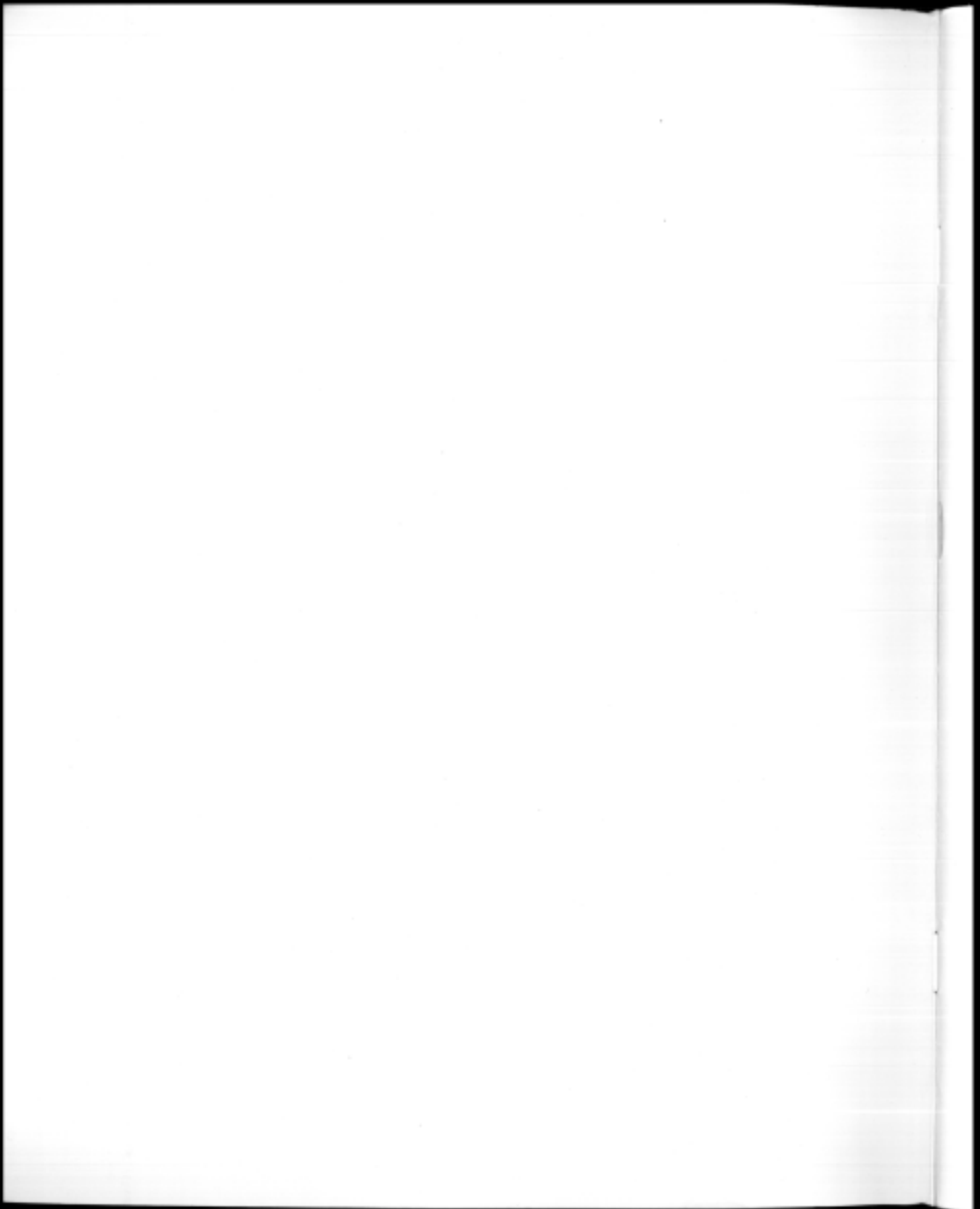


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ANNUAL REPORT

1994-95

*Saskatchewan
Liquor & Gaming
Authority*



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The mission of the Saskatchewan
Liquor and Gaming Authority is
to support, develop and regulate the
Saskatchewan liquor and gaming industries
and to maximize public benefit through
high quality services and products.

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Regina, Saskatchewan
June 1995

The Honourable J.E.N. Wiebe
Lieutenant Governor of
Saskatchewan

Your Honour:

I am pleased to submit the annual report of the Saskatchewan Liquor and Gaming Authority for the period ending March 31, 1995. This report includes the financial statements in the form required by Treasury Board and in accordance with the Alcohol and Gaming Regulation Act.

This is the second report of the Authority, and for the first time, it includes horse racing activities, in both the body of the report and the financial statements. The Saskatchewan Horse Racing Commission was amalgamated with the Authority in January, and I anticipate this amalgamation will be as successful as the last one, which created the Authority by merging the Saskatchewan Liquor Board and Saskatchewan Gaming Commission.

Respectfully submitted,

Joanne Crofford
Minister Responsible for the
Saskatchewan Liquor and Gaming
Authority



Regina, Saskatchewan
June 1995

The Honourable Joanne Crofford
Minister Responsible for the
Saskatchewan Liquor and Gaming
Authority

Madam:

On behalf of the staff of the Authority, I am pleased to present the second annual report of the Saskatchewan Liquor and Gaming Authority for your consideration. This report details the activities of the Authority for the fiscal year ending March 31, 1995, in accordance with the Alcohol and Gaming Regulation Act.

The Authority has undertaken many initiatives in the past year, and has gained success in a number of areas, such as in stabilizing the charity gaming industry, modernizing and standardizing liquor regulation, and gaining organizational strength. I look forward to continuing to build on that strength as the horse racing commission's amalgamation with the Authority is solidified.

Respectfully submitted,

Gord Nystuen
President and CEO

PRESIDENT'S MESSAGE

The second year of the Liquor and Gaming Authority's existence has been a very fruitful and positive one. By undertaking a number of new initiatives, as well as solidifying past initiatives, the Authority has gained a great deal of stability and consistency in the 1994/95 fiscal year.

When the amalgamation of the Saskatchewan Liquor Board, Liquor Licensing Commission and Saskatchewan Gaming Commission occurred in July 1993, its goal was to provide a stronger base for decision-making on gaming and liquor licensing issues, as well as to provide a single point of entry for hospitality establishment operators in the province. Many hospitality establishments provide both liquor and gaming services, and the new amalgamated Authority has been able to provide fewer administrative requirements, easier access to government, and broadly-based policy decisions which recognize the dual role of our hospitality establishments.

The hospitality industry continues to experience growth in the province, with an increase in the number of liquor licensed premises, and continued interest in the province's video lottery terminal (VLT) program. This year, the VLT program placed more than \$22 million in the hands of site contractors, providing a firm, stable basis for the hospitality industry's continued growth. In addition, the Authority has been working to recognize the differing needs of establishments, and some enhancements to the VLT program are expected to begin early in fiscal 1995/96.

An important issue this year for the VLT program has been ensuring that its effects were measured and any necessary changes made to the program to keep our commitments to charities in the province and maintain our policy of socially-responsible, regulated and controlled gaming opportunities in the province. To meet our first commitment, the Authority, after a review, eliminated the four per cent charity gaming licensing fee for bingo, breakopens and raffles, retroactive to April 1, 1994. This resulted in additional profits to charities of approximately \$8.5 million for the year, money which flowed directly back to communities through the charities' programs.

The Authority's commitment to ensuring the benefits of gaming are felt at the community level has also meant a change in the distribution of VLT revenues in the province. In December, the government announced that 10 per cent of the province's revenues from VLTs would be returned to communities in the province. Three municipal government organizations have been asked to advise government on methods of returning the funds. This is expected to begin in 1995/96.

Our commitment to ensuring that gaming is closely regulated and controlled has also been evident in both the VLT and casino gaming fields. On the VLT side, the government capped the number of VLTs available for installation in the regular network at 3,600, 10 per cent fewer than planned. On the casino gaming front, we spent much of the year working to enhance and develop casino regulations which would provide a basis for regulation of not just the new Regina casino, but also exhibition casinos and newly announced Federation of Saskatchewan Indian Nations (FSIN) casinos.

PRESIDENT'S MESSAGE

PRESIDENT'S MESSAGE

The new agreement reached with the FSIN on casinos in February of this year provides for as many as four community-scaled casinos, which would be established by the FSIN either on or off-reserve. At least one of the FSIN casinos is expected to start up in 1995/96.

In addition to these new initiatives, the Authority has also been strengthening its internal structure, partly through the amalgamation of the Saskatchewan Horse Racing Commission with the Liquor and Gaming Authority in January. Horse racing activity is included in this annual report for the first time this year. This amalgamation serves a purpose similar to that for the amalgamation of the liquor and gaming regulatory components in the province; it provides a single point of entry for consumers for most gaming products in the province. In addition, it helps the Authority meet its commitment to ensure that the horse racing industry remains strong and viable. Further advances on amalgamation are expected in the upcoming year.

Another stabilizing influence for the Authority is provided through new liquor regulations, which came into effect in January. The new liquor regulations are based on the goals of standardization, modernization and maintaining social responsibility, and will provide a firm and consistent base for regulation of the liquor industry in the province.

These initiatives have resulted in a very intense and busy year for the Authority and its staff. They have also strengthened the foundations for a progressively stronger liquor and hospitality industry, more viable and stable horse racing and charity gaming industries, and an improved VLT program which benefits the hospitality industry, communities, and the province.

I want to thank the Minister, Board of Directors, management and staff of the Authority for their support, guidance and contribution to our work and achievements during 1994/95. We intend to build on this base in the coming year.

ORGANIZATION

The Authority was created as a new Crown corporation on July 1, 1993 through the amalgamation of the Saskatchewan Gaming Commission and Saskatchewan Liquor Board. During 1994/95, the Authority began to experience its own identity and a new sense of stability, although some necessary change continued. Among the significant changes was the establishment of a single head office location in Regina. The head offices of the former Liquor Board and the former Gaming Commission were relocated to and amalgamated in the North Canadian Oils Building, 2500 Victoria Avenue, Regina. By year end, employees had become accustomed to their new surroundings and the Authority was operating much more efficiently and effectively with all programs and internal services "under one roof".

Equally important, the head office consolidation provided a single point of entry for the public on liquor and gaming licensing matters. This new convenience for the public began to prove itself soon after the move and as the public became aware of the new head office location.

During the year, SLGA also consolidated its Saskatoon offices in the Sturdy Stone Building. The offices of the former Gaming Commission and Liquor Board were relocated from separate floors to a single, convenient location in the building.

In January 1995, legislation was enacted to amalgamate the Saskatchewan Horse Racing Commission with the Liquor and Gaming Authority. This integration enables the Authority to meet its goal of providing a single point of entry for the public for most forms of gaming. The new Horse Racing Branch is based in the Authority's Saskatoon office.

Among other organizational initiatives, management introduced a new corporate planning process during the year. This initiative provides a framework for management and staff to work together to identify strategic goals for the Authority and the annual work objectives necessary to achieve those goals. In addition, employee development and recognition, team building and union-management relations were given priority attention during the year. These initiatives were directed toward strengthening the organization and improving service performance.

The broad goal to develop the Authority into a single entity included the objective to combine the three existing collective agreements into one agreement. Updated agreements were successfully negotiated with two of the three unions and, at year end, negotiations were still incomplete on the third. All three unions have expressed support for the objective to establish a single agreement.

The Authority is a major employer in the province. At March 31, 1995, there were 280 permanent, 277 part-time and 164 active casual employees, for a total of 721. Of those, 155 permanent, 245 part-time and 164 casual employees worked in the retail liquor stores. During 1994/95, 29 employees took advantage of the restricted early retirement program.

The Saskatchewan Liquor and Gaming Authority will continue its efforts to strengthen organizational performance and stability in the coming year.

The Authority's Principle Goals:

- *To build and maintain integrity in the liquor and gaming industries*
- *To support and enable communities and businesses to realize their goals through liquor and gaming revenue*
- *To satisfy public interests and consumer demands with responsible and innovative products and services*
- *To develop and maintain the Authority as a vital, productive and responsive organization.*

Authority Staff as of March 31, 1995:

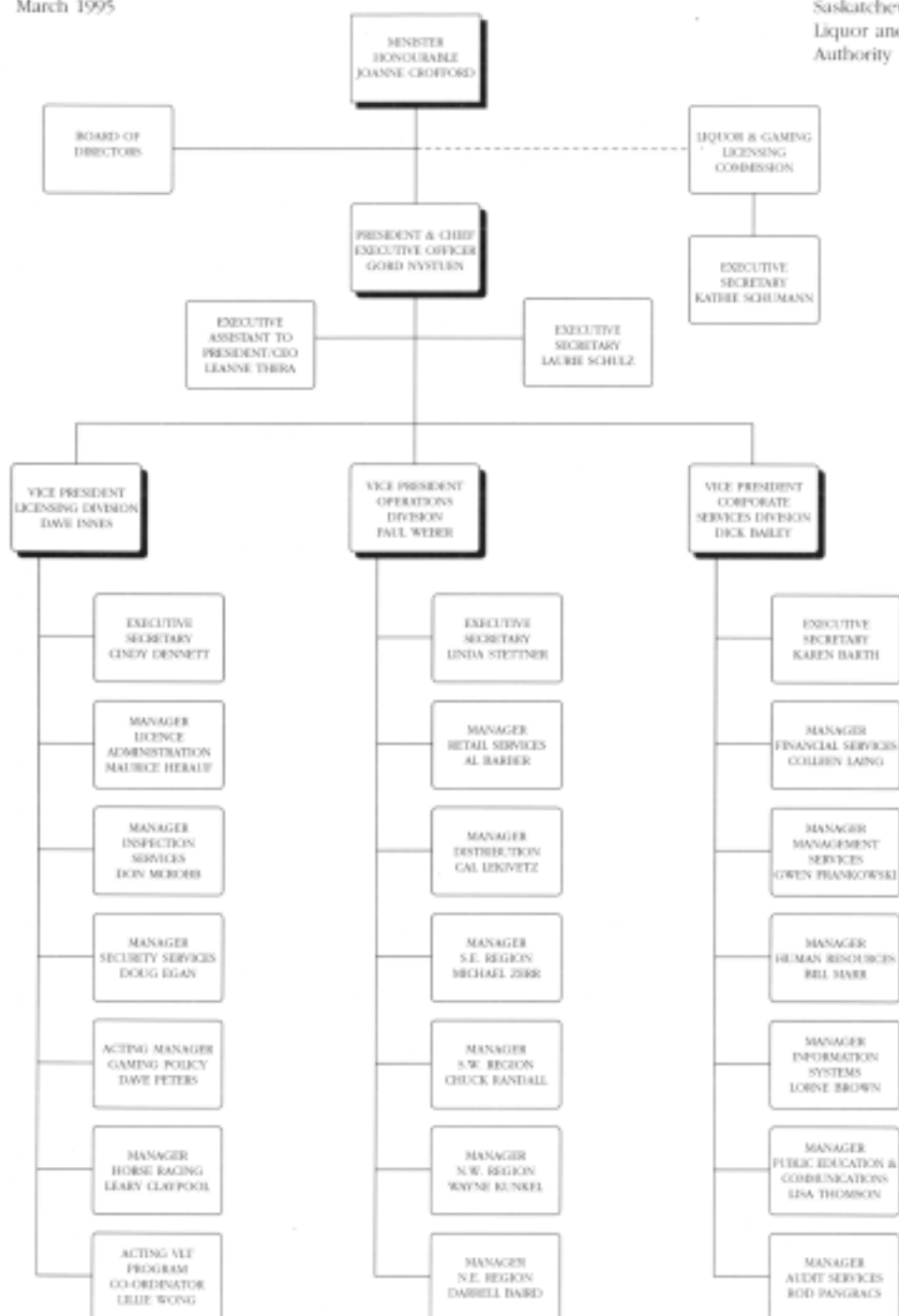
<i>Permanent:</i>	<i>280</i>
<i>Part-time:</i>	<i>277</i>
<i>Active Casual:</i>	<i>164</i>
<i>Total:</i>	<i>721</i>

ORGANIZATION

ORGANIZATION

March 1995

Saskatchewan
Liquor and Gaming
Authority



HOSPITALITY SECTOR

The province's hospitality sector continued its growth in 1994/95, and the Authority continued to adapt its policies and practices to help meet industry needs and public interests.

The number of liquor licensed premises in the province increased in 1994/95 over the previous fiscal year. As of March 31, 1995, there were 1,495 licences and permits issued to liquor establishments in the province, in contrast to 1,472 at March 31, 1994. This growth is expected to continue in the coming year.

The 1994/95 fiscal year was the beginning of a transition period for the Liquor and Gaming Authority in its liquor regulation. In August, the Authority issued a document outlining its desire to change liquor regulations to make them more modern and standardized, and yet still maintain our commitment to social responsibility. The discussion paper was issued to all liquor licensees in the province, as well as stakeholder and interest groups and the general public. Between August and January, the Authority met with about 50 individuals representing 11 stakeholder groups, as well as consulting with approximately 60 interested members of the general public and individual licensees about changes proposed in the discussion paper. As this was the first initiative to modernize and standardize liquor regulations since 1958, there was a great deal of interest from licensees regarding changes and how they should be implemented.

In January, new liquor regulations were passed, and a second document was issued by the Authority explaining the results of the consultation and subsequent regulation changes. This document was forwarded to everyone who participated in the consultation process, as well as all licensees across the province.

**Liquor Licences/Permits
Issued 1994/95: 1,495**

**Liquor Licences
Issued 1993/94: 1,472**

Some highlights of the new regulations include:

- All licences pertaining to liquor have been reclassified into five categories of permits. The five permits now available to the liquor and hospitality industry are: Restaurant Permits; Tavern Permits; Manufacturer's Permits; Special Use Permits; and Special Occasion Permits. Use of the five-permit system will standardize the liquor system in the province, as well as providing more consistent guidelines on what type of permit should be obtained. The permits are issued on the basis of the primary purpose of the business; therefore, those establishments with a primary purpose of sale of food will have Restaurant Permits and regulations consistent with that goal, while establishments with the primary purpose of selling beverage alcohol will have Tavern Permits, with regulations consistent with that goal.

Permits are being issued as replacements for liquor licences as renewal periods arise. It is expected that all establishments will be authorized through a permit by the end of 1995/96. The process was already underway in 1994/95, with 120 establishments authorized through a permit instead of a licence at year end.

HOSPITALITY SECTOR

HOSPITALITY SECTOR

- Restaurants are now permitted to apply to sell off-sale wine to patrons following a meal in the establishment. Two restaurants had taken advantage of this privilege at year end, and more are expected to do so in 1995/96. By allowing the sale of off-sale wine, restaurants can become more customer responsive, while the government is able to ensure that the present off-sale market is not adversely affected.
- Liquor service hours on Sundays and Good Friday, Remembrance Day and Christmas Day have been extended to the same closing time as on all other days of the week. While Sunday and holiday hours used to be confined to 12 noon to 12 midnight, liquor service, including off-sale, is now available between 12 noon and 2 a.m., with a maximum one-hour tolerance period. This action meets the government's goals of standardization and modernization, while maintaining its commitment to social responsibility in the regulation of beverage alcohol.
- The tolerance period for finishing drinks in an establishment can now be extended from the mandatory 30 minutes to a maximum of one hour after the final time of liquor service, which is 2 a.m. This allows a longer period for finishing of drinks and promotes the government's goal of social responsibility in the sale and use of beverage alcohol.
- In recognition of the hospitality industry's concerns, two further major changes were made. First, hotel beverage rooms are now permitted to open between the hours of 5 a.m. and 9:30 a.m. for food service only. This recognizes the reality of Saskatchewan's rural situation, where the hotel may be the only food service venue in the community. Second, the use of debit and credit cards to pay for liquor in permitted establishments and liquor stores was permitted through the new regulations. While permittees could begin accepting debit and credit cards for liquor payment beginning immediately, the government would like to revisit the issue prior to allowing their use in liquor stores. As of the end of the fiscal year, the government is not allowing the use of debit and credit cards in liquor stores.

The liquor reform process was a great success and the Authority expects to see even greater benefits as many of the new regulations come into play in the coming year.

In addition to supporting the hospitality industry through modernizing and standardizing liquor regulation in the province, the Authority also continued its video lottery terminal (VLT) program in 1994/95. At the end of the year, there were 3,566 VLTs installed in 570 sites in 320 communities, including those installed in casinos. These machines placed more than \$22 million in the hands of the hospitality industry. Provincial net revenues from VLTs totalled approximately \$101 million for 1994/95. VLT revenue contributes to the province's General Revenue Fund, where it is used to fund programs such as highways, education and health.

The VLT network continued to expand and was also improved in several ways during the fiscal year. Since July 1993, when the VLT program was

Highlights of Liquor Regulation Reform

- *Permits replace liquor licences.*
- *There are five classes of permits:*
 - Restaurant Permits*
 - Tavern Permits*
 - Manufacturer's Permits*
 - Special Use Permits*
 - Special Occasion Permits.*
- *Restaurants can sell off-sale wine to patrons following a meal.*
- *Liquor service on Sundays and holidays extended to 2 a.m.*
- *Tolerance period for finishing drinks can be extended to one hour from 30 minutes.*
- *Hotel beverage rooms can open between 5 a.m. and 9:30 a.m. for food service only.*
- *Debit and credit cards can be used to purchase liquor in permitted outlets.*

Total VLTs Installed as of March 31, 1995: 3,566

Total Number of Sites: 570

Total Number of Communities: 320

Hospitality Industry Income from VLTs: \$22 million

1994/95 Provincial Net VLT Income: \$101 million

HOSPITALITY SECTOR

introduced to the province, the government has been monitoring it to ensure that it is carefully controlled and regulated, and that the government's commitment to maintaining the viability of other forms of gaming, such as charity gaming, is met. As a result of this monitoring, in January, the government announced a 3,600-machine cap on the number of VLTs available for installation in the regular network in the province, 10 per cent fewer than was originally planned. This cap demonstrates the government's commitment to ensuring careful control and regulation of new forms of gaming in the province.

This cap has resulted in a number of changes in the distribution of VLTs in the province, although they are still limited to age-restricted, liquor licensed venues and casinos. Because demand for VLTs is greater than the number of machines available, the Authority is identifying a number of priorities for VLT installation. In order to meet some of the demand, a total of about 200 VLTs were removed from the interim casino locations in Regina and Saskatoon, which formerly shared approximately 400 VLTs. Redistribution efforts will continue in 1995/96, with the Authority striving to ensure fairness and equity in the allocation of the machines.

Another refinement of the VLT program was announced in August. Northern communities with VLTs had expressed some concerns that levels of play were higher for VLTs in the north than in other, more southern locations. The government placed a moratorium on further VLT expansion in the north in March, in order to study these concerns. Although the review showed that play levels were not out of line with other areas of the province, the government recognized that remote northern communities have different economic situations than those found in northern tourist and border communities. Therefore, a two-fold policy was announced:

- as a result of the review showing levels of play were not unusual in the north, northern establishments were no longer subject to the moratorium, making them eligible to apply to have the maximum 12 machines in their establishments;
- and, because of the recognition of their different economies, isolated, remote northern communities were able to apply to the Liquor and Gaming Authority to have VLTs excluded from their communities. As of year end, only one community, Cumberland House, had applied to have VLTs exempted under the terms of the policy. The community's VLT machines were removed by the Authority in October.

Another change for the VLT program is the distribution of revenues. Formerly, VLT profits were shared by the province and the site contractors, on an 85-15 split. In January, the province announced it would provide 10 per cent of provincial net VLT revenues directly to communities. This will provide a more direct and tangible benefit, on top of the benefits communities are already receiving through programs financed by the General Revenue Fund. Three municipal government organizations - the Saskatchewan Association of Rural Municipalities (SARM), the Saskatchewan Urban Municipalities Association (SUMA), and the Saskatchewan Association of Health Organizations (SAHO) - have agreed to advise government on the means of distributing the 10 per cent to communities. The communities' share of anticipated revenues, based on the 1995/96 VLT budget, totals \$9.5 million. This funding is to become

HOSPITALITY SECTOR

available as of April 1, 1995, and will be held until the groups reach a decision on their advice to government. The communities' share of revenues will be adjusted accordingly if provincial net VLT revenues increase or decrease.

The VLT program was initially introduced to the province in order to support the hospitality industry, which was facing competition from establishments in other provinces and northern states which had VLTs. The Authority's commitment to providing a strong base of support for the industry continues as the VLT program continues to evolve. One example of this is the implementation of an administration payment from government to small operators, expected in early 1995/96, to assist those operators with three or fewer VLTs to cover the costs of administration for the machines' operation.

The Authority expects improvements and refinements to the VLT program will continue in the 1995/96 fiscal year.

SPECIAL OCCASION PERMITS AND LICENCES

	1990/91	1991/92	1992/93	1993/94	1994/95
Non-Sale	9,685	9,085	8,075	6,159	6,826
Annual	200	211	226	220	264
Sale of Liquor	14,241	14,052	13,920	10,130	10,896
Cost Recovery	2,002	2,385	2,591	2,923	3,448
Community Event	877	887	852	814	792
Other					
(eg. Medical Use Permit)	59	65	74	64	75
	<u>27,064</u>	<u>26,685</u>	<u>25,738</u>	<u>20,310</u>	<u>22,301</u>

CHARITY GAMING

Charities involved in gaming activities in the province have been adjusting to the shift in the spending of gaming dollars presently taking place in the province. The number of licences issued to charities to conduct exhibition casinos, raffles, breakopen ticket sales and bingos was 5,593 in the 1994/95 fiscal year, compared to 5,658 in 1993/94.

The government has recognized the shift in gaming spending in the province, and remains committed to ensuring that charity gaming endeavours remain viable in the face of newer forms of gaming opportunities. The shift in spending has been felt most directly in the areas of breakopens, bingos and raffles, and it was there that the government concentrated its efforts.

Since 1982, charities have seen, for the most part, steadily increasing income levels from breakopen ticket sales, raffles and bingos. In the 1983/84 fiscal year, net income to charities was approximately \$8.7 million. In the 1993/94 fiscal year, net income was approximately \$48 million. In 1994/95, however, charity revenues from these activities dropped to approximately \$41 million.

A decline in gross spending on these charity gaming activities was the biggest reason for the decline in charity revenues. In 1994/95, approximately \$222 million was spent on breakopen tickets, bingos, and raffles, compared to approximately \$280 million in 1993/94.

The government's goal for gaming policy in the area of breakopens, bingos and raffles has always been protection of charity gaming revenues and the maintenance of the industry. In order to assist charities to remain viable, and mitigate losses to charity revenues, in December, the government announced the elimination of virtually all charity gaming fees for those three activity areas. The four per cent licensing fee charged by government for these activities was removed retroactive to April 1, 1994, and any fees collected up to the time of the announcement were returned to charities.

Through this rebate, more than \$5.7 million was returned to charities in 1994/95, bringing their revenue share from gaming activities up to almost \$47 million. On a full fiscal year basis, the benefit to charities is approximately \$8.5 million. A similar benefit is expected to accrue to charities, and through them, to the communities where they do their good works, each year.

As a result of the elimination of the licensing fee, the charity gaming industry has stabilized. The Authority will continue to monitor its situation in the coming year. Also as a result of the elimination of the fee, the government's share of receipts from breakopens, bingos and raffles dropped from approximately \$9.6 million in 1993/94 to \$152,136 in 1994/95. The 1994/95 receipts were collected from administration fees for these activities.

Part of the shift in the spending of gaming dollars has been toward exhibition casinos in the province. The casinos, which can only be operated by exhibition boards and agricultural societies, saw an increase in the number of days of operation, to 1,017 in 1994/95 from 785 in 1993/94. Gross spending also increased, from approximately \$57 million in 1993/94, to more than \$63 million in 1994/95. However, a majority of

CHARITY GAMING

this increase was used for higher expenses and prizes, so exhibition revenues actually declined in the last year, from approximately \$5 million in 1993/94 to about \$3 million in 1994/95. The Authority continues to work with exhibition casinos to help them maintain and improve their revenues, through programs such as allowing the installation of video lottery terminals on an interim basis. There were seven exhibition boards and agricultural societies involved in casino gaming during 1994/95.

In addition to the charity gaming licensing fee elimination, the Authority continues to work in other ways with groups which use bingos as fundraisers to provide a stable and fair marketplace. As of March 31, 1995, 42 bingo charity associations are operating with lease and/or management agreements in Saskatchewan. These agreements give charities more control over scheduling and greater responsibility for ensuring bingo events are conducted fairly and maintaining the integrity of bingo, while ensuring that bingo operations in the province comply with the Criminal Code of Canada.

In addition, the Authority has worked diligently, through extensive consultations with these associations, to develop terms and conditions which ensure fair competition while allowing an avenue for the charities to better market their product. These ongoing consultations, as well as the Authority's willingness to meet with the individual charities, has created a positive proactive approach to ensuring compliance. The improved communications between the licensees and the Authority has been instrumental in stabilizing the industry.

Gross Gaming Spending 1994/95:

Bingo:	\$128,045,047
Raffle:	\$20,529,016
Casino:	\$63,169,749
Breakopen:	\$73,902,350
Total:	\$285,646,162

Charity Share (Licensing Fee Refunds Included):

Bingo:	\$25,556,007
Raffle:	\$6,990,003
Casino:	\$3,141,509
Breakopen:	\$14,053,641
Total:	\$49,741,160

Authority Administration Fee Receipts:

Bingo:	\$109,427
Raffle:	\$6,853
Casino:	\$876,178
Breakopen:	\$29,791
Total:	\$1,022,249

HORSE RACING

The Horse Racing Branch is new to the Authority, resulting from the amalgamation of the Saskatchewan Horse Racing Commission with the Liquor and Gaming Authority.

The amalgamation was first presented as an option in a discussion paper released by government in October 1993. After months of consultations with stakeholders, the government announced plans for the reorganization in March 1994, with the actual amalgamation occurring in January 1995. The amalgamation provides a number of benefits, including a single point of entry for individuals involved in most forms of gaming in the province and a policy and regulatory overview by the Authority for different gaming sectors. Stakeholders, during the consultation process, indicated that change was necessary in order for the industry to keep pace with the times, and amalgamation should enhance the viability of the Saskatchewan horse racing industry in the future.

The amalgamation's announcement has already generated renewed confidence in the provincial horse racing industry. The number of people licensed to participate in standardbred and thoroughbred racing was beginning to regain ground in 1994/95, with 950 licensed in the thoroughbred racing category, in comparison to 850 licensed the year before. The standardbred category had 360 people licensed, up from 354 in the previous year. This increase of 104 licences in total this year compares to a reduction of 417 licences the year before.

In addition to the increase in licences, the total provincial handle has remained fairly steady. The handle for 1994 was \$17,410,298, compared to \$17,822,377 in 1993. For the 12-month period ending March 31, 1995, the total provincial handle was \$16,732,229. The amalgamation of the horse racing commission with the Authority created the need to convert the commission's calendar year reporting to the Authority's April to March fiscal year reporting. Therefore, the Authority's 1994/95 annual report covers horse racing activity from January 1, 1994 to March 31, 1995. In that context, the total handle for that 15-month period was \$20,665,744.

The total handle includes the on-track, inter-track, teletheatre and simulcast wagering. For the fiscal year ended March 31, 1995, activity was strongest at Marquis Downs in Saskatoon, which saw more than \$7.5 million wagered. More than \$6 million was wagered at Queensbury Downs in Regina and more than \$3 million at the province's 11 teletheatres, for the fiscal year ended March 31, 1995. In addition, the Yorkton Rural Meet, held in July, saw almost \$15,000 wagered.

The Horse Racing Branch regulates horse racing in any and all of its forms, as well as regulating the operation of race tracks in the province. The branch assists in the development of horse racing in Saskatchewan by sponsoring equine research and making grants through the Liquor and Gaming Authority. While the province is responsible for licensing the horse races and officials, the federal government is responsible for regulating the wagering at horse race tracks in the province. The Canadian Pari-mutuel Agency regulates the pari-mutuel wagering and also provides drug testing services for horses in the races.

The Horse Racing Branch's regulatory duties are numerous. It approves race dates applied for by the racetracks, regulates associations, licenses all people involved in horse racing from owners and trainers to jockeys and veterinarians, as well as employing stewards, judges, trainees and

*Licences issued for
thoroughbred
racing: 950*

*Licences issued for
standardbred
racing: 360*

*Total Handle
1994/95: \$16,732,229*

HORSE RACING

HORSE RACING

licensed clerks on a seasonal basis. The judges, stewards and their trainees view races to ensure all racing rules are adhered to. Veterinarians ensure all horses are properly prescribed medicine and ensure the fitness of the horses for the race, among other duties.

In addition to these activities, the Horse Racing Branch provides grants, through the Authority, to help develop the horse racing industry. The grant system returns millions of dollars to the horse racing industry, through venues such as grants to breeders, purse support, and programs. The funds for the grants are based on the previous year's pari-mutuel handle. The Authority deducts the Horse Racing Branch's operation costs and then grants the balance of the funds. The largest grants this year went to Marquis Downs and to general purse support for thoroughbred racing. Each received \$315,515. Total grants were approximately \$1.4 million in the last year, compared to \$1.3 million the year before.

The Horse Racing Branch has two full-time employees, a manager for the branch and an office manager. It operates from the Authority's Saskatoon offices.

Amalgamation efforts will continue for horse racing in Saskatchewan in 1995/96. These initiatives are expected to continue to spur confidence and renewal in the industry.

1994/95 Horse Racing Grants

Thoroughbred Restricted Stake Races:	\$48,675
Standardbred Restricted Added Money Events:	\$40,438
Quarter Horse Restricted Stake Races:	\$1,000
Yorkton Rural Meet:	\$8,313
Marquis Downs:	\$315,515
Queensbury Downs:	\$258,304
Open Thoroughbred Stake Races:	\$48,675
Open Standardbred Stake Races:	\$40,438
Open Quarter Stake Races:	\$1,000
Western College of Veterinary Medicine:	\$10,000
Thoroughbred General Purse Support:	\$315,515
Standardbred General Purse Support:	\$262,148
Standardbred Added Money Event:	\$19,500
Thoroughbred Distance Program:	\$23,993
Standardbred Distance Program:	\$37,244
Heritage Races:	\$16,000
Rainbow of Roses:	\$5,000
Jockey Incentive:	\$3,700
Total:	\$1,455,458

CASINO DEVELOPMENT

There has been a great deal of advancement on casino development in Saskatchewan in the past year, and during 1995/96, it is expected that some development plans will reach maturity.

In June 1994, the Saskatchewan Gaming Corporation was established to develop, operate, manage and conduct permanent casinos in the province. The creation of this new Crown corporation permits tight regulation of casinos, to be conducted in an arms-length relationship by the Liquor and Gaming Authority. This provides accountability to the Legislature, and separates the actual operation and development of the casino from its regulation.

Through the casino expansion plan announced in January 1994, Regina and Saskatoon were selected as locations for full-time permanent casinos. In October, a municipal plebiscite held in Saskatoon indicated that a majority of voters there opposed having a casino in their downtown. The government therefore decided not to go ahead with a Saskatoon casino, and the go-ahead to develop the Regina casino was given in February 1995.

The January expansion plan announcement was consistent with the province's February 1993 policy framework, which called for the participation of aboriginal people and exhibition associations. The framework also called for careful and controlled casino expansion.

The January announcement led to an historic agreement in June between the government and the Federation of Saskatchewan Indian Nations (FSIN). The agreement provided a true partnership between the province and First Nations for job creation, funding for First Nations social and economic development initiatives, and other benefits available through careful casino expansion. Under the agreement, the province is to receive 50 per cent of the profits from the Regina casino, with 25 per cent allocated to First Nations and 25 per cent to the Associated Entities Fund, which will help offset any losses suffered by exhibition associations or charities due to expanded casino operations. The Regina casino is scheduled to open during the coming fiscal year.

Part of the province's plans for casino development has always been to ensure that exhibition casinos are enhanced, and that any revenue losses resulting from the introduction of new casinos are mitigated. At the beginning of April 1994, agreements were reached between the Authority and the Regina and Saskatoon exhibitions authorizing them to conduct full-time interim casinos, each equipped with approximately 200 VLTs, until the permanent casinos commenced operations. This VLT number has since been reduced to approximately 100 machines per casino, as VLTs are redistributed throughout the province as a result of the 3,600-machine cap put in place by the government.

The exhibition casinos in Moose Jaw and Prince Albert have also had VLTs installed on a permanent basis, and other exhibition association casinos have had VLTs installed temporarily on a special-event basis.

While all of these measures will aid in keeping exhibition casinos viable in the province, the Regina exhibition casino is most likely to see the immediate effects of the opening of the full-time permanent Regina casino. In September, the Authority entered into an agreement with the Saskatchewan Gaming Corporation and the Regina Exhibition Association which will ensure that future operations of the Regina permanent casino will enhance, not diminish, revenues from the exhibition's casino.

Regina Casino Profit Sharing

Province: 50%
First Nations: 25%
**Associated
Entities: 25%**

CASINO DEVELOPMENT

CASINO DEVELOPMENT

Although development, operation and management of the Regina permanent casino have been taken over by the Saskatchewan Gaming Corporation, the Liquor and Gaming Authority is still responsible for regulating the new casino. Early in 1995, the Authority set up an internal committee to prepare the basis for regulating future casino operations. The committee will update, revamp and develop regulations and terms and conditions for all casino operations in the province, including the new Regina casino. In addition, a number of initiatives are being undertaken in the Authority's compliance branches to ensure the integrity of casino operations in the province.

A new agreement was also reached with the FSIN in February which allows the FSIN to propose up to four community-sized casinos. These casinos can share a maximum of 500 VLTs and/or slot machines, and can be established either on or off reserve, subject to the terms of the agreement.

Those terms include:

- market studies to be conducted;
- community approval to be obtained;
- creation of low-impact casinos, sized for local markets;
- government approval to be obtained for any casino;
- planned, orderly development of all gaming activities;
- a revenue sharing formula for on-reserve casinos of 50 per cent to First Nations, 25 per cent to the provincial government, and 25 per cent to First Nations' charities; for off-reserve casinos, the 25 per cent charity component will go to off-reserve charitable and non-profit organizations; and
- a rehabilitation program will be funded by the FSIN for First Nations' citizens with gaming addiction problems.

These community-sized casinos will be operated by the FSIN. Saskatchewan First Nations are presently conducting studies and examining organizational requirements for the establishment of gaming operations, and negotiations between the FSIN and the Authority are ongoing. At least one FSIN casino is expected to begin operations in 1995/96.

FSIN Casinos Profit Sharing:

On-Reserve:

First Nations: 50%

Province: 25%

First Nations

Charities: 25%

Off-Reserve:

First Nations: 50%

Province: 25%

Off-Reserve

Charities/Non-Profit Organizations: 25%

Terms of agreement for FSIN casinos include:

- up to four community-sized casinos can be proposed;
- the casinos can share a maximum of 500 VLTs and/or slot machines;
- the casinos can be established either on or off reserve;
- market studies must be conducted;
- community approval must be obtained;
- casinos must be low-impact, sized for local markets;
- government approval must be obtained for any casino;
- planned, orderly development of all gaming activities must occur; and
- the FSIN will fund a rehabilitation program for First Nations' citizens with gaming addiction problems.

OPERATIONS

The Liquor and Gaming Authority's Operations Division has continued to expand and improve service over the past year, and has seen increased profits as a result of the first increase in sales for beverage alcohol in more than a decade.

During 1994/95, the Authority implemented a number of measures to make its delivery of liquor service to Saskatchewan more efficient and more effective. A number of programs were put in place or strengthened during the year to help achieve this goal, and achieve subsequent savings to taxpayers.

One program, which was piloted in 1993/94, was the twinning of managerial positions in some liquor stores, which means one individual is the manager for two liquor stores. This occurred in both of Saskatchewan's larger cities in 1994/95, bringing the number of managers involved in the initiative to three. In Regina, the downtown Broad Street store and the Broadway Avenue store were twinned, and in Saskatoon, the Market Mall and Idylwyld stores were twinned. This has resulted in an administrative savings of \$40,000 annually, without negatively impacting on service to the consuming public. In 1993/94, the Humboldt and Watson liquor stores were twinned, for an annual cost savings of approximately \$15,000.

Maintaining service levels while lowering operating expenses was also the goal behind the conversion of two liquor stores to franchise operations in 1994/95. This program was also piloted in 1993/94, when the Radville liquor store was converted to a franchise operation, saving the Authority \$33,000 per year, while maintaining liquor service in the community. In May, the Eston and Hafford stores were converted to franchise operations, resulting in an annual savings of approximately \$42,000 in Eston, and approximately \$39,000 in Hafford. Franchises provide consumers with access to all products available through regular liquor stores at liquor store prices. The liquor is sold through a local business in the community, allowing the Liquor and Gaming Authority to save operating expenses. Franchisees are chosen by the Authority after a public tender process. Providing liquor sales through franchises located in local businesses is similar to the long-standing system of off-sale and beverage alcohol sales through businesses such as bars, hotel lounges, and clubs.

At year end, the Liquor and Gaming Authority had 81 liquor stores and 192 franchises. Three of the 81 liquor stores are full-line specialty stores: the South Albert location in Regina and the Second Avenue and the 8th Street locations in Saskatoon. These three stores carry specialty products on a regular basis, but all specialty products are available through any store or franchise on request. In addition, there are three duty-free shops located in the Saskatoon and Regina airports, and at the border crossing of North Portal.

Improvements have also been taking place for the Authority's liquor store network, as the process was started during 1994/95 to build three new liquor stores. In Saskatoon, the 20th Street store and property were sold by public tender with the condition that the store be rebuilt with private financing and leased back to the Authority. The new building is expected to open in July 1995. It has a number of innovations included in its design, incorporating various multicultural murals representing the cultural mosaic of the neighborhood community. The store will also provide self-serve service to that area of Saskatoon for the first time in 50 years. The

*Number of
liquor stores: 81*

*Number of
franchises: 192*

OPERATIONS

OPERATIONS

Waskesiu liquor store will be replaced by the summer of 1996, following a contract awarded through a Request for Proposals process. The old building is expected to be sold in 1995/96, and a new store, developed privately and leased to the Authority, will open at a nearby location by May 1996. Regina will also receive improved liquor service, through the planned opening of a new "super store" in east Regina. This store is projected to open in 1996, and offer a wide range of products in a bright and attractive shopping environment. The new store, which will also be developed privately and leased to the Authority, will replace the existing Park Street and University Park liquor stores.

All liquor stores across the province have begun to experience the advantages of the Authority's Liquor Information Network and Communication System (LINCS), which was installed in late 1993/94. This electronic point-of-sale system has placed Saskatchewan on the leading edge of point-of-sale technology for liquor sales in Canada. It provides the flexibility required for the Authority to respond to the continuing rapid changes in the beverage alcohol industry.

This has proved useful in the past year, as liquor sales have increased. Total spirit sales volume increased one and a half per cent, mainly due to increased sales of rum and vodka. Total wine sales volume remained stable, with the most noticeable development being the increased popularity of red table wines.

Sales were also up for coolers and beer during 1994/95. Cooler sales increased six per cent overall, with spirit-based coolers rising by seven per cent, and wine/malt-based cooler sales increasing by two per cent. Beer sales increased almost four per cent during 1994/95, compared to a two per cent decrease in 1993/94. Bottled beer sales continued to dominate the category, with approximately 81 per cent of overall volume. Canned and keg draught subcategories represented 12 and 7 per cent respectively. Spirit-based coolers represented 63 per cent of overall cooler volume, with wine/malt-based varieties representing 37 per cent. Cider sales also jumped for the second year in a row, increasing 29 per cent in 1994/95.

The Authority distributes spirits, wine and imported beer to stores and franchisees from a central bonded warehouse located in Regina. The Saskatchewan Brewers Association and Drummond Brewing Association distribute domestic beer to all stores, franchises and licensees in the province.

The Authority's central warehouse processed a total of 11,450 orders this year, averaging 137 cases per order for Authority stores and 24 cases per order for franchise outlets. The Authority also increased its wine and spirits listings this year, with 1,074 general and 468 specialty wine and spirit listings available at year end. This compares to 1,033 general and 449 specialty listings at year end in 1993/94. Listings are provided by a large cross-section of Canadian and foreign suppliers, with specialty listings providing the general public with a more varied selection of products, particularly in the category of fine wines.

In the beer category, a total of 129 listings, 103 domestic and 26 imported, were available for distribution during the year. This compares to 115 domestic and 25 imported listings available in 1993/94.

1994/95 Liquor Sales:

Coolers: + 6%
Spirits: + 1.5%
Wine: Stable
Beer: + 3.7%

Number of wine and spirit listings:

General: 1,074
Specialty: 468

Number of beer listings:

Domestic: 103
Imported: 26

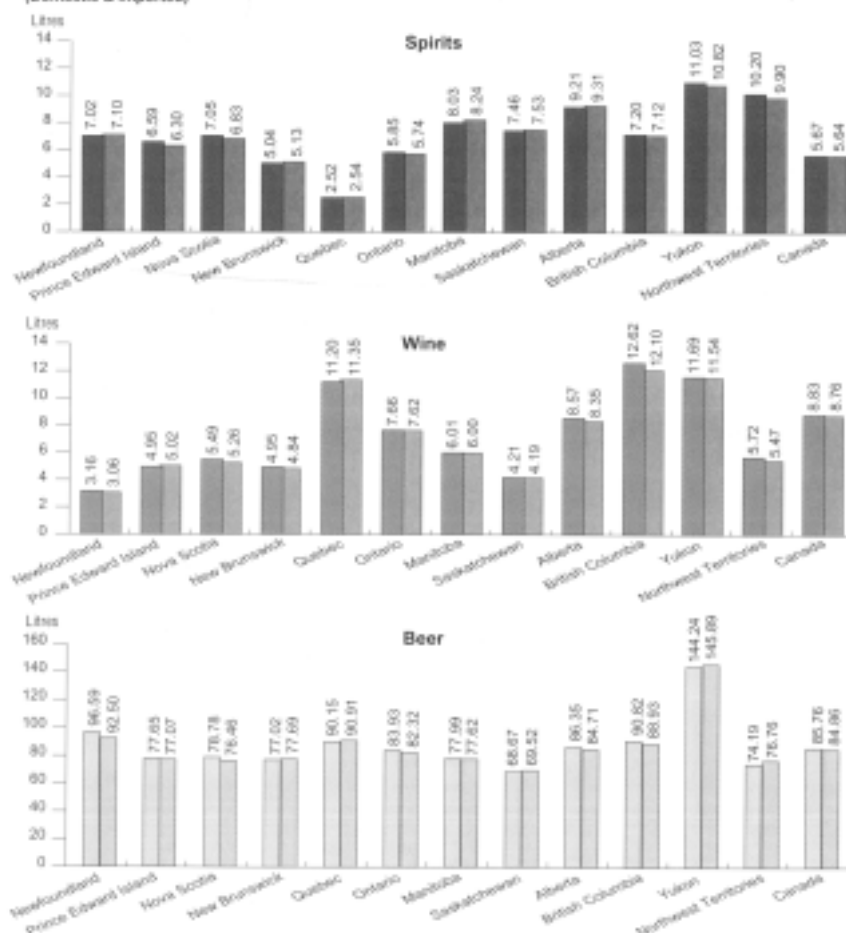
OPERATIONS

Other activities taking place in retail stores include numerous marketing programs, such as industry-sponsored in-store merchandising and tasting initiatives, as well as the trade sampling program for registered industry representatives. The Retail Services Branch also expanded its selection of allied products, such as gift bags and corkscrews, in the Authority's liquor stores during the year.

The Authority continued to emphasize the importance of customer service through knowledgeable staff by initiating a number of product knowledge courses/seminars to keep retail staff abreast of the many new products available for sale in our retail stores. This training program will be expanded to include many other areas as the Authority continues to place a strong emphasis on customer service, operational efficiency and effectiveness.

Per Capita Consumption of Spirits, Wine & Beer

(Domestic & Imported)



The per capita consumption data found above is based on legal sales only, and is provided by the Association of Canadian Distillers.

OPERATIONS

FRANCHISE OUTLETS AS AT MARCH 31, 1995

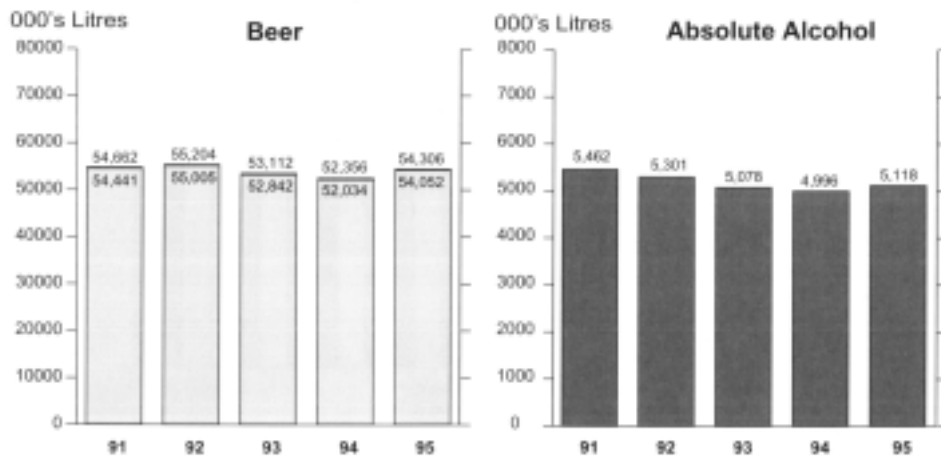
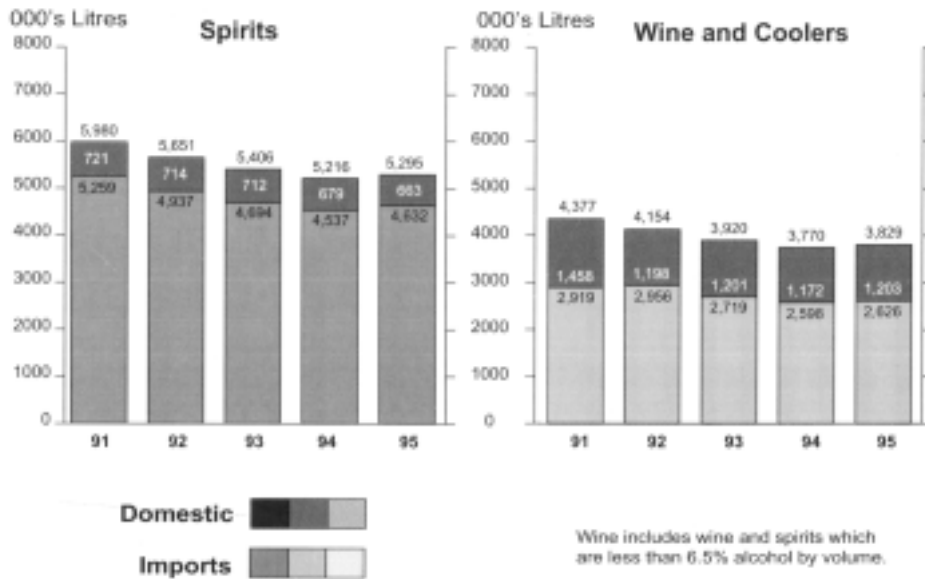
Abbey	Delisle	Lemberg	Redvers
Admiral	Denzil	Leoville	Regina Beach
Alida	Dinsmore	Leroy	Rhein
Allan	Doddsland	Loon Lake	Riverhurst
Alsask	Domremy	Lucky Lake	Rocanville
Alvena	Dorintosh	Lumsden	Rockglen
Arboretfield	Duck Lake	Luseland	Rose Valley
Arcola	Dundurn	Macklin	Rouleau
Asquith	Eastend	MacNutt	St. Brileux
Avonlea	Eatonville	Maidstone	St. Louis
Balcarres	Edam	Mankota	Saltcoats
Balgownie	Elbow	Marsden	Sedley
Beechy	Elrose	Martensville	Shebo
Berggough	Emma Lake	Marquis	Shell Lake
Bethune	Endeavour	Maryfield	Simmie
Big River	Eston	Mayfair	Simpson
Birch Hills	Fillmore	Meota	Sintaluta
Bjorkdale	Fox Valley	Meskanaw	Smeaton
Blaine Lake	Gainsborough	Midale	Southey
Bredenburg	Glaslyn	Middle Lake	Spiritwood
Brock	Glenavon	Milden	Spiritwood Acres
Bruno	Glenworth	Milestone	Spy Hill
Buchanan	Goodeve	Minton	Star City
Burstall	Goodsoil	Mistatim	Stenen
Cabri	Govan	Montmartre	Stockholm
Calder	Grayson	Moose Jaw	Strasbourg
Candle Lake	Grenfell	C.F.B.	Sturgis
Canwood	Hafford	Morse	Theodore
Carnduff	Hanley	Mossbank	Togo
Central Butte	Harris	Naicam	Torquay
Ceylon	Hodgeville	Neudorf	Tramping Lake
Chaplin	Holdfast	Nokomis	Turtleford
Choiceland	Imperial	Norquay	Val Marie
Churchbridge	Invermay	Ogema	Vanguard
Climax	Kelliher	Oxbow	Vibank
Cochin	Kenaston	Paddockwood	Viscount
Coleville	Kenossee Lake	Paradise Hill	Vonda
Colonsay	Kincaid	Pelly	Wapella
Conquest	Kinistino	Pense	Warman
Consul	Kuroki	Perdue	Wawota
Coronach	Kyle	Pierceland	Weirdale
Craik	Lafleche	Porcupine Plain	Welwyn
Crane Valley	Lake Lenore	Punnichy	White Fox
Craven	Lampman	Qu'Appelle	Whitewood
Cudworth	Landis	Quill Lake	Willow Bunch
Cupar	Langham	Rabbit Lake	Wishart
Cut Knife	Lashburn	Radisson	Wolseley
Debden	Leask	Radville	Young
			Zenon Park

TOTAL NUMBER: 192

OPERATIONS

Sales

Volume of Sales — 5 Year History
Fiscal Years Ending March 31

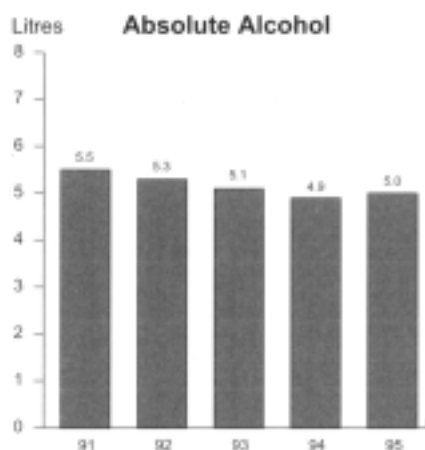
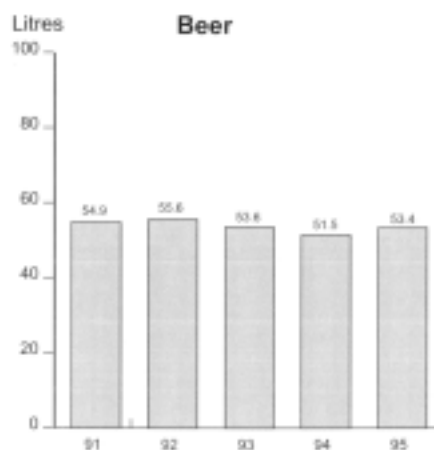
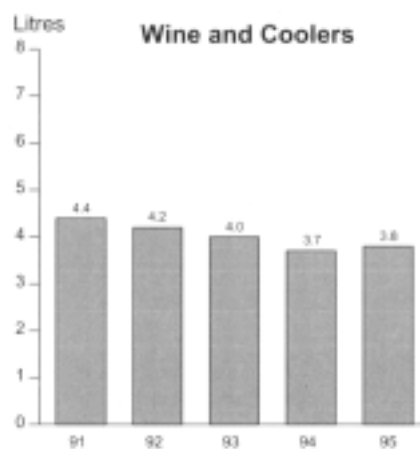
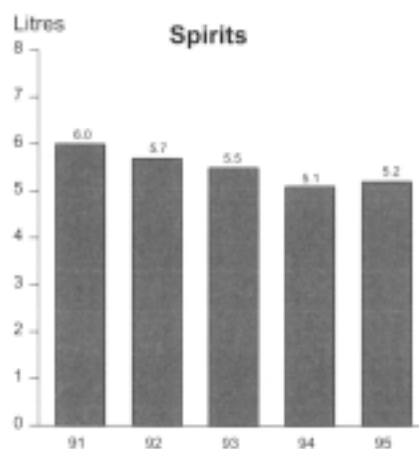


OPERATIONS

Sales

Per Capita Sales — 5 Year History

Fiscal Years Ending March 31



Note: The weighted average alcohol content was used to convert spirits, wine and beer to absolute alcohol.

SHARE OF MARKET COMPARISONS



1	1
9	9
9	9
1	5



OPERATIONS

SASKATCHEWAN LIQUOR AND GAMING AUTHORITY SCHEDULE OF SALES BY LIQUOR STORE

Fiscal Year Ending March 31, 1995

Location	Store	Wine, Coolers		Total (000's)
	Number	& Spirits (000's)	Beer (000's)	
Assiniboia	519	\$ 810	\$ 219	\$1,029
Battleford	522	796	280	1,076
Biggar	525	540	136	676
Broadview	586	205	104	309
Buffalo Narrows	606	463	446	909
Canora	536	756	139	895
Carlyle	554	533	213	746
Carrot River	601	347	125	472
Creighton	542	548	136	684
Davidson	555	368	121	489
Esterhazy	556	683	202	885
Estevan	520	2,111	554	2,665
Eston	602	28	6	34
Foam Lake	597	469	132	601
Fort Qu'Appelle	553	1,103	277	1,380
Gravelbourg	518	445	128	573
Gull Lake	516	284	57	341
Hafford	595	37	11	48
Hudson Bay	545	581	162	743
Humboldt	515	1,377	358	1,735
Indian Head	543	446	212	658
Ituna	531	325	67	392
Kamsack	512	739	191	930
Kelvington	541	405	95	500
Kerrobert	537	333	98	431
Kindersley	523	1,301	333	1,634
Kipling	528	379	93	472
La Loche	567	450	769	1,219
La Ronge	588	2,013	468	2,481
Langenburg	563	294	110	404
Lanigan	564	341	123	464
Leader	551	337	100	437
Lloydminster	548	650	106	756
Maple Creek	521	744	194	938
Meadow Lake	532	1,601	578	2,179
Melfort	524	1,244	264	1,508
Melville	514	1,182	225	1,407
Moose Jaw:				
100 Fairford St. W.	506	4,430	801	5,231
510-4th Ave. S.W.	562	895	224	1,119
Total Moose Jaw Stores		5,325	1,025	6,350
Moosomin	547	628	158	786
Nipawin	534	1,109	213	1,322
North Battleford	509	2,703	894	3,597
Outlook	576	431	134	565
Ponteix	579	207	53	260
Preeceville	605	427	132	559

OPERATIONS

SASKATCHEWAN LIQUOR AND GAMING AUTHORITY SCHEDULE OF SALES BY LIQUOR STORE

Fiscal Year Ending March 31, 1995

Location	Store Number	Wine, Coolers & Spirits (000's)	Beer (000's)	Total (000's)
Prince Albert:				
554-17th St. W.	507	2,813	449	3,262
South Hill Shoppers Mall	546	5,125	1,465	6,590
Total Prince Albert Stores		7,938	1,914	9,852
Raymore	568	272	93	365
Regina:				
Broadway Shopping Centre	501	2,727	785	3,512
Normanview Shopping Centre	502	2,312	821	3,133
1881 Broad St.	526	2,554	463	3,017
416 Albert St. N.	550	7,075	2,443	9,518
2626 - 28th Ave.	557	8,298	1,603	9,901
4239 Dewdney Ave.	560	3,298	948	4,246
1702 Park St.	569	3,259	1,193	4,452
University Park	575	1,876	648	2,524
Total Regina Stores		31,399	8,904	40,303
Rosetown	544	830	250	1,080
Rosthern	513	349	124	473
Saskatoon:				
401-20th St. W.	503	549	257	806
3110-8th St. E.	505	7,183	2,035	9,218
124 - 3rd Ave. N.	565	6,207	746	6,953
1701 Idylwyld Dr. N.	566	2,782	655	3,437
Lawson Heights	570	3,563	1,172	4,735
Confederation Park Plaza	571	5,966	2,436	8,402
Sutherland	572	1,598	480	2,078
Avalon	574	1,090	389	1,479
Market Mall	577	3,793	777	4,570
Total Saskatoon Stores		32,731	8,947	41,678
Shaunavon	517	512	162	674
Shellbrook	600	415	177	592
Stoughton	604	239	50	289
St. Walburg	539	247	120	367
Sweet Current	510	2,858	613	3,471
Tisdale	538	904	276	1,180
Unity	599	641	183	824
Wadena	558	561	113	674
Wakaw	540	331	101	432
Waskesiu (Summer Only)	533	263	142	405
Watrous	530	584	210	794
Watson	549	406	112	518
Weyburn	511	1,880	222	2,102
Wilkie	527	317	147	464
Wynyard	535	559	125	684
Yorkton	508	3,523	769	4,292
Special Orders		616	1	617
Total		\$124,473	\$34,196	\$158,669

OPERATIONS

WINE, COOLERS AND SPIRITS PURCHASED

Fiscal Year Ending March 31, 1995

	(000's)
COUNTRY	
Canada	\$22,423
Australia	111
Chile	86
France	1,267
Germany	446
Greece	57
Hungary	53
Ireland	426
Italy	631
Jamaica	3
The Netherlands	73
Portugal	56
Spain	85
Turkey	22
United Kingdom	1,497
United States	1,693
Other	134
Total Wines and Spirits Purchased	<u>\$29,063</u>

BEER PURCHASED

Fiscal Year Ending March 31, 1995

	(000's)
DOMESTIC	
Molson Saskatchewan Brewery Ltd., Saskatchewan	\$47,163
Labatt's Saskatchewan Brewery Ltd., Saskatchewan	31,040
Great Western Brewing Co., Saskatchewan	4,773
Drummond Brewing Association Ltd., Alberta	315
	<u>83,291</u>
IMPORTED	
Canadian Agents	142
United States	27
Other	90
Total Beer Purchased	<u>\$83,550</u>

NOTE: Beer purchased from domestic brewers includes excise tax and is purchased F.O.B. the retail outlet.

COMPLIANCE

The compliance branches of the Liquor and Gaming Authority have had a busy year developing new initiatives to ensure the integrity of various liquor and gaming activities in the province, including new gaming opportunities, such as video lottery terminals (VLTs) and casinos. The Audit Services, Inspection Services and Security Services branches of the Authority have worked closely together to ensure all aspects of compliance for these activities are closely monitored.

The Inspection Services Branch worked in 1994/95 toward implementing a program of consultation with clients, in order to become more proactive in its approach to compliance. Consultations and assistance files showed an increase of approximately 50 per cent over 1993/94, and feedback from the general public and clients was very positive. In total, this program resulted in the number of contacts increasing to more than 3,900 this year, compared to 2,400 the year before. The Inspection Services Branch plans to continue this program, and improve on it, during the coming fiscal year, as it has resulted in many benefits, including a greater understanding of and better compliance with liquor and gaming regulations.

Gaming inspections and investigations resulted in 1,050 contacts for bingos, breakopens and exhibition casino operations during 1994/95, and as a result of these contacts, 448 full investigations were required. VLT inspections also increased in 1994/95, as was expected for the first year of the VLT program's full operation. Inspection Services had 945 contacts as a result of the VLT program, and these contacts resulted in 146 investigations being conducted. The majority of the complaints and investigations were minor in nature and did not require a great deal of time to conclude. Liquor inspections and investigations resulted in 2,989 contacts in 1994/95, and as a result of those contacts, 360 full investigations were required. These numbers only represent contacts undertaken by Inspection Services staff; however, during the past year, the Inspection Services Branch has worked to co-ordinate its efforts with other law enforcement agencies in the province, and indications are that their contacts for liquor investigations have increased as well. Inspection Services will maintain a close liaison with all law enforcement agencies to enhance cooperation in the area of regulation.

In total, including all investigations, consultations, inspections and assistance, Inspection Services was involved with slightly more than 9,000 contacts in 1994/95. This is an increase from 1993/94, when 7,588 were made. The increase is attributed to the program of consultation and assistance the branch is implementing.

In addition to increased activity due to VLTs, the Authority's compliance branches also saw an increase as a result of casino development in the province. The Security Services Branch conducted approximately 50 security reviews during 1994/95 to ensure the accountability and integrity of liquor and gaming activities. This included a review of proponents who applied to act as the developer and consultant for the permanent Regina casino. These proponent reviews were conducted in cooperation with the Saskatchewan Gaming Corporation.

In addition, with the approval of interim casinos with VLTs, operated by the exhibition associations in Regina and Saskatoon, the Authority

Investigations:

*Bingos,
Breakopens,
Exhibition
Casinos: 448
VLT: 146
Liquor: 360
Total: 954*

COMPLIANCE

COMPLIANCE

approved installation of closed circuit television surveillance in the casinos, and revised the procedures for security checks on individuals and companies who are registered within the province as gaming employees and suppliers.

Another major activity for the Security Services Branch in 1994/95 was providing assistance to the Federation of Saskatchewan Indian Nations (FSIN) during the negotiation process for its community-sized casino proposals. This process will continue in 1995/96.

The Audit Services Branch has also changed some of its operations in order to respond to new forms of gaming in the province. During 1994/95, the branch conducted 91 gaming audits for bingos, breakopen ticket sales, and raffles, as well as conducting 25 VLT site audits, 1 gaming supplier audit, and one casino audit. The branch is also reviewing its future role for the horse racing area.

In the area of liquor, the Audit Services Branch conducted 49 retail liquor store audits, 54 liquor licence/permit audits, as well as auditing the Authority's warehouse and the Saskatchewan Brewers Association. The Authority's head office wage and salary payroll system was also being audited by the branch in 1994/95.

The Audit Services Branch and Inspection Services Branch conducted a number of joint investigations this year, with cooperation from the police agencies in the province. These joint investigations strengthen the Authority's position in the regulation and control of liquor and gaming activities in the province.

In addition, the Audit Services Branch was able to become more efficient by combining VLT site audits, liquor permit audits, and hotel breakopen ticket sales audits. As a result of combining the examinations, there were more audits conducted and a significant amount of travel time was saved.

A number of organizational initiatives were also underway in the compliance branches of the Authority during 1994/95. The Audit Services Branch reorganized its staff so that there are five field auditors, two senior auditors, two auditors, and an audit manager. Seven of the 10 auditors on staff are located in Regina, and three are in the Authority's Saskatoon office.

Inspection Services has completed its amalgamation at both the Regina and Saskatoon offices. This amalgamation has enhanced the efficiency of Inspection Services, as the ability to obtain information required for investigations and the ability to review files with other branches has been enhanced. In the future, all inspectors and investigators will have direct access to licensing information through computer, as the Information Systems Branch completes system amalgamation between the Saskatoon and Regina offices.

The Authority employs 13 inspectors and two security specialists.

Audits:

**Bingos, Breakopens,
Raffles: 91
VLT Sites: 25
Gaming Suppliers: 1
Exhibition Casinos: 1
Liquor Stores: 49
Liquor
Licence/Permits: 54
Warehouse: 1
Beer Distributor: 1
Total: 223**

COMMISSION ACTIVITIES

The Liquor and Gaming Licensing Commission is an independent body which reviews decisions of the Liquor and Gaming Authority with respect to licensing, registration, cancellation and suspension issues. Any licensing party who disagrees with a decision of the Authority has the right to apply to the commission for an appeal, and the Authority's decision is stayed pending the ruling of the commission.

During the 1994/95 fiscal year, the commission heard 63 appeals. The appeals included reviews of the Authority's decisions to grant and to refuse the issuance of liquor and gaming licences to various establishments, as well as registration, cancellation and suspension issues. Under the normal process, appeals are heard in Regina, with the commission meeting approximately once a month; however, there were some circumstances during the year when the commission met outside of Regina to accommodate applicants and the public.

The amalgamation of the Saskatchewan Horse Racing Commission with the Liquor and Gaming Authority in January also meant a change in the commission's membership, as well as an expansion of its duties. The commission now hears horse racing activity appeals as well as those for other gaming and liquor activities in the province. The commission's membership was amended in January to include two former members of the horse racing commission, who bring their expertise in the area to the commission's decision-making.

Commission members, as of the end of the fiscal year, are:

Diane Bradford, Chairperson
Colleen Wilson, Vice-Chairperson
Violet Kylluk, Secretary
Ray Hamilton, Member
Grant Gayton, Member.

Colleen Wilson and Grant Gayton were former members of the horse racing commission. The commission also has a full-time executive secretary.

In order to assist all Liquor and Gaming Licensing Commission members in learning about their new responsibilities, two educational events were held during the fiscal year. Prior to the transition period of the amalgamation, the commission participated in an orientation to standardbred racing in September at Queensbury Downs, meeting personnel and obtaining knowledge about the horse racing industry. All present were walked through the many responsibilities needed to maintain smooth operation of the racing activities.

In February, a commission orientation seminar was held, which covered a wide range of topics, including: the commission's legislative authority; gaming policy, licensing and regulation; liquor permits, regulation and policy; regulation and rules governing thoroughbred, quarter, and standardbred horse racing; compliance functions and regulatory enforcement; freedom of information; and commission operations, such as meeting procedures. As well, the commission toured a bingo hall and casino to observe gaming operations.

Liquor and Gaming Licensing Commission Members

*Diane Bradford,
Chairperson*

*Colleen Wilson,
Vice-Chairperson*

*Violet Kylluk,
Secretary*

*Ray Hamilton,
Member*

*Grant Gayton,
Member*

COMMISSION ACTIVITIES

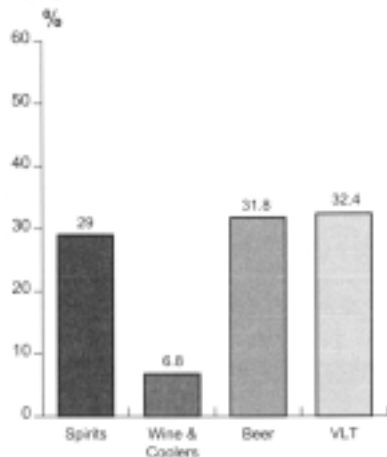
FINANCIAL

Income

Fiscal Year Ending March 31, 1995

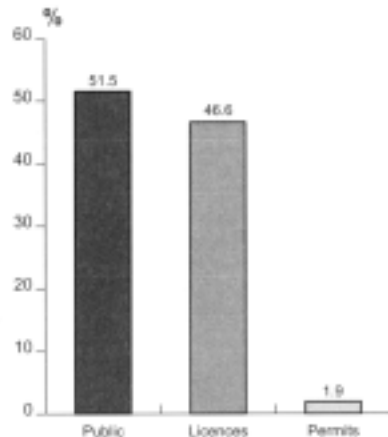
Sales

By Type



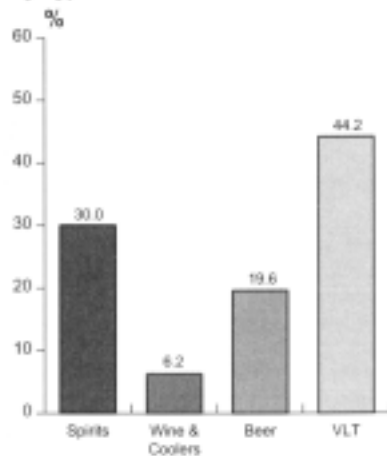
Beverage Alcohol Sales

By Type of Customer

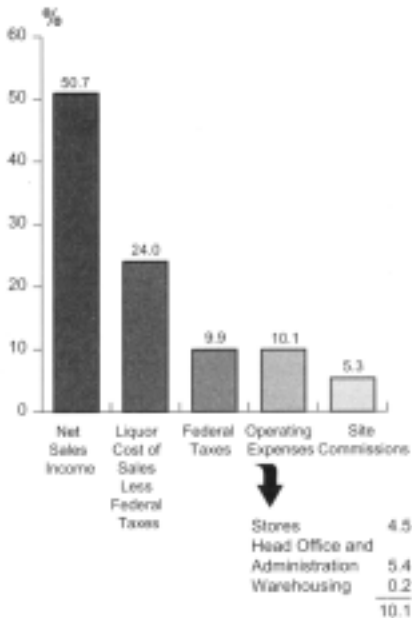


Gross Profit

By Type



Application of Sales Income



FIVE YEAR FINANCIAL REVIEW

	1990/91	1991/92	1992/93	1993/94	1994/95
	(000's)	(000's)	(000's)	(000's)	(000's)
Sales:					
Spirits					
Canadian	\$117,364	\$109,683	\$109,913	\$108,006	\$108,885
Imported	18,252	17,411	18,026	17,732	17,370
	<u>135,616</u>	<u>127,094</u>	<u>127,939</u>	<u>125,738</u>	<u>126,255</u>
Wine and Coolers					
Canadian	13,029	12,837	12,715	12,596	12,877
Imported	12,424	10,503	10,586	10,537	10,909
	<u>25,453</u>	<u>23,340</u>	<u>23,301</u>	<u>23,133</u>	<u>23,786</u>
Beer, Ale and Stout					
Canadian	129,535	127,463	125,046	128,936	134,067
Imported	881	810	908	1,083	1,111
	<u>130,416</u>	<u>128,273</u>	<u>125,954</u>	<u>130,019</u>	<u>135,178</u>
Allied Sales	—	—	—	4	55
VLT Sales	—	—	1,281	34,816	136,848
Total Sales	<u>291,485</u>	<u>278,707</u>	<u>278,475</u>	<u>313,710</u>	<u>422,122</u>
Cost of Sales	<u>(161,515)</u>	<u>(144,845)</u>	<u>(140,954)</u>	<u>(144,713)</u>	<u>(163,425)</u>
Gross Profit	<u>129,970</u>	<u>133,862</u>	<u>137,521</u>	<u>168,997</u>	<u>258,697</u>
Grants	3,612	1,379	1,746	1,702	2,112
Operating Expense	<u>(32,198)</u>	<u>(31,820)</u>	<u>(33,112)</u>	<u>(42,371)</u>	<u>(42,611)</u>
Other Income	<u>9,816</u>	<u>10,133</u>	<u>11,665</u>	<u>13,834</u>	<u>6,308</u>
Operating Income	<u>111,200</u>	<u>113,554</u>	<u>117,820</u>	<u>142,162</u>	<u>224,506</u>
Federal Tax Expense (GST)	—	—	(62)	(942)	(2,038)
Net Income	<u>111,200</u>	<u>113,554</u>	<u>117,758</u>	<u>141,220</u>	<u>222,468</u>
Beginning Retained Earnings	163,950	86,660*	132,208*	130,476	155,696
Transfer to General Revenue Fund	<u>(188,667)</u>	<u>(68,078)</u>	<u>(119,490)</u>	<u>(116,000)</u>	<u>(97,200)</u>
Ending Retained Earnings	<u>\$ 86,483</u>	<u>\$132,136</u>	<u>\$130,476</u>	<u>\$155,696</u>	<u>\$280,964</u>

* Restated due to changes in accounting policy.

MANAGEMENT'S REPORT

The accompanying financial statements, and related financial information throughout the Annual Report, have been prepared by management using generally accepted accounting principles. Management is responsible for the integrity, objectivity and reliability of the financial statements.

Management of the Authority has established and maintains a system of internal controls that provides reasonable assurance that transactions are recorded and executed in compliance with legislation and authority; assets are safeguarded; there is an effective segregation of duties and responsibilities; and, reliable financial records are maintained. An auditing function exists within the Authority which objectively assesses the effectiveness of internal controls.

The Provincial Auditor has examined the Authority's financial statements. The Auditor's Report to the Members of the Legislative Assembly of Saskatchewan expresses an independent opinion of the fairness of presentation of the Authority's financial statements in accordance with generally accepted accounting principles.



Gord Nystuen
President/CEO



Dick Bailey
Vice-President, Corporate Services



Colleen Laing, C.A.
Manager, Financial Services

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Saskatchewan Liquor and Gaming Authority as at March 31, 1995 and the statements of income and retained earnings, and changes in financial position for the year then ended. The Authority's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 1995 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.



Regina, Saskatchewan
May 26, 1995

W. K. Strelloff, C.A.
Provincial Auditor

Statement 1

SASKATCHEWAN LIQUOR AND GAMING AUTHORITY

BALANCE SHEET

As at March 31

	1995 (000's)	1994 (000's)
ASSETS		
Current Assets		
Cash	\$ 304	\$ 2,642
Short-term deposits	12,501	2,826
Deposit in General Revenue Fund (Note 10)	228,500	137,394
Accounts receivable	4,119	2,373
Prepaid expenses	290	463
Inventories (Note 5)	10,723	11,712
Total Current Assets	256,437	157,410
Capital Assets (Note 4)	43,456	45,902
Deferred Goods and Services Tax (Note 5)	1,593	1,785
	<u>\$ 301,486</u>	<u>\$ 205,097</u>
LIABILITIES AND RETAINED EARNINGS		
Current Liabilities		
Accounts payable	\$ 8,775	\$ 15,265
Due to Western Canada Lottery Corp. (Note 6)	164	1,449
Loan (Note 7)	0	23,787
Total Current Liabilities	8,939	40,501
Accrued pension costs (Note 8)	11,583	8,900
	<u>20,522</u>	<u>49,401</u>
Retained Earnings	280,964	155,696
	<u>\$ 301,486</u>	<u>\$ 205,097</u>

(See accompanying notes)

Statement 2

SASKATCHEWAN LIQUOR AND GAMING AUTHORITY
STATEMENT OF INCOME AND RETAINED EARNINGS

For the Year Ended March 31

	1995 (000's)	1994 (000's)
Sales (Note 9)	\$ 422,122	\$ 313,710
Cost of sales	<u>163,425</u>	<u>144,713</u>
Gross profit	258,697	168,997
Operating expenses (Schedule 1)	<u>42,611</u>	<u>42,371</u>
	216,086	126,626
Other income (Schedule 2)	<u>8,420</u>	<u>15,536</u>
	224,506	142,162
Federal tax expense (GST) (Note 5)	<u>2,038</u>	<u>942</u>
Net income for the year	222,468	141,220
Retained earnings, beginning of year	<u>155,696</u>	<u>130,476</u>
	378,164	271,696
Transfer to General Revenue Fund (Note 10)	<u>97,200</u>	<u>116,000</u>
Retained earnings, end of year	\$ <u>280,964</u>	\$ <u>155,696</u>

(See accompanying notes)

Statement 3

SASKATCHEWAN LIQUOR AND GAMING AUTHORITY
STATEMENT OF CHANGES IN FINANCIAL POSITION

For the Year Ended March 31

	1995 (000's)	1994 (000's)
Operating Activities:		
Net income for the year	\$ 222,468	\$ 141,220
Add charges to operations not requiring the use of cash:		
Amortization of capital assets	7,193	2,681
Amortization of deferred GST	397	159
	<u>230,058</u>	<u>144,060</u>
Changes in non-cash working capital balances:		
Accounts receivable	(1,746)	(364)
Prepaid expenses	173	(146)
Inventories	989	382
Accounts payable	(6,490)	6,829
Due to Western Canada Lottery Corp.	(1,285)	1,449
Loan (Note 7)	(23,787)	23,787
Excess of pension expense (Note 8)	2,683	1,921
	<u>200,595</u>	<u>177,918</u>
Cash generated by operating activities		
Investing Activities:		
Additions to buildings, sites and equipment	(4,747)	(33,699)
Increase in deposits in General Revenue Fund	(91,106)	(22,735)
Deferred GST	(205)	(1,944)
	<u>(96,058)</u>	<u>(58,378)</u>
Cash used by investing activities		
Other Activities:		
Transfers to General Revenue Fund	(97,200)	(116,000)
	<u>7,337</u>	<u>3,540</u>
Increase in cash for year		
Cash and short-term deposits, beginning of year	5,468	1,928
Cash and short-term deposits, end of year	<u>\$ 12,805</u>	<u>\$ 5,468</u>

(See accompanying notes)

SASKATCHEWAN LIQUOR AND GAMING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 1995

1. Description of Business

The Saskatchewan Liquor and Gaming Authority operates under the authority of *The Alcohol and Gaming Regulation Act*. The Authority's mandate is to support, develop and regulate the Saskatchewan liquor and gaming industries and to maximize public benefit through high quality services and products.

On January 20, 1995, the Horse Racing Commission was disestablished and its responsibilities were transferred to the Authority. The Commission's accounts are included in these financial statements using the pooling of interests method.

2. Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles. The significant policies which have been adopted are described below.

(a) **Basis of Accounting**

These financial statements are prepared using the accrual basis of accounting.

(b) **Short-Term Deposits**

Short-term deposits are recorded on the balance sheet at cost. Accrued interest on these investments is included in accounts receivable.

(c) **Revenue**

Liquor Sales

Sales are reflected in the accounts net of returns, container deposits, GST, Liquor Consumption Tax and discounts.

Licence Fees

Pursuant to The Gaming Licensing Regulations, the Authority charges an application fee and a fee based on net revenues generated. As of April 1, 1994, the fee on net revenues generated was levied only on casino licensees.

Video Lottery Sales

Revenue is recorded net of prize payouts.

(d) **Inventories**

Inventories of wine, coolers, spirits and beer are valued at the lower of cost and net realizable value.

(e) **Capital Assets**

Buildings, sites and equipment are stated at cost less accumulated amortization.

Amortization is calculated on a straight-line basis at rates designed to allocate the cost of the capital assets over their estimated useful lives. Rates are as follows:

Buildings	2.5	-	5% per annum
Equipment	15	-	33% per annum
VLTs			20% per annum

Leasehold improvements are amortized over the term of the lease.

(f) **Pension Expense**

The cost of pension benefits earned by employees who are members of the Authority's defined benefit plan, known as the Liquor Board Superannuation Plan, is determined using the accrued benefit method prorated on the basis of term of service. It is charged in the accounts as an expense as the service is rendered. The amount of the expense reflects management's best estimate of the plan's expected investment yields, salary adjustments, mortality of members, terminations, the ages at which members will retire and ad hoc increases, based upon the Consumer Price Index, to be granted by the Lieutenant Governor in Council.

Based upon the most recent actuarial valuation of the plan, adjustments arising from plan amendments, experience gains and losses and changes in assumptions are amortized over the estimated average remaining service lives of the employees who are members of the defined benefit plan. The difference between the amount expensed and the amount funded is reflected as a liability on the balance sheet.

3. Inventories

Inventories at March 31 consisted of the following:

	1995	1994
	(000's)	(000's)
Wine, coolers and spirits in stores	\$ 4,628	\$ 4,942
Wine, coolers and spirits in warehouse	5,306	5,786
Beer in stores	789	984
	<u>\$ 10,723</u>	<u>\$ 11,712</u>

4. Capital Assets

Capital assets at March 31 consisted of the following:

	1995			1994		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
Sites	\$ 2,079	\$ —	\$ 2,079	\$ 2,079	\$ —	\$ 2,079
Buildings	18,206	7,160	11,046	18,075	6,710	11,365
VLTs	32,138	6,752	25,386	28,618	1,541	27,277
Furniture & equipment	8,717	5,102	3,615	10,029	5,713	4,316
Leasehold improvements	2,350	1,020	1,330	1,668	803	865
	<u>\$63,490</u>	<u>\$20,034</u>	<u>\$43,456</u>	<u>\$60,469</u>	<u>\$14,567</u>	<u>\$45,902</u>

5. Goods and Services Tax

The Authority is on the prescribed list of lottery corporations pursuant to Section 188 of the *Federal Excise Tax Act*. In lieu of collecting GST on VLT revenue at the retail level, the Authority calculates and remits GST according to a formula prescribed by Revenue Canada. The formula requires the Authority to pay 14% on the purchase of goods and services related to the VLT program and 7% on site contractor commissions. 7% of the GST paid on capital assets has been set up as a deferred tax and is being amortized on a straight-line basis over the useful life of these capital assets.

6. Due To Western Canada Lottery Corporation

The Saskatchewan Video Lottery Division of the Western Canada Lottery Corporation (WCLC) managed the video lottery terminals and central computer system on behalf of the Authority throughout the year. WCLC provided accounting, purchasing, cash disbursements, human resources, and payroll services for the VLT program.

7. Loan

The purchase of VLTs was financed through a short-term loan with the General Revenue Fund.

8. Pension Plan

The Authority maintains pension plans which provide retirement benefits for employees. The Public Employees Superannuation Plan is a defined contribution plan. Employee contributions to this plan are matched by the Authority on an ongoing basis. The defined benefit plan is administered by The Liquor Board Superannuation Commission. It provides superannuation allowances to those employees and Board members who were enrolled on October 1, 1977 and who did not elect to transfer to the Public Employees Superannuation Plan prior to October 1, 1978.

The defined benefit plan provides for superannuation allowances which are based on employees' years of service and their highest five years' earnings. The plan requires contributions from both employees and the Authority. The latest actuarial valuation of the Liquor Board Superannuation Plan was performed as at December 31, 1993. That valuation, when projected to December 31, 1994, results in an unfunded liability of \$26.2 million. This consists of the actuarial present value of accrued benefits in the amount of \$39.7 million less the value of superannuation fund assets of \$13.5 million.

The Authority is providing for the unfunded liability by accruing as an expense an amount which is in excess of that which has been funded. Included in this accrual are bridging costs and retirement allowances pertaining to the early retirement program and ad hoc increases that are subject to Lieutenant Governor in Council approval. The accrual as at March 31 was determined as follows:

	1995 (000's)	1994 (000's)
Pension Expense:		
Current service	\$ 344	\$ 227
Amortization	3,747	2,758
Early retirement	311	420
Total expense	4,402	3,405
Less: amounts funded	1,719	1,484
Excess of expense for the year	2,683	1,921
Accrual at beginning of year	8,900	6,979
Accrual at end of year	\$ 11,583	\$ 8,900

9. Sales

Sales are comprised of the following:

	1995 (000's)	1994 (000's)
Liquor		
Wine, coolers and spirits		
In stores:		
- To licensees	\$ 22,226	\$ 19,713
- To public	102,247	103,833
	124,473	123,546
To franchises:		
- To licensees	4,935	5,361
- To public	21,609	21,050
	26,544	26,411
	151,017	149,957
Beer		
- To licensees	97,490	92,153
- In stores	34,196	34,456
- To franchises	2,571	2,328
	134,257	128,937
	285,274	278,894
Gaming		
VLT	136,848	34,816
Total sales	\$422,122	\$313,710

10. Deposits in General Revenue Fund

These deposits represent advances to the General Revenue Fund pursuant to Section 175(5) of *The Alcohol and Gaming Regulation Act*. These amounts, which are non-interest bearing, are deposited to the credit of the Authority in the General Revenue Fund until Treasury Board directs that they be transferred to the General Revenue Fund pursuant to Section 175(1).

Deposits in General Revenue Fund at March 31, were determined as follows:

	1995 (000's)	1994 (000's)
Balance at beginning of year	\$ 137,394	\$ 114,659
Net gaming deposits during the year	(10,294)	10,235
Deposits during the year pursuant to Section 175(5)	198,600	128,500
Transfer to General Revenue Fund pursuant to Section 175(1)	(97,200)	(116,000)
Balance at end of year	\$ 228,500	\$ 137,394

11. Related Parties

Included in these financial statements are expenses resulting from routine operating transactions conducted at prevailing market prices with various Saskatchewan Crown controlled departments, agencies and corporations with which the Authority is related.

Account balances resulting from these transactions are included in the balance sheet and are settled on normal trade terms. Other amounts due to or from related parties and the terms of settlement are described separately in the financial statements.

Prior to 1995, Treasury Board instructed the Authority to pay certain amounts in each fiscal year relative to the enforcement of *The Alcohol and Gaming Regulation Act*. During the year ended March 31, the following amounts were paid:

	1995 (000's)	1994 (000's)
Department of Municipal Government	—	\$1,000
Department of Justice	—	\$2,621

In addition, the Authority collected the following amounts for the Department of Finance:

	1995 (000's)	1994 (000's)
Container deposits on all wine, coolers, spirits and imported beer products	\$ 3,391	\$ 3,353
Liquor Consumption Tax	9,952	10,112

Container deposits on domestic beer sales amounted to \$16,677,871 (1994 - \$16,090,000).

During the year, the Authority received \$2,111,673 in grants for horse racing activities from the Department of Agriculture and Food (1994 - \$1,702,323).

12. Lease Commitments

The Authority, as lessee, is committed under operating leases on leased premises with future minimum payments due as follows:

Year Ending March 31	(000's)
1996	\$ 1,921
1997	1,937
1998	1,842
1999	1,740
2000	1,407
Subsequent years	2,128
Total	\$ 10,975

13. Segmented Information

The Saskatchewan Liquor and Gaming Authority operates in three segments - liquor, VLT and other gaming.

The liquor segment reflects the retailing and licensing of beverage alcohol activities within the province.

The VLT segment pertains to the operation of the VLT program under the authority of Section 207 of the Criminal Code and *The Alcohol and Gaming Regulation Act*.

The other gaming segment reflects the licensing and support of charitable and religious organizations who conduct and manage bingos, casinos, raffles and breakopen ticket sales and the regulation and support of the horse racing industry.

The following table shows key amounts by segment. There were no sales or eliminations between segments.

	INDUSTRY SEGMENTS							
	LIQUOR		VLT		OTHER GAMING		TOTAL	
	1995 (000's)	1994 (000's)	1995 (000's)	1994 (000's)	1995 (000's)	1994 (000's)	1995 (000's)	1994 (000's)
Total sales	\$285,274	\$278,894	\$136,898	\$34,816			\$422,122	\$313,710
Gross profit	\$144,199	\$139,435	\$114,498	\$29,562			\$258,697	\$168,997
Other income	4,466	3,649	901	27	\$3,053	\$11,860	8,420	15,536
Less operating expense	25,564	29,377	12,158	8,994	4,889	4,000	42,611	42,371
Segment income								
before federal tax expense	123,101	113,707	103,241	20,595	(1,836)	7,860	224,506	142,162
Less federal tax expense	—	—	2,038	942	—	—	2,038	942
Net income	123,101	113,707	101,203	19,653	(1,836)	7,860	222,468	141,220
Retained earnings, beginning	153,172	129,465	1,638	(15)	886	1,026	155,696	130,476
Transfer to General Revenue Fund	—	90,000	97,200	18,000	—	8,000	97,200	116,000
Retained earnings, end	\$276,273	\$153,172	\$5,641	\$1,638	\$9,901	\$ 886	\$280,964	\$155,696
Total assets	\$295,288	\$168,844	\$3,774	\$35,129	\$2,424	\$1,124	\$301,486	\$205,097
Capital expenditure	\$792	\$2,029	\$4,149	\$31,670	\$15	—	\$4,956	\$33,699
Amortization	\$1,109	\$ 933	\$6,063	\$1,709	\$21	\$36	\$7,193	\$2,680

14. Comparative Figures

Certain of the prior year's comparative figures have been reclassified to conform to the current year's presentation.

Schedule 1

SASKATCHEWAN LIQUOR AND GAMING AUTHORITY
SCHEDULE OF OPERATING EXPENSES

For the Year Ended March 31

	1995	1994
	(000's)	(000's)
Advertising and printing	\$ 51	\$ 86
Building and equipment amortization	7,193	2,680
Communications	686	780
Customer service programs	95	110
Grants	2,427	2,337
Honoraria and related expenses	72	93
Information technology	1,355	1,652
Operations and maintenance	733	4,582
Professional and contractual services	3,198	2,638
Rent, utilities and insurance	3,282	4,624
Salaries, wages and fringe benefits	20,595	19,839
Service charges and interest	784	476
Stationery and supplies	1,011	1,542
Stock dispositions	167	47
Sundry	80	102
Travel and business	882	783
	<u>\$ 42,611</u>	<u>\$ 42,371</u>

Schedule 2

SASKATCHEWAN LIQUOR AND GAMING AUTHORITY**SCHEDULE OF OTHER INCOME**

For the Year Ended March 31

	1995 (000's)	1994 (000's)
Grants (Note 11)	\$ 2,112	\$ 1,702
Interest	2,634	1,328
Licence and other fees	1,328	10,660
Permit	855	864
Product displays	354	311
Mark-up collections at borders	366	440
Miscellaneous	771	231
	<u>\$ 8,420</u>	<u>\$ 15,536</u>

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