Saskatchewan Liquor and Gaming Authority




Annual Report for 2016-17

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Government of Saskatchewan

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Letters of Transmittal

The Honourable Jeremy Harrison
Minister Responsible for the Saskatchewan Liquor and Gaming Authority

Her Honour, the Honourable Vaughn Solomon Schofield,
Lieutenant Governor of Saskatchewan

May it Please Your Honour:

I respectfully submit the Annual Report of the Saskatchewan Liquor and Gaming Authority (SLGA) for the fiscal year ending March 31, 2017. This report includes the financial statements in the form required by Treasury Board and in accordance with *The Alcohol and Gaming Regulation Act, 1997*. The financial statements for SLGA Retail Inc. are also included.

The Government of Saskatchewan is committed to increased accountability, to honouring its commitments and to managing expenditures responsibly on behalf of Saskatchewan people. The annual report measures progress against the commitments outlined in SLGA's 2016-17 Plan.

The 2016-17 financial statements show a total comprehensive income of $478.9 million. SLGA will continue to deliver the Government's commitments to the people of Saskatchewan and be a positive contributor to the growth and prosperity of the province in the years ahead.

Jeremy Harrison
Minister Responsible for the Saskatchewan Liquor and Gaming Authority

Cam Swan
President & CEO
Saskatchewan Liquor and Gaming Authority

The Honourable Jeremy Harrison,
Minister Responsible for the Saskatchewan Liquor and Gaming Authority

Dear Minister:

I have the honour of submitting the Annual Report of the Saskatchewan Liquor and Gaming Authority for the fiscal year ending March 31, 2017.

On behalf of SLGA, I acknowledge responsibility for this report and am pleased to provide assurance on the accuracy, completeness and reliability of the information contained within it. I also acknowledge responsibility for the financial administration and management control of SLGA.

This annual report highlights SLGA's many achievements in 2016-17 and reflects the positive contributions to the General Revenue Fund by the organization.

Cam Swan
President & CEO
Saskatchewan Liquor and Gaming Authority

Introduction

This annual report for the Saskatchewan Liquor and Gaming Authority (SLGA) presents SLGA's results for the fiscal year ending March 31, 2017. It provides results of publicly committed strategies, key actions and performance measures identified in the *SLGA Plan for 2016-17*. It also reflects progress toward commitments from the *Government Direction for 2016-17*, the *Saskatchewan Plan for Growth – Vision 2020 and Beyond,* throne speeches and the activities of SLGA.

The annual report demonstrates SLGA's commitment to effective public performance reporting, transparency and accountability to the public.

Alignment with Government's Direction

SLGA's activities in 2016-17 align with Saskatchewan's vision and four goals:

Saskatchewan's Vision

"… to be the best place in Canada – to live, to work, to start a business, to get an education, to raise a family and to build a life."

Sustaining growth and opportunities for Saskatchewan people	**Meeting the challenges of growth**	**Securing a better quality of life for all Saskatchewan people**	**Delivering responsive and responsible government**

Together, all ministries and agencies support the achievement of Government's four goals and work towards a secure and prosperous Saskatchewan.

Overview

SLGA's Mission Statement

We serve Saskatchewan people with excellence, contributing to economic growth through the socially responsible distribution and regulation of liquor and gaming products, directly and with our partners.

About SLGA

The Saskatchewan Liquor and Gaming Authority (SLGA) is a Treasury Board Crown Corporation. As part of its core line of business, SLGA is responsible for the distribution and regulation of liquor and gaming products across the province. SLGA achieves its mandate through socially responsible, fair and effective services at offices in Regina and Saskatoon and a liquor distribution centre in Regina. SLGA regulates all liquor-permitted premises in Saskatchewan.

In 2016-17, SLGA implemented an expanded private retail system for liquor retailing and at the same time created a level playing field for all liquor retailers. The level playing field took effect October 9, 2016. All retailers selling liquor for off-site consumption in the province operate under a Retail Store Permit and are referred to as Retail Store Permittees (RSPs). There are 686 Retail Store Permittees throughout the province.

SLGA created a subsidiary, SLGA Retail Inc., which oversees the operation of SLGA retail liquor stores in Saskatchewan. As previously announced, a transition is currently underway to reduce the number of SLGA operated retail liquor stores.

SLGA directly manages the majority of the province's electronic gaming machines, including the province's network of video lottery terminals (VLTs) and the slot machines at First Nations casinos. SLGA also plays an important role in regulating the province's eight casinos, including six First Nations casinos operated by the Saskatchewan Indian Gaming Authority (SIGA) and two casinos operated by SaskGaming. Most other forms of gaming are licensed and regulated by SLGA including bingos, raffles, breakopen tickets, Texas Hold'em poker and Monte Carlo events, as well as the provincial horse racing industry.

SLGA employs 891 staff throughout the province. The majority of staff work in SLGA retail liquor stores.

SLGA operates under *The Alcohol and Gaming Regulation Act, 1997* with several partners and stakeholders as shown in Appendix B.

SLGA's corporate structure is as follows:

- ⇨ The Liquor Wholesale and Distribution Division manages SLGA's customer relations, liquor pricing and procurement processes including transportation, product listings, customs and excise, special orders and the Distribution Centre.
- ⇨ The Regulatory Services Division is responsible for the licensing, inspection and monitoring of liquor and most gaming activities in the province. The division manages the charitable gaming grant program, internal audit services, has responsibility for horse racing and provides community information and education seminars.
- ⇨ The Corporate Services and Gaming Operations Division is responsible for financial services, policy and legislation, privacy/freedom of information, social responsibility, information technology, human resources, payroll, organizational development and employee health and safety. In addition, the division has oversight of SIGA operations and manages the province's VLT program.
- ⇨ The President's Office is responsible for communications, strategy and business improvement across the organization.
- ⇨ SLGA Retail Inc. is a subsidiary that manages and oversees SLGA's retail liquor stores in communities across the province as well as merchandising, marketing and property management.

Progress in 2016-17

Government Goals

Sustaining growth and opportunities for Saskatchewan people	Meeting the challenges of growth	Securing a better quality of life for all Saskatchewan people	Delivering responsive and responsible government

Strategic priority from the *Saskatchewan Plan for Growth*: fiscal responsibility to support growth; financial performance.

SLGA Goal

Ensure SLGA's net income meets or exceeds budgeted payment to the General Revenue Fund (GRF).

Strategy

Improve liquor net income.

Key Actions and Results

In conjunction with planned changes to Saskatchewan's liquor retailing system, revise and implement changes to the business strategy for SLGA retail stores and wholesale operations.

- ⇨ As a way of increasing shopping convenience, SLGA Retail Inc. expanded liquor store operating hours on Sundays and statutory holidays. Work is underway on an enhanced customer service program to be implemented in 2017-18 to meet the needs of customers.
- ⇨ SLGA wholesale operations have been modified to meet the immediate needs of the new provincial liquor retail system as of October 9, 2016. This includes the introduction of wholesale pricing for all RSPs allowing them to purchase product from SLGA's distribution centre at the same price.

Strategy

Improve gaming net income.

Key Actions and Results

Develop and prepare for implementation of the province wide progressive games on video lottery terminals (VLTs).

- ⇨ Development and testing for the progressive games is underway. The introduction of the progressive games on VLTs is planned to occur in the first half of 2017-18. Progressive games allow players the opportunity to win a jackpot that grows to a maximum amount as more players play the games. An increase in VLT revenues, commissions to site operators and GRF contributions can be expected if VLT play increases as a result of the new progressive games.

Performance Measures

Comprehensive Net Income (CNI)

Economic factors in the province resulted in little growth to SLGA's net income. Initiatives have already been implemented to improve net income for 2017-18.

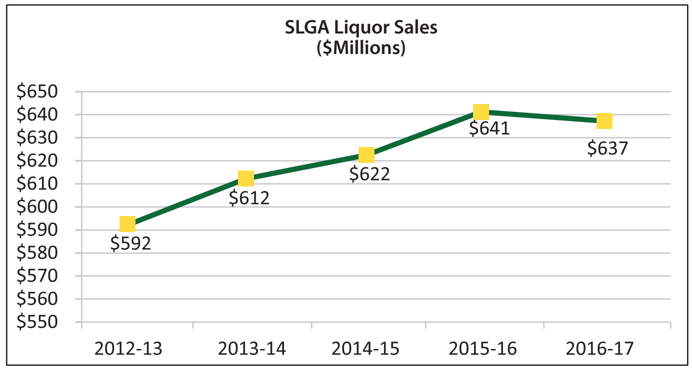
SLGA's CNI is generated from four primary areas: SLGA Retail Inc. net income, liquor wholesale sales, VLT activity and slot machines in SIGA operated casinos. SLGA's CNI is transferred to the GRF to provide funding in support of government programs and services. In the last five years, SLGA has provided more than $2 billion to the GRF.

Fiscal Year	Budgeted CNI	Actual CNI
2016-17	$511.0M	$478.9M
2015-16	$500.0M	$505.1M
2014-15	$491.8M	$488.0M
2013-14	$491.8M	$494.5M
2012-13	$439.9M	$478.4M

Source: SLGA

Liquor Sales (Wholesale and SLGA Retail Inc.)

Liquor sales represent product sold from SLGA's distribution centre and sales that occurred in SLGA Retail Inc. stores. In 2016-17, total liquor sales declined as a result of a downturn in the economy. A breakdown by category shows that the sales volume for beer declined, while spirits, wine and coolers increased.



Source: SLGA

VLT Revenue and Site Commission

The number of VLTs in the province is capped at 4,000. SLGA owns all of the VLT machines and contracts with the Western Canada Lottery Corporation (WCLC) to manage the VLT program. Gross VLT revenue is the amount of VLT activity prior to payment of program operating expenses and commission to sites. SLGA supports local businesses through a 15 per cent VLT site commission paid to liquor-permitted establishments that host VLTs.

In 2016-17, VLT revenue declined largely due to an economic downturn in the province, resulting in less disposable income for gaming activities.

Fiscal Year	Gross VLT Revenue	VLT Site Commission
2016-17	$232.1M	$35.2M
2015-16	$240.9M	$36.1M
2014-15	$245.9M	$36.9M
2013-14	$239.1 M	$35.9 M
2012-13	$223.2 M	$33.9 M

Source: SLGA

SIGA Net Income

As required by section 207 of the *Criminal Code of Canada*, SLGA owns the slot machines located in SIGA casinos. The net income generated by SIGA is distributed according to the revenue sharing formula in the 2002 Gaming Framework Agreement (GFA) that exists between the Province and the Federation of Sovereign Indigenous Nations (FSIN).

SIGA Net Income				
2012-13	**2013-14**	**2014-15**	**2015-16**	**2016-17**
$86.8 M	$82.3 M	$82.8 M	$87.1M	$82.8M

Source: SLGA

Profit sharing is based on net income prior to the accounting adjustment made for an interest rate swap ($81.1 million in 2016-17)

Under the revenue sharing formula, net profits from SIGA casino's are split, with 25 per cent of net income provided to the GRF and 50 per cent provided to the First Nations Trust (FNT). The remaining 25 per cent is directed to Community Development Corporations (CDCs). The FNT supports economic and social development, justice, health, education, culture and other First Nations initiatives. The CDCs fund similar initiatives among First Nations and non-First Nations organizations in and around the communities where the casinos are located.

Under the GFA, payments are made from SIGA profits to Indigenous Gaming Regulators Inc. ($3.3 million in 2016-17) to support its work in regulating charitable gaming on-reserve, and the First Nations Addictions Rehabilitation Foundation ($2.25 million) for problem gambling services. After deducting operating expenses, SIGA's net income declined to $82.8 million in 2016-17. SIGA felt the effects of a declining economy during the year. Although it was able to reduce operating expenditures, the reduction was not enough to offset the revenue lost.

Government Goals

Sustaining growth and opportunities for Saskatchewan people	Meeting the challenges of growth	Securing a better quality of life for all Saskatchewan people	**Delivering responsive and responsible government**

Strategic priority from the Saskatchewan Plan for Growth: building a better quality of life for Saskatchewan people; social responsibility.

SLGA Goal

Alcohol and gaming products are provided safely and fairly.

Strategy

Improve refusal of service to minors and intoxicated individuals.

Key Actions and Results

Develop a program for the use of minors as agents to determine compliance with liquor regulations that prohibit the sale of beverage alcohol to minors and better target educational opportunities that will improve refusal of service to minors.

- ⇨ The development of the policy and training for this pilot project is complete and hiring of test shoppers will occur prior to implementation of the program. The pilot project is on schedule and planned to be implemented in 2017-18.

Strategy

Improve the safe and fair provision of alcohol and gaming products.

Key Actions and Results

Complete implementation of a risk-based framework for liquor and casino inspections.

- ⇨ The liquor based inspection matrix is complete along with a program outline, evaluation matrix and policy. Risk assessment has been completed for some areas within the province and all areas will be assessed during 2017-18. The casino based inspection matrix is being developed with implementation planned to occur in 2017-18.

Develop and begin implementation of a framework to improve the quality assurance of liquor products distributed by SLGA.

- ⇨ A plan to perform a comprehensive review of SLGA's liquor supply chain is in place. The quality assurance of liquor products will be examined as part of this review that will occur in 2017-18.

Conduct awareness and education workshops with commercial permittees and other organizations to increase knowledge and compliance of liquor and gaming regulations.

- ⇨ SLGA conducted 19 educational workshops/meetings with charitable gaming licencees and casino stakeholders. The information communicated in these workshops related to website education for casinos and bingo halls, charitable gaming education and financial review meetings with charities.

Develop and prepare for the implementation of a responsible gaming module for VLTs to encourage responsible play.

- ⇨ Development of the responsible gaming module is underway. The module is scheduled to be implemented concurrently with the progressive games for VLTs. The module is an optional tool that can be used by players to set limits and monitor their play.

Providing information, education and tools to help retailers sell and SLGA customers use liquor and gaming products responsibly is part of the initiative of being a responsible government.

Performance Measures

ID Check/Refusal at Point of Sale

SLGA's Check 25 program requires SLGA retail liquor store employees selling beverage alcohol to ask customers that appear 25 years of age or younger for identification (ID) as proof of their age. As part of ensuring customers consume alcohol products responsibly, SLGA Retail Inc. employees also refuse service to individuals that appear intoxicated. In 2016-17, SLGA Retail Inc. stores had 8,414,218 customers approach the till to purchase product. SLGA Retail Inc. employees asked 418,252 customers for ID. This represents 4.97 per cent of customers being asked for ID, just under SLGA's goal of 5.0 per cent. SLGA Retail Inc. employees refused service to 9,572 customers for insufficient ID and 6,334 customers were refused service for appearing to be intoxicated.

Compliance with Server Intervention Training

Serve It Right Saskatchewan (SIRS) is a program delivered by the Saskatchewan Tourism Education Council and regulated by SLGA that provides consistent training for the sale and service of alcohol, helping commercial and special occasion permit holders ensure that alcohol-related activities are conducted with integrity and in a socially responsible manner. In June of 2015, the Government of Saskatchewan announced that mandatory server intervention training would be phased in over a three year period:

- By June 30, 2016, all owners and managers were required to have completed training and new hires must take the training within 30 days of beginning employment.
- By June 30, 2017, there must be at least one person on each shift who has completed training.
- By June 30, 2018, all employees involved in the sale and service of alcohol must have completed SIRS training.

SLGA's focus is to work with permittees on SIRS compliance through education and the inspection process. SLGA will continue to work with permittees and track compliance rates in 2017-18.

Compliance with VLT Responsible Gaming Training

A Responsible Gaming training program helps VLT site operators and their staff understand the differences between responsible and problem gambling, the myths associated with gambling and how to provide information to players seeking help. It is mandatory that at least one owner or manager from each site complete the training. Upon completion of the training the certification is valid for a period of five years. As of March 31, 2017, there was 100 per cent compliance of sites with the minimum guidelines for this training program.

Responsible use of SLGA's liquor and gaming products is an important priority to help the citizens of Saskatchewan live life in a safe and healthy manner.

Government Goals

Sustaining growth and opportunities for Saskatchewan people	Meeting the challenges of growth	Securing a better quality of life for all Saskatchewan people	**Delivering responsive and responsible government**

Strategic priority from the *Saskatchewan Plan for Growth*: increasing Saskatchewan's competitiveness; customer service excellence.

SLGA Goal

To provide a great customer experience.

Strategy

Exceed customer expectations.

Key Actions and Results

Build and document customer service standards for key programs and services.

- ⇨ Customer service standards for more than 50 per cent of SLGA's customers are drafted and will be finalized in 2017-18. Standards for the remaining customers will be documented in 2017-18.

Performance Measures

Customer Service

As a means of measuring customer satisfaction, SLGA established customer service standards for more than 50 per cent of its customers in 2016-17. These standards will be used to measure customer satisfaction so SLGA can take steps to continuously improve its customer service.

Government Goals

Sustaining growth and opportunities for Saskatchewan people	Meeting the challenges of growth	Securing a better quality of life for all Saskatchewan people	**Delivering responsive and responsible government**

Strategic priority from the *Saskatchewan Plan for Growth*: fiscal responsibility to support growth; continuous improvement.

SLGA Goal

Efficient, effective programs and services.

Strategy

Improve efficiency, effectiveness and relevancy of programs and services.

Key Actions and Results

Implement changes to Saskatchewan's liquor retail system resulting in more choice, more convenience and more competitive pricing.

- ⇨ Implementation of the new expanded private liquor retail system occurred in October 2016. At the same time, regulations with respect to a level playing field were introduced. These regulations allow RSPs to all operate under the same regulations, and to order product directly from SLGA's distribution centre at a wholesale price.
- ⇨ Responses to request for proposals for 51 new RSPs were received, evaluated and awarded during the year. Seven SLGA operated stores were closed during the year and new private RSPs began operating. The process of transitioning more SLGA stores to private operators and issuing a retail store permit to all retailers of alcohol in the province continues.

Conduct a review of SLGA's liquor supply chain to serve our partners and customers more effectively.

- ⇨ A comprehensive approach to review SLGA's liquor supply chain has been developed and will occur in 2017-18.

Launch SLGA's new online web presence that will improve customers' ability to conduct online transactions with SLGA and improve service to customers.

- ⇨ SLGA's new website is operational with improved online access capabilities to enhance service to customers.

Initiate and complete the scheduled five-year review of the Gaming Framework Agreement.

- ⇨ Government and FSIN officials began meeting in January 2017 to conduct the five-year review. As the review is in the early stages it is not certain if any changes to the agreement will occur.

Develop and implement a comprehensive strategy in support of the craft liquor review.

- ⇨ On September 13, 2016, an announcement was made of a new mark-up structure and production limit for craft wine and spirits along with red tape reductions for craft alcohol producers. A new craft beer mark-up structure was also announced on October 27, 2016.

Reaction from Saskatchewan's craft producers was positive:

> Co-founder of 9 Mile Legacy, Shawn Moen, said his business has taken off in the 18 months since they opened their doors…He said the changes to the fees and regulations will allow him to continue employing more people and buying more inputs from Saskatchewan growers. "I think that the suite of changes actually makes a small brewery like ours financially viable," he said.
>
> *NewsTalk 650 CKOM October 27, 2016*

> "We know we can go up to 200,000 litres and not be treated like Smirnoff and the other big distilleries, there's still a huge difference," said Meredith Schmidt, co-owner of Last Mountain Distillery… "For us that's really exciting we can actually start planning the now expansion and how big it needs to be for us to accommodate that."
>
> *CBC News: Sept. 13, 2016*

Strategy

Strengthen the corporate culture of continuous improvement.

Key Actions and Results

Refresh the continuous improvement plan with a focus on training, planning and effective execution of improvement initiatives.

- ⇨ Continuous Improvement training has been provided via a classroom setting to some employees and going forward an eLearning module will be used to reach all employees through online training. Numerous continuous improvement events were held with SLGA employees during the year and improvement ideas have been implemented. A process to obtain SLGA employee ideas is in place and ideas are being addressed in a timely manner.

Performance Measures

Operating Ratio

SLGA Retail Inc. Store Operating Costs as a Per Cent of Store Sales

The store operating ratio demonstrates SLGA's efforts to maximize SLGA Retail Inc. liquor store sales using the least amount of operational resources. The goal is for the percentage to decrease, representing a decline in operating expenses and an increase in store sales, either individually or together. SLGA experienced an increase of more than one per cent for this measure. The changes to the liquor retailing model in the province resulted in declining revenues for SLGA Retail Inc. stores. The changes made to reduce spending were not sufficient to offset the declining revenue.

Store Operating Costs as a Per Cent of Store Sales

2012-13	2013-14	2014-15	2015-16	2016-17
11.0%*	10.0%*	10.1%*	10.4%*	12.4%*

** Liquor Board Superannuation Plan adjustments resulted in a decrease to store operating costs of $3.5 million in 2012-13, followed by a $5.1 million decrease in 2013-14, a $4.5 million decrease in 2014-15 and a $4.4 million increase in 2015-16. In 2016-17, changes in actuarial assumptions and increases in assets resulted in a $0.4 million decrease in costs.*

Source: SLGA

Distribution Centre Activity

SLGA's distribution centre processed 34,525 orders in 2016-17 an increase from 32,974 in 2015-16. This corresponds to approximately 2.6 million cases of beverage alcohol shipped from the distribution centre in 2016-17 which is on par with the cases shipped in 2015-16.

Licensing, Regulating and Support Expenses as a Per Cent of Revenue

This efficiency measure reflects SLGA's efforts to balance revenue optimization with expenditures to meet operational and regulatory roles. In 2016-17, SLGA's licensing, regulating and support expenses as a percentage of revenue increased to 4.4 per cent. This was the result of a decline in revenue and a slight increase in expenses.

Licensing, Regulation and Support Expenses as a Per Cent of Revenue

2012-13	2013-14	2014-15	2015-16	2016-17
3.3%*	3.4%*	3.7%*	4.2%*	4.4%*

**Liquor Board Superannuation Plan adjustments resulted in a decrease in head office labour costs of $0.5 million in 2012-13, followed by a $1.1 million decrease in 2013-14, a $1.5 million decrease in 2014-15 and a $1.5 million decrease in 2015-16. In 2016-17, changes in actuarial assumptions and increases in assets resulted in a $1.5 million decrease in Plan costs.*

Source: SLGA

VLT Net Income as a Per Cent of VLT Revenue

A higher percentage means more net income is generated for each dollar of sales. While program operating costs remain fairly stable over time, changes in play and gross revenue will affect the percentage. In 2016-17, VLT activity generated approximately 72 cents in net income to SLGA for each dollar of VLT revenue. Revenue declined more than expenses resulting in a lower net income for VLTs in 2016-17 and a decline in percentage.

VLT Net Income as a Per Cent of VLT Revenue

2012-13	2013-14	2014-15	2015-16	2016-17
80.6%	73.4%	73.0%	73.1%	71.9%

Source: SLGA

SIGA Net Income as a Per Cent of SIGA Net Revenue

For this measure a higher percentage represents a more positive outcome for SIGA and SLGA. In 2016-17, SIGA earned 37.2 cents on each dollar of revenue it generated. SIGA net income declined approximately five per cent while revenue declined by approximately 2.5 per cent. This led to the smaller 37.2 per cent for 2016-17, representing a decrease in operational efficiency.

SIGA Net Income as a Per Cent of SIGA Revenue

2012-13	2013-14	2014-15	2015-16	2016-17
32.6%	36.9%	36.5%	38.1%	37.2%

Source: SLGA

Marginal Return on Expenses (MRE)

The MRE measures SLGA's overall return on investment for its expenditures. The MRE expresses a ratio representing the change in net income compared to the change in total expenses, where any outcome greater than zero is a positive outcome. In 2016-17, operating expenses increased largely due to an increase in liquor related expenses and net income decreased due to less revenue from the liquor and gaming sectors resulting in the (5.12) MRE.

Marginal Return on Expenses

2012-13	2013-14	2014-15	2015-16	2016-17
4.97	2.77	(1.33)	15.05	(5.12)

Source: SLGA

Government Goals

Sustaining growth and opportunities for Saskatchewan people	Meeting the challenges of growth	Securing a better quality of life for all Saskatchewan people	**Delivering responsive and responsible government**

Strategic priority from the *Saskatchewan Plan for Growth*: increasing Saskatchewan's competitiveness; workplace excellence.

SLGA Goal

Achieve a culture that consistently reflects SLGA's core values.

Strategy

Improve employee knowledge and experience.

Key Actions and Results

Enhance employee knowledge and experience through a corporate employee training and development plan with a focus on customer service excellence and continuous improvement.

- Some of the actions performed in 2016-17 include:
  - Development of a continuous improvement eLearning course that will be provided to all employees in 2017-18.
  - A training project for the sale of growlers that resulted in suggestions to improve customer service. Customer service standards for the sale of growlers were developed and will be measured in 2017-18.
  - Over 800 SLGA store employees received Product Knowledge training during 2016-17.
  - Over 20 SLGA employees attended Saskatchewan Polytechnic's Service Excellence training program to assess the potential for future training for SLGA. A review is underway for Service Excellence training in 2017-18.
  - Other training priorities are proceeding or in progress and are consistent with SLGA's training and development plan.

Strategy

Improve employee health, wellness and workplace safety.

Key Actions and Results

The implementation of the National Standards for Psychological Health and Safety in the Workplace is a multi-phase approach which begins by building awareness of mental health in the workplace.

- Among the key initiatives performed in relation to this action are the following:
  - Developed a mental health training plan (three levels of training to be developed and implemented over the course of the next several years).
  - Incorporated draft mental health policy wording into SLGA's Health and Safety Policy Statement.
  - Developed draft Psychologically Safe Workplace program to be integrated into SLGA's Safety Management System. The program outlines employee and supervisor roles and responsibilities to improve psycho-social factors in the workplace.
  - Developed a virtual 'wellness centre' to provide mental health awareness, self-help tools to build resiliency, and provide supports for managers and family members. Plan to launch on SLGA's intranet in 2017-18.

Performance Measures

Representative Workforce

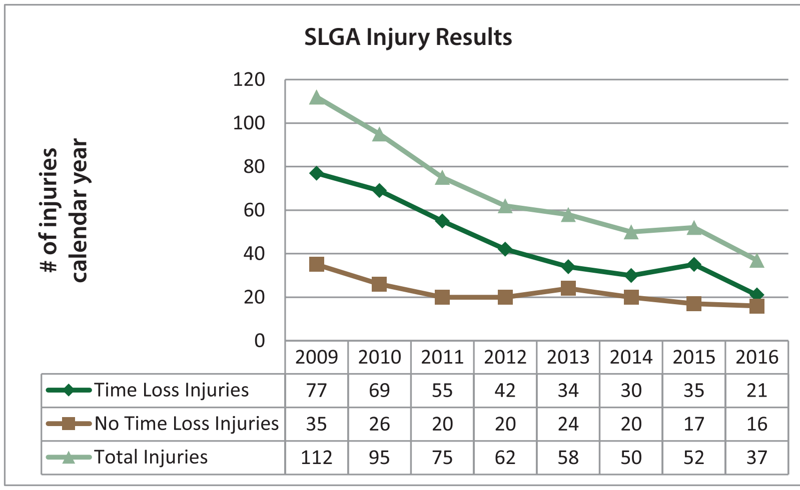
SLGA is committed to increased recruitment efforts and initiatives to facilitate achievement of a representative workforce using the Saskatchewan Human Rights Commission's (SHRC) equity group employment targets as a long-term goal. SLGA experienced store closures and a reduction in staff in the liquor retailing sector as a result of changes in the liquor retailing system. These changes have an effect on the representative workforce percentages compared to the prior year. Relative to 2015-16, persons with disabilities saw its percentage increase while all other categories experienced a decline. While women are highly represented in SLGA's workforce, women continue to be underrepresented in SLGA's senior management and liquor distribution occupations. While results remain well above levels from five years ago, SLGA will continue to work toward the SHRC employment targets.

Fiscal Year	Aboriginal People	Women	Persons with Disabilities	Members of Visible Minorities
SHRC Target	14.0%	46.0%	12.4%	6.6%
2016-17	10.9%	61.4%	7.3%	5.9%
2015-16	11.9%	62.4%	6.6%	6.4%
2014-15	11.4%	63.3%	6.6%	5.2%
2013-14	8.6%	63.0%	4.7%	4.3%
2012-13	7.0%	63.8%	4.2%	3.8%

Source: SLGA

Injury Results

SLGA has repetitive lifting occurring at the distribution centre and SLGA Retail Inc. stores, which can lead to an increased probability of injuries. SLGA monitors the results of all injuries that occur whether they result in time away from work or a minor injury where an employee is able to continue to work. The information to the right is compiled on a calendar year basis and shows that for the period 2009 to 2016, SLGA total injuries have decreased by 66.9 per cent. SLGA has established a goal to see a 45 per cent reduction in injuries from 2015 to 2020. As of the end of 2016, a reduction of 28.8 per cent has already occurred. SLGA remains focused on workplace safety to ensure safe employees and workplaces which reduces time away from work, increases employee engagement and operational efficiency.



	2009	2010	2011	2012	2013	2014	2015	2016
Time Loss Injuries	77	69	55	42	34	30	35	21
No Time Loss Injuries	35	26	20	20	24	20	17	16
Total Injuries	112	95	75	62	58	50	52	37

Source: SLGA

2016-17 Financial Overview

SLGA Comprehensive Net Income to Budget

SLGA's comprehensive net income reflects the total net revenue generated less operating expenses, including associated regulatory and compliance costs. As noted in the table to the right, comprehensive net income for 2016-17 was $32.1 million below SLGA's budget projection of $511 million. A net income shortfall of $21.6 million in liquor operations, $15.6 million in VLT operations and $0.7 million from SIGA operations was offset by an increase of $5.8 million from other gaming. Most of the net income decreases are attributable to the softening provincial economy and decreasing disposable income for discretionary expenses such as liquor and gaming activity.

	2015-16 Actual	2016-17 Budget	2016-17 Actual
Comprehensive Net Income	$505.1M	$511.0M	$478.9M
Liquor Operations	$258.5M	$267.5M	$245.9M
VLTs	$175.9M	$182.4M	$166.8M
SIGA	$87.1M	$83.5M	$82.8M
Other Gaming	$(16.4)M	$(22.4)M	$(16.6)M

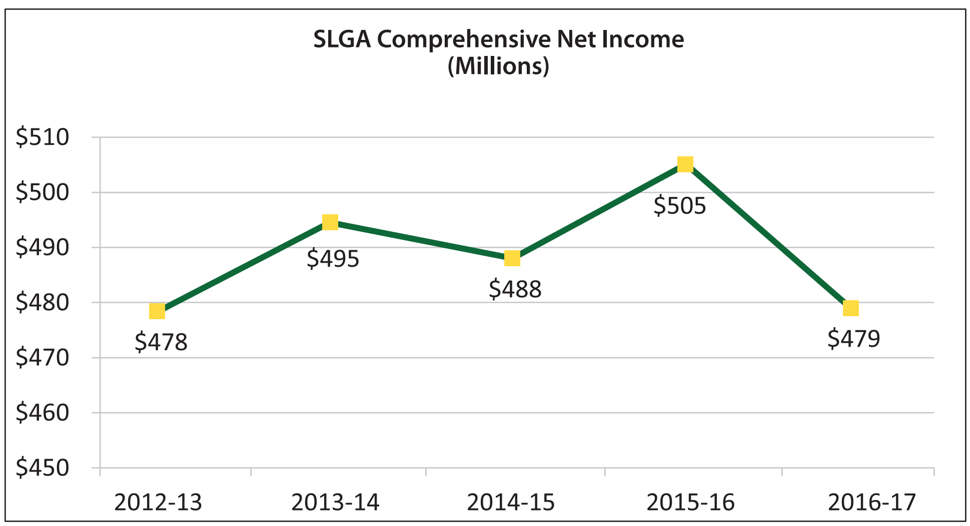
Source: SLGA

SLGA Comprehensive Net Income to Prior Year

As noted in the table above, SLGA comprehensive net income for 2016-17 was $478.9 million, a decrease of $26.2 million relative to 2015-16. The net impact was driven by a $12.6 million decrease in net income from liquor operations, a $9.1 million decrease in VLT net income, a $4.3 million decrease in SIGA net income and a $0.2 million decrease in other gaming net income.

SLGA Comprehensive Net Income

SLGA's comprehensive net income is essential to providing sustainable funding in support of Government programs and services. There has been some fluctuation in SLGA's comprehensive net income over the last five years. Despite the decline in 2016-17, SLGA continues to be a large contributor to the General Revenue Fund.



Source: SLGA

Management's Report

The accompanying financial statements, and related financial information throughout the Annual Report, have been prepared by management using International Financial Reporting Standards. Management is responsible for the integrity, objectivity and reliability of the financial statements.

SLGA's management 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 SLGA, which objectively assesses the effectiveness of internal controls.

The Provincial Auditor has examined SLGA's financial statements. The Auditor's Report to the Members of the Legislative Assembly of Saskatchewan expresses an independent opinion on the fairness of presentation of SLGA's financial statements in accordance with International Financial Reporting Standards.

Cam Swan
President & CEO

Jim Engel
Vice-President, Corporate Services and Gaming Operations

Regina, Saskatchewan
June 1, 2017

Val Banilevic, CPA, CMA
Director, Financial Services

Provincial Auditor
of Saskatchewan

INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the accompanying consolidated financial statements of the Saskatchewan Liquor and Gaming Authority, which comprise the consolidated statement of financial position as at March 31, 2017, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards for Treasury Board's approval, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Saskatchewan Liquor and Gaming Authority as at March 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Judy Ferguson

Regina, Saskatchewan
June 2, 2017

Judy Ferguson, FCPA, FCA
Provincial Auditor

Statement 1

SASKATCHEWAN LIQUOR AND GAMING AUTHORITY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at March 31

	Notes	2017 (000's)	2016 (000's)
Current assets:			
Cash		$ 1,247	$ 1,184
Due from General Revenue Fund	4	49,889	42,056
Trade and other receivables	9	70,612	63,651
Prepaid expenses		939	1,585
Inventory	6	26,307	32,696
Total current assets		148,994	141,172
Non-current assets:			
Property, plant and equipment	7 & 10	89,286	107,240
Intangible assets	8	30,938	29,405
Total non-current assets		120,224	136,645
Total Assets		$ 269,218	$ 277,817
Current liabilities:			
Trade and other payables		$ 25,213	$ 22,071
Payable to the General Revenue Fund	5	93,015	105,325
Goods and Services Tax payable	10	2,152	358
Provisions	19	1,075	1,075
Total current liabilities		121,455	128,829
Non-current liabilities:			
Promissory note debt	24	105,000	105,000
Accrued pension liability	11	46,452	48,480
Total non-current liabilities		151,452	153,480
Total liabilities		272,907	282,309
Equity			
Retained earnings (deficit) and unrealized losses (Statement 3)		(3,689)	(4,492)
Total Equity		(3,689)	(4,492)
Total Liabilities & Equity		$ 269,218	$ 277,817

Commitments (Note 13)
Contingencies (Note 18)

(See the accompanying notes to the consolidated financial statements)

SASKATCHEWAN LIQUOR AND GAMING AUTHORITY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended March 31

	Notes	2017 Budget (Note 15) (000's)	2017 Actual (000's)	2016 Actual (000's)
OPERATING				
Revenues:				
Liquor sales	**14**	$ 686,317	$ 636,966	$ 641,069
VLT		257,192	232,067	240,869
Slot machines	**12**	232,290	222,482	228,667
Licence, permit, and other income		4,025	3,917	3,779
		1,179,824	1,095,432	1,114,384
Cost of sales:				
Cost of liquor	**6**	337,627	316,055	314,406
VLT site commissions		38,578	35,216	36,130
		376,205	351,271	350,536
Gross profit on sales		803,619	744,161	763,848
Expenses (Schedule 1 & 2):				
VLT, liquor and other gaming		143,822	126,214	120,193
Slot machines expense		130,306	124,137	125,229
Other	**12**	18,484	17,280	17,105
Total expenses		292,612	267,631	262,527
Operating Income		511,007	476,530	501,321
FINANCING				
Gain (loss) on disposal of non-current assets		---	764	28
Financing Income		---	764	28
Net Income		511,007	477,294	501,349
Other Comprehensive Income (OCI)				
Net gain (loss) on interest rate swaps	**12**	---	1,755	788
Remeasurement of defined benefit obligation	**11**	---	(105)	2,958
Total OCI		---	1,650	3,746
Total Comprehensive Income		$ 511,007	$ 478,944	$ 505,095

(See the accompanying notes to the consolidated financial statements)

SASKATCHEWAN LIQUOR AND GAMING AUTHORITY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Year Ended March 31

	Retained Earnings (deficit)	Net gain (loss) on interest rate swaps	Net actuarial gain (loss) on defined benefit pension plans	Total
	(000's)	(000's)	(000's)	(000's)
Equity				
Balance April 1, 2015	$ 8,646	$ (6,232)	$ (5,445)	$ (3,031)
Net income	501,349	---	---	501,349
Other comprehensive income (loss)	---	788	2,958	3,746
Dividends	(506,556)	---	---	(506,556)
Balance March 31, 2016 (to statement 1)	$ 3,439	$ (5,444)	$ (2,487)	$ (4,492)
Net income	477,294	---	---	477,294
Other comprehensive income (loss)	---	1,755	(105)	1,650
Dividends	(478,141)	---	---	(478,141)
Balance March 31, 2017 (to statement 1)	$ 2,592	$ (3,689)	$ (2,592)	$ (3,689)

(See the accompanying notes to the consolidated financial statements)

Statement 4

SASKATCHEWAN LIQUOR AND GAMING AUTHORITY
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended March 31

	2017 (000's)	2016 (000's)
Operating		
Receipts from customers	$ 1,124,777	$ 1,147,438
Interest received	132	144
Payments to suppliers and other	(528,291)	(537,125)
Payments to employees	(58,150)	(53,582)
Payments to grant recipients	(8,019)	(7,548)
Payment of Goods and Services Tax	(16,638)	(20,157)
Net cash provided by operating activities	513,811	529,170
Investing		
Purchase of property, plant and equipment	(10,973)	(24,772)
Purchase of intangible assets	(5,255)	(6,624)
Proceeds from disposal of property, plant and equipment	764	28
Net cash (used in) investing activities	(15,464)	(31,368)
Financing		
Repayment of promissory notes	---	(15,000)
Cash deposited in General Revenue Fund	(490,451)	(495,427)
Net cash (used in) financing activities	(490,451)	(510,427)
Net increase (decrease) in cash position	7,896	(12,625)
Cash position, beginning of year	43,240	55,865
Cash position, end of year	$ 51,136	$ 43,240
Cash position consists of:		
Cash	$ 1,247	$ 1,184
Due from General Revenue Fund	49,889	42,056
	$ 51,136	$ 43,240

(See the accompanying notes to the consolidated financial statements)

SASKATCHEWAN LIQUOR AND GAMING AUTHORITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2017

1. Description of Business

The Saskatchewan Liquor and Gaming Authority (SLGA) along with its subsidiary SLGA Retail Inc. is a corporation domiciled in Canada. The address of SLGA's registered office and principal place of business is 2500 Victoria Avenue, Regina, SK, S4P 3M3.

Effective October 9, 2016 SLGA Retail Inc. operated as a wholly owned subsidiary under the direction of the Saskatchewan Liquor and Gaming Authority.

SLGA and SLGA Retail Inc. operate under *The Alcohol and Gaming Regulation Act, 1997*. SLGA'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.

SLGA operates video lottery terminals and oversees the operation of retail liquor stores by SLGA Retail Inc. It also owns and manages the slot machines at the Saskatchewan Indian Gaming Authority's (SIGA) casinos. Revenue from slot machines at SIGA's casinos and related expenses are included in these consolidated statements.

SLGA operates as a Treasury Board Crown Corporation under the direction of the Government of Saskatchewan. As such, SLGA is not subject to federal or provincial income or capital taxes. The financial results of SLGA are included in the summary financial statements of the Province of Saskatchewan.

2. Basis of Preparation

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). SLGA's board of directors approved these consolidated statements on June 1, 2017.

b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for financial instruments classified as fair value through profit and loss which are measured at fair value. Historical cost is generally based on fair value of the consideration given in exchange for assets or liabilities.

c) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is SLGA's functional currency.

d) Use of estimates and judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the following notes:

- ⇨ Useful lives of property, plant, and equipment (note 3(e) and note 7).
- ⇨ Measurement of defined benefit obligations (note 11(ii))
- ⇨ Provisions (note 19)
- ⇨ Cash generating units (CGUs) for SLGA are SLGA liquor operations and SLGA gaming operations (note 3(g)(ii)).

e) Basis of consolidation

The consolidated financial statements include the accounts of SLGA and its wholly-owned subsidiary, SLGA Retail Inc. which is incorporated under *The Business Corporations Act (Saskatchewan)*. All intercompany transactions and accounts have been eliminated on consolidation.

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

(a) Revenue

Liquor Sales

Sales are recorded net of returns, container deposits, Goods and Services Tax, Liquor Consumption Tax and discounts.

Licence Fees

Liquor and gaming licence fees are recorded over the period of the licence.

Video Lottery Terminals (VLT)

Revenue is recorded net of prize payouts.

Slot Machines

Revenues from casino slot machines are recorded net of prize payouts. Slot revenues are net of accruals for anticipated payouts of progressive jackpots and promotional allowances.

(b) Promotional Allowances

SIGA offers a customer loyalty program to its patrons. As part of the program, club members accumulate points based on amounts wagered and can redeem their points for cash or vouchers for free or discounted goods or services. The cash value of the points accumulated is recorded as a reduction of gaming revenue. A liability is accrued by SIGA for the estimated cost of the earned points balance at the end of the period under the loyalty program. If the patron chooses to redeem their points for a voucher for free or discounted goods or services, the revenue is determined by the fair value of the undelivered goods and services and is deferred until the promotional consideration is provided.

(c) VLT Site Commission

Establishments where VLTs are located are entitled to a commission based on 15% of the VLT revenue earned. The commission is recorded as the VLT revenue is earned.

(d) Inventories

Inventories of wines, coolers, spirits, beer and gaming machine parts are valued at the lower of average cost and net realizable value.

Cost for liquor inventories is determined using the weighted average cost method. Cost for gaming machine parts is determined on a first-in, first-out basis. Inventory cost includes the costs of purchase plus other costs, such as excise duties and taxes and transportation that are directly incurred to bring inventories to their present location. Previous write-downs of inventories to net realizable values are reversed when inventory values increase.

(e) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item, that are significant in comparison to the whole, of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment are depreciated commencing in the year in which these assets are available for use on a straight-line basis at rates designed to allocate the cost of these assets over their estimated useful lives. Rates are as follows:

Buildings	5 – 40 years
Furniture & equipment	3 – 10 years
VLT and slot machines	5 – 7 years

Leasehold improvements are depreciated over the lesser of the life of the asset or the term of the lease.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted as necessary.

Property, plant and equipment is derecognized on disposal, or when no future economic benefits are expected from use. Gains or losses arising from derecognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in comprehensive income when the asset is derecognized.

(f) Intangible Assets

Intangible assets consist of software and are carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognized on a straight-line basis over the estimated useful lives of 3 – 7 years. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in comprehensive income when the asset is derecognized.

(g) Impairment

(i) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in comprehensive income and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through comprehensive income.

(ii) Non-financial assets

The carrying amounts of SLGA's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in comprehensive income. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

(h) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to SLGA. All other leases are classified as operating leases.

As at March 31, 2017, SLGA does not have any finance leases.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

(i) Provisions

Provisions are recognized when SLGA has a present obligation (legal or constructive) as a result of a past event, it is probable that SLGA will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks, uncertainties and timing surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(j) Foreign Currency

Monetary assets and liabilities denominated in foreign currencies are translated at the year-end exchange rates. Revenues and expenses are translated at rates of exchange prevailing on the transaction dates. Translation gains and losses on foreign currency denominated monetary items are taken into income in the current year.

(k) Employee Benefits

(i) Defined benefit plan

A defined benefit plan is a post-employment plan other than a defined contribution plan. Total cost of the pension benefits earned by employees, who are members of SLGA's defined benefit plan (closed to new members since 1977), is determined using the projected unit credit method prorated on service. Remeasurements comprising of actuarial gains and losses and the return on plan assets (excluding interest) are recognized immediately in the consolidated statement of financial position with a charge or credit to other comprehensive income in the period in which they occur. Remeasurements recorded in other comprehensive income will not be subsequently reclassified to comprehensive income. Past service cost is recognized in profit or loss in the period of plan amendment. Net interest is calculated by applying the discount rate to the net defined benefit liability. Defined benefit costs are split into three categories:

- Service cost, past-service cost, gains and losses on curtailments and settlements;
- Net interest expense or income;
- Remeasurement

SLGA presents the first two components of defined benefit costs in the line item "Salaries, wages and benefits" in Schedule 2. Curtailments gains and losses are accounted for as past-service cost.

Remeasurements are recorded in other comprehensive income.

The retirement benefit obligation recognized in the consolidated statement of financial position represents the actual deficit in SLGA's defined benefit plan.

The discount rate used to determine the accrued benefit obligation is determined by reference to market interest rates at the measurement date on high-quality debt instruments with cash flows that match the timing and the amount of expected benefit payments. Pension plan assets are valued at fair value for the purposes of calculating the expected return on plan assets.

(ii) Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to the defined contribution pension plan are recognized as an employee benefit expense in the consolidated statement of comprehensive income when services are rendered by employees.

Employees hired after 1977 are members of a defined contribution pension plan. SLGA expenses contributions it is required to make for current service of those employees. SLGA's liability for these employees is limited to the required employer's contributions.

(iii) Other employee benefits

Long service gratuity is a benefit paid to employees over 50 upon retirement. The gratuity is calculated as one half of a day's pay for every year of employment with SLGA upon retirement. Changes in the provision for long service gratuity are included in comprehensive income.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

(l) Grants

Grants are recognized when approved and eligibility criteria, if any, are met.

(m) Financial Instruments

(i) Non-derivative financial assets and liabilities

SLGA classifies its financial instruments into one of the following categories: fair value through profit or loss; loans and receivables; and other liabilities. All financial instruments are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below.

Cash and Due from General Revenue Fund are classified as fair value through profit or loss and are recorded at fair value. Cash denominated in foreign currency is translated at the foreign exchange rate in effect at year end.

Trade and other receivables are classified as loans and receivables. Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized costs using the effective interest method, less any impairment losses.

SLGA has the following non-derivative financial liabilities which are classified as other liabilities: trade and other payables, payable to the General Revenue Fund, goods and services tax payable, and promissory note debt. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

SLGA derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred. Any interest in transferred financial assets that is created or retained by SLGA is recognized as a separate asset or liability. SLGA derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, SLGA has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(ii) Derivatives

Pursuant to the Casino Operating Agreement (Note 12), SLGA authorized SIGA to enter into long-term debt arrangements. It also authorized SIGA to enter into interest rate swaps in order for SIGA to manage the interest rate exposure on its long-term debt. SLGA's exposure to the interest rate risk arising from this long-term debt, the interest rate swap arrangements, and SIGA's other financial instruments is disclosed in Note 21. Changes in the fair value of the interest rate swaps are recorded as an unrealized gain or loss in comprehensive income in the year they occur.

(iii) Embedded derivatives

Derivatives may be embedded in other host instruments and are treated as separate derivatives when their economic characteristics and risks are not clearly and closely related to those of the host instrument, when the embedded derivative has the same terms as those of a stand-alone derivative, and the combined contract is not held-for-trading or designated at fair value. These embedded derivatives are measured at fair value with subsequent changes recognized in comprehensive income.

SLGA has not identified any material embedded derivatives in any of its financial instruments that are required to be separately valued.

(n) Finance income

Finance income comprises of gains/losses on sale of non-current assets.

(o) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or development of qualifying assets are added to the costs of that asset, until it is available for use. Qualifying assets are those assets that take a substantial period of time to get ready for their intended use. SLGA capitalizes borrowing costs used for the purpose of obtaining a qualifying asset using the weighted average cost of debt. All other borrowing costs are recognized in finance expenses in the period in which they are incurred.

(p) New standards and interpretations not yet adopted

Certain new standards, interpretations and amendments to existing standards were issued by the International Accounting Standards Board (IASB) or International Financial Reporting Interpretations Committee (IFRIC) that are mandatory for annual accounting periods beginning after January 1, 2017 or later periods. SLGA is assessing the impact of these pronouncements on its results and financial position. These include:

IFRS 7 – Financial instruments disclosures was amended in December 2011 to require additional financial instrument disclosures upon transition from IAS 39, Financial Instruments: Recognition and Measurement to IFRS 9, Financial Instruments. The amendments are effective on adoption of IFRS 9. The amendments issued are permitted to be early adopted where IFRS 9 is also early adopted. SLGA does not plan to early adopt this standard.

IFRS 9 – Financial Instruments (IFRS 9 (2014)) expands on IFRS 9 as issued in 2009. The 2010 version has a significant impact on financial liabilities designated under the fair value option. In addition, IFRS 9 (2010) retains virtually all the classification and measurement guidance in IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 is effective for periods beginning on or after January 1, 2018.

IFRS 15 – Revenue from Contracts with Customers replaces IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18, and SIC 31 and provides for a single model that applies to contracts with customers with two approaches to recognizing revenue. IFRS 15 is effective for fiscal years beginning on or after January 1, 2018.

IFRS 16 – Leases was issued in January 2016 and is intended to replace IAS 17 Leases, and related IFRICs. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months of less or the underlying asset has a low value. This standard is effective for annual periods beginning on or after January 1, 2019.

IAS 7 – Statement of cash flows was issued in January 2016 enhance disclosure of changes in liabilities arising from financing activities. This standard is effective for annual periods beginning on or after January 1, 2017.

(q) Standards adopted in the current year

The following standards were applied in preparing the current year's consolidated financial statements.

IAS 1- Presentation of Financial Statements was amended in December 2014 to clarify that materiality applies to all parts of the consolidated financial statements and provides examples of how to clarify understandability and comparability in the ordering of note disclosures.

Annual Improvements Cycles in 2014 which include minor amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, IFRS 7 Financial Instruments: Disclosures, and IAS 19 Employee Benefits. The annual improvements process is used to make necessary but non-urgent changes to IFRSs that are not included in other projects.

4. Due from General Revenue Fund

Most of SLGA's bank accounts are included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan. During the year, the General Revenue Fund did not pay interest on SLGA's bank accounts.

5. Disposition of Retained Earnings

Subsection 182(5) of *The Alcohol and Gaming Regulation Act, 1997* (Act) allows SLGA to provide interest free advances to the Minister of Finance for deposits in the General Revenue Fund (GRF) until Treasury Board determines the disposition of SLGA's retained earnings. Under subsection 182(1) of the Act, Treasury Board may, at any time, direct that all or any portion of SLGA's retained earnings be transferred to the GRF. Treasury Board has directed SLGA to transfer $478,141 thousand (2016 - $506,556 thousand) to the GRF under subsection 182(1) of the Act. At March 31, amounts payable to GRF were determined as follows:

	2017 (000's)	2016 (000's)
Payable to GRF at beginning of year	$ 105,325	$ 94,196
Deposits during the year	(490,451)	(495,427)
Dividend to GRF	478,141	506,556
Payable to GRF at end of year	$ 93,015	$ 105,325

6. Inventories

	2017 (000's)	2016 (000's)
Wines, coolers and spirits in stores	$ 8,403	$ 5,262
Wines, coolers and spirits in warehouse	11,012	13,848
Beer in stores	2,972	9,173
Gaming machine parts	3,920	4,413
	$ 26,307	$ 32,696

The cost of liquor and gaming machine parts inventories recognized as an expense during the year ended March 31, 2017 was $316,055 thousand and $510 thousand respectively. During the year, SLGA had no write-downs of inventory below cost and no reversals of inventories previously written down. As of March 31, 2017 there was no amount of inventory pledged as security.

7. Property, Plant and Equipment

(000's)	Land	Buildings	Slot Machines	VLT	Furniture and Equipment	Breakopen Vending Machines	Leasehold Improvements	Total
Cost								
Balance, April 1, 2015	$ 4,696	$ 48,974	$ 56,289	$ 81,342	$ 32,941	$ 2,979	$ 11,798	$ 239,019
Additions/Adjustments	---	11,769	14,068	15	1,679	---	(2,759)	24,772
Disposals/ Retirements	(24)	(695)	(3,031)	---	(607)	(1,056)	(6)	(5,419)
Balance, March 31, 2016	$ 4,672	$ 60,048	$ 67,326	$ 81,357	$ 34,013	$ 1,923	$ 9,033	$ 258,372
Additions/Adjustments	---	186	9,782	30	499	---	476	10,973
Disposals/ Retirements	---	(360)	(8,606)	(118)	(10,856)	(1,923)	(798)	(22,661)
Balance, March 31, 2017	$ 4,672	$ 59,874	$ 68,502	$ 81,269	$ 23,656	$ ---	$ 8,711	$ 246,684
Accumulated Depreciation								
Balance, April 1, 2015	$ ---	$ 21,820	$ 42,560	$ 32,537	$ 20,418	$ 2,976	$ 8,514	$ 128,825
Depreciation Expense	---	2,371	5,725	16,270	3,047	---	146	27,559
Disposals/ Retirements	---	(573)	(2,991)	---	(626)	(1,056)	(6)	(5,252)
Balance, March 31, 2016	$ ---	$ 23,618	$ 45,294	$ 48,807	$ 22,839	$ 1,920	$ 8,654	$ 151,132
Depreciation Expense	---	1,479	7,343	15,977	2,922	---	52	27,773
Disposals/ Retirements	---	(355)	(8,574)	(90)	(10,190)	(1,923)	(375)	(21,507)
Balance, March 31, 2017	$ ---	$ 24,742	$ 44,063	$ 64,694	$ 15,571	$ (3)	$ 8,331	$ 157,398
Net Book Value								
Balance, March 31, 2016	$ 4,672	$ 36,430	$ 22,032	$ 32,550	$ 11,174	$ 3	$ 379	$ 107,240
Balance, March 31, 2017	$ 4,672	$ 35,132	$ 24,439	$ 16,575	$ 8,085	$ 3	$ 380	$ 89,286

8. Intangible Assets

(000's)		Software Total
Cost		
Balance, April 1, 2015	$	37,988
Additions/Adjustments		6,624
Disposals/retirements		(11)
Balance, March 31, 2016	$	44,601
Additions/Adjustments		5,255
Disposals/retirements		(1,788)
Balance, March 31, 2017	$	48,068

Accumulated depreciation		
Balance, April 1, 2015	$	10,530
Depreciation Expense		4,678
Disposals/retirements		(12)
Balance, March 31, 2016	$	15,196
Depreciation Expense		4,421
Disposals/retirements		(2,487)
Balance, March 31, 2017	$	17,130

Net Book Value		
Balance, March 31, 2016	$	29,405
Balance, March 31, 2017	$	30,938

9. Trade and Other Receivables

		2017 (000's)		2016 (000's)
Slot machines receivable – SIGA	$	59,352	$	56,027
VLT receivable		5,442		4,157
Other		5,818		3,467
	$	70,612	$	63,651

10. Goods and Services Tax (GST)/Harmonized Sales Tax (HST)

SLGA 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 and slot revenue at the retail level, SLGA calculates and remits GST according to a formula prescribed by the Canada Revenue Agency.

The formula required SLGA to pay 10% on the purchase of taxable goods and services related to gaming programs but only 5% on VLT site contractor commissions.

The GST paid on property, plant and equipment for gaming is set up as part of the cost of the asset and is depreciated on a straight-line basis over the useful life of the property, plant and equipment.

SLGA also pays GST/HST to the Canada Revenue Agency and claims input tax credits on all its liquor and other taxable purchases.

11. Post Employment Benefits

SLGA sponsors a defined benefit pension plan and participates in a defined contribution pension plan covering substantially all of its employees.

(i) Defined contribution plan

The defined contribution plan is called the Public Employees Pension Plan (PEPP). SLGA is required to contribute a specified percentage of payroll costs to PEPP to fund the benefits. The only obligation of SLGA with respect to PEPP is to make the specified contributions. During the year, SLGA paid PEPP and expensed its required contributions of $3,271 thousand (2016 - $3,135 thousand).

(ii) Defined benefit plan

The Liquor Board Superannuation Commission administers the defined benefit plan, Liquor Board Superannuation Plan (Plan), for SLGA. The Plan provides pensions calculated at 2% of a member's average salary for the five years of highest salary, multiplied by the number of years of service to a maximum of 35. This Plan has been closed to new members since 1977.

AON Hewitt performed the valuation of the Plan as at September 30, 2014 and extrapolated the valuation to March 31, 2017. The accrued benefit obligation is based on a number of assumptions about future events including: discount rate, rate of salary increases, mortality, retirement rates, and inflation. The following significant assumptions were adopted in measuring the accrued benefit obligation:

	2017	2016
Expected long-term rate of return on plan assets	4.60%	4.80%
Inflation rate	2.25%	2.25%
Discount rate	3.50%	3.60%
Salary increases	3.25%	3.25%
Indexing increases to pensions as % of Consumer Price Index	70%	70%
Expected average remaining service life*	0 years	0 years

** SLGA does not have any contributing employees, all have reached 35 years of service.*

The following illustrates the effect of changing certain assumptions from assumed rate of: inflation 2.25% and discount rate 3.50%.

	Long-Term Assumptions			
	Inflation*		Discount Rate	
	3.25%	1.25%	4.5%	2.5%
(Decrease) increase in liability	(2.8%)	2.9%	(10.3%)	12.4%

** A change in the inflation rate of 1% has a corresponding change in the discount rate of 1%.*

SLGA's pension costs are included in salary, wages, and benefits on Schedule 1 and OCI.

		2017 (000's)		2016 (000's)
Current service cost – defined contribution plan	$	3,271	$	3,135
Net Interest expense		1,632		1,747
Components of pension costs recorded in profit or loss		4,903		4,882
Return on plan assets (excluding net interest expense)		53		2
Actuarial (gains) losses – assumption changes		52		(2,960)
Components of defined benefit costs recorded in OCI		105		(2,958)
Total of components of benefit cost	$	5,008	$	1,924

Information about SLGA's defined benefit plan is as follows:

		2017 (000's)		2016 (000's)
Accrued benefit obligation				
Accrued benefit obligation, beginning of year	$	58,612	$	63,492
Interest cost		2,038		2,089
Benefits paid		(4,009)		(4,119)
Experience (gain) loss				
-Change in financial assumptions		93		(2,850)
-Change in mortality assumptions		-		-
	$	56,734	$	58,612
Plan Assets				
Fair value of plan assets, beginning of year	$	10,144	$	10,462
Actual return on plan assets		457		435
Employer contributions		3,712		3,367
Benefits paid		(4,031)		(4,132)
Fair value of plan assets, end of year	$	10,282	$	10,132
Accrued pension liability	$	46,452	$	48,480

The plan holds all of its assets in various pooled funds. The Plan's holdings consist of 25.3% (2016 – 21.5%) in a Canadian equity pooled fund, 28.3% (2016 – 31.1%) in foreign equity pooled funds, 42.9% (2016 – 44.9%) in a bond and debenture pooled fund and 3.5% (2016 – 2.6%) in a short term investment pooled fund.

The major categories of plan assets at the end of the reporting period for each category are as follows:

	2017 (000's)	2016 (000's)
Due from General Revenue Fund	$ 172	$ 252
TD Canadian Bond Index Fund	4,348	4,442
Equity Instruments		
-TD Canadian Equity Index Fund	2,567	2,122
-TD International Equity Index Fund	1,377	1,520
-TD US Market Index Fund	1,481	1,555
-TD Canadian Short Term Investment Fund	354	253
Total equity instruments	5,779	5,450
	$ 10,299	$ 10,144

The Plan limits its investment in foreign equities including foreign pooled funds to 38% of the cost of the investment portfolio and is denominated in Canadian dollars. The Plan's units in pooled funds have no fixed interest rate and the returns are based on the success of the fund manager.

The TD Canadian Equity Index Fund, the TD US Market Index Fund and the TD International Equity Index Fund all may use derivative financial instruments such as forward and futures contracts, options and swaps, as permitted by the Canadian Securities legislation, to gain exposure to the S&P/TSX Composite Index, the S&P 500 Index and the MSCI EAFE Index and their underlying components respectively, to hedge against movements in currency exchange rates and equity indices, and to increase liquidity within the portfolio. Sufficient cash or securities will be held within each fund to cover all derivative obligations.

Derivative financial instruments are financial contracts that change in value resulting from changes in underlying assets or indices. Derivative transactions are conducted in over-the-counter markets directly between two counterparties or on regulated exchange markets. All derivative financial instruments are recorded at market value using market prices. Where market prices are not readily available, other valuation techniques are used to determine market value.

The total cash inflow is the amount of employer contributions expected to be received by the pension plan together with interest on investments of 4.6% and employer contributions calculated as 78.7% of total benefit payments. The total cash outflows are the amounts that are required to pay all pension obligations. Forecast of cash flows have been determined using the long-term assumptions used in the valuation. All amounts are based on actual dollar forecasts.

	($000's)			
	Contributions	Benefits Paid	Investment Return	Net Cash Outflow
2018	3,175	4,036	472	(389)
2019	3,087	3,923	454	(382)
2020	3,007	3,821	437	(377)
2021	2,886	3,668	421	(361)
2022	2,747	3,491	405	(339)
Total next 5 years	14,902	18,939	2,189	(1,848)
Total 5-10 years	12,846	16,329	1,797	(1,686)
Total 11-30 years	35,393	44,987	3,465	(6,129)
Total 31-50 years	4,437	5,639	183	(1,019)

12. Casino Operating Agreement with the Saskatchewan Indian Gaming Authority

Effective June 11, 2007 the Province and the Federation of Sovereign Indigenous Nations (FSIN) agreed to amend the 2002 Framework Agreement for the purpose of increasing economic and employment opportunities for Aboriginal peoples through casino development within the parameters of *The Criminal Code of Canada*. This amendment also permitted SIGA to retain $5 million annually from slot machine operations as a capital reserve for the sole purpose of acquiring capital assets. This $5 million is a receivable due from SIGA and is included in slot machine receivable disclosed in Note 9.

The 2002 Framework Agreement has a term of 25 years. Similar to its predecessor, the 1995 Framework Agreement, the 2002 Framework Agreement requires the Province to retain a portion of the net profits from slot machines in the GRF and distribute the remaining profits to the First Nations Trust, and the Community Development Corporations.

To implement the 2002 Framework Agreement, SLGA and SIGA made agreements for casino operations and slot machine management. The Casino Operating Agreement requires SIGA to pay the net profits from slot machines to SLGA. This agreement also ensures SLGA recovers the cost of slot machines, the related computer system, and interest over five years.

Also under the 2002 Framework Agreement, SIGA has granted a first charge security interest on all its present and after acquired assets to SLGA to secure contractual obligations of SIGA under the Agreement. However, the Agreement requires SLGA, upon joint written request by SIGA and its lenders, to postpone such security in favour of the lenders who require a prior charge relating to funds lent to SIGA for the financing of its operations carried out in accordance with the Agreement. As of March 31, 2017, SIGA owes $36,377 thousand under a $79,000 thousand long-term financing agreement with a financial institution (Bank) (Note 13). SLGA has postponed its security in regards to this financing agreement.

In order to manage its interest rate exposure, SIGA entered into separate interest rate swap arrangements for its long-term debt related to the Dakota Dunes, Living Sky and Painted Hand construction projects. The interest rate swaps came into effect on April 1, 2008, April 1, 2009, and April 4, 2013. These swap arrangements fixed the interest rates at 2.08% to 5.09% for the duration of the long-term debt (April 2023 and August 2024).

Under the Casino Operating Agreement between SIGA and SLGA, SIGA is permitted to charge its losses from table games and ancillary operations as an expense of slot machine operations. As well, the Casino Operating Agreement requires SIGA to pay to the Indigenous Gaming Regulators Inc. (IGR) funds equal to IGR's operating budget upon direction from SLGA.

Effective for the year ended March 31, 2008 and subsequent years, the Casino Operating Agreement between SIGA and SLGA has been amended to exclude unrealized gains and losses on the interest rate swaps initiated on December 12, 2007, from the calculation of net Casino profits payable to SLGA. These unrealized gains and losses are netted against the slot machines receivable due from SIGA disclosed in Note 9. As of March 31, 2017, the unrealized gain included in the slot machines receivable was $1,755 thousand (2016 – $788 thousand gain).

In addition, under an agreement with Saskatoon Prairieland Park Corporation (SPPC), SIGA is required to pay SPPC compensation for the closure of its casino (Note 13).

During the year, SIGA's losses from table game and ancillary operations as well as SIGA's payments to IGR and SPPC are recorded as an expense of slot machine operations as follows:

	2017 (000's)	2016 (000's)
Table games revenues	$ 12,192	$ 11,157
Table games expenses	14,158	13,375
Net losses from table games	$ 1,966	$ 2,218
Ancillary operations revenues	$ 15,640	$ 15,282
Ancillary operations expenses	25,054	24,269
Net losses from ancillary operations	$ 9,414	$ 8,987
Total losses expensed	11,380	11,205
IGR payment	3,300	3,300
SPPC payment	2,600	2,600
	$ 17,280	$ 17,105

13. Commitments

SLGA

Leases: SLGA, as lessee, is committed to pay under operating leases on leased premises the following minimum amounts in future years:

Year Ending March 31		(000's)
Less than one year	$	5,210
Between one and five years		13,812
More than five years		5,835
Total	$	24,857

SIGA Leases, Casino and Debt

Under the Casino Operating Agreement, SLGA allows SIGA to recover its costs for approved casino operating expenses, contractual obligations, and commitments from SLGA's slot machine revenues. SIGA's contractual obligations and commitments are as follows:

Operating Leases: SIGA has obligations under casino operating leases for buildings, equipment and vehicles. The minimum lease payments over the next five years are as follows:

Year Ending March 31		(000's)
Less than one year	$	2,935
Between one and five years		4,283
More than five years		2,842
	$	10,060

The above commitments include amounts committed to parties related to SIGA totalling $4,774 thousand for years 2018 through 2022 and $2,842 thousand for the years beyond 2022.

Finance Leases: SIGA has entered into finance lease agreements for the Dakota Dunes, Living Sky, Gold Eagle and Painted Hand Casinos with related parties. The minimum lease payments under these finance lease obligations are as follows:

Year Ending March 31		(000's)
Less than one year	$	8,443
Between one and five years		34,002
More than 5 years		44,715
Total	$	87,160

Due to the related party nature of the finance lease obligation, fair value information has not been disclosed as fair value cannot be reliably measured.

Long-term debt: In 2007, SIGA made a long-term financing agreement with a Bank for $79,000 thousand to finance new casino projects. As of March 31, 2017, SIGA owes $36,377 thousand (2016 - $41,780 thousand) under this agreement at interest rates varying from 2.08% to 5.09%. SIGA's principal repayments are as follows:

Year Ending March 31		(000's)
2018	$	5,403
2019		5,402
2020		5,403
2021		5,403
2022		5,401
Thereafter		9,365

Other: The Casino Operating Agreement requires SIGA to transfer to IGR funds to support IGR's annual operating budget. For 2018, the budgeted transfers are $3,300 thousand (2017 - $3,300 thousand).

As well, under an agreement with SPPC effective August 10, 2007, SIGA began paying SPPC $2,600 thousand annually, subject to certain conditions, for 30 years payable in monthly installments of $217 thousand. In 2017, SIGA paid $2,600 thousand (2016 - $2,600 thousand) to SPPC, which is recorded as part of the SIGA other operating expenses.

SIGA has also previously committed to providing sponsorship funding to various agencies.

14. Liquor Sales

	2017 (000's)	2016 (000's)
Wines, coolers and spirits		
In stores:		
-To permittees	$ 43,904	$ 70,891
-To public	213,809	221,955
	257,713	292,846
To franchisees/private stores:		
-To permittees	2,584	5,061
-To public	95,182	59,905
	97,766	64,966
	355,479	357,812
Beer		
-To permittees	87,938	132,048
-In stores	109,940	113,426
-To franchisees/private stores	83,609	37,783
	281,487	283,257
Total	$ 636,966	$ 641,069

15. 2017 Budget

These amounts represent the budget approved by Treasury Board.

16. **Segmented Information**

SLGA operates in four segments – liquor, VLT, slots in SIGA casinos, and other gaming.

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

The VLT segment reflects the operation of the VLT program under the authority of Section 207 of the *Criminal Code of Canada* and *The Alcohol and Gaming Regulation Act, 1997*.

The slots in SIGA casinos segment reflect the operations of SLGA's slot machines in SIGA casinos (see Note 12).

The Other Gaming segment reflects the licensing and support of charitable and religious organizations that conduct and manage bingos, casinos, and raffles and the regulation and support of the horse racing industry.

Key amounts by segment as follows:

	SEGMENTS					
	2017 (000's)					2016 (000's)
	LIQUOR	VLT	SLOTS IN SIGA CASINOS	OTHER GAMING	TOTAL	TOTAL
Revenues	$ 636,966	232,067	222,482	---	1,091,515	$ 1,110,605
Other Income	3,420	133	---	1,128	4,681	3,807
Total Revenues	640,386	232,200	222,482	1,128	1,096,196	1,114,412
Direct Expenses	316,055	35,216	---	---	351,271	350,536
Operating Expenses (Schedule 1 & 2)	78,281	30,138	141,417	17,795	267,631	262,527
Total Expenses	394,336	65,354	141,417	17,795	618,902	613,063
Subtotal	246,050	166,846	81,065	(16,667)	477,294	501,349
Other Comprehensive Income	(105)	---	1,755	---	1,650	3,746
Total Comprehensive Income	245,945	166,846	82,820	(16,667)	478,944	505,095
Retained earnings (deficit) beginning of Year	952	---	(5,444)	---	(4,492)	(3,031)
Dividend to General Revenue Fund	246,897	166,846	81,065	(16,667)	478,141	506,556
Retained earnings (deficit) end of year	$ ---	---	(3,689)	---	(3,689)	$ (4,492)
Property, plant and equipment	$ 49,248	20,448	28,785	21,743	120,224	$ 136,645
Property, plant and equipment purchases	$ 4,664	256	1,726	9,582	16,228	$ 31,396
Depreciation	$ 4,792	17,148	9,877	377	32,194	$ 32,242

17. Related Parties

Included in these consolidated financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to SLGA by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as related parties).

Government-related entities are exempt from providing disclosure about individual related party transactions, other than the transactions with key management personnel disclosed below. Instead, government-related entities are required to disclose the types and extent of individually or collectively significant transactions with related parties. In determining individually significant transactions, SLGA considers the size, type and terms of the transaction.

SLGA also pays Saskatchewan provincial sales tax on all its taxable purchases to the Saskatchewan Ministry of Finance, in 2017 SLGA paid $215 thousand (2016 - $257 thousand). Taxes paid are recorded as part of the cost of those purchases. SLGA also collects liquor consumption tax from customers and remits to the Saskatchewan Ministry of Finance, in 2017 SLGA paid $33,286 thousand (2015 - $34,503 thousand). All other transactions with related parties are routine operating transactions that are settled at prevailing market prices under normal trade terms.

SLGA's Key Management Personnel Compensation

Key management personnel include the president and vice presidents. The compensation paid (including benefits) to key management for employee services is shown below:

	2017 (000's)	2016 (000's)
Salaries and short-term employee benefits	$ 871	$ 1,203
Post-employment benefits	113	128
	$ 984	$ 1,331

18. Contingencies

	2017 (000's)	2016 (000's)
Court proceedings (i)	$ 5,000	$ 5,000

(i) As part of ongoing operations SLGA faces legal actions initiated by third parties and contract disputes.

At year-end there were actions outstanding against SLGA, which the likelihood of loss is unlikely. Settlements arising from the resolution of these actions will be accounted for in the year in which the settlements occur.

19. Provisions

	Short-term Employee Benefits (000's)
Balance, April 1, 2015	$ 1,075
Provisions made during the period	1,075
Provisions used during the period	(1,075)
Balance, March 31, 2016	$ 1,075
Provisions made during the period	1,075
Provisions used during the period	(1,075)
Balance, March 31, 2017	$ 1,075

Short-term Employee Benefits

The provision for short-term employee benefits represents annual sick leave and long service gratuity entitlements.

20. Western Canada Lottery Corporation

The Saskatchewan Video Lottery Division (Division) of the Western Canada Lottery Corporation (WCLC) operates the video lottery terminals and central computer system on behalf of SLGA. WCLC provides accounting, purchasing, cash disbursements, human resources and technical services for the VLT program. WCLC also operates and generally maintains the slot machines and related computer system at the SIGA casinos for SLGA. For the year ended March 31, 2017, WCLC charged SLGA $22,920 thousand (2016 - $21,656 thousand) to operate the VLT, and slot machine program for the year.

WCLC sponsors a defined benefit retirement plan for the employees of the Division. The current service and interest costs of the retirement plan are included in the amount paid to WCLC. During the year, SLGA paid WCLC and expensed a total of $1,384 thousand (2016 - $1,342 thousand) which is included in professional and contractual services on Schedule 1.

As of March 31, 2017, the retirement plan is in a deficit status of $2,905 thousand (2016 - $4,336 thousand deficit status)

21. Financial Risks

Fair Value

Fair values approximate amounts at which financial instruments could be exchanged between willing parties based on current markets for instruments with similar characteristics such as risk and remaining maturities. Fair value measurements are subjective in nature, and represent point-in-time estimates which may not reflect fair value in the future.

The methods and assumptions used to develop fair value measurements have been prioritized into three levels as per the fair value hierarchy included in IFRS. Level one includes quoted prices (unadjusted) in active markets for identical assets or liabilities. Level two includes inputs other than quoted prices included in Level one that are observable for the asset or liability. Level three includes inputs that are not based on observable market data.

The following table presents the carrying amount and fair value of SLGA's financial instruments. The table also identifies the financial instrument category and fair value hierarchy.

(in 000's)

			2017		2016	
Financial Instruments	Classification[1]	Fair Value Hierarchy	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash	FVTPL	Level One	$ 1,247	$ 1,247	$ 1,184	$ 1,184
Due from General Revenue Fund	FVTPL	Level One	49,889	49,889	42,056	42,056
Trade and other receivables	L&R	N/A	70,612	70,612	63,651	63,651
Trade and other payables	OFL	N/A	25,213	25,213	22,071	22,071
Promissory Note debt	OFL	N/A	105,000	105,000	105,000	105,000
Payable to General Revenue Fund	OFL	N/A	93,015	93,015	105,325	105,325
GST Payable	OFL	N/A	2,152	2,152	358	358

[1]Classification:

FVTPL – Fair value through profit and loss, L&R - Loans and receivables, OFL - Other financial liabilities

SLGA is exposed to a number of financial risks in the normal course of operations. SLGA's risks have not changed during the year.

Credit and Interest Rate Risk

Interest rate risk is the risk of financial loss resulting from changes in market interest rates. SLGA is exposed to interest rate risk on its promissory note debt and may be exposed to interest rate risk on future short-term and long-term borrowings. At year end, SLGA had $105,000 thousand of promissory note debt. Due to SLGA's use of promissory note debt, the interest rate risk SLGA is exposed to is minimal.

SLGA is exposed to minimal credit risks from the potential non-payment of accounts receivable as most receivables are either short-term and are collected shortly after year end or are from SIGA. SLGA exerts significant influence over SIGA's operations and SIGA remits the amount owing to SLGA in accordance with the Casino Operating Agreement described in Note 12. The VLT receivable is collected shortly after March 31 in accordance with the agreement for services between SLGA and WCLC as described in Note 20.

The maximum credit risk from these financial instruments is limited to the carrying value of the financial assets summarized below:

	2017 (000's)	2016 (000's)
Cash	$ 1,247	$ 1,184
Due from General Revenue Fund	49,889	42,056
Accounts Receivable	70,612	63,651
	$ 121,748	$ 106,891

As described in Note 3(m), SLGA is exposed to SIGA's credit and interest rate risks. SIGA's financial risks arise mainly from its bank financing ($36,377 thousand – March 31, 2017; $41,780 thousand – March 31, 2016) and its interest rate swap arrangements which are partially offset by changes in interest rates on its variable borrowings. At March 31, 2017, if interest rates at that date had changed 100 basis points, with all other variables held constant, SLGA's net income would have changed $1,294 thousand.

As of March 31, 2017, there was no impairment required on any of the financial assets of SLGA and SIGA.

SLGA has evaluated the interest rate risk as low and has done nothing to mitigate the risk.

Foreign Currency Exchange Risk

SLGA is exposed to foreign exchange risk due to purchase transactions for liquor and electronic gaming machines. As of March 31, 2017, SLGA had $18 thousand (2016 - $145 thousand) in United States (U.S.) financial liabilities. SLGA is also exposed to foreign exchange risks resulting from a U.S. dollar denominated cash deposit account. This U.S. dollar denominated cash deposit account is included in SLGA's Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan. As of March 31, 2017, SLGA has $3,470 thousand (2016 – $3,274 thousand) in this account.

In 2017, SLGA recorded a $82 thousand gain (2016 - $12 thousand gain) due to the variation in the foreign exchange rates.

To date, SLGA has not entered into financial derivative contracts to manage exposure to fluctuations in foreign exchange rates.

Liquidity Risk

Liquidity risk is the risk that SLGA will not be able to meet its financial obligations as they fall due. The majority of SLGA operational activity involves cash sales and short-term accounts receivable. SLGA relies on funds generated from its operations and short-term debt to meet operating requirements and to finance capital investment.

Contractual cash flows - 2017
(In 000's)

FINANCIAL LIABILITIES	Carrying amount	Total	0 - 6 months	7 - 12 months	1 - 2 years	3 - 5 years	Greater than 5 years
Trade and other payables	$ 25,213	$ 25,213	25,213	---	---	---	---
Payable to the GRF	93,015	93,015	93,015	---	---	---	---
GST Payable	2,152	2,152	2,152	---	---	---	---
Provisions	1,075	1,075	1,075	---	---	---	---
Promissory Note debt	105,000	105,000	---	5,000	5,000	15,000	80,000
Accrued pension liability	46,452	46,452	2,018	2,018	3,923	10,980	27,513
	$ 272,907	$ 272,907	$ 123,473	$ 7,018	$ 8,923	$ 25,980	$ 107,513

Contractual cash flows - 2016
(In 000's)

FINANCIAL LIABILITIES	Carrying amount	Total	0 - 6 months	7 - 12 months	1 - 2 years	3 - 5 years	Greater than 5 years
Trade and other payables	$ 22,071	$ 22,071	22,071	---	---	---	---
Payable to the GRF	105,325	105,325	105,325	---	---	---	---
GST Payable	358	358	358	---	---	---	---
Provisions	1,075	1,075	1,075	---	---	---	---
Promissory Note debt	105,000	105,000	---	5,000	5,000	15,000	80,000
Accrued pension liability	48,480	48,480	2,088	2,087	4,067	11,501	28,737
	$ 282,309	$ 282,309	$ 130,917	$ 7,087	$ 9,067	$ 26,501	$ 108,737

22. Capital

SLGA's capital structure consists of current payables and post employment benefits, promissory note financing, cash and cash equivalents, and retained earnings. Treasury Board determines the disposition of SLGA's retained earnings (Note 5). SLGA management's objectives to manage its capital are to use capital to provide an appropriate return on investment to the Government of Saskatchewan and to preserve financial flexibility in order to maintain SLGA's ability to meet financial obligations.

The Government of Saskatchewan facilitates the borrowing of capital for SLGA through various financial institutions. At the end of the year, SLGA had $105,000 thousand in promissory notes (Note 24).

SLGA does not set a target rate of return on capital for managing its operations but rather promotes year-over-year sustainable profitable growth. SLGA is not subject to any externally imposed capital requirements.

No borrowing costs associated with the promissory note debt from the GRF were capitalized during the year.

23. Funds held in Trust

SLGA holds funds in trust on behalf of employees as part of SLGA's extended health care plan. At March 31, 2017, SLGA held $544 thousand (2016 - $260 thousand) on behalf of in-scope employees.

24. Promissory Notes

SLGA holds $105,000 thousand in a series of promissory notes with various financial institutions. SLGA has committed to distribute the full amount of dividend to the GRF. SLGA expects to continue to refinance the repayment of its current promissory notes by incurring new borrowing using new promissory notes. SLGA has not set repayment terms on the promissory notes and will make repayments as cashflows allow. As at March 31, 2017, the promissory notes are as follows:

Date of issue	Date of maturity	Interest Rate (%)	Currency		Outstanding amount (000's)
25-NOV-2016	08-MAY-2017	0.620	CAD	$	5,200
22-NOV-2016	18-MAY-2017	0.621	CAD		11,700
25-NOV-2016	18-MAY-2017	0.621	CAD		5,100
29-NOV-2016	18-MAY-2017	0.631	CAD		9,800
29-NOV-2016	18-MAY-2017	0.631	CAD		9,800
22-NOV-2016	19-MAY-2017	0.619	CAD		11,700
25-NOV-2016	23-MAY-2017	0.620	CAD		5,200
01-DEC-2016	30-MAY-2017	0.631	CAD		8,000
12-DEC-2016	08-JUN-2017	0.640	CAD		8,500
16-FEB-2017	15-AUG-2017	0.651	CAD		7,500
17-FEB-2017	15-AUG-2017	0.661	CAD		7,500
22-FEB-2017	15-AUG-2017	0.640	CAD		10,000
13-MAR-2017	11-SEP-2017	0.640	CAD		5,000
				$	105,000

25. Liquor Retailing Changes

On November 18, 2015, the Government of Saskatchewan announced its intent to make changes to liquor retailing in the province. The plan included creating a level playing field for all liquor retailers, moving to a wholesale model for the distribution of liquor, and creating 52 new private liquor retailing opportunities.

In 2016-17 SLGA released RFPs for 50 private liquor store opportunities. These opportunities were for 39 communities with an existing SLGA store that will be closed as the new private stores open and 11 new private liquor stores. New private liquor stores are scheduled to be opened throughout 2017-18 and into 2018-19.

The level playing field for all liquor retailers was implemented on October 9, 2016. This included creating a wholesale model for the distribution of liquor and converting all SLGA liquor stores, franchises, private stores, and commercial permittees with offsale endorsements to retail store permittees. Retail store permittees are all eligible to access wholesale prices from SLGA's distribution centre. As well, the level playing field allowed all liquor retailers, retail store permittees and commercial permittees, to purchase liquor from any other liquor retailer in Saskatchewan.

Assets Held for Sale after March 31, 2017

As part of liquor retailing changes SLGA is selling assets related to closed stores. In 2016-2017 SLGA did not actively market any assets related to closed stores. On April 11, 2017, SLGA released requests for bids for the sale of buildings and accompanying assets for the following communities:

March 31, 2017
(in 000's)

Stores		Cost		Depreciation		Net Book Value
Foam Lake	$	281	$	232	$	49
Kelvington		254		217		37
Rosetown		555		361		194
St. Walburg		338		294		44
Wynyard		336		284		52
Total	$	1,764	$	1,388	$	376

26. Comparative Figures

Certain prior year balances have been reclassified to conform with the current year's presentation.

Schedule 1

SASKATCHEWAN LIQUOR AND GAMING AUTHORITY
CONSOLIDATED SCHEDULE OF OPERATING EXPENSES
For the Year Ended March 31

	VLT, Liquor & Other Gaming		Slots in SIGA Casinos*		Total	
	2017	2016	2017	2016	2017	2016
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
Salaries, wages and benefits	$ 57,586	$ 53,310	$ 51,342	$ 51,122	$ 108,928	$ 104,432
Depreciation	22,317	23,971	9,877	8,271	32,194	32,242
Operations and maintenance	1,906	1,952	22,303	22,395	24,209	24,347
Rent, utilities and insurance	8,628	7,917	9,514	9,978	18,142	17,895
Professional and contractual services	13,909	11,750	2,119	2,554	16,028	14,304
Advertising, printing and promotion	17	17	13,911	14,863	13,928	14,880
Grants (Note3(l))	8,487	8,105	---	---	8,487	8,105
Service charges and interest	928	1,018	6,566	7,308	7,494	8,326
Goods and Services Tax	2,191	2,244	2,630	2,965	4,821	5,209
Debit/Credit charges	4,315	4,231	---	---	4,315	4,231
Sundry	1,219	631	2,104	1,933	3,323	2,564
Information Technology	2,353	2,078	---	---	2,353	2,078
Communications	459	540	1,832	1,942	2,291	2,482
Stationery and supplies	931	1,284	803	772	1,734	2,056
Travel and business	698	791	652	650	1,350	1,441
Honoraria and related expenses	58	63	484	476	542	539
Customer service programs	212	291	---	---	212	291
Indigenous Gaming Regulators (Note 12)	---	---	3,300	3,300	3,300	3,300
Saskatoon Prairieland Park Corporation (Note 12)	---	---	2,600	2,600	2,600	2,600
SIGA table and ancillary operation losses (Note 12)	---	---	11,380	11,205	11,380	11,205
	$ 126,214	$ 120,193	$ 141,417	$ 142,334	$ 267,631	$ 262,527

*Represents operating costs of SIGA casinos.

Schedule 2

SASKATCHEWAN LIQUOR AND GAMING AUTHORITY
CONSOLIDATED SCHEDULE OF SEGMENTED EXPENSES
For the Year Ended March 31

	Liquor		Other Gaming		VLT		Total	
	2017 (000's)	2016 (000's)	2017 (000's)	2016 (000's)	2017 (000's)	2016 (000's)	2017 (000's)	2016 (000's)
Salaries, wages and benefits	$ 49,820	$ 45,761	$ 7,766	$ 7,549	$ ---	$ ---	$ 57,586	$ 53,310
Depreciation	4,792	6,109	377	352	17,148	17,510	22,317	23,971
Professional and contractual services	2,338	2,381	1,085	562	10,486	8,807	13,909	11,750
Rent, Utilities and insurance	8,600	7,887	28	30	---	---	8,628	7,917
Grants (Note 3(l))	1,237	1,058	7,250	7,047	---	---	8,487	8,105
Debit/Credit charges	4,309	4,227	6	4	---	---	4,315	4,231
Information Technology	1,802	1,636	551	442	---	---	2,353	2,078
Goods and Services Tax	---	---	209	269	1,982	1,975	2,191	2,244
Operations and maintenance	1,867	1,921	39	31	---	---	1,906	1,952
Sundry	1,171	592	48	39	---	---	1,219	631
Stationary & Supplies	886	1,208	45	76	---	---	931	1,284
Service Charges and interest	346	380	60	67	522	571	928	1,018
Travel & Business	492	593	206	198	---	---	698	791
Communications	369	442	90	98	---	---	459	540
Customer service programs	211	291	1	---	---	---	212	291
Honoraria and related expenses	30	33	28	30	---	---	58	63
Advertising, printing and promotion	11	11	6	6	---	---	17	17
	$ 78,281	$ 74,530	$ 17,795	$ 16,800	$ 30,138	$ 28,863	$ 126,214	$ 120,193

INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the accompanying financial statements of SLGA Retail Inc., which comprise the statement of financial position as at March 31, 2017, and the statements of comprehensive loss, changes in equity and cash flows for the period from September 28, 2016 to March 31, 2017, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards for Treasury Board's approval, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of SLGA Retail Inc. as at March 31, 2017, and its financial performance and its cash flows for the period from September 28, 2016 to March 31, 2017 in accordance with International Financial Reporting Standards.

Judy Ferguson

Regina, Saskatchewan
June 2, 2017

Judy Ferguson, FCPA, FCA
Provincial Auditor

Statement 1

SLGA RETAIL INC.
STATEMENT OF FINANCIAL POSITION
As at March 31

	Notes	March 31, 2017 (000's)	September 28, 2016 (000's)
Current assets:			
Cash		$ 173	$ ---
Due from General Revenue Fund	**4**	174,662	---
Trade and other receivables		19	---
Goods and Services Tax (GST) receivable	**9**	1,184	---
Prepaid expenses		385	---
Inventory	**6**	21,894	---
Total current assets		198,317	---
Non-current assets:			
Property, plant & equipment under finance lease	**7 & 10**	8,353	---
Total non-current assets		8,353	---
Total Assets		$ 206,670	$ ---
Current liabilities:			
Trade and other payables		$ 4,290	$ ---
Payable to SLGA	**8**	188,081	---
Liquor Consumption Tax (LCT) payable		11,417	---
Current finance lease obligation	**10**	1,034	---
Total current liabilities		204,822	---
Non-current liabilities:			
Finance lease obligation	**10**	7,319	---
Total non-current liabilities		7,319	---
Total liabilities		212,141	---
Equity			
Retained earnings (deficit) (Statement 3)		(5,471)	---
Total Equity		(5,471)	---
Total Liabilities & Equity		$ 206,670	$ ---

Commitments (Note 10)
Contingencies (Note 13)

(See the accompanying notes to the financial statements)

Statement 2

SLGA RETAIL INC.
STATEMENT OF COMPREHENSIVE LOSS
For the Period Ended March 31

	Notes	2017 Budget (Note 11) (000's)	2017 Actual (000's)
CONTINUING OPERATIONS			
Revenues:			
Liquor sales		$ 171,313	$ 149,915
Licence, permit, and other income		383	503
		171,696	150,418
Cost of sales:			
Cost of liquor	**6**	147,157	128,714
Gross profit on sales		24,539	21,704
Expenses (Schedule 1):			
Operating		24,273	26,547
Total expenses		24,273	26,547
Net income (loss) from continuing operations		266	(4,843)
Discontinued Operations			
Net loss from discontinued store operations	**16**	---	(628)
Total		---	(628)
Total Comprehensive Income (Loss)		$ 266	$ (5,471)

(See the accompanying notes to the financial statements)

Statement 3

SLGA RETAIL INC.
STATEMENT OF CHANGES IN EQUITY
For the Period Ended March 31

	Retained Earnings (deficit) (000's)	Share Capital (000's)	Total (000's)
Equity			
Balance September 28, 2016	$ ---	$ ---	$ ---
Comprehensive loss	(5,471)	---	(5,471)
Transfer to SLGA (Note 5)	---	---	---
Balance March 31, 2017 (to Statement 1)	$ (5,471)	$ ---	$ (5,471)

(See the accompanying notes to the financial statements)

Statement 4

SLGA RETAIL INC.
STATEMENT OF CASH FLOWS
For the Period Ended March 31

		2017
		(000's)
Cash flows from operating activities:		
Total Comprehensive Loss	$	(5,471)
Adjustments for:		
Increase in payable to SLGA		188,081
Increase in trade and other payables		4,290
Increase in LCT payable		11,417
Increase in trade and other receivables		(19)
Increase in GST receivable		(1,184)
Increase in prepaid expenses		(385)
Increase in inventory		(21,894)
Net cash from operating activities		174,835
Net increase in cash position		174,835
Cash position, beginning of period		---
Cash position, end of period	$	174,835
Cash position consists of:		
Cash	$	173
Due from General Revenue Fund		174,662
	$	174,835

(See the accompanying notes to the financial statements)

SLGA RETAIL INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2017

1. Description of Business

SLGA Retail Inc. is a corporation domiciled in Canada. The address of SLGA's registered office and principal place of business is 2500 Victoria Avenue, Regina, SK, S4P 3M3.

SLGA Retail Inc. operates retail liquor stores under *The Alcohol and Gaming Regulation Act, 1997*.

SLGA Retail Inc. was incorporated on September 28, 2016 under *The Business Corporations Act (Saskatchewan)* and began operating as a wholly owned subsidiary under the direction of the Saskatchewan Liquor and Gaming Authority (SLGA) on October 9, 2016. As a wholly-owned subsidiary of SLGA, SLGA Retail Inc. is not subject to federal or provincial income or capital taxes. The financial results of SLGA Retail Inc. are included in the consolidated financial statements of SLGA.

2. Basis of Preparation

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). SLGA Retail Inc.'s Board of Directors approved these statements on May 31, 2017.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis, except for financial instruments classified as fair value through profit and loss which are measured at fair value. Historical cost is generally based on fair value of the consideration given in exchange for assets or liabilities.

(c) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is SLGA Retail Inc.'s functional currency.

(d) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

⇨ Useful lives of property, plant, and equipment (note 3(c) and note 7).
⇨ Cash generating units (CGUs) for SLGA Retail Inc. are individual retail liquor stores (note 3(d)(ii)).

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

a) Revenue

Liquor Sales

Sales are recorded net of returns, container deposits, Goods and Services Tax, Liquor Consumption Tax and discounts.

b) Inventories

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

Cost for liquor inventories is determined using the weighted average cost method. Inventory cost includes the costs of purchase plus other costs, such as excise duties and taxes and transportation that are directly incurred to bring inventories to their present location. Previous write-downs of inventories to net realizable values are reversed when inventory values increase.

c) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item, that are significant in comparison to the whole, of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment are depreciated commencing in the year in which these assets are available for use on a straight-line basis at rates designed to allocate the cost of these assets over their estimated useful lives. Rates are as follows:

Buildings	5 – 40 years
Furniture & equipment	3 – 10 years

Leasehold improvements are depreciated over the lesser of the life of the asset or the term of the lease.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted as necessary.

Property, plant and equipment is derecognized on disposal, or when no future economic benefits are expected from use. Gains or losses arising from derecognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in comprehensive income when the asset is derecognized.

d) Impairment

(i) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in comprehensive income and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through comprehensive income.

(ii) Non-financial assets

The carrying amounts of SLGA Retail Inc.'s non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in comprehensive income. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

e) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to SLGA Retail Inc. All other leases are classified as operating leases.

Assets held under a finance lease are initially recognized as assets of SLGA Retail Inc. and are recorded at their fair value at the inception of the lease, or if lower, at the present value of the future minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between interest expense and a reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liabilities. The interest component is recognized in finance costs in the statement of comprehensive income.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

f) Foreign Currency

Monetary assets and liabilities denominated in foreign currencies are translated at the year-end exchange rates. Revenues and expenses are translated at rates of exchange prevailing on the transaction dates. Translation gains and losses on foreign currency denominated monetary items are taken into income in the current year.

g) Financial Instruments

(i) Non-derivative financial assets and liabilities

SLGA Retail Inc. classifies its financial instruments into one of the following categories: fair value through profit or loss; loans and receivables; and other liabilities. All financial instruments are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below.

Cash and Due from General Revenue Fund are classified as fair value through profit or loss and are recorded at fair value. Cash denominated in foreign currency is translated at the foreign exchange rate in effect at year end.

Trade and other receivables and GST receivable are classified as loans and receivables. Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized costs using the effective interest method, less any impairment losses.

SLGA Retail Inc. has the following non-derivative financial liabilities which are classified as other liabilities: trade and other payables, payable to SLGA, LCT payable, and finance lease obligation. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

SLGA Retail Inc. derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred. Any interest in transferred financial assets that is created or retained by SLGA Retail Inc. is recognized as a separate asset or liability. SLGA Retail Inc. derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, SLGA Retail Inc. has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(ii) Derivatives and Embedded derivatives

SLGA Retail Inc. has not identified any material derivatives or embedded derivatives in any of its financial instruments that are required to be separately valued.

h) New standards and interpretations not yet adopted

Certain new standards, interpretations and amendments to existing standards were issued by the International Accounting Standards Board (IASB) or International Financial Reporting Interpretations Committee (IFRIC) that are mandatory for annual accounting periods beginning after January 1, 2017 or later periods. SLGA Retail Inc. is assessing the impact of these pronouncements on its results and financial position. These include:

IFRS 7 – Financial instruments disclosures was amended in December 2011 to require additional financial instrument disclosures upon transition from IAS 39, Financial Instruments: Recognition and Measurements to IFRS 9, Financial Instruments. The amendments are effective on adoption of IFRS 9. The amendments issued are permitted to be early adopted where IFRS 9 is also early adopted. SLGA Retail Inc. does not plan to early adopt this standard.

IFRS 9 – Financial Instruments (IFRS 9 (2014)) expands on IFRS 9 as issued in 2009. The 2010 version has a significant impact on financial liabilities designated under the fair value option. In addition, IFRS 9 (2010) retains virtually all the classification and measurement guidance in IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 is effective for periods beginning on or after January 1, 2018.

IFRS 15 – Revenue from Contracts with Customers replaces IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18, and SIC 31 and provides for a single model that applies to contracts with customers with two approaches to recognizing revenue. IFRS 15 is effective for fiscal years beginning on or after January 1, 2018.

IFRS 16 – Leases was issued in January 2016 and is intended to replace IAS 17 Leases, and related IFRICs. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months of less or the underlying asset has a low value. This standard is effective for annual periods beginning on or after January 1, 2019.

IAS 7 – Statement of cash flows was issued in January 2016 to enhance disclosure of changes in liabilities arising from financing activities. This standard is effective for annual periods beginning on or after January 1, 2017.

4. Due from General Revenue Fund

Most of SLGA Retail Inc.'s bank accounts are included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan. During the period, the General Revenue Fund did not pay interest on SLGA's bank accounts.

5. Disposition of Retained Earnings

The Board of SLGA Retail Inc. may, at any time, direct that all or any portion of SLGA Retail Inc.'s retained earnings be transferred to SLGA. The Board has not directed SLGA Retail Inc. to transfer any amount to SLGA.

6. Inventories

		2017
		(000's)
Wines, coolers and spirits in stores	$	17,059
Beer in stores		4,835
	$	21,894

The cost of liquor inventories recognized as an expense during the period ended March 31, 2017 was $130,844 thousand. SLGA Retail Inc. purchases its wines, coolers, and spirits inventory from SLGA. During the period, SLGA Retail Inc. had no write-downs of inventory below cost and no reversals of inventories previously written down. As of March 31, 2017 there was no amount of inventory pledged as security.

7. Property, Plant and Equipment under Finance Lease

(000's)	Buildings	Furniture and Equipment	Leasehold Improvements	Total
Cost				
Balance, September 28, 2016	$ ---	$ ---	$ ---	$ ---
Additions[1]/Adjustments	7,904	897	91	8,892
Disposals/Retirements	---	---	---	---
Balance, March 31, 2017	$ 7,904	$ 897	$ 91	$ 8,892
Accumulated Depreciation				
Balance, September 28, 2016	$ ---	$ ---	$ ---	$ ---
Depreciation Expense	305	210	24	539
Disposals/Retirements	---	---	---	---
Balance, March 31, 2017	$ 305	$ 210	$ 24	$ 539
Net Book Value				
Balance, March 31, 2016	$ 7,599	$ 687	$ 67	$ 8,353

[1]SLGA Retail Inc. recorded addition of assets under finance lease at their net book value at October 9, 2016 (Note 10).

8. Agreement with SLGA

On October 9, 2016, SLGA Retail Inc. entered into an agreement with SLGA until March 31, 2027 for the provision of services by SLGA to SLGA Retail Inc. on a cost recovery basis. The services include employees, the use of SLGA assets, and reimbursement of costs incurred by SLGA on behalf of SLGA Retail Inc. Costs applicable to SLGA Retail Inc. were assigned based on an allocation method approved by both parties. The allocation of cost for services will be adjusted on an annual basis.

The Payable to SLGA at March 31 is comprised of expenses incurred by SLGA on behalf of SLGA Retail Inc. that have not yet been reimbursed.

9. Goods and Services Tax (GST)

SLGA Retail Inc. pays GST to the Canada Revenue Agency and claims input tax credits on all its liquor and other taxable purchases.

10. Commitments

Operating Leases: Via its agreement with SLGA (Note 8), SLGA Retail Inc. is committed to pay under operating leases on leased premises the following minimum amounts in future years:

Year Ending March 31, 2017	(000's)
Less than one year	$ 2,924
Between one and five years	9,474
More than five years	5,846
Total	$ 18,244

Finance Leases: On October 9, 2016 SLGA Retail Inc. entered into a finance lease arrangement with SLGA for the assets of SLGA used in the operation of retail liquor stores. The agreement with SLGA is for cost recovery, therefore, the interest rates underlying all obligations under finance leases are fixed at 0% per annum. The term of the leases range from 2017-2027. Lease payments are due to SLGA on demand.

The minimum lease payments under these finance lease obligations are as follows:

(000's)		March 31, 2017
Total future minimum lease payments	$	8,353
Less future finance charges on finance leases		---
Present value of finance lease obligation		8,353
Less current portion of finance lease obligation		1,034
Finance lease obligation	$	7,319

As at March 31, 2017, scheduled future minimum lease payments of the finance lease obligation are as follows:

(000's)		1 Year		2 – 5 Years		More than 5 Years
Future minimum lease payments and present value of finance lease obligation	$	1,034	$	1,997	$	5,322

Due to the related party nature of the finance lease obligation, fair value information has not been disclosed as fair value cannot be reliably measured.

11. 2017 Budget

These amounts represent the budget approved by SLGA Retail Inc. Board of Directors.

12. Related Parties

Included in these financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to SLGA Retail Inc. by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as related parties).

Government-related entities are exempt from providing disclosure about individual related party transactions, other than transactions with key management personnel. Instead, government-related entities are required to disclose the types and extent of individually or collectively significant transactions with related parties. In determining individually significant transactions, SLGA Retail Inc. considers the size, type and terms of the transaction.

SLGA Retail Inc. pays Saskatchewan provincial sales tax on all its taxable purchases to the Saskatchewan Ministry of Finance, during the period SLGA Retail Inc. paid $88 thousand. Taxes paid are recorded as part of the cost of those purchases. SLGA Retail Inc. also collects liquor consumption tax from customers and remits to the Saskatchewan Ministry of Finance, during the period SLGA Retail Inc. paid $15,029 thousand. Other amounts and transactions with related parties are described separately in these financial statements and the notes thereto.

13. Contingencies

At year-end there were no actions outstanding against SLGA Retail Inc.

14. Financial Risks

Fair Value

Fair values approximate amounts at which financial instruments could be exchanged between willing parties based on current markets for instruments with similar characteristics such as risk and remaining maturities. Fair value measurements are subjective in nature, and represent point-in-time estimates which may not reflect fair value in the future.

The methods and assumptions used to develop fair value measurements have been prioritized into three levels as per the fair value hierarchy included in IFRS. Level one includes quoted prices (unadjusted) in active markets for identical assets or liabilities. Level two includes inputs other than quoted prices included in Level one that are observable for the asset or liability. Level three includes inputs that are not based on observable market data.

The following table presents the carrying amount and fair value of SLGA Retail Inc.'s financial instruments. The table also identifies the financial instrument category and fair value hierarchy.

			(in 000's) 2017	
Financial Instruments	Classification[1]	Fair Value Hierarchy	Carrying Amount	Fair Value
Cash	FVTPL	Level One	$ 173	$ 173
Due from General Revenue Fund	FVTPL	Level One	174,662	174,662
Trade and other receivables	L&R	N/A	19	19
GST receivable	L&R	N/A	1,184	1,184
Trade and other payables	L&R	N/A	4,290	4,290
Payable to SLGA	OFL	N/A	188,081	188,081
LCT Payable	OFL	N/A	11,417	11,417

[1] Classification:

FVTPL – Fair value through profit and loss, L&R - Loans and receivables, OFL - Other financial liabilities

SLGA Retail Inc. is exposed to a number of financial risks in the normal course of operations. SLGA Retail Inc.'s risks have not changed during the year.

Credit and Interest Rate Risk

SLGA Retail Inc. is exposed to minimal credit risks from the potential non-payment of accounts receivable as the majority of receivables are short-term and are collected shortly after year end.

The maximum credit risk from these financial instruments is limited to the carrying value of the financial assets summarized below:

	2017 (000's)
Cash	$ 173
Due from General Revenue Fund	174,662
Accounts Receivable	19
	$ 174,854

As of March 31, 2017, there was no impairment required on any of the financial assets of SLGA Retail Inc.

Interest rate risk is the risk of financial loss resulting from changes in market interest rates.

SLGA Retail Inc. has evaluated the interest rate risk as low and has done nothing to mitigate the risk.

Foreign Currency Exchange Risk

SLGA Retail Inc. is exposed to foreign exchange risks resulting from a U.S. dollar denominated cash deposit account. This U.S. dollar denominated cash deposit account is included in SLGA Retail Inc.'s Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan. As of March 31, 2017, SLGA Retail Inc. has $37 thousand in this account.

During the period, SLGA Retail Inc. recorded a $1 thousand gain due to the variation in the foreign exchange rates.

To date, SLGA Retail Inc. has not entered into financial derivative contracts to manage exposure to fluctuations in foreign exchange rates.

Liquidity Risk

Liquidity risk is the risk that SLGA Retail Inc. will not be able to meet its financial obligations as they fall due. The majority of SLGA Retail Inc. operational activity involves cash sales and accounts receivable from its parent company. SLGA Retail Inc. relies on funds generated from its operations to meet operating requirements and to finance capital investment.

Contractual cash flows - 2017
(In 000's)

FINANCIAL LIABILITIES	Carrying amount	Total	0 - 6 months	7 - 12 months	Between 1 - 2 years	Between 3 - 5 years	Greater than 5 years
Trade and other payables	$ 4,290	$ 4,290	4,290	---	---	---	---
Payable to SLGA	188,081	188,081	188,081	---	---	---	---
LCT Payable	11,417	11,417	11,417				
Finance lease obligation	8,353	8,353	517	517	711	1,285	5,323
	$ 212,141	$ 212,141	$ 204,305	$ 517	$ 711	$ 1,285	$ 5,323

15. Capital

SLGA Retail Inc.'s capital structure consists of current payables, cash and cash equivalents, and retained earnings. SLGA Retail Inc.'s Board determines the disposition of SLGA Retail Inc.'s retained earnings (Note 5). SLGA Retail Inc.'s objectives to manage its capital are to use capital to provide an appropriate return on investment to the Government of Saskatchewan and to preserve financial flexibility in order to maintain SLGA Retail Inc.'s ability to meet financial obligations.

Share Capital

	March 31, 2017
Authorized	
Unlimited voting common shares with no par value	
Issued and outstanding	
1 common share	$ ---

16. Discontinued Operations

On November 18, 2015, the Government of Saskatchewan announced its intent to make changes to liquor retailing in the province. The plan included creating new private liquor retailing opportunities by closing 40 government run liquor stores. Included in the Payable to SLGA are $2,516 thousand in severance costs related to store closures. During 2016-17 the following liquor store operations were discontinued:

	(in 000's)			
	Revenue	**Expense**	**Net Income**	**Net Book Value of store assets**
St. Walburg	$ 216	$ 395	$ (179)	$ 44
Foam Lake	308	448	(140)	49
Stoughton	328	438	(110)	---
Rosthern	463	528	(65)	---
Lanigan	370	404	(34)	---
Wakaw	281	351	(70)	---
Watson	465	495	(30)	---
Total	$ 2,431	$ 3,059	$ (628)	$ 93

Schedule 1

SLGA RETAIL INC.
SCHEDULE OF OPERATING EXPENSES
For the Period Ended March 31

		Total
		2017
		(000's)
Salaries, wages and benefits	$	17,585
Rent, utilities and insurance		2,566
Professional and contractual services		2,600
Debit/Credit charges		1,309
Operations and maintenance		701
Sundry		581
Depreciation expense (Note 7 & 10)		539
Stationary & supplies		241
Information technology		132
Travel and business		111
Communications		93
Customer service		54
Grants		26
Service charges		8
Advertising		1
	$	26,547

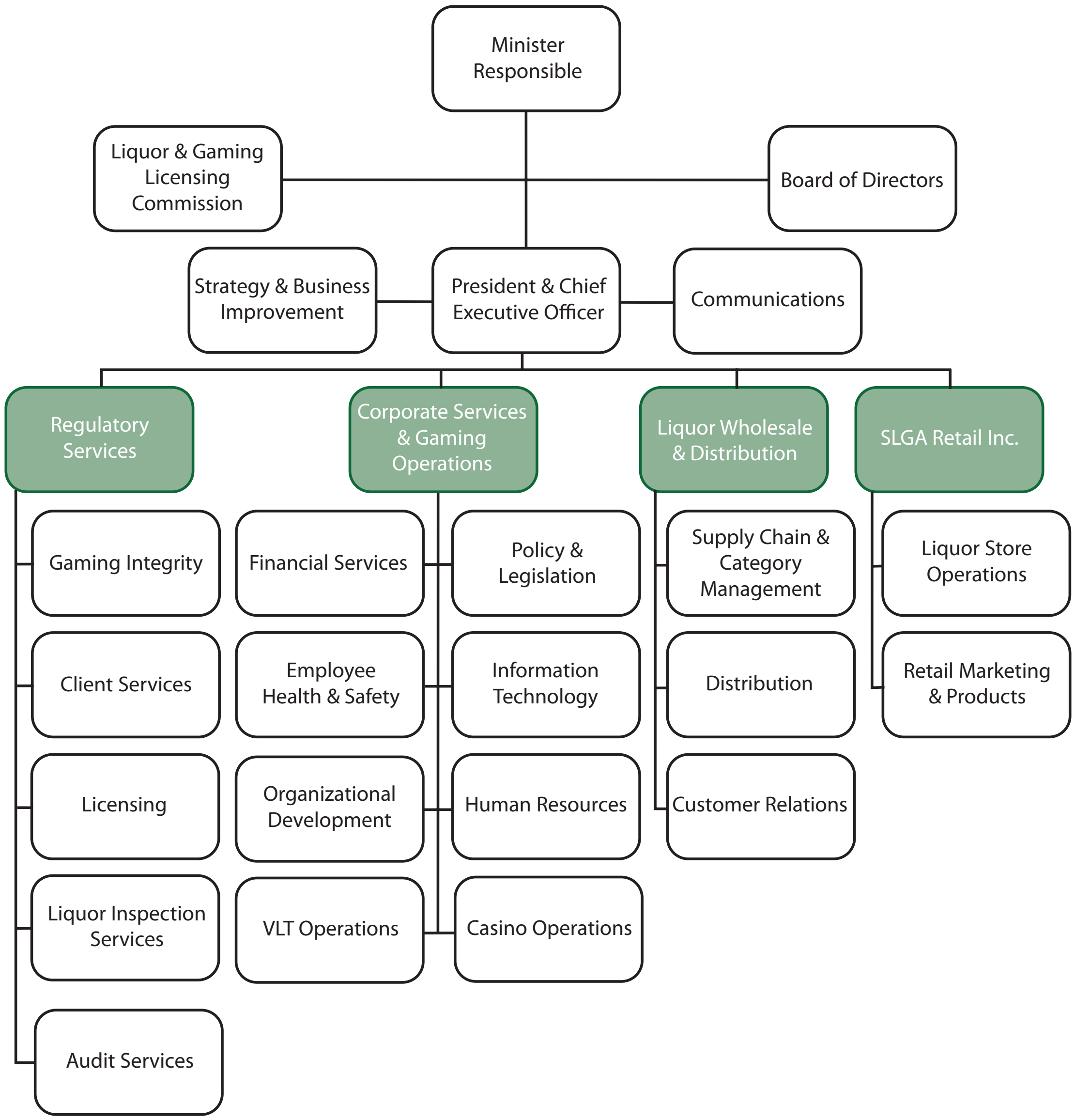
For More Information

If you have any questions or comments about SLGA's annual report, or if you have specific questions about the programs and services provided by SLGA, please contact:

Saskatchewan Liquor and Gaming Authority
P.O. Box 5054
2500 Victoria Avenue
Regina, SK, S4P 3M3
Toll free 1-800-667-7565 or (306) 787-5563
www.slga.com

Appendix A

SLGA Organizational Chart



Appendix B

Summary of SLGA's Partners and Stakeholders

Beer Canada. Represents the multi-national brewers as well as several regional breweries. www.beercanada.com

Bingo Charity Associations. A Bingo Charity Association is a Class A licensee who coordinates bingo and charitable gaming events on behalf of all licensed charities conducting charitable gaming in its licensed facility.

Canadian Centre on Substance Use and Addiction (CCSA). The Canadian Centre on Substance Abuse has a mission to address instances of substance use in Canada by providing national leadership and harnessing the power of evidence to generate coordinated action. www.ccsa.ca

Canadian Partnership for Responsible Gambling (CPRG). The Canadian Partnership for Responsible Gambling is a collaboration of non-profit organizations, gaming providers, research centres and regulators working to find and promote effective ways to reduce the risk of problem gambling. www.cprg.ca

Canadian Vintners Association. This is a national association with a mission to provide focused national leadership and strategic coherence to enable domestic and international success for the Canadian wine industry. www.canadianvintners.com

Charities. Charities are eligible for licensing to raise funds to support their charitable gaming activities through bingo, raffle, breakopen, Texas Hold'em poker and Monte Carlo events. Non-profit groups are also eligible for licensing for raffles with prizes of less than $500.

Federation of Sovereign Indigenous Nations (FSIN). The FSIN represents 74 of Saskatchewan's First Nations. SLGA works with the FSIN in implementing the terms of the Gaming Framework Agreement. www.fsin.com

Indigenous Gaming Regulators (IGR). IGR licenses and regulates table games at SIGA casinos and on-reserve charitable gaming activities of those First Nations that have designated IGR as their regulator. www.igr.ca

Mothers Against Drunk Driving (MADD) Canada. MADD Canada is a charitable organization that is committed to stopping impaired driving through the promotion of public policy and legislative measures and through public awareness campaigns and educational programs. In addition, MADD provides support and resources to the victims of impaired driving. www.madd.ca

Responsible Gambling Council (RGC). The RGC is a non-profit organization that works with individuals and communities to address gambling in a healthy and responsible way. The Council undertakes research and public awareness programs designed to prevent gambling-related problems. www.responsiblegambling.org

Restaurants Canada. (Saskatchewan Division). Restaurants Canada is a not-for-profit association representing Canada's diverse and dynamic restaurant and foodservice industry. The Saskatchewan division includes both liquor permitted and non-liquor permitted establishments. www.restaurantscanada.org

Saskatchewan Artisan Wine and Spirits Association (SAWSA). SAWSA is a provincial association dedicated to the promotion of wine and spirits within the provincial liquor industry. www.sawsa.ca

Saskatchewan Craft Brewers Association (SCBA). The SCBA is an association of several small craft breweries located across the province of Saskatchewan with a vision of fostering a vibrant Saskatchewan craft brewing industry. www.skcraftbrewers.ca

Saskatchewan Government and General Employees Union (SGEU). Eighty-seven per cent of SLGA employees are unionized and represented by SGEU. www.sgeu.org

Saskatchewan Hotel and Hospitality Association (SHHA). SHHA represents both hotel owners and operators in urban areas and rural communities. http://www.skhha.com

Saskatchewan Indian Gaming Authority (SIGA). SIGA operates the province's six First Nations casinos on behalf of the FSIN. www.siga.sk.ca

Saskatchewan Liquor Vendors Association (SLVA). SLVA represents a collection of former rural liquor franchises. They are looking to build their membership and determine areas of focus to provide value to their members.

Saskatchewan Tourism and Education Council (STEC). STEC delivers the *Serve it Right Saskatchewan* program. The program helps operators and servers of liquor permitted establishments understand their duty of care and promotes responsible use, while maintaining or enhancing profits. STEC also offers the Door Staff Workshop. This program trains door staff in liquor permitted establishments to identify signs of intoxication, monitor the activities of patrons and reduce the risk of violence in and around permitted premises. www.industrymatters.com/stec

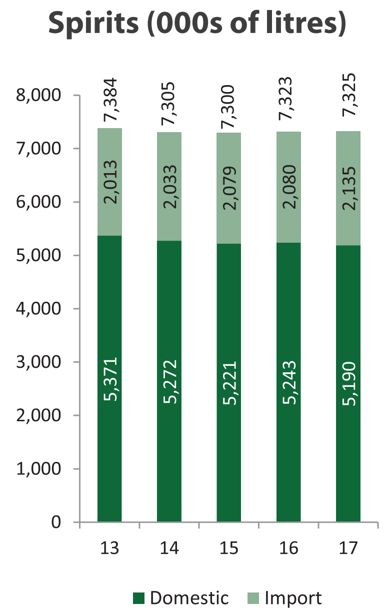
Spirits Canada. Spirits Canada is the national trade association of Canadian manufacturers and marketers of distilled spirit products including Canadian whisky, rum, vodka, gin, liqueurs and coolers. www.spiritscanada.ca

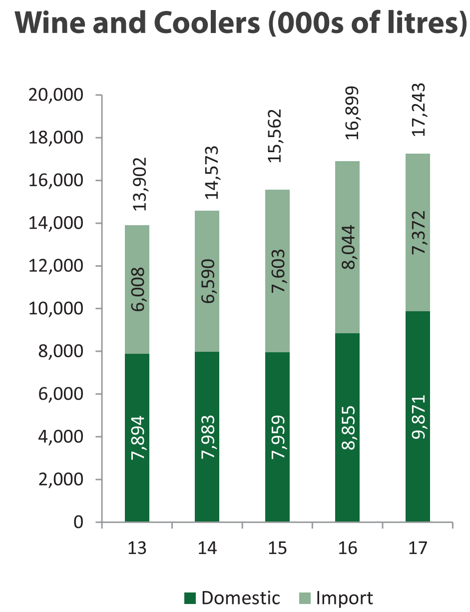
Students Against Drinking and Driving (SADD) Saskatchewan. SADD is a charitable organization that strives to save lives and prevent injuries caused by drinking and driving. SADD works to achieve this goal through education and public awareness and by influencing legislation and public policy in areas related to drinking and driving. www.saddsask.ca

Western Canada Lottery Corporation (WCLC). WCLC is a non-profit organization authorized to operate lottery and gaming-related activities as agent for SLGA. www.wclc.com

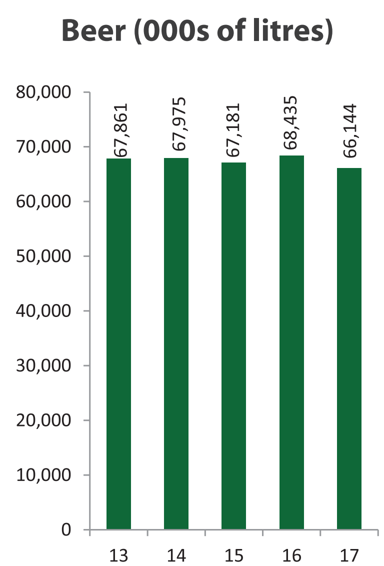
Appendix C

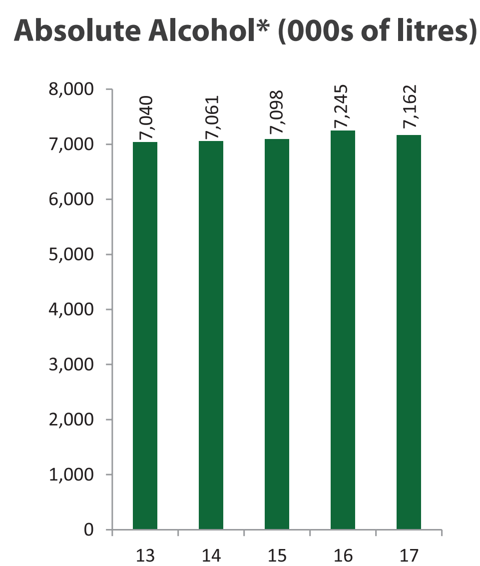
Volume of Sales - Five Year History
Financial Years Ending March 31





In the categories of spirits, wine and coolers, beer and absolute alcohol the value in the 16 column was restated in 2016-17 due to incorrect data.



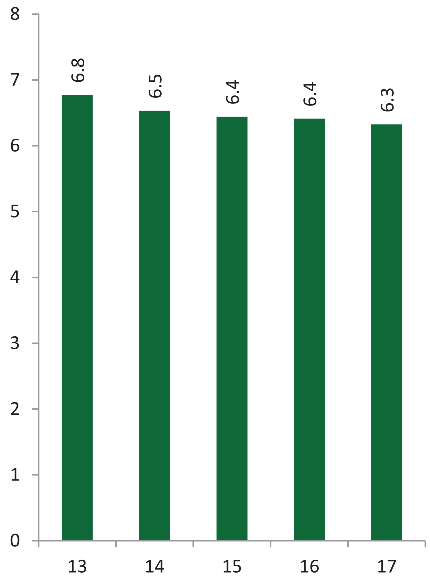


**As most alcoholic beverages have different alcohol percentages they are often converted to absolute alcohol to allow for comparison. Absolute alcohol refers to the amount sold as if all products were 100 per cent alcohol.*

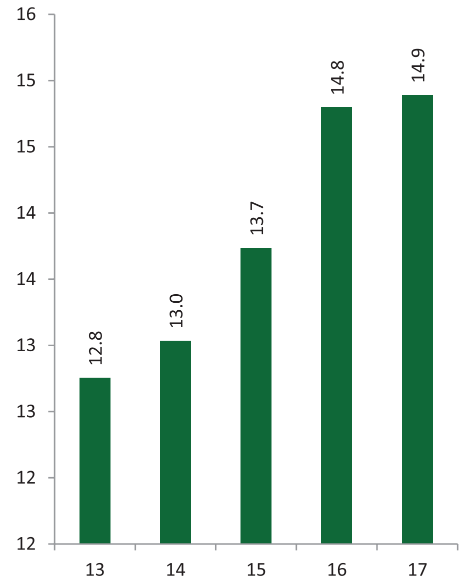
Appendix D

Per Capita Sales - Five Year History
Financial Years Ending March 31

Spirits (litres)

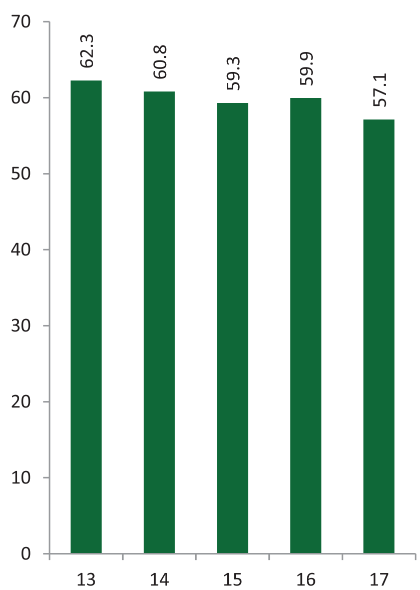


Wine and Coolers (litres)

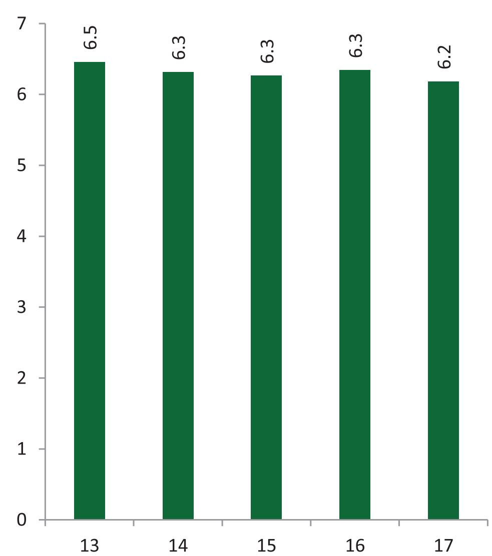


In the categories of spirits, wine and coolers, beer and absolute alcohol the value in the 16 column was restated in 2016-17 due to incorrect data.

Beer (litres)



Absolute Alcohol* (litres)



**As most alcoholic beverages have different alcohol percentages they are often converted to absolute alcohol to allow for comparison. Absolute alcohol refers to the amount sold as if all products were 100 per cent alcohol.*

Population Source: Saskatchewan Bureau of Statistics
– Saskatchewan Quarterly Population as of January 1, 2017

Appendix E

Saskatchewan Liquor and Gaming Licensing Commission

The Saskatchewan Liquor and Gaming Licensing Commission (Commission) is an independent body which reviews:

(a) decisions of the Saskatchewan Liquor and Gaming Authority (SLGA) with respect to liquor and gaming licensing, registration, and cancellation/suspension matters within SLGA's jurisdiction, including its jurisdiction over SaskGaming and Saskatchewan Indian Gaming Authority (SIGA) casinos, horse racing, off reserve bingo, and all provincial liquor permittees;

(b) decisions of SIGA casino operators and SaskGaming respecting involuntary casino bans of patrons from casinos operated under their respective jurisdictions;

(c) decisions of the Indigenous Gaming Regulator (IGR) respecting on-reserve gaming such as bingo.

The Commission's primary role is serving as an independent and fair quasi-judicial appellate body mandated to ensure proper application of the legislation and regulations governing the industries, liquor, gaming and horse racing, over which it has jurisdiction, while ensuring the fairness and integrity of those industries. Any licensed party who disagrees with a decision of SLGA, SIGA, SaskGaming or IGR that is within the Commission's jurisdiction has the right to apply to the Commission for a review. Except in unusual circumstances, the Commission stays the decision in issue pending the outcome of the Commission's review. Similarly, any individual (such as a casino patron) who has been involuntarily banned from a casino may request a review before the Commission.

During 2016-17, the Commission scheduled and heard 17 hearings to address the same number of requests for review of various decisions made by SLGA, SaskGaming and SIGA. In order to accommodate the public, hearings are scheduled whenever possible at the nearest major centre in the province to the cause of action. Seven hearings were held in Regina and 10 hearings were held in Saskatoon.

The applications have included reviews of SLGA's decisions to suspend liquor permits of various establishments, to review involuntary casino bans handed down by SaskGaming and SIGA and to review suspensions of licences relating to issues in contravention of the Rules of Racing in the horse racing industry. As well, the Commission reviews objections by the public to the granting of permits. The Commission may decline to hear objections to liquor applications that are competition based, frivolous or vexatious. During 2016-17, there was one objection hearing held.

Of the 17 hearings held during the past fiscal year, seven were liquor related, comprised of six assessments of penalties and suspensions and one objection hearing; six hearing reviews were in regard to casino admission bans, three of those sanctions being enforced by SaskGaming and three by SIGA. There were four hearings held with respect to horse racing, involving violation of the horse racing rules (this included one "stay" hearing which lifted the stay).

The Commission provides written reasons for its review on the merits of all matters it hears. These written decisions are a matter of public record and are maintained in the office of the Commission Registrar.

The Commission members as of March 31, 2017:

Elaine R. Morgan, Chairperson, Gainsborough
Cindy Gross, Secretary, Swift Current
Ray Sadler, Member, Biggar
Vince Natomagan, Member, Pinehouse

The Commission also has a part-time Registrar.

Since 1997, the Commission has initiated procedural changes and is constantly developing its own policies to continue to ensure equitable treatment of all parties appearing before it. The Commission also makes written recommendations to SLGA regarding any significant regulatory issues that come to its attention through contact with the industries within its jurisdiction. It also continues to stay up-to-date in the changing environment of administrative law and the industries it regulates through its own research.

Appendix F

2016-17 Results at a glance

Financial	
SLGA comprehensive income	$478.9M
SIGA comprehensive income	$82.8M
Total liquor sales	$637.0M
Liquor net income	$245.9M
VLT net income	$166.8M
VLT site commission	$35.2M
Structure and Organization	
Number of SLGA employees	891
Number of retail liquor stores	68
Number of communities with SLGA stores	53
Total number of Retail Store Permittees (RSPs)	686
Regular listed product available to RSPs	3,840
Special order listings	5,400
Total retail products available	9,240
Number of casinos	8
Number of slot machines in SIGA casinos	2,120
Number of slot machines in SaskGaming casinos	1,048
Number of VLTs	3,996
Number of communities with VLTs	291
Number of VLT sites	591
Compliance and Licensing	
Number of commercial liquor permittees	2,750
Number of special occasion permits issued	16,252
Number of sanctions (liquor, gaming and horse racing)	281
Number of registered gaming employees	3,055
Number of registered gaming suppliers	95
Charitable Gaming and Horse Racing	
Total number of bingo, raffle, breakopen, charitable gaming event, Texas Hold'em, and Monte Carlo licences	4,961
Number of bingo halls	10
Total gross bingo sales	$10.4M
Total gross raffle sales	$54.8M
Total gross breakopen sales	$2.5M
Total gross charitable gaming event sales	$50.5M
Total gross Texas Hold'em and Monte Carlo event sales	$0.3M
Total net proceeds to charity (bingo, raffle, Texas Hold'em and Monte Carlo)	$28.6M
Total grants paid to charitable gaming licensees	$7.0M
Total provincial handle (all horse racing wagers)	$6.2M

All data as of March 31, 2017