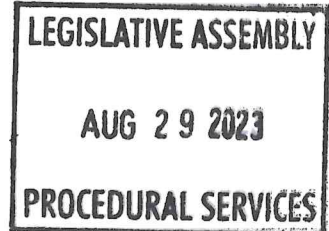


August 29, 2023

Fred Bradshaw, Chair
Standing Committee on Crown and Central Agencies
Room 203 Legislative Building
Regina, SK S4S 0B3



Dear Mr. Bradshaw:

Re: Lotteries and Gaming Saskatchewan transactions with Saskatchewan Liquor and Gaming Authority

To ensure that the significant transactions carried out by the CIC Crown sector remain accountable and transparent to the Government of Saskatchewan, the Legislature, and the public, I am pleased to provide you with information on the key elements of the transaction between Lotteries and Gaming Saskatchewan Corporation (LGS) and Saskatchewan Liquor and Gaming Authority (SLGA).

Situation Prior To Transaction

Effective April 1, 2023, LGS became a new commercial Crown corporation that oversees gaming policy and management in the province. On June 1, 2023, LGS began operating and has full conduct and management powers for gaming in the province. As part of the new legislation to create LGS, Saskatchewan Gaming Corporation (SaskGaming) became a wholly-owned subsidiary of LGS and will continue to retain the SaskGaming Board structure. In addition, the legislation retains several important funding arrangements, including obligations to the First Nations Trust, the Métis Development Fund, and the Community Initiatives Fund as well as the Lotteries Trust Fund Account, consistent with existing legislation and practice.

Objectives of the Transaction

Prior to the creation of LGS, Saskatchewan had numerous entities responsible for the management, operation, and regulatory functions of lotteries and gaming. To align with best practice, the Government of Saskatchewan decided to create LGS to conduct and manage lotteries and gaming for the province, which meant that conduct and management responsibilities at SaskGaming, Ministry of Parks, Culture and Sport (PCS), and SLGA would move to LGS. The transactions that occurred on June 1, 2023, aligned with LGS's conduct and management responsibilities as per *The Lotteries and Gaming Saskatchewan Act* transferred all gaming assets from SLGA to LGS.

The Transaction

All Assets, Contracts, Liabilities and Records related to the Conduct and Management of Gaming from the Ministry of Parks, Culture and Sport (PCS), SLGA and SaskGaming were transferred to LGS on June 1, 2023, as per Order in Council 250/2023.

To facilitate that Order in Council, SLGA and its a wholly-owned subsidiary, SLGA Holdings Inc., were directed to transfer certain assets, liabilities, and equities to LGS. On June 1, 2023, LGS purchased SLGA Holdings Inc. from SLGA for book value of \$85 million through a share purchase. SLGA Holdings Inc. had \$85 million of gaming assets including slot machines, that are used in Saskatchewan Indian Gaming Authority's (SIGA) casinos and VLTs, that are used in licensed establishments across the province. Immediately after LGS purchased SLGA Holdings Inc., it was renamed to LGS Holdings Inc. LGS 100 per cent debt funded the purchase of SLGA Holdings Inc. SLGA were used to retire debt related to the SLGA Holdings Inc. assets transferred.

Additionally, SLGA transferred outstanding accounts receivables from SIGA to LGS as of June 1, 2023 valued at \$31 million. In exchange, LGS provided promissory notes to SLGA for the book value of the accounts receivable.

Implications of the Transaction

The transaction provided a stronger gaming system in the province by having one entity that oversees all gaming conduct and management.

Authorities

The authority for this transaction was provided through Order in Council 250/2023. In addition, LGS has the legislative authority to purchase SLGA Holdings Inc. and the outstanding receivables from SIGA pursuant to Subsection 2-12 of *The Lotteries and Gaming Saskatchewan Act* and Subsection 29(1) of *The Crown Corporations Act, 1993*.

I would be pleased to provide any further information on this transaction that the Committee might require.

Sincerely,



Don Morgan, K.C.
Minister of Crown Investments Corporation