

So on that note, I've quite a few more things to say on this particular bill, and I move that we adjourn debate on Bill 72.

The Deputy Speaker: — The member from Athabasca has moved to adjourn debate on Bill No. 72, *The Traffic Safety Amendment Act, 2012*. Is it the pleasure of the Assembly to adopt the motion?

Some Hon. Members: — Agreed.

The Deputy Speaker: — Carried.

Bill No. 77 — *The Horse Racing Regulation Amendment Act, 2012*

The Deputy Speaker: — I recognize the Minister for Crown Investments.

Hon. Ms. Harpauer: — Thank you, Mr. Speaker. It is my privilege to rise and introduce for second reading, Bill No. 77, *An Act to amend The Horse Racing Regulation Act and to make consequential amendments to The Revenue and Financial Services Act and The Revenue Collection Administration Regulations*.

Mr. Speaker, this past October I announced that the provincial government would eliminate the parimutuel tax it collects on horse racing wagers, effective March 31st, 2013. The amendments I am introducing today will implement this change. Under *The Horse Racing Regulation Act*, the province collects a 10 per cent parimutuel tax from each wager placed on horse racing in the province. The tax is also applied to wagers made in Saskatchewan teletheatres on horse races conducted outside of the province.

Operators of horse racing tracks have been responsible to collect and remit the tax. Traditionally the revenue collected from this tax has been returned to the industry in the form of grants to track operators to support track operations and purses for the participants. The amount of tax collected depends on the amount wagered. In 2011 the total parimutuel tax collected was 857,000, all of which was returned to the industry.

Mr. Speaker, this past summer members of the Saskatchewan horse racing industry sought to have the parimutuel tax repealed. We considered their arguments for repealing the tax and we are now acting on this consultation. Our government remains committed to fiscal responsibility and I believe the repeal of the parimutuel tax is a win-win for both government and the horse racing industry. Eliminating the parimutuel tax will allow the horse racing industry to determine how to use the funds for the benefit of the industry.

Mr. Speaker, this change is another example of our government's commitment to create a positive economic environment by reducing taxes when it's fiscally responsible to do so. This change will provide the necessary business environment for horse racing to continue to operate in Saskatchewan. By supporting the continuation of horse racing in Saskatchewan, these changes will also support employment opportunities for those individuals involved in the horse racing industry such as groomers and trainers.

Together with the amendments to *The Horse Racing Regulation Act*, this bill also contains consequential amendments to *The Revenue and Financial Services Act* and *The Revenue Collection Administration Regulations*. *The Revenue and Financial Services Act* and *The Revenue Collection Administration Regulations* both contain provisions regarding the enforcement and the collection of parimutuel taxes by the province. Because the parimutuel tax is being repealed, amendments are necessary to both pieces of legislation to remove those provisions.

With that, Mr. Speaker, I will conclude my remarks and move second reading of Bill No. 77, *An Act to amend The Horse Racing Regulation Act and to make consequential amendments to The Revenue and Financial Services Act and The Revenue Collection Administration Regulations*.

The Deputy Speaker: — The Minister of Crown Investments has moved that Bill No. 77, *The Horse Racing Regulation Amendment Act, 2012* be now read a second time. Is the Assembly ready for the question? I recognize the member from Athabasca.

Mr. Belanger: — Thank you very much, Mr. Speaker. Again I am pleased to stand today to talk about the Bill 77. And the gist or the primary focus of Bill 77, as the minister alluded to, was the fact that the parimutuel tax Act — basically the taxes that they collect from some of the betting on horse racing — was one of the issues that she wants to eliminate as a result of what the industry wanted, is what she basically indicated to the Assembly.

Now, Mr. Speaker, she mentioned the figure of 700-and-some thousand that they would collect from some of these wagers that people would have on horse racing. Now the big question that we would have in the Assembly is that what part of the industry, what part of the 700-plus thousand dollars that the industry used to be able to get as a result of this tax, how much has the Sask Party backfilled that money? Have they backfilled it all, or none of it?

These are some of the questions that we think we know the answers to. But, Mr. Speaker, a lot of people are trying to find out exactly what the intent of the Sask Party is on this front because we know that the 700-and-some thousand dollars that they did collect from the taxes on horse racing bets, that none of the industry got any of the money. I believe they basically eliminated the tax on the horse racing and turned their backs against the industry.

Now I know that the industry themselves will continue working with the Sask Party to try and find some solution. But what we would say on this side of the Assembly is that before you create an action such as losing a revenue base for an industry, even if it's horse racing, that you ought to have a plan in place to be able to backfill that money so that the industry that uses that money isn't put into this situation where they don't have the necessary means to continue operating their industry.

Now we think that's pretty simple and straightforward from the opposition's perspective. So the question that we would have for the minister on Bill 77: what concessions did you give the industry to ensure that the revenues that they lost as a result of

this tax being eliminated on horse betting? What did they ask for and what did you give them to ensure that this wasn't going to be a problem for their industry in general?

And those questions, Mr. Speaker, we need to certainly ask the minister and at the appropriate time, through Committee of Finance, we will certainly ask those questions at that time. But we also want to be able to talk to the industry and those people that are actually making bets because right now I think there's a lot of confusion within the horse racing industry. I think it's a very important part of what people like to do. I think horse racing has been around, betting on horse races has been around Saskatchewan for years, Mr. Speaker.

So that's some of the things that we want to be able to look at in terms of getting the right information to the public of Saskatchewan so that they could figure out whether this government is doing anything good or anything bad to that particular horse racing industry. And I can tell you that information needs to come forward to the opposition and we will certainly be making our contacts as well.

Now, Mr. Speaker, this cash grab that the minister spoke about — the parimutuel tax that they used to collect and give to the industry — now is there another revenue stream that the government is collecting as a result of them taking the parimutuel tax, as she indicated, taking that tax and eliminating it? Is there some backdoor taxation that they're putting in place that they're pocketing from this particular industry? We don't know that information, Mr. Speaker, and that's one of the reasons why we would like to ask these questions during Committee of Finance.

[15:15]

One of the things that I think is important is that when you look at the parimutuel tax, the elimination of this tax on horse racing, which actual group asked for it? Like what was the breakdown in the industry itself? Was there a certain sector of the industry that liked this versus other sectors that may not have liked this? What is the breakdown of who was impacted the worst and who was impacted the best? You know, these are some of the things that we need to find out as an opposition because obviously, if you're a horse trainer or if you're a jockey or if you're involved with the actual on-field activity of this industry, does it hurt you in any way, shape, or form, losing that kind of revenue for your industry?

And I think that's obviously got to hurt because if you go 7, \$800,000 loss of revenues in any one year, it's of course going to hurt a lot of organizations and a lot of fledgling businesses as well. So I wouldn't really chalk up the horse racing industry as fledgling, but I'd certainly say that I don't think they can take hits of this sort on a continual basis. Because obviously, Mr. Speaker, you don't want to see this industry go away because some people really enjoy their time as adults, and this is an adult entertainment service in terms of being able to bet on horses. And I think a lot of them certainly would like to continue doing that.

That being said, Mr. Speaker, there is a lot of questions that we would ask. How many different organizations are impacted by this? I think the people of Saskatchewan and certainly the

opposition want to know how many operations are out there. How many people are employed by this industry? Who are some of the bigger players? What their season involves. And these are some of the issues I think are very valuable to the Assembly, if we can get those answers from the minister during Committee of Finance because we need to get those questions in front of the people of Saskatchewan.

Bill 79 I think has a lot of different issues that we can speak about at length, and we want to be able to take that time to be able to share as much of the information so the public out there can also join the debate and join the information flow to the NDP so they can certainly argue some better points and stronger points in the Assembly as it relates to the horse racing industry.

Now, Mr. Speaker, I think what's the biggest thing is that, that as I look at the horse racing industry itself, this industry has been operating for a long time. It's been, like I mentioned at the outset, there's been a lot of people that have been involved with this industry over the years. And what prompted the changes? Because obviously if there are changes to the tax that the government collects, is there any other revenues that the government has received from this industry? And if so, the minister needs to identify that as well because you've been operating this industry this way for many, many, many years. Then all of a sudden you make a huge change that impacts their bottom line by 7, \$800,000. There should be an accounting process in place for the industry themselves.

You know, and when the minister says the industry likes this concept, Mr. Speaker, I would really like to see what the industry truly had to say about this. And if they asked for some concessions in exchange for losing that kind of money, what were those concessions, and how much revenues will they bring in if there was any concessions afforded to them?

Now if my memory serves me correct, Mr. Speaker, I think the horse racing industry themselves had asked for some VLTs [video lottery terminal] to be placed at some of their operations. And I'm not sure if that was a concession given to the industry, but I'm sure at one time I heard in the news that they were asking for VLTs to be placed at some of their places of operations because that would really help their income. Now whether that was afforded to them or not, I don't know. Do they get the revenue stream from some other lottery corporation or some other gaming agreement that they may have struck with the horse racing association? Was there any revenues lost to any other organization when the horse racing industry was given a concession? We don't know those answers, Mr. Speaker.

And that's the important thing, is to be able to ask those answers in a timely fashion and to invite the public, to tell the public to come on down and give us the information — those that may actually do the betting, those that may work in the industry, those that may actually be owners of some of the operations that are out there, and some of the horse owners as well. We need to hear some of that information as to what the government is proposing to change. And once that information is available to us, we can certainly ask the minister and the government, the Sask Party government, to provide those answers in a timely and consistently honest fashion.

Now, Mr. Speaker, I would propose that there's a few other issues on this bill that we need to take further study on. And I would remind the people that are out there in Saskatchewan right now is that what happens in the fall sitting . . . There's only another seven days left, and it's something that we enjoy doing as opposition because we can expose the Sask Party for their mismanagement of our finances and the fact that their spin factory is really misleading a lot of people on a lot of fronts. It's our time in opposition to be able to expose all that — that's our role of government — and we'll continue doing so.

But in the fall sitting, it gives us the opportunity for the government to introduce their bills and the intent behind the bills, gives us an opportunity in opposition to give a first look at these bills. And then over the next several months we're going to be going to different organizations that are impacted by these changes to see if they agree with this and what are some of their concerns. And then when the spring sitting happens in March, Mr. Speaker, that's when we'll come back with a lot of this information, and we'll counter some of the misinformation that the Sask Party provides to the public on many, many occasions, Mr. Speaker.

So that's kind of what the whole intent is: the first initial introduction of the bill and of course our initial comments on the bill, and then we'll go back and research the bill for the spring sitting. And following the spring sitting of course these bills will certainly, if the government's proposing them, will pass, and they'll be proclaimed. But hopefully the opposition will have enough information to embarrass the government or make them change their mind on some provisions. And that's the role of us as opposition, is to hold them to account and, Mr. Speaker, we will certainly do that.

So again on that note, on this particular bill, Bill 77, I want to make sure that people out there are offered the opportunity to provide that information. We look forward to working with you. And on that note I move that we adjourn debate on Bill 77.

The Deputy Speaker: — The member from Athabasca has moved to adjourn debate on Bill No. 77, *The Horse Racing Regulation Amendment Act, 2012*. Is it the pleasure of the Assembly to adopt the motion?

Some Hon. Members: — Agreed.

The Deputy Speaker: — Carried.

ADJOURNED DEBATES

SECOND READINGS

Bill No. 65

[The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. Wyant that **Bill No. 65** — *The Securities Amendment Act, 2012 (No. 2)* be now read a second time.]

The Deputy Speaker: — I recognize the member from Saskatoon Riversdale.

Ms. Chartier: — Thank you, Mr. Deputy Speaker. I'm pleased

to enter the debate today on Bill No. 65, *An Act to amend The Securities Act, 1988 and to make consequential amendments to other Acts*.

I want to just start by talking about *The Securities Act, 1988*, the Act that is going to be . . . is proposed, some amendments. *The Securities Act, 1988* ensures the securities market is fair and protects the investing public. It is administered by the Saskatchewan Financial Services Commission, securities division. So the commission regulates people trading in or advising about securities in exchange contracts in Saskatchewan. Securities are forms of investments such as shares, bond, debentures, mutual funds, and investment contracts. An exchange contract is a futures contract or an option that trades on an exchange under standardized terms and conditions. And a trade is defined as "any transfer, sale or disposition of a security for valuable consideration . . . but does not include a purchase of a security . . ."

And the 1988 Act requires that all persons selling or advising on securities or exchange contracts be registered. There are initial and ongoing requirements that dealers, advisors, and their employees must meet, including capital bonding and insurance requirements, membership and compensation or contingency funds, record keeping, and educational qualifications and experiences. So that's a little bit about *The Securities Act, 1988* which is being amended or proposed amended through Bill No. 65 that we're discussing here today.

In the minister's comments in his second reading speech, he pointed out there are three main purposes or three purposes of this Act. The first one is ". . . to introduce a regulatory framework for financial products known as over-the-counter derivatives." What exactly is an over-the-counter derivative? It's ". . . an agreement where the price, value, delivery, or payment obligation is derived from an underlying interest." And what are over-the-counter derivatives used for, Mr. Deputy Speaker, you might be asking yourself. Over-the-counter ". . . derivatives are used to transfer the financial risk that an underlying interest poses to a company, an institution, or an individual to another entity that is willing to accept that risk."

The minister in his comments pointed that over-the-counter derivatives shouldn't be confused with derivatives that are traded on an exchange: "When traded on an exchange, derivative contracts are standardized and traded anonymously through secure electronic means." The minister argues that "Such products are well regulated and an essential element of a strong global economy."

But with over-the-counter derivatives, some of the problems, the issue that this bill is said to be addressing is that over-the-counter derivative trades are not standardized or cleared in the same manner as derivatives that are traded on an exchange. "They are executed only through bilateral negotiation." And actually the minister uses the word ". . . opaque nature of the . . . [over-the-counter] derivatives market has limited the ability of provincial market regulators to effectively monitor them and deter improper market activity and conduct."

Obviously you do want to deter improper market activity and