strengthened. We've strengthened the inspectorate, the number of inspectors we have working for SLGA. We've created the policy division which didn't exist two years ago.

So that hundred or so jobs is reflective of the changes we've made in our organization internally. And we don't anticipate

any great numbers of expansion over the next little while. I think we'll be steady for a time.

Ms. Bakken: — So do we have any more Liquor Board stores? I mean, what would be the reasoning behind . . .

Ms. Morgan: — You mean new liquor stores?

Ms. Bakken: — What would be the reasoning . . . other than people on the policy side, a hundred and . . .

Ms. Morgan: — Well we do have some new stores. North Battleford for example was a new store two years ago and it has a larger staff than it had at one time. So there would be some stores. Confederation Park in Saskatoon expanded and it has, you know, it might be two or three more employees.

Mr. Weber: — It's tied to the volume as the volume increases.

Ms. Morgan: — Yes, tied to the volume of their business. And just the area of gaming, I mean the gaming division and how it has expanded over the course of the last decade. And we've had to make sure we've got people in place to run all of the various programs that are involved in gaming.

Ms. Atkinson: — When you say that you've increased the numbers of people that work in head office — you say you've increased your audit division, your inspection division, and your policy division — were there any issues that led you to do this?

Ms. Morgan: — Not directly. I think that, well in some areas, yes. Obviously the gaming area, SIGA. I mean, the experience with SIGA meant that we had to increase and strengthen our inspectorate and our capabilities there to monitor and, quite frankly, police the SIGA file. So that's one area.

On the audit file, that's been increased only because, for an organization our size, we have to have a strong audit division that's auditing our organization, never mind the casinos and our retail outlets, vendors, etc.

And when I . . . Well what was it? Three months before I got to SLGA was when the policy division was created. Before that they didn't have a policy division which, for me, I didn't understand because I think every organization needs to have an area of the organization that can do the proper analysis. And when you're in the retail industry, that's absolutely vital.

So the other thing is the Provincial Auditor has talked about compliance issues. And so, you need to have strong processes and programs in place in order to comply with all the various aspects of both the liquor and the gaming industry.

And at the time the three agencies were amalgamated — that is the Liquor Board, the Liquor Commission and the Gaming Commission — there were no central services. And so . . . (inaudible interjection) . . . yes, horse racing, thank you. There were no central services. So they took all these agencies and they put them together and expected them to behave as one organization.

And so we have spent the period since then, which was the

early '90s, in trying to get an organization together and have the right central services and whatnot so that we can comply with the auditor, that we can do the job we need to do on SIGA, and that we can provide the analysis and whatnot that is required for both these industries.

Ms. Atkinson: — Just going from memory, because my understanding was that, given the Provincial Auditor's report, given some of the issues around SIGA and given some of the public policy issues around what was happening in the community around changes to liquor, that there needed to be a strengthening of the audit division.

We needed to have policy in place to review legislation, to look at things like brew pubs and hours of operation and so forth and so on.

And we needed . . . There were complaints coming. We needed to have some inspectors. So that's my recollection of why this happened.

Ms. Morgan: — Yes. I think . . . And it's absolutely correct. None of these services existed.

Ms. Atkinson: — Thank you.

Ms. Morgan: — We didn't have the capability.

Ms. Bakken: — Mr. Chair, I'd like to ask a question. It relates to this somewhat, about staffing and so on. It was brought to my attention some time ago an issue about an employee of the SGEU and an agreement with Liquor and Gaming. Actually the agreement is between the union and Liquor and Gaming. And the whole concern around someone that is employed by Liquor and Gaming and then becomes involved with the union, and who pays this person and who they're really representing. And so I guess my first question is, if a person is employed by Liquor and Gaming and then becomes an employee of the union, who pays that person's salary?

Ms. Morgan: — She's not . . . I know who you're talking about and she's not an employee of the SGEU; she's our employee and she represents us. She is the head of the union, and we're of the view that what we pay here is the cost of good industrial relations in our organization.

This is not unusual. The way the collective agreement is currently worded and most collective agreements in this province, is that you are, as an employer, required to give leave for union business. And as the head of the union she was increasingly absent from her job on union business and we were having to backfill for her.

We decided, in the interests of good industrial relations, that it made sense — just like the Potash Corporation does, and like Saskatoon Chemicals has done, and like SIAST (Saskatchewan Institute of Applied Science and Technology) — to pay her in essence full-time to make sure we have good industrial relations in our operation.

So for us it's the cost of doing business and it is . . . we pay it either way. I mean if she was away on union business, you're obligated under the collective agreement to pay her and we also

had to backfill for her. So I mean, we're . . . the money is the same to us. So she now works full-time for SLGA with respect to our industrial relations, and we backfill her position and she will return to her position when her period of time is through.

Ms. Bakken: — So just so I'm clear on this, did you say she was working for you?

Ms. Morgan: — Yes, she's an employee of SLGA. She is not working for the SGEU. She's . . .

Ms. Bakken: — She's not representing the union; she's representing management?

Ms. Morgan: — No, she's representing the union, but she's SLGA's employee.

Ms. Bakken: — Exactly. She's an employee of SLGA but she is now fulfilling a union job.

Ms. Morgan: — Well I don't think you can say that it is a union job. She is fulfilling her obligations under the collective agreement to deal with union matters on behalf of the employees of SLGA.

Ms. Bakken: — On behalf of the employees, just so that's clear. Because originally you said, she's working for us. To me that meant she was working on your behalf in negotiations. She is representing the employees. Correct? Am I correct on that?

Ms. Morgan: — That's correct.

Ms. Bakken: — So I'm clear?

Ms. Morgan: — Yes.

Ms. Bakken: — Okay. So you're saying that she's representing the employees but that she has been paid as a full-time employee of the Saskatchewan Liquor and Gaming as though she was working for Liquor and Gaming.

Ms. Morgan: — Yes. That's correct.

Ms. Bakken: — And she's also being provided with office space, with a vehicle, I understand . . .

Ms. Morgan: — With access to a vehicle.

Ms. Bakken: — . . . cellphone and this is all being paid by the employer?

Ms. Morgan: — Yes, which we pay . . . When she's away on union business, under the collective agreement, we're obligated to pay these costs.

Ms. Bakken: — Plus they would have these other perks: a vehicle, cellphone. That's a normal . . . That's what you would provide if she was just away on representing the union on a normal situation?

Ms. Morgan: — I think the answer is probably yes. I mean, this is quite normal to do in a large organization, both public and private sector.

Ms. Bakken: — Okay. The reason I'm raising this issue is because of people that are within the union concerned about, you know, her being paid by the employer and representing them.

Ms. Morgan: — That hasn't been brought to our attention. I would think that that would be a matter internal to the union.

For us it's one of the costs of doing business and it's important to us to have good industrial relations and we do have a really good relationship with our employees. And this has worked extremely well. This is a \$42,000 cost for us out of a overall revenue of \$650 million, so we believe it's a good investment. It pays big dividends.

And there may be employees who are sensitive about this, but I'm not aware of that. That would be something that the union would . . . a matter unique to the union, not something they would necessarily share with management.

Ms. Bakken: — Well this letter that I have was sent to the minister from a union member.

Ms. Morgan: — Yes, yes. We knew there was one . . .

Ms. Bakken: — They have raised the issue.

Ms. Morgan: — There was one union member who did and, as I understand it, the union dealt with this matter internally.

Ms. Bakken: — Well his other concern is that when this employee moved from her present employ to the position with the union that she received an increase from a level 2 to a level 5 and that that meant an increase in pay, which she received although she was doing the union job, not the job that she'd received . . .

Ms. Morgan: — She didn't receive the increase in pay as a consequence of her moving to this position. She had applied for and — to a competition — and had been the successful applicant in a position. And so when she moved from that position, the salary moved with her. It wasn't as a consequence of her moving to this full-time position.

Ms. Bakken: — No, I didn't mean that. I meant that she received this increase and she then received that, even though she never has done this job that she . . . the level 5 job. Am I correct?

Ms. Wood: — That is correct, but she was the successful candidate in the competition so she competed for the job and she had to demonstrate she had the credentials and the qualifications to perform the job. So under the circumstances of the agreement that we have with the union, for her to be dedicated to her Chair duties on a full-time basis she has the right to compete for a job and she has the right to be appointed to a job, although what she will never have is the . . . As long as she continues to hold her union responsibilities on a full-time basis, she'll never be able to act in that job and gain any experience in that job that would help her in further competitions. But she was a successful candidate; she demonstrated she would have the qualifications to take on that position and she had the right to do so.

Ms. Bakken: — And so I was correct in saying that she applied for the job, received it. Although she's never done it, she's being paid as though she is in that level.

Ms. Wood: — That's right.

Ms. Bakken: — And she's not performing that duty; she is actually working for the union.

Ms. Wood: — She is dedicated to her Chair duties of our bargaining sector on a full-time basis and that's per the agreement between the union and SLGA.

Ms. Bakken: — Well and I understand that that's a union agreement. I guess there's just huge concerns around, you know, someone being able to do that. But I just wanted to clarify that and bring those issues forward.

Mr. Wall: — Well maybe just want to follow up on this. When did this practice begin then? Did it begin with this particular candidate, or has it been a long-standing practice?

Ms. Morgan: — No, it began when we amalgamated all these contracts. We used to have three different contracts and they were amalgamated into one, and we moved to interest-based bargaining. And it was felt that, in the interests of interest-based bargaining and the good relationship that now exists, this would be a worthwhile agreement to enter into.

Ms. Wood: — And we've moved to dealing very proactively with these union members, or union matters. So there's a lot of meeting time; there's a lot of consultation. We do a lot of work, many provisions of our collective agreement. We are developing policies through joint committee work. So all of this takes union time and a lot of the Chair's time.

Ms. Morgan: — And the practice of providing leave for union business has been a long-time provision in, as I say, just about every collective agreement in this province and has been probably since 1944 when The Trade Union Act came in.

Mr. Wall: — And you've indicated this is convention, this is a . . . this isn't that unique. So are you aware then . . . Did you model this on maybe what other Crowns are doing who would also have a large union?

Ms. Morgan: — We looked at SIAST. We also looked at the Potash Corporation, and we looked at Saskatoon Chemicals, although I don't think it's called Saskatoon Chemicals any more, but whatever . . .

Ms. Wood: — There is precedent in both the private and the public sector for it having occurred before.

Ms. Morgan: — And I think the Public Service Commission has done it as well.

Ms. Wood: — In the past, yes, we have.

Ms. Morgan: — Yes, in the past.

Ms. Wood: — Absolutely.

Ms. Morgan: — So I mean we weren't breaking any new grounds and so we looked at all of those experiences and wrote our agreement along the same lines.

Ms. Bakken: — Just, Mr. Chair, a follow-up on that. Do you have a total of the amount of dollars that . . . and the total number of persons in government that are actually in this same type of an agreement that are working for the union but being paid by their employer?

Ms. Morgan: — No, I don't have the total for government. I just know it costs us \$42,000 a year.

Ms. Bakken: — So what is the process then when this person relinquished her duties with Liquor and Gaming and took on a full-time union job? Was her job then that became vacant put up for tender or how do you . . . how did you fill her job that she exited?

Ms. Morgan: — It was backfilled I believe, but . . .

Ms. Wood: — It allowed us to fill it on a term basis. I mean, what happened when she was attempting to carry on her Chair duties and still be in a home position, she was away from that position carrying out her Chair duties on 80 to 90 per cent of her time, so . . . but her job could never be filled on a term basis so it was always only backfilled very temporarily. So this actually . . . again in succession planning, it gave someone an opportunity to move into her job on a longer term basis and gain those skills.

Mr. Weber: — And operationally it's more efficient to have that position backfilled on a full-time basis as opposed to being continually interrupted because of having to go on union business. And her position at the time was an assistant manager in one of our larger stores so that negatively impacted the operation by having her be away — sometimes with very little notice — and we would be required to give her the time off to handle union business. So it was more efficient.

And when we look at the vehicle you mentioned that we provide for her, it's actually less expensive to use a CVA (Central Vehicle Agency) vehicle for the amount of mileage that this person is putting on dealing with union matters than to pay mileage on her personal vehicle.

Ms. Bakken: — I just have two additional questions. I had asked if her position was tendered or, I'm not sure what the union language is . . . (inaudible interjection) . . . Posted, okay. Was it posted?

And secondly, is it normal for someone that is employed and doing union business — as you've indicated this is normal within the industry — to be absent 80 to 90 per cent of the time? Is that something that's negotiated? Or when they say they're going on union business, they're just . . . they just go, it's not . . . it's their decision, or is it something you negotiate with management?

Ms. Morgan: — Oh no. Yes. This is, as I said earlier, this is normal language in a collective agreement that on . . . for union business the employer's obligated to provide the leave.

But we clearly need some evidence that it's union business. So it's for things like dealing with grievances, which we will be aware of. It's things like annual meetings or conferences of the union. It's for things like interdepartmental committees that we have that, like, they're represented on — our employment equity committee, our Aboriginal committee. So there are any number of committees that the union and management have equal representation on.

Right now we're going through reclassification so we have a committee of management and union people who are doing reclassification. Shirley sits on that committee.

So that's the union business that we have traditionally been required to give leave for and she is spending her time doing that, as well as just ensuring good industrial relations in our organization and dealing with things in a quick way.

This is very common in the sense that this is language in every collective bargaining agreement that I can think of in the province.

Ms. Wood: — And we have work locations in over 60 communities in the province. It's partly a reflection of the nature of our organization where our staff is spread across the province.

Ms. Bakken: — And did you answer the question: was the job posted?

Ms. Morgan: — Oh, sorry.

Ms. Wood: — Absolutely.

Ms. Morgan: — It was . . . (inaudible interjection) . . . Yes.

Mr. Weber: — Backfilling her position, again as a requirement of the contract, it would be posted in service and then the most senior qualified applicant was selected to backfill the position. As far as her position as union Chair, no, that's not posted. It's an elected, an elected position.

Ms. Bakken: — No, I didn't mean that, I meant . . .

Ms. Morgan: — Yes, you meant the position she'd . . . Yes, it was posted.

Ms. Bakken: — Thank you. I'd like to ask a question about Internet gaming, and is it legal in Saskatchewan?

Ms. Morgan: — It's not legal in Canada. The federal government would have to legalize Internet gaming and so there is no Internet gaming within the country of Canada. Any Internet gaming that occurs now anywhere in this country is offshore; that is, somebody is accessing Internet gaming in the Bahamas or somewhere in Europe. But it is not legal in Canada.

Ms. Bakken: — And do you have any involvement with this at all?

Ms. Morgan: — Well we . . . This is currently not an active file for us simply because it's not a legal activity. And the federal government has certainly indicated to this point in time that it's

not interested in legalizing it either.

Ms. Bakken: — Is it a concern that's raised to you that it is happening or that it's a concern?

Ms. Morgan: — I'd have to say no.

Ms. Bakken: — It's not?

Ms. Morgan: — No.

Ms. Bakken: — Okay. Just a question around the whole issue of money flowing from Liquor and Gaming to First Nations. Do you have any criteria around auditing, that to ensure that the dollars that go from gaming to First Nations actually are spent in an appropriate manner?

Ms. Morgan: — Are you talking about the thirty-seven and a half per cent that they receive? That money is sent out to the First Nations through the First Nations Fund.

And I'll let Jim speak directly to this because he was at the table when the words were negotiated on the First Nations Fund, which is administered by the Department of Aboriginal and . . .

Ms. Bakken: — Aboriginal.

Ms. Morgan: — . . . Government Relations and Aboriginal Affairs, not by SLGA.

Mr. Engel: — Thanks, Sandra. The short answer is yes. There is an audit process related to the money that flows to First Nations through the First Nations Fund from gaming.

The specific criteria and the type of audit process that's involved is actually specified in a fair amount of detail in the gaming agreement that was signed between the province and the FSIN (Federation of Saskatchewan Indian Nations) last June. And it outlines and describes a fairly strengthened and rigorous accountability process that was a significant improvement from what was in place under the previous agreement.

Ms. Bakken: — And so when are these audits carried out and are they made public? Have you audited it recently, the First Nations Fund recently?

Mr. Engel: — Well it's not our role to audit that. Again, the money flows to First Nations from the First Nations Fund which receives its money through the Department of Government Relations and Aboriginal Affairs. So SLGA doesn't have a direct role in that at all.

Ms. Bakken: — So you ask for no accounting of the dollars. You simply transfer their percentage and that's the end of it.

Ms. Morgan: — Well we don't even do that. The Department of Finance does that.

I mean, all gaming revenue is deposited in the General Revenue Fund and Finance sends out the money to the various government departments and agencies and, in this case, it goes to the Government Relations and Aboriginal Affairs which in

turn pays out the money to the First Nations Fund and then, as with most government departments, this is audited by the Provincial Auditor.

Ms. Bakken: — So you have nothing to do with . . .

Ms. Morgan: — No, we don't have anything to do with it.

Ms. Bakken: — Okay. Oh, one more question. Sorry, I have one more question, Mr. Chair. Around the liquor . . . or Saskatchewan Indian Gaming Licensing and where that's at today.

Ms. Morgan: — Well Jim's . . . is our representative on the committee so I'll let him speak to that.

Mr. Engel: — Sure. Again, going back to the gaming agreement that was signed last June, and it specifies or envisions a future for Saskatchewan Indian Gaming Licensing where at some point in the future the province will delegate authority to that organization to regulate certain on-reserve gaming activity. And in terms of where that process is at, we're currently involved in discussions with that organization, with Indian Gaming Licensing Incorporated.

The first step in the process is for us to jointly agree on assessment criteria that will be used to determine whether or not that organization has the capacity and the skills that are required to effectively regulate gaming on-reserve. When that assessment is carried out by a mutually agreed to third party, if that assessment determines that in fact the . . . that organization does have the skills and capacities that are required, then the province has made a commitment that it would delegate some authority to that organization for regulating on-reserve gaming. And the first . . . It's actually going to be done in phases and the first phase of that delegation would cover only charitable gaming — bingos, break-opens, raffles, and so on.

Ms. Bakken: — I guess the big question here is, what is the reasoning behind this? Why do we need two licensing bodies within the province of Saskatchewan for gaming?

Mr. Engel: — It's actually not a circumstance that's unique to gaming. There are co-management approaches with First Nations in many other sectors such as forestry, mining; social services would be another good example of that.

So this, I guess I'd characterize this rather than being out in the lead or being something new that's different, this is simply bringing gaming regulation into a framework that already exists in terms of working with First Nations and allowing them to have greater control over the activities and the affairs that take place on their respective First Nations.

Ms. Bakken: — So if First Nations are given authority to license, does that lead then to the authority to collect the revenues to disperse the funds? What does this lead to, or will that still be handled through Finance and Liquor and Gaming?

Mr. Engel: — Well the initial body of gaming regulation that they'd be responsible for again is charitable gaming — so bingos, break-opens, raffles. Typically those types of activities don't generate any revenue for SLGA and nor do we expect

them to generate any direct revenue for the licensing body, for Indian Gaming Licensing.

What effectively they'd be doing is regulating those charitable games for the benefit of the beneficiaries, which are the people or the organizations that receive the proceeds from that charitable gaming activity. So the charitable organizations that work bingos, for example, or the charitable organizations that might offer a raffle — so those organizations would continue to receive the proceeds of their gaming activity and Saskatchewan Indian Gaming Licensing would be the regulator in very much the same way that SLGA is the regulator for those activities now in the province.

Ms. Bakken: — So Saskatchewan Indian Gaming Licensing, is it an entity now?

Mr. Engel: — Yes it is.

Ms. Bakken: — Like what is it? It's a word we hear but where is it and what does it entail? I mean . . .

Mr. Engel: — It is an entity. It's a separate corporation incorporated under The Non-profit Corporations Act. It is an agency of the Saskatchewan Federated Indian Nations but it is a separate entity on its own.

They currently have a president. First of all they have a board of directors; they have a president. Right now I believe they have about six to eight staff and do have plans to hire more so that they can demonstrate they've got the capacity to receive a delegation of regulatory authority from the province.

So it is . . . They have offices in Saskatoon. So they are very much up and operating and a stand-alone entity.

Ms. Bakken: — But if they have no authority to license, what are they doing? What are the people doing in this office if they have absolutely no authority to license?

Mr. Engel: — They're doing two things. The first and probably the most significant task for them is that the gaming agreement specifies an arrangement where . . . Actually let me back up for a moment.

Right now the Liquor and Gaming Authority is responsible for regulating gaming everywhere in the province, including First Nations. What we have said is that any First Nation that agrees to designate Saskatchewan Indian Gaming Licensing as their regulatory body for on-reserve gaming, we will delegate responsibility for those specific First Nations. So one of the major tasks that the organization is doing right now is going around to individual First Nations and attempting to get the band councils to pass resolutions indicating that they will in fact accept Saskatchewan Indian Gaming Licensing to become their regulatory body.

Effectively what we're doing is looking for consent from the political entities that we're going to shift responsibility, regulatory responsibility, from ourselves to a different party. We're looking for the consent from those political entities. So that's the one significant task they're working on.

The other task that they're working on right now is building the capacity to regulate. So where I said before that there's going to be an assessment process and there will be a third party brought in to assess whether Saskatchewan Indian Gaming Licensing has the capacity to regulate gaming, they're building their capacity to do that.

And understandably, they're in a bit of a chicken-and-egg situation here because if they never hired any staff, they would never be able to demonstrate to us they have capacity. So understandably they're going to have to bring some staff in who agreeably might not be fully employed for a short period of time so that they can in fact demonstrate to us that we have the staff with the skills and the expertise and the ability to do these functions, which then will give us the assurance and the comfort to recommend to the government that they do, in fact, delegate that regulatory responsibility to Saskatchewan Indian Gaming Licensing.

Ms. Bakken: — And how is this funded?

Mr. Engel: — Again, there's provisions for funding Saskatchewan Indian Gaming Licensing in the gaming agreement.

We've set up a budget review committee which has two members from Saskatchewan Indian Gaming Licensing, two members from the province, which are representatives from the Liquor and Gaming Authority and a mutually agreed to independent chairperson. And each year that group will set a budget for Saskatchewan Indian Gaming Licensing and once that budget level is set, the gaming agreement obligates SIGA to make that payment directly to Saskatchewan Indian Gaming Licensing.

Ms. Bakken: — So the money flows through SIGA to them?

Mr. Engel: — Yes.

Ms. Bakken: — And how much is that?

Mr. Engel: — The current year, it's . . . \$850,000 for the current fiscal year.

Ms. Bakken: — I'd like to thank the officials for their answers.

Mr. Engel: — Good. Thank you.

The Chair: — That concludes the questioning, and thank you very much. You've noted that there were a number of requests for information that you will be providing to the committee Clerk, and I appreciate that.

Thank you very much for appearing here today. It's always very helpful for members to learn of some of the complexities that are part of organizations of government. So thank you very much for answering our questions.

Ms. Morgan: — Thank you, Mr. Chair, and thanks to the committee.

The Chair: — Now can someone move:

That the Standing Committee on Crown Corporations conclude its review of the Saskatchewan Liquor and Gaming Authority annual report for the following years: 1999-2000, 2000-2001, and 2001-2002.

Moved by Mr. Prebble. Thank you very much. Is that agreed? Agreed.

Okay. Now in terms of future meetings, I would advise the committee that we will probably need to meet soon after the legislature reconvenes for the purposes of, one, preparing a report to the Legislative Assembly, also to include in that report any matters that we wish to have referred to any committee that might follow the Crown Corporations Committee.

And let me just qualify that. And I don't want to be presumptuous about this but the various people involved in the rules and so on, the speakers, the two parties, have agreed to a change in the committee structure. This is a matter, I gather, that will come before the Legislative Assembly.

If the Legislative Assembly agrees that there will be a new structure, my understanding is that new structure does not include a Crown Corporations Committee per se, although there will be a new committee — I think the working title is a standing committee on Crowns and central agencies, the SCCCA, if you like. And we would then have to have a final meeting of the Crown Corporations Committee before this new committee structure kicks in, as I said, to prepare a final report and also to make note of any outstanding items, whether the payee information is outstanding or any other items that we think are outstanding that can then be referred by the Legislative Assembly to this new committee.

Also, and very important, I'm hoping that on that final day when we do meet that we might get our picture taken as a memento of our time together. And so I think we will adjourn until the call of the Chair and I will . . . we'll need a motion to adjourn.

Moved by Ms. Atkinson. Is that agreed? Agreed.

The committee adjourned at 14:46.

