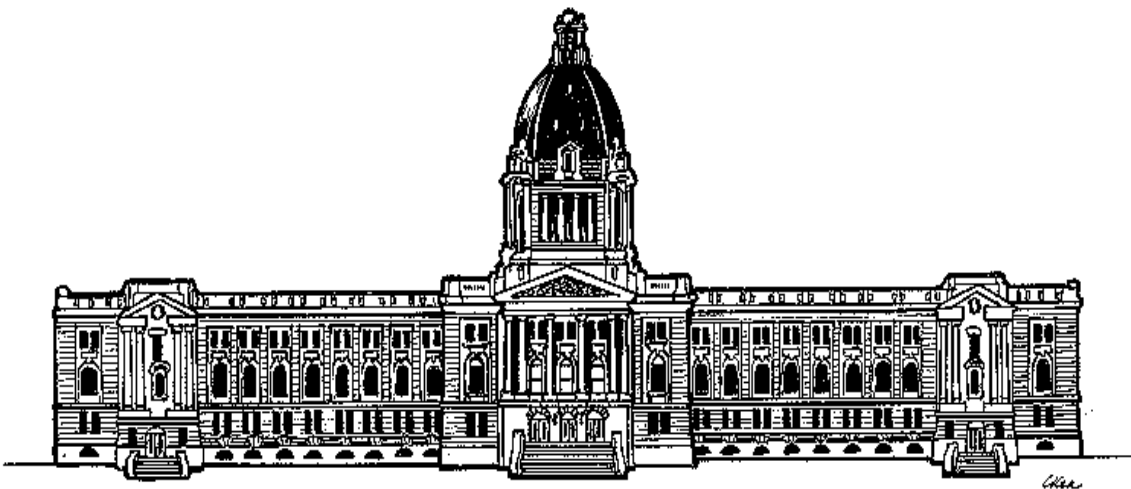




# **STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES**

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## STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES

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Mr. Roger Parent  
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Ms. Nadine Wilson  
Saskatchewan Rivers

[The committee met at 10:00.]

**The Chair:** — Well welcome to the committee meeting this morning. There are no substitutions. Members have a copy of today's agenda. If members are in agreement, we will proceed with the agenda. Before we go to that though, we have one document to table today — CCA 60/27, Crown Investments Corporation Saskatchewan, report of public losses, July 1st, 2012 to September 30th, 2012 for CIC [Crown Investments Corporation of Saskatchewan] and the subsidiary Crown corporations, dated November 2nd, 2012.

### Saskatchewan Gaming Corporation

**The Chair:** — On today's agenda is the consideration of Saskatchewan Gaming Corporation, 2008, 2009, '10, and '11 annual reports and financial statements. With us today we have Minister McMorris. I will have him introduce his officials and if he has an opening statement to make before members pose questions. Mr. McMorris.

**Hon. Mr. McMorris:** — Thank you, Mr. Chair, and to all the members of the committee. I do have some opening remarks and I'm not sure . . . They say that they're brief, but I've gone through them. I'm not sure if they're real brief, so we'll get through those. But first I want to introduce the officials that are with me, and we'll go through the annual reports and answer probably most of the questions from the Saskatchewan Gaming Corporation.

To my right is Twyla Meredith who is the president and CEO [chief executive officer]. To my left is Tony Coppola who is the senior vice-president of finance and administration. And also behind us I have Gerry Fischer, senior vice-president of operations; Bob Arlint, vice-president of corporate risk and compliance; Jan Carter, director of communications; and Wendy Hutchison who is the controller. So those are the officials, as I say, that are with me today and will probably be doing the vast majority of the answering, if that's okay with the committee.

But my opening remarks are regarding the Gaming Corp. as the Crown corporation that manages and operates Casino Regina and Casino Moose Jaw. The corporation has been a vital part of Saskatchewan's tourism industry since Casino Regina opened in 1996. In 2002 the business grew with the addition of Casino Moose Jaw. Today Casino Regina and Casino Moose Jaw proudly welcome more than 3 million visitors each year. The corporation is mindful that in order to continue to be successful, they need to offer their guests an outstanding, always entertaining experience. Currently guests rate the satisfaction with Casino Regina and Moose Jaw as an average of 8.08 out of 10.

Sask Gaming's workforce is nearly 1,000 employees, working hard to create value not only for their guests but also for our communities and our province. And the corporation is very proud to have the highest Aboriginal representation in any of the Crown sector.

I'd like to briefly touch on a few important points about the four years that the committee is considering today. Sask Gaming

was originally founded as a Treasury Board Crown. In April of 2008, it was transitioned to a CIC Crown. As part of that transition, Sask Gaming moved to a new fiscal year-end with the end date of December 31st, so you will notice that the annual report for 2008 is for the nine months from April to December.

Between '08 and 2009, revenues went up, though at a somewhat slower pace than the previous years. What the corporation was beginning to see was the maturing of its market. So where the first dozen years of its existence were marked generally with rapid growth with the odd exception, it was now starting to reach the flatter part of the top of the growth curve. This was not due to a decline in the popularity of casino gaming. To the contrary, guest counts were relatively stable during the four years being considered today. What has declined is the average guest's spending, which again points to a maturing of the casino market.

This trend is not unique to Sask Gaming. For the past number of years, casino gaming operators right across the country have seen the same flattening of revenues or even decline in revenues in their properties. In fact the same is true for most of the currently available form of gaming in Canada. According to Stats Canada, net revenues from government-run lotteries, video lottery terminals, casinos, and slot machines located at places other than casinos rose steadily from 2.73 billion in 1992 before levelling off and remaining at around the \$13.7 billion since 2007.

In the summer of 2010, the corporation endured a 53-day labour dispute at Casino Regina. While the casino remained open with reduced services throughout this period, there is an obvious financial impact, as you can see in the annual report. In 2011 Sask Gaming revenues was 134.6 million. If you compare that to 2009, the previous full year of normal operations, you will see that 2011 revenue was down slightly by a little less than half a million dollars. Again we see the flattening and slight decline in the revenues that is characteristic of mature markets.

So in that context, Sask Gaming has acted aggressively to control its costs, which you can see when you compare the corporation's net income in 2011 and its net income in 2009. While revenues went down, net income went up. At the same time the corporation has been devoting a lot of its energy and resources into marketing . . . making sure, sorry, that the entertainment experience that they offer their guests is the best it can be. The guest satisfaction numbers I talked about earlier are just one of the guest experience excellent measures that the corporation tracks and discloses to the public in a balanced scorecard.

Last year the corporation devoted significant effort to refreshing its guest service philosophy, including comprehensive training and employee evaluation systems intended to engage and excite employees about giving guests an outstanding experience every time they visit. They also work hard to keep their gaming product, promotion, and services fresh and exciting to meet and exceed what guests expect to get when they spend their entertainment dollar. These strategies have been successful as evidenced by the fact that Casino Regina and Moose Jaw set a new record for guest visits last year.

So with that brief background of the years in question, I would end my remarks and welcome any questions from the committee.

**The Chair:** — Thank you, Mr. Minister. Any questions? I have Mr. McCall.

**Mr. McCall:** — Well thank you very much, Mr. Chair. And good morning to the minister and officials. Welcome to the Crown and Central Agencies Committee. We've a considerable amount of SGC's [Saskatchewan Gaming Corporation] annual reports under consideration this morning. Four years worth of annual reports is a pretty sizable chunk of accountability for the people to make sure we're doing our part in terms of not just practising that accountability, but making our contribution through this committee. As such it's a fairly wide-ranging swath of the corporation's activities under consideration, so I'm sure the minister and the officials will bear with me if some of my questions are fairly wide-ranging and perhaps a bit elliptical in places.

But I guess if we could start off, just for the record, I'm interested to hear about the net revenue versus overall income position: if the minister or officials could state for the committee, Mr. Chair, what has been the return from the CIC Crown as of 2008 to CIC, the holding company, for the years under consideration here today.

**Ms. Meredith:** — Good morning to the committee, and we are really looking forward to this opportunity. You've said it's been a number of years since we've had this opportunity to appear before this committee. Just to clarify, so the net income for the four years, is that . . .

**Mr. McCall:** — I guess if you could provide an overall sort of revenue, expenditure picture. And then within that, as per the minister's observation towards the close of his remarks, the different sort of work that's been done. I think that'll provide us a bit of a framework in terms of a discussion of challenges and opportunities for the corporation.

**Ms. Meredith:** — Maybe while I have my official just quickly calculate what that net income payment has been in total for the four years under consideration, just for the committee's benefit, so you understand the distribution of our net income, we keep very little of that for ourselves for reinvestment purposes. Fifty per cent of our net income generated is forwarded to the General Revenue Fund on an annual basis, and of that 50 per cent, 25 per cent is then forwarded, by law, to the First Nations Trust Fund. The other 25 per cent is forwarded, again by law, to the Community Initiatives Fund. Of that 25 per cent that goes to the Community Initiatives Fund, a portion of that then, again by agreement that they have, is provided to the Clarence Campeau Development Fund for Métis activities.

The balance then of the net income is forwarded to CIC as a dividend and that's used for general government purposes. So that's sort of where all of our net income ends up at the end of the day. Tony, do you . . .

**Mr. Coppola:** — Yes. Mr. Chair, for 2008, the numbers that I quote are for three quarters. As the minister mentioned, we converted to a CIC Crown. It's safe to say that you can just

increase them by 25 per cent to get an accurate measure.

So our revenues for 2008 were 100 million — 100.6 million; for 2009, 135 million; for 2010, 126.1 million; and 2011, 134.6 million. Our net income for 2008, 38.6, and that's for nine months; 2009 was 50.8 million; for 2010, 43.5; and for 2011, 51.8 million.

**Mr. McCall:** — Thank you very much, officials. In terms of the . . . The minister had made reference to the maturation of the markets. I guess if you could explain how that has impacted the numbers over the years under consideration, both in terms of what is demonstrably the upwards curve in growth revenues and income. So when you say maturation of markets, what does that mean?

**Ms. Meredith:** — I think that means that as we sit here today, we've had an industry which was new to the province 17 years ago which has been remarkably successful. Starting in 1996, we experienced double-digit growth — all of those years until about 2007-2008 when us as well as others in the industry started to experience, as we're calling, the maturation of the market. Just like any product, the normal product growth curve is almost like a bell curve. So it's that rapid growth, then maturing, and then usually a forecast decline.

I think we're fortunate we're not at that point, and we are doing everything we can to ensure that we do not head down that path. But I think those days of double-digit growth for the industry in general are over. So when we're seeing the maturity. . . We're still growing. We're very fortunate. Every year — other than, I think as the minister alluded to, a couple of blimps being when we introduced non-smoking and then when we had our labour dispute — every year we have increased year over year our revenues as well as our net income that we have been able to generate for all of those recipients that I spoke about.

But it is getting tougher and tougher, as the minister has alluded to, to ensure that we use all of the tools that we have at our disposal to try to at least maintain that level of net income because, as we know, how important those funds are for all of those recipients that I talked about.

**Mr. McCall:** — As a corporation, do you set targets for both the immediate term and the medium term in terms of revenue growth targets? And if so, could you share those with the committee?

[10:15]

**Ms. Meredith:** — Yes, at this point in looking forward now for the next five years, it certainly is our hope that we will continue to grow both revenue and net income. But rather than the double-digit growth, I think we're looking more realistically at 2 or 3 per cent on the revenue side and then continuing to manage expenses. I think that's again part of the maturing of the industry that we're at to ensure that we benefit from those revenue increases, and that most of it would fall to the bottom line so we at least maintain around the 50, 51, 52 million of net income that we generate.

**Mr. McCall:** — Okay. In terms of the cost containment side of the equation over the four years under consideration, what sort

of activities have been undertaken in that regard?

**Ms. Meredith:** — Well we have done a great deal on, I guess, looking at ways to enhance our experience for our guests through advancements in technology, so ensuring that the guests are always satisfied, which is always the balance that we try to do. We realize we are in a people-facing business and it will always take people to service people. So, you know, trying to balance that, we are trying — we have over the years — trying to rightsize our organization, better match our staff demands on the floor to our guests demands on the floor.

So we have tried to enable a number of new technologies, be it through everything from parking automation, to a new shift scheduling program, to a ticket system that we've implemented, to even looking at . . . We refit everything, all of the HVAC [heating, ventilating, and air conditioning] systems in the casino to try to achieve some savings from the greenhouse gas side of the world as well too. We look at all of our ad and promotion. Everything is under scrutiny.

So we have over the years just tried to continue . . . It's always continuous improvement is what we're trying to do, keeping in mind that balance of satisfied guests because at the end of the day, that's the service we're providing, is a full guest experience that people can come and enjoy at the casino.

**Mr. McCall:** — Okay. In terms of the HR [human resources] side of the coin, the minister had referenced just under 1,000 employees with both casinos Regina and Moose Jaw and SGC's operations overall. For the years under consideration, has that been largely a static number and the sort of proportions within that of in-scope, out-scope, and also within the in-scope proportion on say the restaurant side of operations or the show lounge side of operations versus activities more directly related to gaming. How has that evolved over the four years under consideration?

**Ms. Meredith:** — Since 2008 we have decreased our total actual FTEs [full-time equivalent]. In 2008 we had 773.7 FTEs, and then in a minute I'll give you the breakdown between the in-scope and out-of-scope. And then at the end of 2011, we actually utilized 748.5 FTEs. So we have seen a gradual decrease. But we have done that, as I said, by implementing new technologies and taken advantage of some of that. But we've also been able to do it strictly through attrition, and that has been one of the principles that we've adhered to as we've progressed through this. We have never laid anybody off, and it's my commitment to my staff that we will continue to do that.

You know, we do have a young workforce and a workforce with probably a higher turnover rate than the other Crowns do experience, so we are able to manage that workforce. So it might not be as quickly as we would like to see, but we certainly value our employees and treat them all fairly, and we will continue to manage through that attrition.

Just go back to your other question as far as a split between out-of-scope and in-scope. In 2008, out-of-scope, we had 231.5. And at the end of 2011, that was 243.1. In-scope went from 542.2 to 505.4.

**Mr. McCall:** — Okay. And again in terms of deployment in the

corporation itself and the respective operations of the corporation, have any of those sort of numbers changed in a significant way? Or is it still, you know, you've got the Van Horne's folks doing the Van Horne's operations, and you've got the gaming side doing . . . [inaudible] . . . Have any of those sort of deployment considerations changed?

**Ms. Meredith:** — Because we're still increasing the number of guest visits, we still have sort of growing guests to service. So where we have seen the changes is primarily on the gaming side. And it's again looking at rightsizing some of those services. So we've done a review of all our table games, for example. We've also done an analysis and a redesign of our banking areas and again taken advantage of some new technologies there that are better from the customer service point of view because they don't have to wait as long in our lines. So I'd say primarily the adjustments to the FTEs that I just talked about have been on the gaming side of our business.

The food and beverage continues on. In fact we've increased some of the food outlets over the years that we talk about here. So you've referred to Van Horne's. We know it was called the Last Spike, but it has that Van Horne's history to it. We've opened up a CR Express, which is more of a fast food kind of offering for our guests as well too. So again we need staff to service that.

As well as, when we did a complete refresh of our properties in 2010, we really listened to what our guests were saying at Casino Moose Jaw. And if you've been out to Moose Jaw, it's a wonderful property but relatively small and contained. And one of the comments that we often receive from guests is, boy, could you just provide us with a little bit better food and beverage service? So we did take that opportunity there to install almost the same kind of experience that they'd have here at our fast food area. And so again, we actually ramped up some of the staff member food and beverage side at Moose Jaw to address those concerns that guests had been relaying to us.

**Mr. McCall:** — Thank you, Mr. Chair, officials. In terms of the collective agreements attached to Saskatchewan Gaming Corporation — and of course, Minister, and Ms. Meredith, you'd made reference to the labour dispute — if you could just for the record describe the collective agreements that SGC is party to and the status of those collective agreements and number of employees attached to each of those collective agreements.

**Ms. Meredith:** — Okay. We have four collective agreements at our two properties. We have RWDSU [Retail, Wholesale and Department Store Union], which is the representative for all of the staff at Casino Moose Jaw, and that agreement has expired at September 30th, 2012. We have a PSAC [Public Service Alliance of Canada], which is the representative for all of the gaming employees at Casino Regina, and that agreement is set to expire December 31st, 2012. We also have another local of RWDSU, and they represent our food and beverage employees at Casino Regina. That agreement is set to expire February 6th, 2013. And then we have a small group of IATSE [International Alliance of Theatrical Stage Employees], and they represent some of our workers in our show lounge, the lighting people, and that is set to expire July 7th, 2013.

Number of employees on each of them . . . Sorry, just a second. We can certainly provide that to you. I don't think we have that handy. I'm sorry.

**Mr. McCall:** — Thank you very much. If you could make it on that undertaking, I'd appreciate it very much.

Given a fairly lengthy labour dispute that took place at Casino Regina and given that we've got another round of those agreements set to expire, what sort of planning is the corporation undertaking to see that the province negotiates collective agreements and there's not that same sort of disruption for both workers in the corporation and for . . . I'm sure your VPs [vice-president] enjoyed running the floor operations mightily. But just what sort of preparations is SGC undertaking?

**Ms. Meredith:** — We actually had an opportunity to sit down at the table with RWDSU from the Moose Jaw group already at this point. We've discussed a number of the non-monetary issues. What they report back to me at this point is it all seems to be going along very good with no discussion of monetary yet at this point.

But certainly that will be our approach, is to work together with the unions. I mean we've always felt we've had a very good relationship with our union. It was very unfortunate, the disruption that happened, I think for both sides, as you point out. It wasn't something that we want to see again, so we will certainly be working with our unions to try to avoid that situation. So you know, that's the general approach, just to try to sit down and reach an agreement that will benefit both parties moving forward.

**Mr. McCall:** — What was the cost of the labour disruption in 2011?

**Ms. Meredith:** — Well you know, it's a little hard to quantify because we were able to keep our slots open. We did have to close our tables. We had to close our food and beverage, and we did work on reduced hours. But you know, probably the best comparison is to take a look at what was the track we were on as far as, you know, if we wouldn't have had the disruption: what net income would we have generated versus where we ended up? And so we were down about \$7 million in net income for that year from what we were projecting, which is about a 15 per cent decrease from where we expected to be.

**Mr. McCall:** — In terms of the deal that was eventually struck, what were the outstanding points of contention? And in your estimation, where did the deal eventually get struck?

**Ms. Meredith:** — You know, at the end of the day, I think we struck a deal that was beneficial for both parties. We did have the two unions on strike, as you may recall, PSAC in Regina and then RWDSU from Regina, the food and beverage employees as well. So we had the two agreements.

So I'll just maybe take you through PSAC first. And at that time, I can tell you that that did represent 465 gaming employees in Casino Regina. So the agreement that we ended up signing and approving provided wage increases of one and a half, two, and two over a three-year period, and it also provided

for an increase of 1.17 per cent in the first seven months of the fourth year. So that's what got us to the December 31st expiry date of 2012.

In addition, we had a further wage increase of point five per cent in year two and a 1 per cent in year three. And those increases were to cover increases in shift premiums and some benefit improvements. And why we're able to provide that is because, the union, we were able to negotiate more flexibility in scheduling of our shifts. So that's where we've been able to achieve some of these savings to help pay for that increase for the union.

Also as I've talked about, some of the rightsizing of our staffing to customer demand, over the last couple of years as well too, is where we've been able to achieve some of that. So as a result, we were able to eliminate eight full-time scheduling blocks from the PSAC.

On RWDSU, we again ended up with an agreement with wage increases of one and a half, two, and two per cent over a three-year period. We also agreed to a further general increase of point two five per cent in both years one and two and increases to the union-managed dental plan that that union has. And again we were able to do that because of a number of financial efficiencies associated with greater flexibility that management achieved through that bargaining process with RWDSU. And in that bargaining unit at that time, there were 240 employees.

**Mr. McCall:** — Thank you. And I guess sort of a follow-up question to that, the overall sort of in-scope/out-of-scope complements: out-of-scope has gained a little bit more over the four years under consideration. In-scope has seen a few positions dropped. Any information for the committee as to the relative worth of the pay packets attached to both of those complements? And has there been a growth in the pay and benefits sort of commensurate with that where you see the in-scope folks drop a little bit percentage-wise? And then on the out-of-scope side, has there been an increase in the overall pay and benefit package or if you could clarify that for the committee?

**Ms. Meredith:** — Well I guess on the out-of-scope, it would again just be direction from our shareholder, that is approved by our board of directors as well too. And out-of-scope has been just an annual 2 per cent economic increase and then increases available through performance. So we, with out-of-scope, we do conduct an annual performance review process with a maximum of up to 4 per cent available. But again it depends on the performance, based on criteria that have been determined early in the year as far as personal achievements. And so that would determine the increases for out-of-scope. So again very, I guess, similar to what we're seeing here in the 2 per cent in the outer years for the union.

[10:30]

**Mr. Coppola:** — If I could, Mr. Chair. And I do have a breakdown, in-scope and out-of-scope for 2009, the full year. That's a good comparator. Our out-of-scope salary was 16.2 million, and for 2011 the out-of-scope was 17.5. And then for the in-scope employees it was 18.7, and for 2011 it was 18. So a

slight decrease on the in-scope and a slight increase on the out-of-scope.

**Mr. McCall:** — Thank you, officials. I guess again on the theme of HR and renewal — I think you'd touched on it earlier in the remarks, either minister or Ms. Meredith — but in terms of the tenure of different employees and the length of time which they've stayed with the corporation, what's the situation like in terms of the corporation presently in terms of retaining employees over the long haul?

And again it's been awhile since the corporation's been in front of the committee, but it would seem to me that I recall fairly impressive numbers in terms of retention of employees over long haul with the corporation. And you can draw different sort of conclusions as to why that might be, but most of them are good. Anyway if the president or minister has any information for the committee on that regard.

**Ms. Meredith:** — Okay. And thank you for that question. Thank you for the remarks. Yes, you know, we are very proud of our retention rate, and we try very hard at retaining our employees. We have averaged over the last few years — and this is just the latest year under review here in 2011 — our annual turnover rate was 19 per cent. As I said, that sounds high for a Crown corporation but in our industry being a, you know, hospitality industry is what we compare ourselves to, that is very low. A lot of hospitality industries here, just locally, run up to 200 per cent turnover. But we view our corporation as a place where careers can really grow and begin. And we try to remove as many barriers to entry for employment as possible. We are the only Crown that will accept people with a grade 10 education, to provide them with that entry into Crown employment.

And as far as the turnover rate, we also view ourselves as a developmental employer. And you know, we see it somewhat as a success when employees stay with us for a while, learn some valuable skills, and then move on to other Crown employment or other employment in other industries. So our environment is, you know, is somewhat challenging in that it is a shift environment which is, you know, difficult for people over the years and especially when they have gained some other, some good employment skills. You know, we really celebrate that they're able to go on to other employment.

So yes, you know, but on the other hand it is very important to retain employees and we have a number . . . We celebrate long service awards every year. I think this past year we actually had our 15 years. And I was really proud to see the number of employees that started with us way back in 1996 that are still with us to this day and, you know, are very proud to receive a 15-year pin. I don't think a lot of our employees ever thought they'd ever be at a place where they could get a 15-year-old, 15-year pin and still they are there and they will probably be there hopefully to receive their 25-year-old pins.

So we do have a number of initiatives that we employ to try to retain employees. We do a biannual employee satisfaction survey, and we've just got the results back from our latest one. And we take that very seriously. We sit with our employees, hear what our employees have to say and how we can improve that work environment for them, and undertake a number of

initiatives to, in the long run, retain our employees.

We have also, as we've pointed out, we have the highest Aboriginal percentage of employees in the Crown sector, which is 42 per cent, and again very proud of that. And that doesn't happen by accident. We work very hard at maintaining that rate. And we have just recently started an internal Aboriginal employees network which has a number of our employees bringing elders in, having a number of celebrations, taking on a number of diversity initiatives and education initiatives within our Crown corporation.

As well as, you know, we work very closely with our managers to ensure that they are properly trained to be good coaches to our employees because this is, for a lot of them, their first working experience. And as we all know, it's so important to your daily experience at work, your supervisor and their attitude and their time and ability to properly train you and mentor you. So we work very closely with our managers to ensure that they have the proper skills to ensure our employees stay around as well.

**Mr. McCall:** — Thank you very much. And again, something I try to do is give credit where credit is due, and certainly I think SGC has got the high level of retention . . . speaks in a good way about the corporation and the kind of livelihoods that people are able to make there. So you know, please keep up the good work in that regard.

I guess one of the questions that I wanted to get to that the president has touched on, so we'll get into it here, the 42 per cent of Aboriginal workforce at the corporation. In another sort of setting, it was a rather brief sort of reporting in January of 2009 for the Crown and Central Agencies Committee. At the time, Minister Hutchinson referenced the fact . . . I'll just quote from page 111 of that January 19th, 2009 Crown and Central Agencies Committee *Hansard*:

Another example, we have one of the most inclusive workforces in Canada, and we have a couple of brief figures that will help illustrate that point. Our target is to include 51 per cent of people in the workforce of Aboriginal descent. Currently we're at 42 per cent, with plans to improve on that figure.

Again, 42 per cent in the sort of broader context is an impressive number, but as the president had stated in the remarks at the top, the very sort of founding of the Saskatchewan Gaming Corporation was very much tied into the broader gaming framework agreement and agreements with First Nations and Métis people in this province. And the 50 per cent target was how I was always sort of familiar with. It was always one of the guiding principles of SGC. Again then Minister Hutchinson reporting out at the start of 2009 that it was at 42 per cent, but that the plan was to get it to 51 per cent. Again you've reported here today that it's at 42 per cent. So I've a number of questions.

First is that, you know, other than setting targets in the corporation, is there any sort of aspect of the gaming framework agreement that is binding on the corporation to work for the 50 per cent, or is that just something that was sort of notionally there at the beginning of the corporation and has carried

through but there's no real force of policy or penalty in terms of compliance or non-compliance with that target?

**Ms. Meredith:** — It's my understanding that when that agreement was initially negotiated, there's no I guess penalties, as you put it, for non-compliance. But it certainly, as you have stated, was always the long-term target of that agreement that Sask Gaming would achieve 50 per cent Aboriginal employment. And back when we started, that certainly was the case that we were able to achieve that for a number of years.

If you recall when that agreement was originally negotiated and agreed to, there were only to be two casinos in the province — one in the city of Regina and one in the city of Saskatoon. I think subsequently Saskatoon voted down the approval of a casino and that led to the creation of Sask Indian gaming corporation and then they created a number of smaller casinos and have really achieved good Aboriginal representation in the SIGA [Saskatchewan Indian Gaming Authority] casinos as well too.

I think part of . . . It's still always, even though I say 42 per cent, that's kind of our immediate, shorter term target. Corporately, longer term, it's still our long-term target to eventually try to get up to that 50 per cent again. So you know, to your question, do we have a number of initiatives under way, yes, we do. Why that number has fallen over the last few years is not through a lack of trying.

I think just the environment has really changed from back when the agreement was set in 1995-96. Our economy is so vibrant and so booming right now, you know, we're in competition with everybody else in the trying to hire people right now. So it's very difficult to hire. Plus, as we've talked about, our staffing requirements have been decreasing over the years too. So I guess coupled with the fact we're not hiring as many staff at, you know, in general, plus just a very, very tight labour market. So we're all fighting over the same employees. That's, you know, that's one of the major reasons that our numbers have decreased.

But it doesn't mean that we don't always continue to work hard at that. And we have a number of initiatives under way to try to improve that representation. We have two full-time recruitment specialists who actually specialize in the recruitment of Aboriginal employees, and they spend a great deal of their time out in Aboriginal communities just developing relationships with some of the leaders out in reserves as well as at some of our educational institutes and our community agencies as well too.

We also, as you may be aware if you see some of our advertisements for staff, we always have a preference for Aboriginal employees as our hiring criteria. So we continue to use that and hire based on that preference. We, as I mentioned, we also have our Aboriginal employees network which again is good at trying to not only retain employees but actually help us to recruit employees as well too.

You know, I think a really important partner that we have, working at trying to increase that representative target, is actually working with the unions that we have. For all of our collective bargaining agreements, we actually have agreements

in place that our union partners help us moving forward in that, so looking at, you know, ensuring that seniority provisions alone don't get in our way of moving our agreements forward and trying to increase that representation.

So those are a number . . . You know, we also are an active participant and we've just won an award recently through the Aboriginal Government Employees' Network. So again we have people involved in that as well as the Saskatchewan visible minorities employment association. So we're very active in all of those associations, the partnerships that we try to establish.

You may also be aware that our board is comprised of seven people appointed by the government, and three of those are actual nominees from the FSIN [Federation of Saskatchewan Indian Nations]. So again we work very closely with those FSIN appointees to try to help us and say, you know, we all have these same goals we're trying to achieve; let's all work together. Help us in trying to move that forward. So there's a number of efforts under way to try to increase that. But you couple that with, you know, some of the challenges that we're facing as far as just a tighter labour force out there.

**Mr. McCall:** — I guess not to harp on the point but since 2009 where it was at 42 per cent and the target being 51 per cent, has there been any sort of . . . Has it been a flat line from 2009 to present? Or has there been any sort of spike in that? Or has this just . . . It was 42 per cent in '09, and it's carried on through to 42 per cent today.

**Ms. Meredith:** — We have bounced around a little bit. I think we were as high as 44 per cent just even a year or two ago, and then it's dropped back to more of that 42 per cent range. So you know, as I said, I hope you can appreciate it's not through lack of trying or efforts on our part. It is always very important. We realize it's a very important part of who we are and why we exist, and we are very proud of the 42 per cent even though we'd like to do better.

[10:45]

**Mr. McCall:** — In terms of the 42 per cent, is it different for the out-of-scope complement or different for the in-scope complement? How do those proportions break down?

**Ms. Meredith:** — Well 42 per cent is our overall corporate, I guess, percentage of Aboriginal employees. But again we're very proud when you look at our out-of-scope. We average 33 per cent of that. So you know, the vast majority are obviously on our floor area, but we have been able to transition people we think successfully into management positions, out-of-scope positions as well. So again 33 per cent of our management staff are Aboriginal and again something we are very proud of.

Again we work very closely, trying to ensure that people can move through our organization, so they can stay there and develop a longer-term career. We work closely to provide them with skills to move forward into leadership positions not only within our corporation but outside our corporation as well too, to go back and provide leadership to their communities. And again we've had a number of success stories of people going back and becoming chiefs on their reserve. So again we're very



proud of that, that we were able to play a small part in somebody's success.

**Mr. McCall:** — Indeed. What specific sort of steps do you take in terms of fostering that ladder within the corporation for skill development and people moving up the ladder?

**Ms. Meredith:** — We have developed what I think is a very progressive and comprehensive learning program that all employees have to go through, a core learning. And then depending on what level they are in in the casino . . . So if they're in management, like, and we have a set of core learnings for management. And then it's almost like university where they can take a look at, okay, I have to complete this. And we provide them with that, the time and tuition reimbursement, whatever it requires. And then they can see, okay, to get to the next level of let's say moving up to a director position, I have to have all these other competencies in place. So again we work with our people to ensure that if they're interested in moving forward, we provide them with the skills and I guess time to move forward in our corporation.

**Mr. McCall:** — I guess changing gears a little bit to sort of boards, board governance and board renewal, those sorts of things. I guess for yourself, Mr. Chair, Madam President, you'd undergone a period where you had to move from acting president, acting CEO of the corporation, to being affirmed as the CEO and the president. Could you describe for the committee how that process of both CEO search and then the decision was made in terms of yourself being affirmed as the CEO for the corporation? And if you want to hand any of this off to the minister, I'm sure he'd be happy to chime in as well.

**Ms. Meredith:** — Well I could certainly speak to it, I guess, from my point of view as just being the candidate in the whole process and not certainly the decision maker in the process. But the corporation did go through a full CEO search and came up with a number of candidates. We went through an extensive interview process, and then a recommendation of the search committee of the board was made and provided, I believe, to CIC. And then I guess I was fortunate enough to be the candidate that they selected. And I'm very grateful for that.

As you may be aware, I've been with the casino since day one. I started as the CFO [chief financial officer]. And you know, as I say, it's a place, it's been a great industry for the province, and it's also been a great industry here, a homegrown industry of a number of executives that, you know, we wouldn't have in this province. And I just want to thank my board and the government for the opportunity to take this position and I think really make a difference hopefully in what we're able to provide for the province moving forward.

**Mr. McCall:** — Thank you. I guess — and again it's a fairly large swath of activity under consideration — moving more broadly to sort of the question of the way Saskatchewan Gaming Corporation seeks to deal with problem gaming. And if you could for the committee's clarification talk about the activities undertaken over the past four years and what you see as the effect of that, or are there areas in that, the work of dealing with problem gaming, that need to be bolstered, or just if you could provide a bit of discussion for the committee.

**Ms. Meredith:** — Okay. And thank you for that question. I guess at Sask Gaming we have always considered responsible gaming a top priority for us. We realize although a vast majority of people view gaming purely as entertainment, there are a small number of people that will experience problems with it. So we always have followed best practices, and I'll just go through sort of a number of initiatives that encompass our complete responsible gaming program. But before I get into that, I just also want to preface these remarks by saying that, you know, Sask Gaming has been recognized internationally and in international publications as being a leader in responsible gaming not only in Canada but throughout the world.

So part of why we've been recognized that way is our comprehensive responsible gaming program. And that includes mandatory responsible gaming training for all of our employees, and that training does include providing everybody with the tools to identify possible signs of problem gaming on the floor. If you've been to our casinos, you'll notice that we have information on gaming centres on our gaming floors, both in Casino Regina and Casino Moose Jaw, and that those centres are staffed by a team of specially trained responsible gaming specialists.

A tool that those specialists use is a program that we're very proud of, and it's our iCare system. And we view it as a complete customer care program for responsible gaming. It allows our staff to take a look at patterns of play that may suggest an individual is having difficulty. And this is what really is making us a world leader in responsible gaming is that our responsible gaming staff will then go out and have just a conversation with people that show that they may be at a higher risk. And they just check in with them, see how they're doing, and if they are experiencing some difficulties, they are trained not to diagnose problem gambling but certainly to provide them with references and where they can seek information and counselling themselves.

So we also have a self-exclusion program which we invite people who are having problems with gaming to enter into, as well as we have a number of educational and awareness materials available for our guests that include brochures and posters, as well as we have messaging on all of our slot machines and our ATMs [automated teller machine]. We've also recently implemented licence plate recognition technology, so it helps our security people to help identify people that may have self-banned. And should they try to re-enter, we approach them and escort them off the property.

We've also just recently enrolled in Responsible Gambling Council which is a national organization to undergo what is called an RG [responsible gambling] check, a certification. And this is a national program which a number of casinos are embarking upon. And this organization comes in and reviews all of our responsible gaming program — all of the items that I've talked about, our policies — and then they provide an independent, nationally-recognized accreditation. We're just in the middle of undertaking that accreditation, and we're anticipating that by the spring of 2013 we will have that.

In 2011 as well we also had our first Responsible Gaming Awareness Week that we coordinated at Sask Gaming. We brought together all of our partners in responsible gaming

because, as you're aware, we are just one part of the gaming market here in Saskatchewan. There are, as I mentioned, the SIGA casinos. There's also VLT [video lottery terminal] programs. There's lottery. So we work very closely with our provincial partners.

And Health really does take an overall government lead in I guess the responsible gaming messages that you hear out in the communities. So we work very closely with them. And we had a display, I guess. People had booths set up. We attracted I think it was about 2,000 guests that came through just to talk to our responsible gaming people, not only ours but some of the Health representatives as well too, just on the topic of gaming in general and knowing that there is a price to be entertained, and that's the money that you spend at our casinos is just as you spend money to go to a football game for entertainment or to a movie, and letting people understand what those, you know, what their odds are at winning, just to educate them a little bit better that, you know, casinos are built on people's . . . I guess what they wager, and that that is the price of entertainment. So it's just that general . . . you know, and realistic expectations of winning.

And you know, we do take this role as I say very seriously. And it only affects a small number of people. And we certainly aren't in the business of diagnosing, but we are there to offer help if people are looking for help.

**Mr. McCall:** — Thank you, Mr. Chair, Madam President. What sort of interaction does SGC have with the FNARF [First Nations Addictions and Rehabilitation Foundation], the First Nations — I'm having a hard time getting past the acronym; it's so impressive — but the First Nations addictions and problem gaming. But there's a foundation. Money is attached to the last gaming framework agreement that came forward. I just . . . if SGC has any sort of ongoing involvement in how those dollars are spent and the effect of them.

**Ms. Meredith:** — Yes. One of our vice-presidents who's actually here with us, Bob Arlint, sits on a number of provincial committees that review responsible gaming as well as he also sits on a national body. And the purpose of these bodies are to try to find common ground, work together, develop best practices, and then ensure that those best practices are rolled out into the casinos or other venues because there are . . . You know, the VLT piece, I think the lottery people sit on those as well too. So we work very closely with everybody involved in gaming. And I would say, I don't want to speak on their behalf, but certainly we all have, you know, see that as a priority to ensure that people that use our products do it responsibly.

**Mr. McCall:** — I guess getting back to the gaming framework agreement overall and the very helpful description that the president provided to the committee in terms of where revenues flow from SGC as regards the government, how that impacts things like the First Nations Trust and the Clarence Campeau Development Fund. There was a change a couple of years ago in terms of the amount that was forwarded to the Clarence Campeau Development Fund. What was SGC's involvement in that, and if the president or the minister could describe that for the committee.

**Ms. Meredith:** — Sask Gaming really didn't have any direct

involvement in that. We, as I mentioned to you, we forward 50 per cent of our net income to the General Revenue Fund, and then by law it's distributed to the First Nations Fund and the Community Initiatives Fund.

The Clarence Campeau Fund that you refer to receives funding through a separate agreement with the CIF [Community Initiatives Fund], and it's my understanding, as you say, that that just changed a couple of years ago. From what I understand is that it's an 80/20 split up to the first 10 million of funding, and then after that point it's a 50/50 split from any of the balance of the funds that remain. From what I understand it averages about \$3 million a year. Maybe, Tony, you could just confirm.

[11:00]

**Mr. Coppola:** — Yes. So as Twyla has described, that is the split. So I worked out a scenario. If in a year the net income of the organization, Saskatchewan Gaming, is \$50 million, of that 50 million, 20 million would go to CIC in the form of a dividend payment, so that's the 50 per cent that is not remitted to the GRF [General Revenue Fund]. Eighty per cent is paid to CIC as a dividend — that would be 20 million — and the organization would retain the other 20 per cent, so that would be about \$5 million.

Of the 50 per cent that goes to the GRF, the GRF would distribute 12.5 to the First Nations Trust and then of the remaining 12.5, the Community Initiatives Fund would receive 9.25, and the CCDF [Clarence Campeau Development Fund] would receive 3.25. And that's that 80/20 split that Twyla was speaking to a minute ago.

[11:00]

**Mr. McCall:** — Okay. What sort of involvement does SGC have generally with the negotiations that are undertaken for the gaming framework agreement?

**Ms. Meredith:** — Again, that's not our file. The lead on that file for government is SLGA [Saskatchewan Liquor and Gaming Authority], the Liquor and Gaming Authority.

**Mr. McCall:** — But certainly there must be some kind of internal involvement between SGC as a direct participant in the industry and, you know, someone that's impacted mightily by the terms of the GFA [gaming framework agreement] and the lead negotiator for the government. Is there any sort of ongoing sort of coordinating of files or bargaining position with the SLGA as they undertake to negotiate a GFA?

**Ms. Meredith:** — No. SLGA has always taken the lead on that file. You know, they will talk to us. They are a regulator. And they will ask us some questions as far as, oh, I don't know, perhaps like new games or where is the industry going on new products, that sort of thing. But certainly that would be more to, I think, provide them with some context as they enter into the negotiations or renegotiations than anything. So no, we really don't sit at that table. Other than the overall target of the 50 per cent employment that we talked about, there really isn't much of a direct impact for us on that agreement.

**Mr. McCall:** — In terms of, and shifting the footing a bit, the whole topic of online gaming and how that's impacting the operations and the revenues of Sask Gaming Corporation, I guess in different sort of work in estimates, in previous discussions with the then minister of First Nations and Métis Relations, Minister Cheveldayoff, in the spring of 2011 he had stated that he thought online gaming . . . And I'll just get a direct quote so I'm not putting words in the minister's mouth: "What we see in Internet gaming is an estimation of about \$30 million of activity taking place in the province at the present time . . ." That's from April 4th, 2011, the *Hansard* of the Intergovernmental Affairs and Justice Committee.

In the recent days around discussion of the whole question of Internet gaming that figure has now, I believe, gone up to about \$40 million. And it leads me to wonder if it's going to up to \$60 million next year. But I guess if you could talk about, from the prospective of the corporation, the impact of online gaming on the operations and the sort of opportunities and trouble side of the coin for Sask Gaming Corporation.

**Hon. Mr. McMorris:** — I'll maybe start, and then I'll let Twyla kind of talk a little bit about what has been done in the four years under review regarding e-gaming. And of course it's getting a little bit more attention now than it had in the past because some of the news stories. Having said that, through the Gaming Corp and more importantly through government, we had made a decision recently that we weren't going to pursue it, as far as a government is concerned.

The numbers that you quoted, \$30 million that Minister Cheveldayoff had said, and there's some bouncing around, I think the hardest part on trying to determine what that number is or could be is trying to determine what is in and what is out. Are lottery kiosks in, and can you do that online as opposed to the way we're doing it now? And so there are . . . It depends on what you put into e-gaming to determine what the final number is.

And if you peel some of that away, then e-gaming doesn't maybe generate the 30 million. If it's just online and you take away the lottery tickets and a number of those things that could be done, then the number varies greatly. And I think that's probably what you're hearing a little bit right now in the media is, is there is great variation in what is predicted and what is available. But I think you have to determine, first of all, what are you including before you can determine what that final number is.

We, as a government, have made that decision. That's not to say that there hasn't been some work done by the Gaming Corp in the past. I think your question as to what is the impact, are we seeing an impact, well we're not seeing an impact on visitors because we're having an increase in the amount of visitors. The per payment per visitor is down a little bit. Is that because of e-gaming? I don't know. Are those people going online then and spending their extra disposable income that way? I would doubt that. I think it's probably a select group that is involved in e-gaming and not necessarily — and this is just my own opinion — not necessarily the people that are coming into our buildings, although there could be some crossover.

So that's kind of the general view of where we are as a

government, kind of a bit of a rationale around the dollar amount. It depends on what you put in and what you take out to include that dollar amount. And the direct impact, no doubt there's probably some impact. I don't know if we have any kind of distinct or exact numbers as to the impact within the corporation. Those are tough to see because, you know, if a person is on their computer at their home betting on a site from who knows wherever, we don't necessarily have a record of that.

**Mr. McCall:** — I guess I ask it because of course Minister Cheveldayoff at the time was both the Sask Gaming Corp minister and the First Nations and Métis Relations minister. And the discussion we'd had in estimates related to an announcement that the minister had made previously at a Federation of Saskatchewan Indian Nations assembly or an undertaking he had made to the First Nations that certainly the FSIN and SIGA would be involved in the ongoing sort of contemplation of the impact of online gaming in the province and how that, how decisions would be made in future. Does the minister concur with that assessment? Has SGC been involved with the sort of ongoing taskforce or inter-ministerial group that has looked at the impact of online gaming?

**Hon. Mr. McMorris:** — So I guess it's really kind of a couple of areas. Saskatchewan Gaming Corp would be one entity, but it's really, as was mentioned before, SLGA's responsibility to license gaming. That isn't my responsibility. That's SLGA and Minister Harpauer as far as, you know, who is granted licensing to move forward.

There has been discussion, for sure. There was discussion in the past because, I mean, it is a reality if you're in the gaming business as far as the province is, this is another option and where do we want to go. So there had been discussions, I think, through SLGA, through the Gaming Corp, and through SIGA at times. As to whether this was something that we wanted to move forward on, you had touched on the framing gamework agreements, which is again separate. We're not part of that.

But as I've said, we had decided as a government that we were not going to move forward with the gaming just recently. Doesn't necessarily apply to these annual reports, but work had been done. You know, we're not going to say that it hadn't been done because work had been done. And maybe I'll let Twyla just talk a little bit about, you know, kind of where the business case was landing for us, especially when you have to kind of determine what is in and what isn't.

**Ms. Meredith:** — Okay, thank you, Mr. Minister. And I think, just again to provide some further context of our review and our involvement in e-gaming, there was a mandate letter issued in June 2010 to our minister at that time which directed the minister to pursue innovative new sources of revenue. So that's why there was a cross-government group that was formed to actually start preparing a business case and looking at e-gaming and what would it mean here for the province. And part of that group was SLGA; our Ministry of Tourism, Parks and Culture; CIC was involved; First Nations and Métis Relations as well too.

So we looked at . . . And I think that's where some of those, you know . . . What does this mean from a business case point of

view? How many dollars would this generate? I think, as the minister also said, we did have discussions with SIGA casinos to see how would all of this be impacted from the land-based casinos as well the Sask Sport from the lottery piece. So we prepared a business case, and we did have some meetings with our other provincial counterparts that are undertaking e-gaming to look at sort of the experience that they had.

When we came back to preparing that business case, I think it became relatively evident that, given our small population base, it was going to be very difficult to make a compelling case to move forward from a business case point of view. There's a capital investment required upfront. It would take a number of years to recoup that capital cost, as well as then of course you're entering into a number of new risks that would be new to everybody in the gaming business here in Saskatchewan. You know, in our business right now I can see who I'm dealing with.

So you know, there are some new risks of trying to ensure that everybody is meeting your age restrictions, responsible gaming. Again, we have face-to-face contact. Those are all new elements that get introduced, the new elements of risk. So sort of at the end of the day, it was the conclusion that, you know, at this time it doesn't look attractive to move forward. The risks outweigh any of the benefits and, certainly from a dollar and cents point of view, it didn't make sense at this point.

**Mr. McCall:** — So the group that SGC was a part of as per the reference in the minister's mandate letter of June 2010, when did that group conclude its work and when was the decision made for the decision to not proceed on online gaming?

**Ms. Meredith:** — That group concluded its work, I think it was probably about a year ago at this time and presented to government in early 2012. And I think, as the minister had said, that there was never really a decision until probably the spring of 2012, when there was a decision of cabinet that after reviewing the business case that, no, this isn't something we want to pursue at this time.

**Mr. McCall:** — The spring of 2012 was when the decision not to proceed was taken?

**Ms. Meredith:** — Right.

**Mr. McCall:** — Spring meaning March? Meaning June?

**Hon. Mr. McMorris:** — You're testing my memory, but I would say probably late spring — like, yes, June.

**Mr. McCall:** — Okay.

**Hon. Mr. McMorris:** — Yes.

**Mr. McCall:** — In terms of the external work that was being done with SIGA and the undertaking that had been made by the then minister of SGC to work in consultation with SIGA and the FSIN, how were they involved in the way that this decision was arrived at? And how was it communicated to them that the government's decision was to not proceed with online gaming? And what sort of parameters did that set out for SIGA or the FSIN?

**Hon. Mr. McMorris:** — Yes, I don't really think that would apply to us. We were one of the partners in, overall, the decision making — well, as a minister in the decision-making process — but in the planning and in the business case and all of that, the Gaming Corp would be part of that but wasn't part of the communication. That would really be SLGA that makes that determination eventually.

So it really wasn't necessarily our role, and it wasn't my role as the minister then to inform other organizations. It was a government role and that would be held through SLGA.

**Mr. McCall:** — Yes, well I guess, since the minister will appreciate, part of this is trying to figure out what desk things land on or where you should be addressing concerns. And certainly my previous experience on this file has been to see the minister of SGC speaking quite in a forthright way on different sort of things like online gaming from the front of the assembly of the Federation of Saskatchewan Indian Nations.

So if this isn't the place to address those concerns, then we'll certainly redouble our efforts with SLGA to get a better understanding of what's happened here.

**Hon. Mr. McMorris:** — Yes, I think that's fair. It's not that I'm trying to avoid any questions. I'm not the minister responsible for, you know, First Nations and Métis relations or SLGA, which are major players in this. We are one role player as the casinos — Regina, Moose Jaw — but that's the end of our responsibilities out further.

**Mr. McCall:** — And again I think from the opposition standpoint and I think people in the province generally are interested in how this all plays out because we've had times in the history of this province where the gaming file has been very contentious, and we've had times where it has been a fairly productive exercise for the province. And there's certainly some concern that we're heading back into a pass where, instead of proceeding in an orderly, negotiated manner, we're getting back into conflict. And you know certainly, Madam President, having been around from the inception of SGC, I'm sure folks would agree that it's better to proceed in an orderly, negotiated fashion than it is to be sending in the RCMP [Royal Canadian Mounted Police] to different places. But that's I guess why we're asking, and the minister has directed us elsewhere, so there we shall go.

But I guess one last request for clarification. So what is in and what is out in terms of the e-gaming file? So when Minister Cheveldayoff, in the spring of 2011, said that it was \$30 million, I guess, what was he talking about? If the minister or officials could clarify that for the committee.

[11:15]

**Hon. Mr. McMorris:** — Yes. I guess I'll have a hard time answering for, kind of, what was all envisioned. But you can imagine that online you can do an awful lot, and it's not just kind of the gambling site, but you can broaden it and allow people to, you know, pick up their lottery tickets and whatever other tickets that a person purchases at the convenience store or at the grocery store, at the kiosk, or . . . There's quite a wide, wide range that could be included, and so that would have a

variance.

They all have impact with other organizations such as Sask Sport, such as the lotteries, the kiosks, and all of that. So depending on how much responsibility you want to take over, it all has an impact. If you were to broaden it, you can certainly see the numbers would . . . The broader you make it, the more you put in, the greater the, you know, the revenue, I guess.

But there's also costs on the other side. You start peeling some of that away because you don't want to affect necessarily how . . . We really have a model of funding sports through lottery tickets. We don't want to peel away perhaps from that. So you take that out. So you can see that it varies greatly.

When you just say e-gaming and if you threw everything in, that would be one thing. If you just talk about what I think of e-gaming, I think of, you know, some of the different sites that are advertised on TV where you can go and play poker or whatever the game may be of choice. So that's the variation and that would make, you know, the variation in the number itself.

**Mr. McCall:** — So I guess on the low end and then on the high end, that would seemingly suggest a range of impact for the corporation. What is that range?

**Hon. Mr. McMorris:** — Well I guess, you know, I guess the range would be anywhere from, you know, the \$30 million has been used to . . . Kind of the business case that we were going through, through the Gaming Corp. as far as, you know, a few years of expenditure and not making any money, to three or four years out making some money. But it was small compared to what we're doing within our facilities. Just on the pure gaming piece, roughly . . . I forget what it was.

**Ms. Meredith:** — Yes. When we looked at it, it was about 30 million just on the casino game side, so excluding the lottery piece. So I think that's where some people are quoting the higher number, whereas the minister said that would be including everything.

But you know, I think one thing just to note, that was kind of our estimate of what may be happening in Saskatchewan currently. But you know, it's just kind of based on looking at some analysis on what's happening in other areas. So for example in talking to BC [British Columbia], we always say, oh, we're about 20 per cent of the BC population. So it's kind of translating that into what we think the activity is here.

But just to be clear, that's not necessarily impacting us at the casino at this point. It's felt that that is probably a whole other demographic than what we currently attract. And just so you're aware of what our current demographic is at the casino, is for slots at Casino Regina, average age, 58; percentage female, 57. In Moose Jaw, slightly older demographic there: average age of 60, and 68 per cent female.

So when we looked at some of the stats that they were able to provide to us on the e-gaming file, it was certainly a much younger and male demographic. So you know, right now currently I don't think we're seeing a lot of impact at the land-based casinos. How we're trying to encourage some of that younger demographic to come and to visit us at our casinos is

certainly looking at the products that are starting to come on to the market to help attract some of that younger demographic. So you know, that would be more of our trying to be a little bit competitive against some of the options that people are, as the minister said, in their basement working on playing, you know, Internet poker, and certainly encourage them to try to come and learn to play our land-based poker in our casinos.

**Mr. McCall:** — It's very interesting information that's been provided with those average ages, and you know, it sort of resonates with the idea of the maturation of the market. But has that average age gone up over the years under consideration or what has happened with that?

**Ms. Meredith:** — You know, since I've been involved, I would say it would always be around that fifty-fiveish. So yes, maybe a little bit, but you know, I think for the most part that's who we attract. It's, you know, people with a little bit more discretionary income, maybe don't have . . . you know, retired, starting to be semi-retired, more time on their hands. So that's the demo that we've probably always been attractive to and continue to be at this point.

**Mr. Coppola:** — We've had a conversation about the market size, and then we've had a conversation about the opportunity for Saskatchewan. The big difference here when looking at the business case for Internet gaming is the fact that you do not control who gets the licences outside of the province of Saskatchewan. So we took a look at the market size in 2011. Globally it was estimated about 34 billion. Then we had to go through several exercises, and Twyla talked about one of them in terms of comparing other jurisdictions in the province. And that's where you get the range of market size for the province, and those numbers have been anywhere from 30 to \$40 million. And once again those are estimates because we don't know what the current market in the province is precisely.

The second thing that we need to look at in terms of assessing the market opportunity is, what market share of that Internet gaming market will you get? Because you have to make some assumption on how effective your marketing is going to be as a service offering in the marketplace because it's already an established market. So you have to win that market share back from the incumbents, and then you have an opportunity to win the growth of the market. And those numbers are dependent on, as had been mentioned previously, the types of services that you're offering on online. And therefore you get those ranges in numbers, and in all instances they are estimates, best estimates based on starting with what's the global opportunity available.

**Mr. McCall:** — But with that, with all those provisos . . . And you know, I wouldn't dispute any of them. What is that sort of, in assessing that business case, what was the range of impact being contemplated? And what were the decisive factors on not being able to capture market share, I guess is to paraphrase a bit of what you're saying? What was the decisive factor in deciding not to proceed?

**Mr. Coppola:** — As mentioned, it was estimated that the risks outweighed the benefits with respect to Internet gaming.

**Mr. McCall:** — So the risks of . . . If you could characterize the risks and if you could characterize the benefits and if you

could provide sort of an assessment of that for the committee.

**Mr. Coppola:** — Well the benefits would be what you're able to earn over the life of the service if you're successful at capturing market share. The risks are that you would have to make an investment to enter into the market. And when we looked at the investment, it was substantial. There's a substantial infrastructure investment in order to get going, as Twyla has mentioned, and also a marketing investment because as I mentioned, you have to win market share from the incumbents.

**Mr. McCall:** — Obviously in this decision-making process, you've considered the experience from other provincial jurisdictions. If you could for the committee clarify how it's worked out for those that have decided to proceed, with BC being one example. And was there any option for Saskatchewan to partner in with one of those jurisdictions, and why was that decided against?

**Hon. Mr. McMorris:** — I think without getting into specific possible agreements, there are other jurisdictions that have entered into it. We probably could have partnered had we wanted to, but the decision was not necessarily whether we can partner or not — whether we wanted to pursue e-gaming as a provincial government. That decision was made in June that we wouldn't pursue e-gaming.

**Mr. McCall:** — Thank you, Mr. Minister. Okay, I guess one last sort of avenue of inquiry and then we'll maybe proceed to the votes. But I guess SGC has had more or less involvement with the whole stadium file over the last years, certainly for the years under consideration. If the minister or the president could take us through what that involvement has been over the past . . . under the four years under consideration and what the status is to date.

**Ms. Meredith:** — You know, I guess to characterize that we've had more or less involvement in the stadium file is maybe a bit of an exaggeration. As far as the extent of our involvement, I think you know we were certainly always interested in working with any innovative ideas that may have been placed on the table as this file moved that we could work with to help generate additional traffic for ourselves. That was kind of the extent of our involvement in this, and anything we could do to help move some of those projects along. So you know, I think it was more or less just coincidence perhaps that our minister at the time also was the minister for the stadium file, that you may be linking the two together. But you know, we were kept relatively separate other than from certainly from a business point of view. It's you know, how could we benefit from perhaps some increased traffic? And you know, some of that was dependent on where the location of the stadium was and that sort of thing. So I mean that was sort of the extent of our involvement.

**Mr. McCall:** — But there was also consideration of sort of long-term marketing agreements and sort of reverse swap. There are a few different things under consideration, as I understand the history of the file, that definitely involved the Saskatchewan Gaming Corporation up to and including offers from external sources calling for the swap of SGC itself in terms of financing the stadium. So like SGC has been part of

this discussion all the way through. So in its current iteration, is SGC involved in any of the planning around the Regina revitalization initiative?

**Ms. Meredith:** — To that I can say no.

**Mr. McCall:** — Okay. Thank you very much. Anything you'd like to add in close?

**Hon. Mr. McMorris:** — Not really.

**Ms. Meredith:** — Thank you.

**Hon. Mr. McMorris:** — Thank you very much. Thanks to all the officials for doing such great work. You'd asked a question about the board and hiring a permanent CEO, and that was back in 2008 and made an excellent choice. And you know, she's done great work and has great people around her obviously. So just as the minister responsible now and over the last four months or five months or however long, its been very fortunate. Thanks.

**Mr. McCall:** — Well just to say thank you, Minister. Thank you, officials. Don't stay away so long next time. Come on back soon. But anyway, thanks very much.

**The Chair:** — I thank the minister and officials for appearing before the committee, and I thank the member for the questions. It was an informative committee meeting. With that, seeing no other questions, I would ask that a member move that we conclude consideration of Saskatchewan Gaming Corporation annual reports 2008 and 2009, 2010 and 2011, and reports and financial statements. Mr. Parent.

**Mr. Parent:** — I move.

**The Chair:** — Mr. Parent has so moved. All those in favour?

**Some Hon. Members:** — Agreed.

**The Chair:** — Agreed. With that, the agenda is completed. So again I would thank everybody that was here today, and we will . . . I will ask the member that we call for a member to move adjournment.

**Mr. Parent:** — I so move.

**The Chair:** — Mr. Parent has moved that we adjourn this committee. All those in favour?

**Some Hon. Members:** — Agreed.

**The Chair:** — The committee is called until the call of the Chair. Thank you.

[The committee adjourned at 11:29.]