

## Legislative Assembly of Alberta

Title: **Thursday, April 10, 2003**

**1:30 p.m.**

Date: 2003/04/10

[The Speaker in the chair]

head: **Prayers**

**The Speaker:** Good afternoon.

Let us pray. Our divine Father, as we conclude for this week our work in this Assembly, we renew our thanks and ask that we may continue our work under Your guidance. Amen.

Please be seated.

head: **Introduction of Guests**

**The Speaker:** The hon. Minister of Children's Services.

**Ms Evans:** Thank you very much, Mr. Speaker. Today I have a special privilege of introducing some excellent students and the teaching staff and parents that accompany them from Jean Vanier elementary school. The teachers include Mrs. Marjorie Mather, the principal; Vicki Whalley, the teacher with them; Treena Raboud; Mr. James Gueffroy, the student teacher; and Mrs. Marie Petryshen, a teacher assistant; as well as a parent helper, Mrs. Taylor. Now, there are 33 marvelous students in this group from Jean Vanier, and I would ask, if they'd rise, that we give them the warm welcome that they so richly deserve.

**The Speaker:** The hon. Deputy Speaker.

**Mr. Tannas:** Thank you. I'm pleased today to introduce to you and through you to all hon. members 37 students who are here today as participants in the second session of Mr. Speaker's MLA-for-a-Day program. They have spent time at their member's office and with you, Mr. Speaker, in the Chamber, and they will receive a tour and briefings on the constituent elements of this House later this afternoon. The ultimate aims of the day's activities are, first, to show how MLAs carry out their responsibilities as both representatives and legislators and, secondly, to further develop the interest and understanding of our parliamentary system among our student guests. Our student shadow colleagues are seated in both galleries, and I'd now ask them to rise and receive the traditional warm welcome of the House.

**The Speaker:** The hon. Minister of Human Resources and Employment.

**Mr. Dunford:** Thank you, Mr. Speaker. Today I would like to introduce you to a Lethbridge businessman. His name is Mark Switzer, and he's in the members' gallery. Mark is a past president of the Lethbridge Chamber of Commerce, past member of the regional health authority, and current chairman of the Community Futures board of directors. I would like all the members of the Assembly to extend him the traditional warm welcome. Thank you, Mark.

**The Speaker:** The hon. Member for Little Bow.

**Mr. McFarland:** Thank you, Mr. Speaker. Today we have with us in the members' gallery the dynamic duo of Blake Robert and William McBeath. Blake was recently acclaimed as the president and William as the vice-president of finance of the PC Youth

Association of Alberta. I would ask that they rise and receive the warm welcome of this Assembly.

**The Speaker:** The hon. Minister of Revenue.

**Mr. Melchin:** Thank you, Mr. Speaker. It's a pleasure to stand today and introduce to you and to members of the Assembly five employees of risk management and insurance of Alberta Revenue who are on a public service tour to have their first opportunity to visit the Legislature and become more acquainted with it. I'd ask them to stand as I read their names: Jacque Rocheleau, Brian Proctor, Betty Wong, Francis Sandul, and Brenda Poltorak. If they'd stand and receive the warm welcome of the Assembly.

**The Speaker:** The hon. Minister of Energy.

**Mr. Smith:** Thank you, Mr. Speaker. A shocking introduction this afternoon: I'd like Thompson MacDonald and Bob Nicolay from Enmax Corporation to stand and receive the warm welcome of the Legislature. They're just around seeing "watts" up in the Legislature.

**The Speaker:** The hon. Member for Edmonton-Highlands.

**Mr. Mason:** Thank you very much, Mr. Speaker. I would like to introduce to you and through you to members of the Assembly a friend of mine who came to this country a number of years ago from the country of the Netherlands to marry a good friend of mine. He's since become a very active member of his community and an outstanding new Canadian. I'd like to introduce my friend Marten Boonstra. If he'd rise and receive the warm welcome of the Assembly.

head: **Oral Question Period**

### Education Funding

**Dr. Nicol:** Mr. Speaker, everywhere in Alberta the number one priority of parents is having good schools in their communities. My questions are to the Minister of Finance. Given that schools are a priority for parents, why was there \$37 million more in the budget for government buildings than for school buildings?

**Mrs. Nelson:** Well, Mr. Speaker, I think that clearly Albertans appreciate that we've put forward a new structure in this province that deals with not only the operations of our core programs of health and education and transportation and infrastructure but also focuses our attention on a capital plan, a capital plan that is going to actually deliver products and buildings and structures that are going to get built. One of those components clearly is to deal with the issue of schools for our children, whether that be new schools or renovations. I think that quite clearly this plan of \$5.5 billion of capital infrastructure over the next three years is a very, very, very active plan that Albertans can appreciate involves over \$450 million going to schools for new schools and upgrades and renovations. So I think they appreciate that we are on the right track, that this is a budget that deals with the needs of their children and their community, and they're very pleased with the budget.

**Dr. Nicol:** To the Minister of Infrastructure: if this is such an active plan, will this government provide the complete list of schools to be built in the next three years, or will the announcements continue to be made on a piecemeal basis?

**Mr. Lund:** Mr. Speaker, as I indicated to the Leader of the Opposi-

tion yesterday, we will be putting forward a list of the major projects that will occur in the coming year. However, as far as going out the total, full, three years: no, because we simply don't know what other projects there might be later on. I would really think that the hon. member would want us to be able to address situations that come up over the three years as opposed to trying to now say and anticipate everything that's going to happen over the next three years. Circumstances change.

**Dr. Nicol:** To the Minister of Infrastructure: can the minister assure Albertans that they will get the schools they need without the construction freezes, as we've seen in the past?

**Mr. Lund:** Mr. Speaker, I'm very pleased that the Leader of the Opposition would raise that question because that is one of the great things about this particular budget. Any projects that we start we are going to be able to complete, and we talked briefly yesterday about the fact that there is a statement in the budget that says that \$1.4 billion may be required from alternate forms of financing. So that tells me and it should tell the hon. member that projects will be funded as they progress.

### Provincial Fiscal Policies

**Dr. Nicol:** Mr. Speaker, this government is using the budget to disguise its agenda by claiming to fully fund education and health but then failing to cover labour costs. This is putting school boards and health authorities in a tough position, driving more and more Alberta workers to strike. This government rigged the bargaining process against the teachers, and now they're rigging the bargaining process against nurses. My questions are to the Minister of Human Resources and Employment. Why are you provoking teachers, nurses, and public-sector employees into strike situations?

**Mr. Dunford:** Man, a 14 percent increase. Some rigging.

I think we need to make it clear that in the preamble and in the question we have some identifiable groups that have the legal right to strike and others that of course have to use compulsory interest arbitration. So I think that's the first thing that needs clarification.

As far as provoking, I think the hon. member knows well enough that I'm probably the last person in this House that would provoke anybody.

**An Hon. Member:** He's a lamb.

**Mr. Dunford:** That's right. We're here to . . . [interjections] Well, I hear a lot of my nicknames being bandied about, and I'm not sure I want to make them public.

In any sense what we've been doing both with teachers last year and now with health care workers this year is looking at a specific situation and then dealing with it as best we can in a manner that will be successful.

1:40

**The Speaker:** The hon. leader.

**Dr. Nicol:** Thank you, Mr. Speaker. Is it government policy to force unions into strike positions to turn public opinion against them?

**Mr. Dunford:** One of the great attributes about Albertans which I think is clearly identifiable is their ability to get along with each other and to resolve disputes. One of the things that I'm most proud of with the mandate that we have, Mr. Speaker, is that within Alberta

and with the number of collective agreements that had to be negotiated on a year-in, year-out basis, we actually have, if not the lowest, among the lowest lost time due to strikes in Canada.

**Dr. Nicol:** Again to the same minister: when your government claims that there's enough money in the budget for labour settlements, are you not then interfering in the bargaining process by imposing restrictions?

**Mr. Dunford:** Well, again, I'm not sure exactly where the hon. leader is coming from when he terms restrictions, but we do have legal rights and legal obligations and legal responsibilities. While some people might see them as constraints or restrictions, what we see is a very effective means of handling labour relations situations here within Alberta.

**The Speaker:** Third Official Opposition main question. The hon. Member for Edmonton-Mill Woods.

### Education Funding

(continued)

**Dr. Massey:** Thank you, Mr. Speaker. A parent council chair from Grande Prairie writes that as a result of underfunding her school has already cut one full-time teacher, increased class sizes, and reduced programs. This week's news offers only more of the same with the projected cut of 23 teachers districtwide. My questions are to the Minister of Learning. Can the minister explain to this parent council chair why schools in Grande Prairie and other districts across this province are cutting teachers?

**Dr. Oberg:** Well, Mr. Speaker, first of all, as I've said in this Assembly many times, it is too early to tell whether teachers should be cut or not. With specific respect to the Grande Prairie school district, one of their issues is something that I've raised in this Assembly before, and that is that they have a declining enrollment of 1 and a half percent. That puts a lot of our rural boards in a very difficult issue, because the number of students are going down. As good financial managers they have to respond to that drop in the number of students. We're predicting that they are going to be receiving about \$800,000 more than they did last year even with that decline in enrollment.

Grande Prairie is a school district that does have some financial issues. As a matter of fact, I'm scheduled to go up to Grande Prairie to talk to them and hear what they have to say. So hopefully we'll be doing that very soon.

**The Speaker:** The hon. member.

**Dr. Massey:** Thank you. Again to the same minister, Mr. Speaker: what does the minister suggest these parents do to avoid further program cuts? Fund-raise?

**Dr. Oberg:** Well, Mr. Speaker, obviously the hon. member wasn't listening to what I said. Their biggest issue is that there's a 1 and a half percent enrollment decline in the Grande Prairie school district. When there is an enrollment decline, there are changes that are going to have to be made. In some of our school districts around the province we're seeing as high as a 5 percent decline. This is a very serious issue, but I will say that when it comes to this issue across Canada, we are very fortunate because our enrollment is at least holding even. In places like Newfoundland they're down 15 or 20 percent over the past three or four years.

**Dr. Massey:** I'm sure that makes that parent feel better.

How will the projected loss of 800 teachers provincewide improve classroom conditions for teachers?

**Dr. Oberg:** Mr. Speaker, the hon. member asked a very good question. It is not about improving classroom conditions for teachers; it is about improving classroom conditions for students.

**Dr. Massey:** It's the same thing, and you know it.

**Dr. Oberg:** It's the same thing? Is that what the hon. member just said? It's the same thing? This education system is there for students.

**The Speaker:** The hon. Member for Edmonton-Highlands, followed by the hon. Member for Highwood.

### School Property Taxes

**Mr. Mason:** Thank you very much, Mr. Speaker. Yesterday the Provincial Treasurer told the House that the government had decided to freeze the mill rate for school property taxes, yet in the fiscal plan for the 2001 budget the minister said, "In future years, Albertans should get automatic . . . property tax rate reductions as the \$1.2 billion revenue requirement is held constant but spread over a growing assessment base." Because of this broken promise Albertans will be hit with a 5.8 percent increase in their school property taxes next year in a budget which falsely promises no tax increases. To the Minister of Finance: why is this government again picking the pockets of middle-class Albertans with this hidden tax increase?

**Mrs. Nelson:** Mr. Speaker, when I responded to the question earlier, I indicated to the hon. member that in the budget we have frozen the mill rate. We have not increased the mill rate for the school tax on properties. We have not increased that. What we have allowed for is to recognize the growth that has occurred in this province. If the hon. member would listen, he'd realize that we have had a huge migration of people to the province of Alberta, so with that comes the cost of educating the children that come with them. The reality is that you have to capture the growth within the province. So if we freeze the mill rate and recognize that the population is growing, then there will be more dollars collected on that assessment, and those dollars will go into supporting education within the province. This is not rocket science. This is clearly accepting the fact that the province is growing, which is a reality, freezing the mill rate, and putting those dollars into an education system which is needed to effectively provide for a system for all of the children that are here and coming to this province.

**Mr. Mason:** Well, Mr. Speaker, given that the minister has completely flip-flopped from 2001, when she said that "automatic school property tax rate reductions as the \$1.2 billion revenue requirement is held constant but spread over a growing assessment base," can she explain to the House when she changed her policy and why she changed her policy?

**Mrs. Nelson:** Mr. Speaker, naturally, the increase in the revenue raised will be spread over the population, but the rate base for the mill rate has stayed the same. So there's a larger population that will be paying into the school property tax assessment, but the mill rate is frozen. It has not moved.

**Mr. Mason:** Mr. Speaker, the minister is not listening to her own

words. Will the minister explain to Albertans why she told them that this budget doesn't contain any tax increases when it clearly does?

**Mrs. Nelson:** Once again, Mr. Speaker, freezing the mill rate means it's not moving. Because there are more people paying, because we've had a migration to the province, there's been no increase in the mill rate. I don't know how much clearer I can make that.

**The Speaker:** The hon. Member for Highwood, followed by the hon. Member for Edmonton-Glengarry.

### Hell's Half Acre Remediation

**Mr. Tannas:** Thank you, Mr. Speaker. My constituents in the Turner Valley area of Highwood are concerned that an environmentally dangerous situation has been uncovered at the historic oil refinery site known as Hell's Half Acre with reported site contaminants like heavy metals and hydrocarbons leaching into the Sheep River and into the nearby aquifer. To the Minister of Community Development: why, as the report suggests, has your department done nothing about it?

1:50

**Mr. Zwozdesky:** Well, Mr. Speaker, contrary to what the report may or may not indicate, we've done quite a lot at this very unique site. It is a national treasure, and it's a provincial treasure. There are about 22 acres there, as the member would know, and not all of it contains contaminants.

However, we have been working over the past several years with the Department of Infrastructure as well as the Department of Environment on site reclamation and environmental concerns there. We've sealed off those areas, hon. member, where we know there are contaminants. We've also hired accredited companies who come out and do test drillings. They insert their instruments, of course, into those test holes, and they give us readings back. I just want to assure this hon. member and others that there are no measurable levels of contaminants that are entering the aquifer or the river system in that area.

In conclusion, I would say, Mr. Speaker, that we have health and safety protocols in place there for staff, visitors, and local residents, and we also have spent over \$1 million so far, and in the budget provided here a couple of days ago, we will be adding a further \$1.5 million to complete the excellent work that is ongoing in this regard.

**Mr. Tannas:** To the Minister of Infrastructure: given that Hell's Half Acre site is your responsibility, Mr. Minister, why hasn't your department taken any steps to clean up the contamination before this time?

**Mr. Lund:** Well, Mr. Speaker, it is true that we are responsible for that site and the cleanup. It is not true, though, to say that we haven't spent anything because, in fact, we have spent some \$772,800 on that particular site. In the upcoming budgets we do have about another \$1.5 million budgeted to continue and complete that cleanup.

**The Speaker:** The hon. member.

**Mr. Tannas:** Thank you, Mr. Speaker. To the Minister of Environment: will the minister commit to having his department check for contamination in the Sheep River and nearby homes that have wells to determine the levels of pollution and, if found, issue orders for the cleanup and remediation?

**Dr. Taylor:** Well, Mr. Speaker, Alberta Environment acts in this situation as it would with any other contaminated site. Whether it's Community Development's or Infrastructure's contaminated site or a private-sector contaminated site, we and our legislation clearly indicate that we act the same. With this particular issue we have told Community Development and Infrastructure that they need to develop a remediation plan. They need to expand their monitoring of the situation. As we've heard the two ministers quite correctly say, there's new money in this budget to both work on the reclamation and expand the monitoring of that site. So as we go forward, we will act as a regulator and make sure that those departments are doing the appropriate job. We'll make sure they're remediating. We will make sure they're monitoring, and we will certainly provide technical advice and any technical assistance they need in regard to remediation and monitoring.

#### Private/Public Partnerships

**Mr. Bonner:** Mr. Speaker, this government has said time and time again that it makes decisions only when it has studied an issue and found concrete evidence that supports its plan of action. To the Minister of Infrastructure: what studies and evidence does the minister have to show that P3s are a good idea for Albertans?

**Mr. Lund:** Mr. Speaker, I'm sure that you wouldn't want me to take a whole lot of time, because I could go through a very long list of very, very successful P3 projects that have already occurred in the province. In fact, there are a number, of course, outside the province, and we have a number of experts within the province that are very familiar with how these can be constructed to be advantageous.

Yesterday the hon. member made some comments about how terrible P3s were and how it was a way of rewarding the corporate sector. I think that that is a very, very shameful statement, particularly when you look at groups like Bethany Care, like the Good Samaritan Society, like Caritas and other groups that have produced P3 projects in this province that are operating very, very well and providing an extremely good service. I find it very offensive when he goes after those kinds of people and projects.

**The Speaker:** The hon. member.

**Mr. Bonner:** Yes, Mr. Speaker. To the same minister: given the fact that we are talking not about nonprofits but the private sector, given that P3s have failed in every other jurisdiction in which they've been tried, will the minister table on Monday all of those reports that indicate to him that P3s will work in Alberta?

**Mr. Lund:** Mr. Speaker, I guess that when you look at the numbers over there and you hear these kinds of questions, you understand why those numbers are there. People are burying their heads in the sand. There are different ways of doing things out there, and we are prepared to look at different ways of doing them. When he talks about not for profit, I would like to know, then, what he has to say about the situation at Olds College where, in fact, John Deere Limited has spent a very large, considerable amount of money on a P3 project for the benefit of students that are attending Olds College. How do you answer that one?

**The Speaker:** The hon. member.

**Mr. Bonner:** Thank you, Mr. Speaker. To the same minister: given that Albertans would rather see answers and hear answers to a \$1.4

billion line item in the budget than hear insults, why won't the minister table all of these reports?

**Mr. Lund:** I'll try to go through it more slowly this time for the benefit of the member, but the fact is that yesterday – yesterday – we talked about the \$1.4 billion, and he said that it was all P3s. I clearly demonstrated to him that it's not all P3s. P3s are only one of the tools in the toolbox that we are using to look at how we can do things more efficiently and in a more timely manner.

**The Speaker:** The hon. Member for Edmonton-Rutherford, followed by the hon. Member for Edmonton-Ellerslie.

#### Police Services

**Mr. McClelland:** Thank you, Mr. Speaker. My question is to the Solicitor General. The Edmonton police department has made representation to the effect that their budget is negatively affected to the tune of \$13 million because they provide services that are the responsibility of the province, services such as documents service, witness management, bail hearings, Check Stops, and commercial vehicle inspections. My question: is this true?

**The Speaker:** The hon. minister.

**Mrs. Forsyth:** Thank you, Mr. Speaker. There are many aspects of police work that support the judicial process. These roles are considered an important part of work that the police provide. Under the Police Act in municipalities with their own police force police budgets and plans are clearly the responsibility of the police commission in consultation with the police chief. Municipal councils are responsible for establishing the total budget for the purpose of the police service, and the police commission is responsible for allocating those budgets. The government provides \$16 million through an unconditional grant, and it's up to the municipalities to determine how they spend that money.

Mr. Speaker, the city of Edmonton also receives fines generated by this province, and they received \$23 million in 2001-2002, and it's up to the municipality to determine how to spend that funding. If the municipality determines that they want to fix potholes, then they determine the priority.

**The Speaker:** The hon. member.

**Mr. McClelland:** Thank you, Mr. Speaker. My supplementary is to the Minister of Justice and Attorney General. How are citizens to feel secure if the enforcement of laws by which we conduct ourselves is subject to economic brinkmanship by various orders of government?

**Mr. Hancock:** Well, the answer, Mr. Speaker, clearly is that they ought not to be put in the picture of economic brinkmanship. In fact, we work very closely with all of the stakeholders in the justice system across the province – with the Solicitor General, with the police forces, with the courts, and with all of the stakeholders in the community – to make sure that the justice system is run appropriately and that people have safe communities in which to live.

The reality is that there are always limited resources. I mean, one of the real difficulties of government is the allocation of scarce resources. No matter how much money you have, there will always be more things that you could do, and every year in budgeting we find that very circumstance. I'm sure that the Edmonton city police force and every other police force finds that, that Edmonton city

council and every other city council finds that, but the reality is, as the Solicitor General has said, that a number of years ago municipalities asked for all of their emergency grants to be rolled into one grant, unconditional, and that was done so that they have that money to spend and allocated on their priorities. The reality is that fine revenue generated under the motor vehicle act goes to the municipality in which it's generated, with the exception of the small portion that we keep in Justice in order to manage the process and run the courts. In fact, that revenue is destined to go up this spring when the new Traffic Safety Act is proclaimed and fine revenue amounts go up and some of the other fines come under that act. So revenue is going up. The city gets to set the priority with respect to those revenues.

2:00

I might also mention, Mr. Speaker, that we have, as an example of co-operation, our early case resolution process, where we have by hiring more prosecutors provincially and investing resources at that level and working with the courts been able to resolve matters before going to court, saving, for example, the city of Edmonton 5,700 fewer witness appearances from their police over the course of 2002 than in 2001 as a result of that process. That's a lot of police officers who can be on the street doing police work as opposed to being in court doing police work.

#### Government Regulations

**Ms Carlson:** Mr. Speaker, every Thursday the Alberta Liberals will ask a question that members of the public have asked us to pose. Members of the public can send us their questions by phoning our office or visiting our web site at [www.altaliberals.ab.ca](http://www.altaliberals.ab.ca). Today's question is from the Canadian Federation of Independent Business. The CFIB is concerned that the burden of small businesses in Alberta will be increased because of the lack of scrutiny regulations set by this government undergo. My first question is to the Minister of Government Services. How many regulations has the Alberta government introduced since the year 2000?

**Mr. Coutts:** Mr. Speaker, the answer to that question if you were to ask a businessperson of this province over the last 10 years is probably: too many regulations. The province of Alberta put into place in 1994 a secretariat to look at regulations, to analyze them, and take a look at them along with an advisory board which the Chambers of Commerce, the Alberta Economic Development Authority, and the CFIB were on. They looked at a number of regulations—I believe it was over a thousand in total over the last six or seven years—and I can report today that every single one of those regulations with the exception of about 30 of them have been completed with expiry dates, sunset clauses, and actual regulations that have been repealed in this province.

In terms of those that have been added, yes, this government does put in enabling legislation that allows for regulations to be made. So there are always regulations coming onstream from every department of this government. Those regulations, Mr. Speaker, will also come under the scrutiny of the secretariat in the future.

**Ms Carlson:** Mr. Speaker, my next question is to the Minister of Economic Development. Given that the new food permit fee, established behind closed doors, affects the bottom line of many businesses in the hospitality industry, why didn't this minister ensure that the government's regulatory review committee examined the impacts of this new regulation?

**Mr. Norris:** Well, you know, Mr. Speaker, I'd like to thank the hon. member for the question. Clearly it relates to health, but I will address it and maybe ask the minister to supplement.

The general idea behind that tax was that anybody who was involved in the food and service industry in any way, shape, or form, be it a bed and breakfast, a small restaurant, a convenience store, should be accountable for what they sell. I mean, I think that's what the opposition members would like us to do in a responsible fashion, but in certain instances that did go too far. You're correct. We have worked very hard with the minister of health to understand where that regulation should fit in in the context of small business and large business as opposed to where it's a health issue. I have not only received many letters on it; I've responded. My colleague and I have worked together in dealing with this so that the small bed and breakfast operator who's maybe serving eggs and bacon for breakfast isn't included in that.

At the end of the day it's all about the safety to Alberta visitors and people who are going to these places because heaven forbid, as you were attacking the other day on SARS and other things, that we're not vigilant. It's a real balancing act, and I think we're trying very hard to make sure that those regulations don't affect small business.

**Ms Carlson:** Mr. Speaker, to the Minister of Government Services: can you tell us how you determine which regulations you go forward with in terms of the benefit to the province as compared to the benefit to businesses or the cost to businesses?

**Mr. Coutts:** Mr. Speaker, the secretariat has a process to look at all regulations when their expiry dates come up and, as I said earlier, when regulations go forward, they're also given scrutiny by the secretariat. In terms of whether it's to the businesses' or to government's benefit, that doesn't matter. The regulations that are put forward are the ones that get scrutiny.

**The Speaker:** The hon. Member for Red Deer-North, followed by the hon. Member for Edmonton-Riverview.

#### Water Use by Oil and Gas Industry

**Mrs. Jablonski:** Thank you. Mr. Speaker, there is still much debate and discussion around the use of water by oil drilling companies to inject into underground wells to increase crude oil production. This has sparked much controversy around the province and especially in southern Alberta, where drought is a major concern. The city of Red Deer is now in the midst of a struggle with an oil company that wants to use water from the Red Deer River to inject into underground wells for oil recovery. My question is for the Minister of Energy. Why is it necessary to use freshwater supplies, and is there an alternative practice that can be used?

**The Speaker:** The hon. minister.

**Mr. Smith:** Well, thanks, Mr. Speaker. This issue has been one that has been in front of the House before, has been part of discussions. It certainly will, I'm sure, be addressed as part of the water strategy.

Mr. Speaker, a water flood is a process that the oil and gas industry uses to increase or increment production from existing wells. In this particular instance there have been wells there since 1981. They have applied for water access to the Red Deer River, about eight days out of a year's supply, to use to drive the oil up to the surface, where it would be produced and, of course, royalties in the neighbourhood of 25 to 35 percent paid on that to the Crown. In

the water flood they use fresh water when it's accessible; they've also used brackish water; they use saline water. In fact, the industry has reduced its consumption of fresh water by some 40 percent over the last few years. Clearly, they're working responsibly, but they're also very much concerned with increasing their production, which of course means incremental royalties to the Crown and subsequently all Albertans.

**The Speaker:** The hon. member.

**Mrs. Jablonski:** Thank you, Mr. Speaker. My only supplemental question is again to the Minister of Energy. Given that water is fast becoming a diminishing resource that needs protection, will your department encourage oil companies that need to repressurize their wells to investigate their use and the use of alternate methods?

**Mr. Smith:** Well, Mr. Speaker, in a number of cases we encourage companies to do a number of things. For example, we're experimenting with using CO<sub>2</sub>, which is carbon dioxide, which is a part of this government's commitment to reducing greenhouse gas emissions, as a way of injecting into depleted reservoirs to see if, one, we can sequester or store carbon dioxide in those formations and, secondly, to find different uses other than fresh water.

Mr. Speaker, as we move forward in Alberta and see this continued rapid escalation of economic growth, the oil and gas industry and the growing population have a tendency to get closer together. If we take a look, for example, at the city of Red Deer, which, of course, boasts on its web site, and rightly so, that it has an unemployment rate that's the second lowest in Canada, 26 percent of the GDP of Red Deer – 26 percent – is from the oil and gas industry. In fact, \$6 billion of that GDP comes from the oil and gas industry, and there's a petrochemical industry that contributes \$7 billion to the economy.

So as much as the opposition member does not want to hear good news from Alberta and growth in particular areas, it's important to remember that the EUB operates in the broad public interest of all Albertans, even the seven Liberals.

2:10

#### Lobbyist Registry

**Dr. Taft:** Mr. Speaker, the outgoing Ethics Commissioner has once again called for a lobbyist registry, something the opposition has also been requesting for years. The government refuses to accept this policy. In the interest of helping the public understand who is lobbying the government and on what issues, I have some questions for the Government House Leader. Given that we have no lobbyist registry in Alberta, can the Government House Leader enlighten us on who was lobbying the government last night at the regular Wednesday evening lobby night attended by government MLAs? Who was filling the feed bag?

**Mr. Hancock:** Well, actually, Mr. Speaker, it's not an area that's within my responsibility, and the truth is that, no, I can't enlighten them because I don't know. I wasn't at either of the events. I'm sure both of them, if there were two, were very good. In any event, I don't have the answer to that. It's not within my area of competence or jurisdiction.

But I can tell the hon. member that members of this House meet with constituents, meet with the Alberta public, meet with interest groups, meet with business and industry on an ongoing basis in many venues, in many areas of the province, and sometimes it's very helpful to get many of us together in the same room so that the same message can be imparted to all of them at the same time. There's

nothing inherently wrong with that. In fact, it's the way that the business of government and the business of politics is done, and the fact that one might eat or have some refreshment at the same time as one is talking about politics, governance, and issues of interest to Albertans is certainly a good thing.

**The Speaker:** The hon. member.

**Dr. Taft:** Thank you, Mr. Speaker. Well, we'll try again. Will the Government House Leader admit that the government's refusal to create a lobbyist registry is to avoid revealing that the chair of the Premier's Advisory Council on Health is directly tied to a major lobbying firm for drug insurance and health corporations?

**Mr. Hancock:** Not my area of jurisdiction, Mr. Speaker, and, no, I can't confirm that, because I don't know that.

**Dr. Taft:** It is true, and if we had a lobbyist registry, we'd know it.

To the Minister of Infrastructure: who has been lobbying the government in support of P3s?

**Mr. Lund:** Mr. Speaker, I've met with the Bethany Care, with the Good Samaritan Society, with Caritas, with a number of school boards, the University of Alberta, the colleges. There are a whole host of people that are very interested in looking at other ways that we can accomplish and keep making Alberta an even better place, not putting our heads in the sand.

**The Speaker:** The hon. Member for Edmonton-Strathcona, followed by the hon. Member for Grande Prairie-Wapiti.

#### Private School Funding

**Dr. Pannu:** Thank you, Mr. Speaker. Tuesday's provincial budget contains a huge 14 percent increase in the dollars going to private schools, several times larger than the corresponding increase for public schools. There appears to be an agenda at work here to expand private education by letting class sizes grow and learning conditions deteriorate in the public system, inevitably leading to a two-tiered system: one for the rich and one for the rest of us. My question to the Minister of Learning: why is the government putting more and more dollars into private schools while allowing learning conditions in the public system to deteriorate through a lack of proper funding?

**Dr. Oberg:** Mr. Speaker, the hon. member full well knows that 60 percent of the basic per student grant goes to private schools. The reason for the increase quite simply is because enrollment has gone up.

**The Speaker:** The hon. member.

**Dr. Pannu:** Thank you, Mr. Speaker. Has the minister or his department studied the trend and the causes of the increased enrollment in private schools and any resulting negative impact on public education, and if he has those studies, will he please table that information in this House?

**Dr. Oberg:** Mr. Speaker, the key component to our private school system in Alberta is that they follow the Alberta curriculum, and there is a requisite that the Alberta curriculum is followed in private schools. Beyond that, it is the choice of the parents as to where they send their kids.

**The Speaker:** The hon. member.

**Dr. Pannu:** Thank you, Mr. Speaker. Given that the minister has not done any such studies, why are he and his government pursuing a two-tiered education system in which only students from privileged backgrounds receive a high-quality private education while the rest of the children and their parents are expected to accept growing class sizes and declining resources in the public system?

**Dr. Oberg:** Mr. Speaker, first of all, I would recommend to every MLA in this room who has private schools that they give those last comments to their private schools, because by far the majority of the private schools that are in Alberta are religious private schools who choose private schooling because of their religious beliefs and their religious morals. The arrangement for giving money to the private schools is 60 percent of the basic grant with nothing for capital expenditures. So to the hon. MLAs in this House I would advise that you send the comments to your private schools and allow them to address the hon. member's question.

**The Speaker:** The hon. Member for Grande Prairie-Wapiti, followed by the hon. Member for Edmonton-Gold Bar.

#### Special Constables

**Mr. Graydon:** Thank you, Mr. Speaker. My question is for the Solicitor General. In light of an incident in the county of Grande Prairie a couple of weeks ago where a special constable had to take refuge behind his car because he was getting shot at, I'm wondering if the minister is reconsidering the current policy which prohibits special constables from carrying sidearms.

**Mrs. Forsyth:** Mr. Speaker, the question that the hon. member refers to had been a very serious incident which is currently under review. It's an incident which I am deeply concerned about, and it's an example of why special constables should not be armed. It's an example of why special constables have to have special training and be within their authority and their training. Prior to 1988, I believe it was, special constables did carry firearms, but that matter has been reviewed over and over and over again, and each time it was agreed that sidearms would not be reissued. I will continue to work with the special constables association on standards, training, and their clarification and classification of duties. It's important to keep in mind that special constables are special constables, and they're not police officers.

**The Speaker:** The hon. member.

**Mr. Graydon:** Only one shot today, Mr. Speaker. No supplementals.

**The Speaker:** The hon. Member for Edmonton-Gold Bar, followed by the hon. Member for Edmonton-Meadowlark.

#### Insurance Industry

**Mr. MacDonald:** Thank you, Mr. Speaker. Three of the primary causes of the dramatic increase in the consumer price index in this province have been in this order: high electricity prices, skyrocketing high natural gas prices for heating, and, of course, insurance rates, which are also going through the roof. My first question today is to the Minister of Finance. How many insurance companies have stopped writing automobile insurance policies in Alberta in the last year?

**Mrs. Nelson:** Well, to the best of my knowledge I'm not aware of any that have stopped writing insurance policies, Mr. Speaker.

**Mr. MacDonald:** Again, Mr. Speaker, to the same minister: if a company such as The Co-operators were to withdraw from the Alberta marketplace, what would that do to automobile insurance rates in this province?

**Mrs. Nelson:** Mr. Speaker, the hon. member is speculating, but let's be very clear. The Co-operators have not withdrawn from Alberta and, in fact, are very active in this province, and we're very glad to have them here.

**Mr. MacDonald:** Again, Mr. Speaker, to the same minister: how many insurance companies is the superintendent of insurance watching in this province because he's concerned about that enterprise's financial liquidity?

**Mrs. Nelson:** Well, the superintendent of insurance is the overseer of all the operations of all the insurance companies, Mr. Speaker. That's his job.

**The Speaker:** The hon. Member for Edmonton-Meadowlark, followed by the hon. Member for Olds-Didsbury-Three Hills.

#### High-speed Rail Link

**Mr. Maskell:** Thank you, Mr. Speaker. My question is to the Minister of Economic Development. As a former railroader and somebody who's hooked on trains it has been exciting for me to hear about the possibility of a high-speed passenger rail link between Edmonton and Calgary. Is Economic Development currently involved in a study of high-speed rail, and can the minister advise what the findings of this study are?

2:20

**The Speaker:** The hon. minister.

**Mr. Norris:** Well, thank you very much, Mr. Speaker. Having had many interesting activities on trains, I can certainly agree with the hon. member that there is a lot of excitement in railroading. We have looked at this a number of different times over the years.

As you can understand, when highway 2 between Edmonton and Calgary was built, the Alberta population was some 900,000 people and that roadway system was seen to be a little extravagant at the time, but as it's proved out, this province has grown and swelled and it's now teeming at the seams. If you've driven it, as many of my colleagues do on a regular basis, you see that we need to look at some expansion, and rail is a possible link that we've been talking about.

I've been working very closely with the Minister of Transportation on this, and we have jointly done a study with the Van Horne Institute in Calgary to look at the reality of putting a high-speed link either on existing tracks or maybe setting up a new system. The price tags range anywhere from \$800 million to \$4 billion, so there is a reality of economics that's going to have to drive this. If we look at a vision of Alberta 20, 50, and a hundred years down the road, is it a cheaper way to go than paving two new lanes on highway 2 to Calgary? Maybe. Is there an option to run a spur up to Fort McMurray to deal with that incredibly hot economy? Maybe that's the route to go.

The study is looking at all those aspects, Mr. Speaker. We'll come back with some recommendations, and the Minister of Transporta-

tion and I will continue to monitor the situation and come forward with a plan in the near future.

**Mr. Maskell:** I just have one supplementary, Mr. Speaker, and it's been partially answered I think. When will the results of this study be available?

**Mr. Norris:** Well, at the outset, Mr. Speaker, the study was taken on about four months ago, but recently there have been changes to technology. You may have seen the Bombardier JetTrain that came to Edmonton from Calgary the other day. I was actually traveling on the highway with my kids when it went past and stopped to look at it because it's quite fascinating to somebody as simple as myself.

Having said that, the technology is bringing us to a point now, Mr. Speaker, where our study is going to have to be extended to incorporate some of the cost savings that this new technology brings forward. So we're anticipating – and the Minister of Transportation may wish to supplement – that about the mid-July, August area we're going to have the preliminary study brought forward. I don't know what it's going to say or what the realities are.

Let me just conclude by saying that if we want to keep fueling the incredible growth this province has had, transportation links are obviously vital, and this may be a very good piece.

**The Speaker:** The hon. Member for Olds-Didsbury-Three Hills.

#### Health Region Boundaries

**Mr. Marz:** Well, thank you, Mr. Speaker. I've recently tabled in this Assembly the names of over 1,600 constituents who've expressed a desire to have the boundaries of the Calgary health region adjusted to include the Didsbury regional health services as well as letters of support from the county of Mountain View, town of Didsbury, town of Carstairs, and I understand that the village of Cremona also supports such an adjustment. The April 1 deadline for the new regions has past, and I have still not received any indication from the Minister of Health and Wellness as to the status of the Didsbury hospital. My question to the Minister of Health and Wellness is: can he advise me when he will make a decision as the current situation is causing much uncertainty with the staff, the residents, and the health authority members themselves?

**Mr. Mar:** Mr. Speaker, my department and I have both reviewed this matter, and the town of Didsbury will be remaining within regional health authority No. 4, which was formerly known as the David Thompson region. This decision was made after discussions with the chair and the CEO of health region No. 4 as well as the CEO of health region No. 3, formerly known as the Calgary health region. The relevant considerations were made with respect to factors like patient flows; in other words, where do patients actually go to get their services?

I have notified verbally the chair of health region No. 4 of this decision. I have signed letters and sent off correspondence of notification of this decision to the chairs of the relevant regional health authorities as well as the mayors in the surrounding areas.

**The Speaker:** The hon. member.

**Mr. Marz:** Thank you, Mr. Speaker. Can the minister tell me why he has not taken into consideration the views of the councils and the residents of the Didsbury health services region?

**Mr. Mar:** Well, I want to say, Mr. Speaker, that I do understand the

concern expressed by area residents, but the review of health region No. 4's existing boundaries demonstrates that it clearly does reflect the current patient flow patterns. So the decision to have Didsbury and the Mountain View county remain within No. 4 was based on discussions with regional officials and the facts about where patients actually go for health services.

Mr. Speaker, with respect to Didsbury hospital in particular, I've been advised that health region No. 4 is currently undertaking a review of its facilities and services and needs throughout the region. Certainly, the Didsbury hospital will be included in that review, and we'll work to ensure that regions No. 3 and No. 4 work together to ensure that the hospital is properly utilized.

**Mr. Marz:** My final supplement to the same minister: has he ruled out any future boundary adjustments if it can be shown to benefit a particular area?

**Mr. Mar:** Mr. Speaker, if there is departure from the current patient flow patterns in the health region, then the answer would be that we would review such boundaries if such a change in utilization occurs.

**The Speaker:** Hon. members, before I call on the first four for Members' Statements, why don't we revert briefly to Introduction of Guests?

[Unanimous consent granted]

head: **Introduction of Guests**

*(reversion)*

**The Speaker:** The hon. Member for Bonnyville-Cold Lake.

**Mr. Ducharme:** Thank you, Mr. Speaker. It is with great pleasure that I rise today to introduce to you and through you to all members of the Legislature 28 special guests from Ardmore school in the Bonnyville-Cold Lake constituency. They are accompanied by their teacher, Mrs. Jackie Wakaruk, parent helpers Mrs. Becky Charlton, Miss Charlene Swerhun, Mrs. Marlene Strzepek, Mr. Dean Thompson, Mr. Don Paige, Mr. Norbert Loiselle, and bus driver Mr. Maurice Roux. They are seated in the public gallery, and I would ask them to please rise and receive the traditional warm welcome of the Assembly.

**The Speaker:** To the hon. Member for Bonnyville-Cold Lake: I had a chance to say hello to the young people, and they were surprised that I knew where Ardmore was.

head: **Members' Statements**

**The Speaker:** The hon. Member for Banff-Cochrane.

#### Cochrane Chamber Community Awards

**Mrs. Tarchuk:** Thank you, Mr. Speaker. Last Saturday I had the great pleasure of attending the Cochrane Chamber community awards banquet. Cochrane, as you know, is the fastest growing municipality in Canada. Luckily, the growth in population has been accompanied by a corresponding growth in the number of people who are contributing their time, efforts, and ideas to help make Cochrane a great place to live.

The award for youth of the year went to Samantha Catley and Karly Wilson for their work and support of the local victim services and the Humane Society.

The ambassador of the year award went to both Alanna Blinn and



the MC Dancers. Alanna, a local grade 12 student, is well known for her competency in the sport of fast draw and has become a respected role model and spokesperson. The MC Dancers, meanwhile, is a nonprofit dance troupe dedicated to encouraging and fostering the talent of local dancers.

The award for citizen of the year went to Jack Tennant, who owns and operates the *Cochrane Eagle*. Jack has served as a volunteer for many organizations and in recognition of his work with charities recently received the Queen's Jubilee Medal.

This year's recipient of the community builder of the year award is Patrick Coyle for his many years coaching teenagers. Through his skillful and caring mentorship many of Cochrane's youths have become not only better athletes but also, more importantly, better people.

Cochrane's employer of the year is Larry Giles, publisher of the *Cochrane Times*. Larry is known as a generous and kindhearted man who gives a great deal to his community.

The FCSS award for volunteer of the year went to the Cochrane Activettes, who have helped hundreds of families over the years, organizing food hampers, operating a clothing thrift store, and coordinating the meals-to-go program.

The Rotary integrity award went to Chester Mjolsness, the original driving force behind Spray Lake Sawmills, Cochrane's largest employer and a major contributor to the community. Chester's name is synonymous with hard work, integrity, generosity, and decent family values.

Lastly, there was a tie for the *Cochrane Times* newsmaker of the year award. Alex Baum of Cochrane Dodge gained national recognition in 2002 for his lead role in Ranch Aid, a highly successful relief effort that raised money to assist drought-stricken ranchers. Meanwhile, at the tender ages of seven and nine Ali and Emily Conaway undertook their own fund-raising efforts in support of Ranch Aid, and Cochrane can be proud of these young citizens.

Please join me in congratulating the award recipients.

**The Speaker:** The hon. Member for Calgary-Lougheed.

### Tartan Day

**Ms Graham:** Thank you, Mr. Speaker. Being of Scottish descent and a member of clan Graham, it's with pride that I rise today to recognize Tartan Day, which was celebrated on April 6 in Alberta, Canada, and across different parts of the world.

Tartan Day is celebrated for two reasons. It is significant to Scots and non-Scots alike for it commemorates the signing of the declaration of Arbroath, also known as the Scottish declaration of independence, which has been recognized around the world as one of the earliest expressions of the right of humanity to a peaceful and productive life free from oppression. It was on April 6, 1320, at Arbroath, Scotland, that Scottish nobles including four Grahams gathered and pledged to defend Scotland from persecution and foreign domination. They even agreed to cast aside their own king, the legendary Robert the Bruce, should he falter from the path of self-determination and freedom. Mr. Speaker, I've circulated to members in the Assembly a copy of the declaration, which is written in the form of a letter to the Pope in very poetic and passionate language.

2:30

Tartan Day also gives us the opportunity, Mr. Speaker, to recognize the tartan as a symbol of Scottish culture and Scottish clans, but the tartan is not exclusive to Scots alone, and in fact new tartans are continuously being created by groups and regions to

identify themselves and are worn by people all over the world. Today, again, I am wearing a kilt in the official Alberta regional dress tartan, which was adopted by this Legislature three years ago and is one of my favourites. I've also used on the declaration another of my favourite tartans called the Flower of Scotland. It was designed to commemorate the deceased author of a very beautiful Scottish song by the same name.

Mr. Speaker, in view of the significant contributions of Scots to the province of Alberta from the earliest days to the present, I ask members to join with me in celebrating Tartan Day.

### Elder Abuse

**Ms Blakeman:** Thank you to the hon. member. As a Scot I appreciate that.

Mr. Speaker, I'd like to take the opportunity today to talk about the University of Alberta's legal studies program and its commitment to the safety and well-being of our senior citizens. The program under the direction of San San Sy officially launched a web site today called the older adult knowledge network, or Oak-Net for short. The site is devoted to describing different types of elder abuse in noninstitutional settings and what protection is offered by the law. The information relates to financial, physical, and psychological abuse of seniors as well as neglect and over- or undermedication. The web site offers options for abused seniors and friends of abused seniors to get information on how to stop abuse and, if warranted, seek compensation or legal remedy.

Elder abuse is a serious crime that cannot be allowed to continue in our society. It's up to everyone to do their part to help vulnerable people from being taken advantage of or hurt. I would recommend that everyone take a look at the older adult knowledge network web site at [www.oak-net.org](http://www.oak-net.org), because knowledge truly is power. And thank you to the University of Alberta legal studies program for providing another tool to help stamp out elder abuse.

**The Speaker:** The hon. Member for Edmonton-Gold Bar.

### Provincial Fiscal Policies

**Mr. MacDonald:** Thank you, Mr. Speaker. Last year's flip-flop budget has been followed by this year's clip-clop budget. The horse racing industry gets an even larger feedbag while children of Alberta's poor make do on Kool-Aid and crackers. The long shot came from behind and crossed the finish line with an extra \$4 million in Tuesday's provincial budget. The odds of the horse racing industry tying with the supports for independence with \$4 million increases were slim to nil anywhere but in the province of Alberta. Where else would a government give poor people struggling to pay sky-high utility bills the same raise as the horse racing industry? Only in Alberta would a mode of gambling receive a 12 percent hike while the vulnerable poor get a 1 and a half percent raise, that translates into an extra \$20 a month, or 66 cents a day. The government members who gorge themselves weekly on free food and drink courtesy of lobby groups should be ashamed. Alberta and its advantage have been shamed.

The prosperity of any province can only be truly judged by how well its poorest member is faring. In Alberta the poor aren't doing very well, while horse racing is considered of greater importance. Perhaps this government would like to see supporters for independence recipients bet at the track the extra \$20 that some of them will receive. Is that the welfare program this government has in mind?

The extra \$4 million in this budget for racing industry renewal took horse racing from receiving \$33 million last year to \$37 million this year. In last year's budget they even had a double increase in

their budget, from \$17 million to \$33 million. I think this is obscene. This government has even managed to separate classes among the province's poor. They could call them the will-gets and the won't-gets. An extra 66 cents a day, the equivalent of one pound of potatoes on sale at the market, will only be received by supports for independence recipients with children or the singles and couples who are not expected to work.

Thank you, Mr. Speaker, for your patience.

#### head: **Presenting Petitions**

**The Speaker:** The hon. Member for Spruce Grove-Sturgeon-St. Albert.

**Mr. Horner:** Thank you, Mr. Speaker. I'm pleased to rise today to present a petition on behalf of the parent community of Bertha Kennedy Catholic community school, who obtained 218 signatures regarding funding for public education.

**The Speaker:** The hon. Member for Edmonton-Gold Bar.

**Mr. MacDonald:** Yes. Mr. Speaker, at this time I would like to present a signed petition:

We, the undersigned residents of Alberta, petition the Legislative Assembly to reject the recommendation of the Electoral Boundaries Commission that Edmonton lose a seat in the Legislative Assembly.  
Thank you.

#### head: **Notices of Motions**

**The Speaker:** The hon. Deputy Government House Leader.

**Mr. Stevens:** Thank you, Mr. Speaker. I rise pursuant to Standing Order 34(2)(a) to give notice that on Monday we will move that written questions appearing on the Order Paper do stand and retain their places with the exception of written questions 11 and 12.

I'm also giving notice that on Monday we will move that motions for returns appearing on the Order Paper do stand and retain their places with the exception of motions for returns 12 and 13.

#### head: **Tabling Returns and Reports**

**The Speaker:** The hon. Minister of Economic Development.

**Mr. Norris:** Thank you very much, Mr. Speaker. I rise today with the appropriate number of copies of the Alberta Economic Development Authority report for 2001-2002 entitled Strong Performance in Uncertain Times. I think that's a very appropriate name. As you know, we've come through some tremendous challenges in Alberta and survived them, and the Alberta Economic Development Authority has helped us guide our policies and our taxation performance. I would like to thank them for their excellent effort and offer them all my continued support.

**The Speaker:** The hon. Member for Edmonton-Mill Woods.

**Dr. Massey:** Thank you, Mr. Speaker. With permission I table the appropriate number of copies of a letter from Brenda Kaplan, Montrose junior high school council chair, detailing her concerns about the cuts at her school and the deficit position faced by the school board there.

Thank you.

**The Speaker:** The hon. Member for Edmonton-Strathcona.

**Dr. Pannu:** Thank you, Mr. Speaker. I have one tabling, myself, and with your permission I would like to table another one on behalf of my colleague from Edmonton-Highlands. My tabling is a document which debunks the private/public partnership model for hospitals in Ontario, the P3 model. The title of the document is Brampton Health Coalition Debunking the Myths about Brampton's New Hospital. That's the first one.

The second document, Mr. Speaker, is simply a whole series of quotes from *Hansard*, starting in '97, attributable to former finance ministers, the treasurers of the province. One of the quotes says that "government has quietly reached around with a hand into the back pockets of people and slipped those extra dollars out and made as if they took nothing," and second, that "this erodes buying power and hits low-income citizens hardest."

Thank you, Mr. Speaker.

**The Speaker:** Hon. members and to the hon. Member for Edmonton-Strathcona, did the chair hear that the hon. member tabled documents of *Hansard*?

**Dr. Pannu:** Quotes from *Hansard*, Mr. Speaker.

**The Speaker:** Well, *Hansard* is the official record of the Assembly. It's printed. There's no need to table it again, hon. member.

**Dr. Pannu:** These are selected quotes.

**The Speaker:** It's all part of the history and the record of the Assembly.

#### 2:40head: **Projected Government Business**

**The Speaker:** The hon. acting Official Opposition House Leader.

**Ms Blakeman:** Thank you very much, Mr. Speaker. Under Standing Order 7(5) I would ask the Government House Leader the projected government business for the week of April 14 to 17 inclusive.

Thank you.

**The Speaker:** The hon. Government House Leader.

**Mr. Hancock:** Thank you, Mr. Speaker. On Monday, April 14, under Government Bills and Orders at 9 p.m. we anticipate completion of the debate on Government Motion 13; time pending, second reading on bills 35, 33, 34, 28, 32 and as per the Order Paper.

On Tuesday, April 15, under Government Bills and Orders in the afternoon, of course, day 4 of Committee of Supply with the Human Resources and Employment department, as designated by the Official Opposition, and as per the Order Paper. On Tuesday, April 15, at 8 p.m. under Government Bills and Orders day 5 of Committee of Supply, Executive Council and thereafter second reading of bills 35, 33, 34, 28, 32, Committee of the Whole for Bill 16, and as per the Order Paper.

Wednesday, April 16, in the afternoon under Government Bills and Orders Committee of Supply day 6, as designated by the Official Opposition the Department of Learning. At 8 p.m. that day under Government Bills and Orders Committee of Supply day 7, the Department of the Solicitor General and then second reading of bills 35, 33, 34, 28, and 32 and as per the Order Paper.

Thursday, April 17, in the afternoon under Government Bills and Orders, as designated by the Official Opposition for day 8 of Committee of Supply, the Department of Environment.

**Point of Order****Allegations against a Member**

**The Speaker:** The hon. Member for Edmonton-Gold Bar on a point of order.

**Mr. MacDonald:** Yes, please. Thank you, Mr. Speaker. I rise on a point of order this afternoon, and I quote 23(h) of our Standing Orders, which states, “makes allegations against another member.” While I was asking the Minister of Finance a question this afternoon in regard to automobile insurance rates, the hon. Member for Cypress-Medicine Hat, the Minister of Environment, stated that I had a drunk driving record and have difficulty getting auto insurance. I find this to be extremely distasteful. It’s not only disrespectful to me but to all members of this Assembly, and I would now ask the hon. member to withdraw that statement and apologize.

Thank you.

**The Speaker:** The hon. minister on this point of order.

**Dr. Taylor:** Well, Mr. Speaker, I made no such statement. I asked him a question, and the question had to do with whether or not he’d had a conviction – I can’t remember the exact words; we’d have to check *Hansard* – whether or not he’d lost his licence for drunk driving. It was in question form. But if he found that question offensive or in any way harmful to him, then I’d certainly withdraw the question.

**The Speaker:** Government House Leader, do you want to get involved in this?

**Mr. Hancock:** Well, not really, Mr. Speaker, but it was raised as a point of order, and the point of order is relative to something which was not the official proceedings of the House or presumably on the record of the House, as the person who raised the point of order mentioned he was asking a question to another minister, and anything else that was happening in the House at the time – no other member was recognized to speak.

**The Speaker:** That’s absolutely correct, Government House Leader. No other member was recognized to speak, and in this case we’re looking at the Minister of Environment, who surely was not recognized to speak. Now, the chair did not hear any of this. If it occurred at that end of the House, the chair, again, did not hear it.

Now, the rules are very, very clear, and the hon. members might just want to refer to 526 of the *House of Commons Procedure and Practice*. If the chair is not able to hear and does not hear, the chair is not in a position to make a comment or a ruling, a ruling in particular. He’s certainly in a position in this case to make a comment.

We have no record of *Hansard* having heard anything other than blurred comments, but I’m going to pursue this matter further, and I’m going to check it to make sure that such a statement was not made in the House, because clearly the Minister of Environment had no business being involved, none whatsoever. But the Minister of Environment has dealt with that, I hope to the satisfaction of the hon. Member for Edmonton-Gold Bar. The Minister of Environment said that he would withdraw the comment.

Now, the chair not having heard it, if one member says one thing and the other member says another thing, it’s very difficult to deal with it. But I don’t believe that this is at the moment, pending a further review – and we’ll check whatever we can in *Hansard* and anything else to see if there’s anything further than that, and we’ll

report back on Monday. At the moment we’ll leave the Assembly today satisfied that the matter was raised, that the matter was responded to, and if there’s anything further, we’ll report back to the House on Monday.

You want to say something further, hon. member?

**Mr. MacDonald:** Please. I certainly appreciate your wisdom and your advice, and I do accept the withdrawal of the comments from the hon. member, but I also think that an apology is in order as well.

Thank you.

**Dr. Taylor:** Well, if he is certainly offended, I have no problem apologizing, Mr. Speaker.

**The Speaker:** Thank you very much. By looking at body language and nods, then this matter is now ended, and the chair will not pursue this matter any further. It’s over and done with.

On that fine note, to celebrate and commemorate Tartan Day in the spirit outlined by the hon. Member for Calgary-Lougheed, there will now be great harmony as we declare Orders of the Day.

head: **Orders of the Day**

head: **Committee of Supply**

[Mr. Tannas in the chair]

**The Chair:** I’d call the Committee of Supply to order.

head: **Main Estimates 2003-04**

**Gaming**

**The Chair:** Are there any comments or questions to be offered with respect to this? The hon. Minister of Gaming.

**Mr. Stevens:** Thank you very much, Mr. Chairman. I’m glad to be able to provide this afternoon some information on Gaming’s estimates, because I know from all the questions raised about Gaming’s interim supply that certain of the hon. members opposite have been very, very curious about them. I hope that what they hear this afternoon will satisfy that curiosity so that they can go back to a full night of sleep.

As has been my pleasure for the last two years as Minister of Gaming, I’ve had the opportunity to review in detail with you the Department of Gaming’s estimates, which for 2003-04 total just over \$150 million, and to outline the lottery fund estimates, which for that time period are almost \$1.1 billion.

I’d like to begin by highlighting some of the key areas in Gaming’s estimates for 2003-04. The first important item is a \$13.5 million increase to the community facility enhancement program, or CFEP, which brings the program’s total budget to \$38.5 million. As most hon. members are aware, CFEP is funded through the Alberta lottery fund, and these funds are directed to community-based facilities such as playgrounds and community halls as administered through the capable assistance of the department staff. The increased funding will allow CFEP to continue this important work in communities throughout Alberta and address some of the demand created for this type of funding by this dynamic and growing province. Surely, everyone will agree that this is \$38.5 million of very necessary spending.

2:50

Next I’d like to highlight the community initiative program and its \$30 million in funding from the Alberta lottery fund. As you will

recall, Mr. Chairman, this program was announced in June 2002 after a review of criteria for CFEP and five lottery-funded foundations in the Ministry of Community Development; namely, the Alberta Foundation for the Arts, the Alberta Sport, Recreation, Parks & Wildlife Foundation, the Wild Rose Foundation, the Alberta Historical Resources Foundation, and the human rights, citizenship, and multiculturalism education fund.

The community initiatives program was designed to focus on smaller community projects and those that fall outside the parameters of the other lottery-funded programs. The program has completed its first year, and I can tell you, Mr. Chairman, that it's been a resounding success. We've handed out somewhere in the neighbourhood of a thousand grants to eligible groups for everything from replacing the table settings at the Macleod Pioneer Lodge in Fort Macleod to group home construction for the Winnifred Stewart Association for the Mentally Handicapped here in Edmonton. We need to be able to continue funding projects of this nature and many others, and in order to do that, we require \$30 million in funding.

Funding from the Alberta lottery fund of about \$46 million is requested to allow the Department of Gaming to continue the flow-through arrangements we have with three different groups. One such arrangement is with Horse Racing Alberta. A portion of the net proceeds generated by slot machines at racetracks is provided to Horse Racing Alberta to help strengthen and expand the horse racing and breeding industry in this province and create the many spin-off benefits that are important to rural Alberta.

Another arrangement is with the Edmonton Oilers and Calgary Flames, which receive the net proceeds from the sale of special NHL lottery tickets. Albertans who want to support their favourite Alberta NHL team can buy these tickets and know that the funding flows through the Alberta lottery fund to the teams. Although we are somewhat disappointed with the results of the last Breakaway to Win event, sales of the new 3 Star Selection have been strong to date.

The final flow-through arrangement is with the province's bingo associations and the charities that work bingo gaming events for fund-raising. Net proceeds from electronic bingo and keno will flow through the Alberta lottery fund and out to the associations for distribution to the charities. Installation of electronic bingo and keno has taken a little longer than anticipated at this time last year, but Albertans can look forward to playing these games before too much longer.

I think my hon. colleagues will agree, Mr. Chairman, that these arrangements give Albertans flexibility to direct their entertainment dollars to some very deserving groups and that our funding requests merely allow us to act on the directions we receive from Albertans.

The department is also requesting \$17 million in funding from the Alberta lottery fund to continue to assist Edmonton Northlands and the Calgary Exhibition and Stampede and the additional seven major fairs and exhibitions throughout the province to carry on their important work. This funding is consistent with funding requirements from previous years.

Gaming has also continued its relationship with the Alberta Gaming Research Institute and the Gaming Research Council into 2005 and is requesting \$1.6 million from the Alberta lottery fund for those groups so that they can continue to sponsor world-recognized research into various aspects of gaming.

The final \$17 million requested, Mr. Chairman, is made up of \$13 million in lottery funding for the other initiatives program and \$4 million for the administration of the department and its grant programs.

That concludes a quick tour of the department's funding requests, but before I move to the lottery fund estimates, there are two more pieces of information that I would like to share. The first, Mr.

Chairman, is really a reminder. One of the changes made to the Gaming and Liquor Act last summer was to allow the Alberta Gaming and Liquor Commission to net its operating costs against revenues. That means that the AGLC gaming operation costs are netted against gaming revenues, and liquor operation costs are netted against liquor revenues. As I explained last year, this method of accounting is consistent with other commercial enterprises within the government of Alberta. With this change the AGLC no longer receives an operating grant from the department that some hon. members may recall as program 4 in the department estimates from prior years. The details of the gaming and liquor revenues and gaming and liquor operating costs are still presented to the Legislature on page 179 of the estimates, so there is no loss of information to Albertans. In fact, I think the funding arrangements between the entities within Gaming are now much clearer and easier for Albertans to understand.

The second item is the AGLC's planned VLT replacement. The replacement itself is old news, Mr. Chairman, as it's been part of the AGLC's business plan for a number of years now, but before the hon. members opposite get eye strain from scouring the estimates for the much-publicized \$104 million replacement cost, I'll save them the trouble. Since the central system and the VLTs themselves are used to generate revenue in a commercial enterprise, they're considered to be capital, and since the Alberta Gaming and Liquor Commission follows generally accepted accounting principles, the cost of these capital assets will be reflected in its operating costs over the number of years that the assets are expected to generate revenue. That means that the gaming operating costs of the commission presented on page 179 include a 2003-04 portion of the replacement cost, and a similar amount will be included in the operating costs for the next six years.

I know that some members here are not in favour of this VLT replacement project, but the reality of the situation is that VLTs are a major source of revenue for the Alberta lottery fund. With VLTs generating approximately \$600 million per year for the lottery fund, I would be remiss as minister not to ensure that the network is up to date in terms of equipment and operating system. If we don't protect the VLT system, Mr. Chairman, we risk losing all or part of the revenue it brings in year after year for the Alberta lottery fund. More importantly, we will lose the opportunity to direct those lottery dollars to the thousands of volunteers and nonprofit groups, and millions of Albertans will lose the benefits from the projects undertaken by those lottery-funded groups. To be even clearer on the relationship, over the seven-year expected life of the new VLT system it is likely to generate more than \$4 billion. I'd say that that is an excellent business investment. Looking at this from that perspective, the amount needed for the replacement is a minor cost to uphold a major revenue stream, a revenue stream which is one of the cornerstones enabling us to assist Alberta's flourishing volunteer sector.

That brings me to the lottery fund estimates. As I mentioned previously, the total lottery fund estimates are just under \$1.1 billion for 2003-04. As has happened for the past few years, lottery funds are directed to programs in several ministries. This year there are 12 ministries including Gaming. Programs that are fully or partially lottery funded tend to be community-focused programs, ensuring that the benefits of the Alberta lottery fund are shared throughout the province.

Changes recommended by the Financial Review Commission and accepted by the government relating to debt repayment mean that lottery funds can no longer be allocated directly to debt repayment. Instead, about \$96 million of the Alberta lottery fund has been earmarked for transfer to the sustainability fund. Given the fiscal

management benefits that the sustainability fund will provide to Albertans, I think my hon. colleagues will approve of this change. Since the Alberta lottery fund does its good work through a number of ministries, each minister will be able to address detailed questions about their lottery-funded programs and initiatives when the minister meets with the Committee of Supply.

As you've heard, Mr. Chairman, there's nothing unusual in our funding request. We're simply trying to continue to operate in a straightforward, transparent fashion so that the department can provide Albertans with the well-managed lottery-funded programs that they deserve and the AGLC can continue to provide Albertans well-managed and well-regulated gaming and liquor industries. It's a simple request, and I would encourage all hon. members to support us.

I have from the department certain members that I would like to recognize this afternoon, and perhaps I should describe them in terms of FTEs because that seems to be the nature of the discussion. I have, specifically, three full-time FTEs located in the members' gallery. Norm Peterson is the Deputy Minister of Gaming and also the CEO of the AGLC and the chair of the board of the AGLC. But I think that for technical purposes he is a Gaming FTE as opposed to an AGLC FTE. Just a little hint there. Ann Hammond is our assistant deputy minister, and Jeremy Chorney of course is my executive assistant.

3:00

I believe that the way we will be dealing with the first hour this afternoon, which is devoted to the benefit of the opposition, is that they will ask questions and I will respond. To the extent that I do not respond to questions that are asked, I will provide written responses both for the next hour and until this particular segment of Committee of Supply is concluded.

**The Chair:** The hon. Member for Edmonton-Centre.

**Ms Blakeman:** Thanks very much, Mr. Chairman. Yes, indeed, as the minister has just pointed out, we did have a moment to speak and agree that over the next hour, the first hour being dedicated to opposition questions, he and I will go back and forth with a short series of questions and answers, and of course as always I appreciate him responding to any unanswered questions in writing.

I would like as well to acknowledge and thank the staff that work with the minister. I'm pleased that they're able to be out to witness the debate today.

As the minister has hinted and likes to respond to this critic in question period that we're missing information somehow or not knowing information, after today and all of the thorough and detailed answers he'll be giving me, if there is any lack of knowledge in the future, then we can lay it at his door because he will have answered the questions so fully.

I would like to start by acknowledging a couple of the programs that the minister mentioned. An increase to the CFEP grant, the community facility enhancement program, which is a program that is of great value to the nonprofit and NGO, nongovernment organization, sectors. With matching equity or sometimes sweat equity put into it, they can achieve up to \$75,000 in grant money, and this is a very valuable program to the community. I notice a slight increase in this, and that is following with what was in the business plan from the ministry last year.

The CIP, the community initiatives program. I think we need to note that the credit for the very existence of that program should go to the community who lobbied persistently and gathered a great deal of community effort fueled by the power of outrage to have the

government put in a replacement program for the loss of the community lottery boards, and in fact the CIP came about as a result of that, I believe. Although a number of people have expressed disappointment that the program is not the same – it's not local decision-making; there is a cap on the amount of money; it does require in most cases matching funds, none of which existed in the previous community lottery board program – nonetheless groups are certainly looking for assistance, and they're happy to have the program that's there.

There are seven areas that I'd like to discuss with the minister. Problem gambling. My second category of questions is around: how much is enough? The third category is the reviews that are going on; that is, the eligibility for licences and the use of proceeds. The second review is the bingo terms and conditions. The fourth category is the unallocated funds. The fifth category, Internet gambling. The sixth category, the new VLTs. And the seventh one for me is a number of financial questions.

I do have to state my bias up front in this discussion. The minister likes to talk about how much this money benefits the volunteer- and community-based sector in Alberta, and I fundamentally disagree with the VLTs in Alberta. I actually feel quite strongly that the government is addicted to gaming and gambling revenues and has made all Albertans addicted to gambling revenues. But we're addicted now, and there's more money brought in through the gambling sector than the government is now receiving through all kinds of oil royalties. I have a bias in that I fundamentally disagree with the use of gambling as a revenue source, but I'm not on the government side – I'm on the opposition side – and I don't get to set this. But I thought it was important that I put that concern up front.

Now, starting with problem gambling. There was recently a gambling conference that was held in Calgary, and some of the issues that were raised were around youth gambling and the fact that the video screens on the new slot machines and the VLTs are very similar to the kind of eye movement and presentation that's available through video games. There is a concern that children can move very quickly from those sort of innocent video games into gambling, and that's been raised by a number of experts that are working and are concerned with youth gambling. I'm wondering what specifically this government is doing to address the issues around youth gambling and what programs there are in place. If we look at an overall heading of problem gambling, then youth gambling and youth addiction is one of the areas that falls underneath that.

I did take some time to contact people in the gambling addiction area and ask if they had any concerns that they wanted us to bring forward. Gary McCaskill from G-Mac Consulting raises the issue that "each year more and more Albertans present for gambling related problems, yet these numbers are disproportionate with the number of problem gamblers that research tells us there are in Alberta." So we have a reality gap there, if you'd like. Going hand in hand with that is the services that are currently provided by AADAC or AADAC-funded agencies. How can these be effective when there's an uncertainty about the number of problem gamblers that are actually presenting? He wonders also about the exclusivity that AADAC has in this area and wondering if that is impacting the effectiveness of the programs and Albertans' choices on access to services. For example, he notes that many Albertans view AADAC as a drug and alcohol agency, but in fact that's the only source or window to access gambling addiction, and people don't want to be painted with the drug and alcohol brush when they're looking for assistance with problem gambling.

Ralph McNabb notes that the biggest problem is the lack of treatment centres and prevention programs, a lack of treatment centres for problem gamblers. There are a handful of treatment

centres in the province, but most of them very limited, two weeks in length, and he feels that it's just not long enough to be effective. What work has the ministry done on what is the appropriate amount of time? That's a problem that I see repeat itself in a number of government departments, where a program is offered but not for long enough. So in the end really how effective was it to give somebody two weeks of addiction counseling when it can be shown somewhere else that it takes six months, for example? Now, I'm pulling that out of thin air, but that's the kind of information that I'm looking for. Do you have something that clearly says that two weeks of treatment on gambling addiction is enough to kick it? Or is that enough to kick it for 10 percent of the people or 50 percent of the people or 70 percent of the people? What's the information that you're working from that would make you make the choice of a two-week treatment program? Mr. McNabb notes that there are no treatment centres in Edmonton. There are some workshops held here, but there is no intensive treatment available. He feels also that there's completely inadequate funding. His group, which is the Problem Gambling Resource Network, is now doing 450 workshops a year, and there's been no increase in funding for four years.

That is part of my larger question about the link between the increased revenues through gambling and how much of that revenue is dedicated or attached to problem gambling treatment and research, and there is no connection. There is no percentage connection. It's not attached in any way. I think that if you actually run the numbers, the amount of money you come up with put into gambling addiction is a fraction of 1 percent of the money that's brought in from gambling in the province. I'm wondering if the government is prepared to tag or attach a certain amount of money for problem gambling. I know that in Ontario they look at I think it's 1 percent. Oh, yeah. The budget in Ontario is that 2 percent of the VLT revenue goes to problem gambling. That was an amount of \$29 million last year and \$36 million this year. So it's very specifically tied together. That only makes sense to me. If you've got more gambling revenue, you've probably got more gamblers, and therefore your percentage of problem gamblers is also going up with it.

3:10

I'd also like to repeat my question of earlier years around: is the government or any research institute any further ahead in understanding the link or being able to prove the link between white-collar crime or any kind of crime and gambling addiction? We know that drug addicts, for example, commit crimes to fuel their habit. They go out and they steal things and they sell them and they take the money and they buy drugs with it and they ingest the drugs. It's believed strongly by a number of people that the same thing is happening in gambling, that people need money to fuel their gambling addiction: they go out; they commit a crime. But there has been no tracking up to now in the same way that there has been with the petty crime, where we're able to actually track how much money this is costing us and how much crime is being generated. So I'm looking for an update on that one.

I think those are the issues that I wanted to raise under that first section of problem gambling, so I'll turn it over to the minister, and then I'll come back for the next one on: how much is enough?

Thank you.

**The Chair:** The hon. minister.

**Mr. Stevens:** Thank you very much, Mr. Chairman. Just a quick comment with respect to the hon. member's statements regarding the community facility enhancement program. The existing upper limit

is in fact \$125,000, not \$75,000. Seventy-five thousand dollars is CIP, so that is the monetary distinction between the two.

Dealing firstly with the youth gambling comments. I believe the recent conference dealing with this matter was in Lethbridge, and I did not attend it. I attended it for the purpose of making some remarks at lunch, because I did have to get fed that day, but apart from that I was unable to attend the conference. Members of the department were there, and as such a brief is being prepared for me so that I know what went on.

I do know that there were some topics regarding youth gambling. The first and most obvious statement I would make is that in order to gamble in Alberta, one must be 18 years of age or over, so youth, if you define them as persons under the age of 18, in fact are not allowed to gamble here. We have introduced as of last year rules to ensure that there are adequate fines for establishments that would breach that rule. In fact, there are now fines that can be levied on a youth who would breach it. The information that we have is that that is not an issue. It is not an issue of youth entering the authorized licensed establishments that are casinos or racing entertainment centres or lounges that have VLTs to participate in gambling or that they in fact approach some 2,000-plus retailers who vend lotteries. That is not something that we have information indicating that there is a problem with. We do monitor that. We do have over history some examples of it happening, but there's no indication in this province that that is an issue.

According to the most recent information I have, AADAC is currently in the process of finalizing a report regarding I believe a study of junior high and senior high school students in the province regarding their habits as they relate to drugs, alcohol, and gambling. So I think that in short order we will have what I would call perhaps some form of prevalent study regarding that issue, which will give us a snapshot of what is happening in that area and what the attitude of youth is in this province. I don't know anything more about that. I do anticipate that in the next few months we should have access to that information, but once again that's an AADAC study. That's not something that is under my ministry per se.

With respect to the comment on a problem gambling survey creating a certain impression regarding the number of problem gamblers and anecdotal evidence indicating a different number, I can say that as a result of establishing the Alberta Gaming Research Institute, a new method of measuring problem gambling in Canada was created, and I believe it's the Canadian problem gambling index. In fact, it was created by two researchers here in the province, and at this point in time it's my understanding that they have used that particular survey or methodology to do surveys of all of the provinces in Canada. In the province of Alberta the information is that some 1.3 percent of those that gamble are problem gamblers and that another 3.9 percent would benefit from treatment assistance. So in round figures 5 percent is the number that is reflected in that survey, which would have been conducted some time over the course of the past year or 15 months. I believe the information came to me about a year ago or thereabouts.

So that is the most recent information here in the province, and on the basis of the review that I have done, comparing ourselves to other provinces, it seems similar. In other words, whether you go to Ontario or Saskatchewan or other provinces, it would appear that about 5 percent of the population that gamble fall into the category of people who would benefit from some form of treatment, with about 1.3 percent being problem gamblers who have a lot of impact on their lives as a result of that addiction.

With respect to the experts in this area in the province the experts are without a doubt AADAC. AADAC is celebrating their 50th anniversary as an addiction treatment organization, and I know my

ministry and I believe all Albertans look to AADAC to determine what there is to know in the province – at least that's the starting point – regarding addiction to alcohol, gambling, or drugs and what kind of treatment is available. I can tell this hon. member that as a result of a very recent survey that we did, 95 percent of Albertans are aware that AADAC offers the services that they do for alcohol and gambling, so I'm satisfied that Albertans fully understand that AADAC is out there and available for them.

As it relates to what we do within Gaming, there are a number of things that we do. All of the machines that we have have AADAC's 1-866 number on them for help. The new VLT machines are going to have that information in electronic form. There are posters that are out. The information that we have is that the collective effort to communicate the fact that there is help available is well known to all Albertans, and I think that that is a good thing.

Regarding the issue of funding, once again, AADAC is part of Health and Wellness. It's one of its line items. We have for some time through the Alberta lottery fund funded in its entirety the budget of AADAC, and once again this year we are doing that, and once again it has gone up. I believe it's gone up something in the order of \$1.7 million. My understanding is that generally speaking the money that AADAC receives with respect to problem gambling and which they devote to that particular issue is the money that they feel is appropriate to that particular issue at that point in time.

3:20

In other words, if you compare it to alcohol, alcohol is an issue that this society has lived with for a longer period of time. I think that people in the business of addiction recognize that it is better understood than gambling addiction, that the experts understand alcohol addiction better than gambling addiction, that society understands alcohol addiction better than gambling addiction, and that there is a reflection of that in part in the people who seek out treatment. So the resources that are necessary for that are less than on the alcohol side. I think that on the basis of people that I've talked to and what I've read, that seems to be a fairly consistent message that's coming through. But the key point here is that it's my understanding that the amount of money that we are devoting to this through the AADAC budget is in fact an amount that is appropriate to the situation in accordance with the people we look to as being experts in the matter.

I mentioned that we will be introducing responsible gaming features on the new VLTs – we can talk about that later when you get to that in one of your later topics – but we also have been funding now for four years the Alberta Gaming Research Institute for problem gambling research, and we have just finished the first year of a three-year program. They've now received four years of funding totaling \$1.5 million per year. I believe they have something in the order of 30 projects that they have already awarded and which are in progress in various stages, and I believe that some time this spring they're going to have another awarding of research. So that is being done, but my understanding is also that when it comes to research, research with respect to problem gambling matters is relatively new, and we can be very proud of the people here in Alberta who in a relatively short period of time, four years, have developed an international reputation. But there's much to learn in the area, and we continue to be part of that through funding.

The member is quite correct that we do not have any percentage allocated towards what I would call the issue of responsible gaming. We have certain initiatives that we think are addressing the issue, and we have no intention at this point in time of arbitrarily identifying an amount by percentage or otherwise that is going to go to that because, as I indicated in an earlier comment, AADAC is the expert

in the matter, and when it comes to actual treatment, it's their budget through which that is done.

With respect to crime and addiction and what links there are, from time to time you hear a comment on the news or read a comment in the paper from someone who says that there is such a link. My understanding is that there is no such link established by any research to date. In other words, while there are crimes that are connected, there is no indication that there's an increase in crime as a result of gambling being available. I can tell you that there was research recently. I don't know at what stage it is in the publication process, but two of the researchers who are funded through AGRI worked with the Edmonton police force to review their files in certain crimes with a view to finding out if they could make a connection between those crimes and gambling. I don't know that that particular research has been published. I know that it has been done, and my understanding, once again on the basis of very cursory information – it was probably secondhand – was that the files of the Edmonton police force are such that it doesn't disclose much in the way of a connection between crime and gambling.

Once again, methodology of recording information and the questions that are asked often have something to do with the information that you get. I think we can look forward to that study coming down and making comment, but it wouldn't surprise me if one of the issues is whether or not that type of information is asked for and recorded. That could be part of the issue, whether there's a standard approach. When we had this issue earlier in the year regarding the link between gambling addiction and suicide, one of the issues was the relativity of information from one jurisdiction to another, and it was determined that the medical examiners who are responsible for that information from jurisdiction to jurisdiction don't use the same methodology. Therefore, it's not reliable to make comparisons from one jurisdiction to another, and indeed I think there are even some issues with respect to the value of the information that is recorded for those groups who in fact do record some information.

You know, if you want to have good information with respect to these kinds of links, hon. member, I think more work is going to have to be done on getting the good information in so that people who understand this kind of thing can do the research.

**The Chair:** Before I recognize the hon. member, I wonder if we might get agreement from the committee for the brief reversion to Introduction of Guests.

[Unanimous consent granted]

head: **Introduction of Guests**  
(reversion)

**The Chair:** The hon. Member for Edmonton-Mill Woods.

**Dr. Massey:** Thank you, Mr. Chairman. It's my pleasure to introduce to you and through you to members of the Assembly Jimmy Ragsdale. Jimmy is in the public gallery. He's from Edmonton-Glengarry, and he's an adviser to the Member for Edmonton-Glengarry. With your permission I'd have Jimmy rise and receive the traditional warm welcome of the Assembly.

head: **Main Estimates 2003-04**

**Gaming (continued)**

**The Chair:** The hon. Member for Edmonton-Centre.

**Ms Blakeman:** Thank you very much. Continuing on then. The second series that I was interested in asking questions on and having

the minister respond I've entitled: how much is enough? Really what I'm looking for here is: does the minister have any data to show how much gambling is enough for a given market? Alberta is not a destination hot spot for gambling. I believe the minister would be hard-pressed to prove that people are signing up for bus tours to truck them into Alberta as a destination tourist market for gambling activities. Therefore, we have a finite number of gamblers here, and my question is: how much gambling is enough? How much will the market bear, so to speak? Given so many square feet of casino space and so many gamblers, where do we reach our saturation point?

The minister has been quoted widely recently – actually, I'm assuming he did his own press conference yesterday – saying that there were nine new casinos coming into the province and that we have an additional I think it's 16 applications that are pending or a number of additional ones that are pending, particularly aboriginal casinos. So that is my question. What is the minister basing these granting of licences on? How much more can we take? Can we take 25 more casinos in Alberta? At what point does it start becoming diminishing returns? I'm looking for specific information on how many people play casino games, how much they gamble on average, and where they're coming from. As I say, I'm pretty sure I'll be proven right in that they come from here, that they're not acting as a tourist in Alberta to reach gambling destinations.

3:30

Another part of that is that there is a connection between illegal and legal gambling; for example, the poker rooms. If you have poker rooms that are going on in casinos – in other words, legal poker – that does in fact create a certain amount of after-hours or illegal poker because people start playing, they want to keep playing, and the casino is now closed. We even have late poker rooms here, but even then they do shut down eventually. People want to keep playing, so then they start to look for the illegal gambling and the connection that's happening there. So what kind of work has the ministry done on that connection between legal gambling creating illegal gambling? Or perhaps he doesn't even consider this to be an issue or a problem, but I'd like his thoughts on that.

Further to that is the issue around VLTs creating illegal gambling. I know that back when the Member for Barrhead-Westlock, now the Speaker, was the Economic Development minister – I've heard him speak a number of times that back 10 years ago the advice given was that if the Alberta government didn't get into the VLT business themselves, we would be overrun with illegal VLTs. Well, the truth is that I think the statistics show that Alberta does in fact have fewer illegal VLTs, but I don't know how that stacks up when you start looking at places like B.C. and Ontario, B.C. in particular, which has no VLTs. Obviously, the minister knows what I'm talking about there.

Now, part of this “how much is enough” is around the aboriginal/First Nations casinos. There are a couple of issues there that have been raised repeatedly. One is around what some people are perceiving as an unfair distribution or allocation of the proceeds, some concerns from certain business sectors that there will be unfair competition, that money is able to be used by First Nations gambling to enhance other parts of the facilities on the First Nations properties. As well, there's the issue of the court cases that are currently going on in Ontario.

I know that there is a backlog, and the case that I was waiting to be decided is fairly far back in the line, but I'm sure the minister is familiar with it. That is the case where the one First Nations had an agreement with the Ontario government that a certain amount of money would be turned over as part of their agreement, not unlike the agreement that the Alberta government has worked out whereby

30 percent I think was to come back to Alberta Lotteries as compared to the usual 70 percent that's coming back to Alberta Lotteries. So there was a deal worked out between this particular First Nations and the Ontario government, but First Nations operated the casino, and in fact they never turned over any money at all. When the Ontario government said, “Excuse me, but you owe us the money; that was the deal,” they said, “You have no jurisdiction on First Nations land. You're a province. Go away. You annoy us.” That is now in court obviously, and I'm assuming that the casino continues to operate and they continue to make the money. The Alberta government was proactive in negotiating the agreements with the aboriginal casinos, but what plans are in place or what expectations does the government have in case things don't play out the way that they want? Are there any kinds of other plans that are being put in place here, as much as the minister would be able to talk about? I'm happy to receive things in writing on that one.

Now, we do have a difference in the formula, and I have had a number of groups approach me and say: what's going on here? It's particularly around the First Nations development fund. Correct me if I'm wrong, but that fund is available for any First Nations to apply for it for grants or for moneys from the fund. My question is: does that include urban aboriginal groups applying, even provincial aboriginal groups? In other words, not specifically off of another reservation or another identifiable First Nation or tribe. Would the Métis be able to apply to this fund? Would nonaboriginal groups who are offering programming to aboriginals be able to apply to this? In other words, the Brothers and Sisters group in Edmonton is very active. They're offering a number of programs. If they wanted to offer a program that specifically targeted aboriginal youth in the inner city of Edmonton, would they be able to apply to that native development fund for moneys to support that program, or would they be cut out because they're not an aboriginal group?

The perception there is that the normal amount or percentage of money that would be coming back into the lottery fund to which all groups could apply will not have the same percentage flowing through. A separate fund is being set up. Only certain groups can apply to that, and the other groups are not going to be able to access that money, and there's a question of fairness that's being brought forward there.

I think that what I'm going to do is add the other section in that I was going to do, and that's around the reviews. We've got the eligibility and use of proceeds review that was going on, and my question about that is: why was that not completed or not made public prior to this budget coming out? From where I'm sitting, it only makes sense that we would know what the end result of that review was and how it was going to impact upon this budget. We don't have it, or at least it hasn't been released publicly, and I'm wondering: does the minister have any expectation that this will affect the budget, the dollars that are being brought forward in his budget, from the results of that review being done? Certainly, I think it's going to affect some of the groups that had been receiving money or had been trying to access licences for casinos and bingos.

There are a couple of very specific issues around that. One of the issues is around adult sports. I think I even asked a question in question period once that there seems to have been a prohibition against athletic groups getting licences to do casinos, and then seniors' recreational athletic groups were allowed to do it and youth recreational athletic groups were allowed to do it, and at this point the only group that's not allowed to do it is the adults. So now we really do have an inequity. I can't see the government turning around and punting the seniors and the children and the disabled people, but there seems to be an insistence that they are not going to include and allow the adult sports groups. We have money being



spent by one department that is trying to promote healthy, active lifestyles, and then we have the minister's department, which is considering refusing or continuing the prohibition against adult athletic groups from trying to make this available. Now, this may well be an ideological difference where the government says: "You're adults. You're not disabled. User pays." But I'm having trouble reconciling these two things where we have another government department spending money to tell people to get out and get active, and groups that are trying to provide that outing and that outlet are being prohibited from helping to fund their activities through a different department.

I'm assuming that the problem with groups like the Edmonton Sport Council is being addressed by the ministry. I had raised this a year or two ago where they were trying to run casinos, because they're an umbrella organization, essentially on behalf of a number of groups and were being prohibited, and they had gone to the ministry. I'd like an update on that, please, to know what's happening there.

3:40

The bingo terms and conditions. Just a couple of issues I want to put on the record for the minister to know, and I'm sure he's gotten the same letters. I hope he got the same letters as I got. A couple of issues being raised there were particularly around the use of staff, paying staff. My concern with that is that I can see a point in the future where the ministry turns around and says: "Gambling in Alberta is based on a charitable model. We no longer have the charities doing the work," i.e., supplying the volunteers, because they're now paid staff, "and therefore we can withdraw" – I would say further, but the minister I'm sure would say withdraw – "funding from those groups or access to gambling revenues from those groups." I have a real concern that that's what's being put in place for down the road, and I'd like to get the minister very clearly on the record with a philosophy, a policy, an ideology, future plans, or however he wants to couch it. I'd like to get that on the record, please.

[Mr. Lougheed in the chair]

Secondly, I know that there is still some time for groups to respond to the draft bingo terms and proposals, but a number of groups were very concerned that they were not given enough time. Not-for-profit groups need better than three months' turnaround time, and I think that after the extension they got exactly three months' turnaround time. Also, a number of them did not receive the full report. They didn't even know they didn't have the full report, so that in itself was a problem, whether there's any possibility of a further extension on that.

I myself have a real problem with choices being made that are extremely unpalatable for these groups, and the one that I am most concerned about is the bingo and booze proposal. That is that electronic bingo aside from handheld electronic bingo will only be allowed in facilities that are also providing liquor, and I really have a problem with that. It is putting a number of groups in an untenable situation, and I am very concerned about what is behind the ministry's thinking in putting that forward, and I'd like an explanation on that, please.

I think, actually, I'll just sort of add the one more little bit in, and that was on the unallocated funds. Now, when I asked the minister a question in question period the other day about the persistent rumours and stories that we hear about unallocated funds, I certainly got some interesting facial expressions from the minister. Nonetheless, the rumours persist. Now, the minister seemed to be telling me

in his response to my question that in fact these so-called unallocated funds are appearing as the new initiatives line, and if that's the case, then I would like to have the criteria for applying for funding under the new initiatives line. If it's not a grant program, then what is it? There's an increase in it this year. It went from \$10 million to 13 million dollars and change this year, so what exactly is that new initiatives program? Is it a grant program? If it is, what's the criteria? I'd like a list of who has received the grants through that program. The minister mentioned Vertigo theatre in Calgary, and I think he indicated that the money for Vertigo came from new initiatives, which is leading me to believe that it is a grant program and that people have applied and received funds through it. So I'd like a list of the groups who have received that funding.

I'm also wondering – I'm looking throughout the budget, and I'll ask this in every department – is there any money in this fund under the minister's control, under any of the grant programs that is earmarked or set aside or believed to be in support of a centennial or legacy program or projects or grants anywhere in his department? There was a significant amount of money in the budget two years ago. It was cut, and I cannot find any single line item that is coming back that's looking the same. So I have to believe that the government has split up the money and it's now tucked away in a number of different departments. I'd like to know if any of it is tucked into this minister's department.

I just combined three different sections for the minister, but I appreciate that they were pretty small. I'm sure he can handle it.

**The Acting Chair:** The hon. Minister of Gaming.

**Mr. Stevens:** Thanks, Mr. Chairman. The first area dealt with: how much is enough? I think the focus essentially was with respect to new casinos, but I think it's important to just have an overview of exactly what authorized gaming is in Alberta.

Basically, authorized gaming involves the provincial lottery, which is the lottery tickets, the VLTs, and the slot machines, and then you have bingo, and then you have the raffle tickets. Essentially, lottery tickets are sold through some 2,000-plus retailers. It's a relatively mature market, and it changes from time to time, because that's necessary to continue to market the product, but it's a relatively stable and mature market. VLTs have been capped at 6,000 VLTs since 1995. We reiterated that they would continue to be capped as part of the licensing policy review that we released in 2001, and that continues to be our plan. So that's a static number, if you will. Bingos are very much a charitable model, and the government, in fact, does not earn revenue from bingos with the exception of some modest licensing. So really you're down to casinos as being the potential growth area in gaming in the province and racing entertainment centres, which is part of the racing industry renewal initiative. Those are the two areas where you can concentrate the discussion and really not miss anything at all.

In December of 1999 the government froze expansion of gaming so that the licensing policy review could be done, and in the fall of 2001 the policy review and the government's response to it was released, which was to accept the recommendations. In March of 2002, after further consultation of stakeholders, the final rules with respect to expansion of casinos and racing entertainment centres were released. The moratorium was lifted.

What I'm going to deal with is just simply the expansion of casinos, because that's really principally what we're talking about. What that process did was establish an eight-stage process. It incorporated into that the fact that it wasn't government that was initiating this – it would be members of the community, a private enterprise if you will, that would have to come forward with an

initiative – that communities had an opportunity to say no, and that there was going to be the need for viability if the process was to be pursued successfully. So essentially it was going to be up to the private enterprise to come forward with a proposal. Communities could say: we don't want a new casino in our community. In any event, it would have to be a viable operation. In other words, it would have to make sense within the charitable model, which is, in fact, what casinos are all about.

[Mr. Tannas in the chair]

The hon. member is undoubtedly aware of some communities which have been pre-emptive with respect to this issue. Lloydminster recently had a plebiscite where they voted not to have a casino in their community. Edson had a vote last municipal election which was in favour by a small majority, and I think it was at the same time that Strathcona county had a vote, and they voted not to have casinos.

Now, Lloydminster and Strathcona, from my perspective, are two communities who have established the facts to say: our people do not want casinos here. And whether they're viable or not, any application that went forward would have little likelihood of success.

3:50

The article that appeared in the paper recently – I think it was this morning as a matter of fact – indicated that there would be nine new casinos, and in fact what I was indicating to the reporter was that there are nine areas in the province in which notices of expressed interest have been received, and that doesn't mean that there will be nine new casinos, because what's necessary is that there is going to be no negative response from the community in which those casinos are proposed. It will be necessary for the applicant to pursue the matter, and this is a timely and costly exercise, so there are people who can start the process and not proceed, and they have to be in areas which are viable. If all of those things come to pass – that is, the community either supports it or is neutral about it, the applicant pursues it, it's a good plan and in an area that's viable – and if all other conditions that are required by the municipality are met, then I would suspect that there's a pretty good likelihood a new casino licence would be granted, and if they have the money, they'll end up building it.

Because it's driven by those things, we in Gaming do not have a vision of how many casinos there will be, but I agree with your perspective that when you have 3 million plus people in a market which is largely going to be domestic as opposed to destination – I think there is some destination in the sense that people from Saskatchewan, people from B.C. do come, but it's no Vegas; there is no illusion in that regard, so it's essentially a domestic market – there is going to be a maximum amount of gaming that makes sense, but that is going to be measured from time to time based on the applications that come forward in the communities where they are brought forward. Some communities may make sense; other communities may not. As I said, some communities that make sense might say no. It's going to be measured by the AGLC on an application-by-application basis.

Now, I believe at this point in time there are nine different streams of applications. I must just indicate that all of the information with respect to the rules regarding new casinos, the eight-stage process, and the status of the applications can be found on the AGLC web site. We try and keep it completely up to date, so if you want to know what's happening and who the applicants are, to the extent that that information is available, it's all on the AGLC web site.

Four of those nine streams are First Nation; five are traditional.

So there are four First Nation potential casinos and five traditional casinos. I think the total number of applicants in those nine streams might be something in the order of 25 to 30. It'll be up in that number, say 25. There are a number in Edmonton, a number in Calgary. There are a number in the central region. In three of the First Nation areas I believe there's only one applicant. In one of the First Nation streams, in the last one, there are six. So it just depends on which one you're looking at.

You asked about a connection between legal and illegal. Alberta Gaming and the AGLC have jurisdiction with respect to authorized gaming, and that means gaming within our environment: at casinos, at lounges where VLTs are, at bingo. Outside of that environment it's a police matter. We work very, very closely with the police with respect to these things, and in fact there is a committee involving AGLC, city police in Edmonton, Calgary I believe, Lethbridge who work together regarding matters of common interest. From a jurisdictional point of view the illegal gaming, as you put it, is a police matter and not an AGLC matter. But we understand full well that there is an overlap, and we work together in order that we have common information, and to the extent that we can assist one another, we do.

With respect to VLTs and illegal gambling that is not to my knowledge an issue in this jurisdiction, and I certainly agree with the comment that was made earlier, that one of the reasons for government to be in the gaming business is to ensure that there isn't an illegal, criminal element that is successful in dealing with illegal gaming, because that can be very, very lucrative. I believe that in B.C. not long ago – as you rightly pointed out, there are no VLTs – there was something in the order of 3,500 gray machines; in other words, illegal VLTs. That just creates a whole host of different issues for us to deal with. At least with the way that we're dealing with it, we have an income stream and we know where they are, and I think that when it comes to illegal machines, we've effectively, because of the way we've dealt it, eliminated that.

Poker rooms do go all night. I'm sure that there are some illegal poker games out there some place, but the fact of the matter is that casinos will stay open 24 hours a day for poker players. That's the way it's set up. They have their own door, and they can play as long as they want provided there are people to play. So I also don't believe that that's much of an issue, although I'm sure that it does occur from time to time.

The First Nations gaming matter. You're right. The First Nations gaming policy, which was announced in January of 2001, was a result of negotiations between the government and the First Nations of Alberta, some 46 First Nations. The detail of that was ultimately put together late in 2000 and was voted on and approved by all chiefs, if I recall correctly, early in December 2000, and as I said, government approved the final terms of that in January of 2001.

It sets out the parameters of that particular program. Essentially, the way I look at it is that the gaming rules with respect to traditional casinos are 98 percent applicable to First Nation gaming. The differences are that First Nation casinos must be built on reserves that were in existence as of January 2001 or which come into existence and which are contiguous to an existing reserve after that date and with the approval of the government. You have the 15 percent that goes to the operator in both cases. You have the 15 percent that goes to charity in both cases, except in the case of the First Nations it will be a First Nation charity in all likelihood; in other words, one charity which will operate it 365 days a year rather than 180 charities that operate 365 days a year. The money that the First Nation charity receives must be used for charitable purposes just as the money received by the traditional charity with the exception that – and this is an employment economic incentive – the

First Nation can pay its volunteers so as to create some employment for people on the host reserve. So that's the difference on that particular line.

The hon. member correctly outlined that 40 percent of the slot revenue goes to the First Nation development fund, and 30 percent goes to the Alberta lottery fund. That is a difference because traditionally it's 70 percent. The hon. Minister of Community Development is responsible for the First Nation development fund. The First Nations gaming policy agreement that was reached in January of 2001 sets out the parameters, and those parameters indicate that the money, the 40 percent, can be used for economic, social, cultural, educational purposes, but it cannot be used to build or operate the casino. It's my understanding that 30 percent goes to the host First Nation, and 10 percent is available to other First Nations. So if you think of it in these terms, if you have 46 First Nations and one casino is built, that one First Nation will receive 30 percent of the fund, and the other 10 percent will be available to the other 45. Where did those numbers come from? Those numbers came from the First Nations. Among themselves they said, "This is the way we would like to deal with this matter," so we accepted that as part of the First Nations' development. People can have their own point of view with respect to it, but the fact is that the First Nations people themselves are the ones that chose those numbers.

4:00

With respect to who can apply and can it go off reserve and so on and so forth, one is going to have to wait until the terms of the First Nations' development fund agreement are finalized. Those are still under discussion. As the Minister of Gaming and knowing the process that has gone on to date, my perspective is that if it is for the economic, social, cultural, or health/welfare of aboriginal people, I don't know that this government is going to care where the money is spent, whether it's on reserve or off reserve.

At this point in time I believe that the tenor of the agreement with the First Nation peoples is that it will be with First Nation people as opposed to Métis people, that it will be reserve based as opposed to off reserve based. But if someone came to me and asked me, "Do you have an objection if money goes from that particular fund into an addictions treatment centre located in the city of Edmonton or Calgary?" I would say: of course not. So I think it's going to be in large measure driven once again by the First Nation people rather than by the government. If they want to have a broader group that can access that money, so be it, but that's a discussion I haven't been privy to, and I don't think we know exactly at this point in time where it will go or whether it will happen.

With respect to the arrangement we believe that the First Nations have accepted that the province of Alberta has jurisdiction with respect to the matter of gaming, and that's why we have a policy. With respect to the operation we have the AGLC approving the licensing of the operator and the charity and all of that just as they do in the traditional, so that is identical. We control the process. The machines that will be located on the reserve are going to be owned or leased by the government through the AGLC, as they are in the traditional, and they will be controlled in the sense of on or off and the servicing, just as they are in the traditional.

So from my perspective we have all of the same kinds of control features with respect to First Nation gaming that we do with respect to traditional; in other words, if there's a problem, we have the ability to move in and deal with a serious problem. We aren't looking for that. We are looking to have success with respect to these matters. I don't spend my time thinking about that, but I can tell you that when we went through the amendments to the Gaming and Liquor Act last year, we included things like receivership. We

thought through the "what if we have a problem" scenario to build in the remedies that we thought were reasonable, so at this point in time I feel that we have all the control we need relative to any casino in the province should there be an issue.

**The Chair:** The hon. Member for Edmonton-Rutherford.

**Mr. McClelland:** Well, thank you very much, Mr. Chairman. May I start by recognizing the minister and the minister's command of that ministry and his co-operativeness with other members throughout the year. In my opinion, the Minister of Gaming certainly has his hand on the tiller, and he knows what he's doing, and I think that should be recognized.

Having said that, I would like to, if I may, take this part of the debate on the estimates in a slightly different direction. Following up on the direction the Member for Edmonton-Centre has taken us in on gambling, I wonder if we might go to the notion of fetal alcohol syndrome and what the department is doing in that regard.

In the core businesses, goals, strategies, and performance measures of the department on page 175 item 3 says: "Support leading-edge research on gaming and liquor issues in Alberta and partner to build awareness of the social aspects of gaming and liquor." The report of AADAC, which of course reports through Health and Wellness, indicates that the percentage of women who consumed alcohol during pregnancy is suggested to be 4 percent, and the target for the end of next year is 3.8 percent, which would be a significant reduction.

There is no question that alcohol and the consumption of alcohol by women who are pregnant have very significant societal effects, none of which are good. The societal cost is huge in the loss of potential to the children that are involved, in the dysfunction within the family unit that's caused by this dysfunction, later in the school system, and, then, unfortunately, in the criminal justice system. I am aware that the majority of people incarcerated do suffer from either fetal alcohol syndrome or fetal alcohol effect. So I don't think that we need to make the case that as a societal problem that can be cured, it should be, if not the number one priority, very close to the number one priority. Since it's identified as a core business of the Department of Gaming, I'm wondering what is being done with regard to research, as has been outlined, within the department.

Secondarily, I'm wondering if there has been any consideration to covering the cost or at least starting to cover some of the cost of fetal alcohol syndrome and fetal alcohol effect by the manufacturers of alcohol, who profit from the sale of the alcohol? Perhaps those resources could be directed to prevention of fetal alcohol syndrome and trying to help the individuals concerned both in the family setting and as individuals in intense therapy, because the benefit to our society would be tremendous.

[Mr. Renner in the chair]

In the opinion of many, shared by myself as an individual, we're putting far too much emphasis on the end-of-life issues and far too little on the beginning-of-life issues. We're spending a fortune in health care for people who are in the twilight of their years when we could have as a society a much better bang for the buck and do far more good in society by putting far more resources in the front end.

Thank you.

**Mr. Stevens:** Well, thank you, member, for the kind comments on the good work that the Gaming and AGLC staff do. I'm very, very proud of my department. We have people with a long history in government, a long history in this area, and I would think that when

it comes to corporate knowledge, the Department of Gaming and the AGLC stack up well against anybody else in government. It's one of those areas where people seem to like working, and when they come, they stay.

In that regard what I'd like to do is also just introduce one other person who has joined us, and that is Marilyn Carlyle-Helms. She is our director of communications, and she's been doing an excellent job with us over the course of the last 18 months or so.

**4:10**

You raise a very important issue; that is, responsibility and alcohol, particularly as it relates to FASD. The nature of government, as the hon. member knows, is such that some of these issues tend to get broken into different categories, so when I hear that, I think in terms of Health and Wellness, I think in terms of Justice, I think in terms of Children's Services, I think in terms of Gaming, and I imagine probably Human Resources and others. Our ability to do matters in this area from a jurisdictional point of view is relatively small. We are interested in it. For example, we work with the liquor industry in assisting them, encouraging them in being responsible. There's a group here in Alberta called ALIRT, which stands for the Alberta Liquor Industry Roundtable. It is made up of various representatives from the liquor industry, so you will have liquor retailers; you will have manufacturers, both spirits, beer, wine, and others.

Last year I went to a conference in Red Deer where the principal issue was fetal alcohol syndrome and what could be done here in the province to deal with that issue. I can tell you that in June that particular group – I think it's the Alberta Liquor Store Association – is having another conference in Red Deer, and that is going to be the topic once again. The Minister of Children's Services will be speaking at that on that very issue. Last fall ALSA, Alberta Liquor Store Association, members worked with Children's Services in putting up posters in all of their stores making the connection between FASD and alcohol and the improper use of alcohol.

I think it's largely an education matter. What we do within the ministry is encourage that, work with that. We don't have a research program as such. I believe there is some research that's done by AADAC. I know there are other things that arise that are tangentially connected. For example, the University of Lethbridge has recently submitted a proposal for an addictions chair in I think the therapeutic area. So that's bringing an all-star here to the province. We should be very proud of this in Alberta. They are the only university in Canada that offers a baccalaureate in addictions counseling, and that's here in Alberta. So is that fetal alcohol? Well, no, it isn't, but on the other hand I think that everything about fetal alcohol is education. So to the extent that we build capacity in that particular area of addictions knowledge, we'll be further ahead.

That is my response. We are concerned about it. We work with the industry. I can tell you that we're working with the industry right now on developing an industrywide responsible intervention program with respect to liquor. That will include the Alberta Liquor Store Association, the retailers if you will. It will include the hotel and lodging association, and it includes the Restaurant and Food-services Association. What we're trying to do is encourage them to come forward with one program that all of their servers will have that will teach them the responsible use of liquor and their ability to intervene in the appropriate circumstances. While I haven't seen the detail of the program, I expect that some portion of it deals with the service of alcohol to people who are apparently pregnant. We've had this issue in here before, and this is a difficult problem. I mean, I understand that, but the fact is that I think it's one of those areas where you make baby steps. That is one of those areas where I think

a baby step may be made. So that, hon. member, is the response to your question.

I'd just like to, if I might, continue with a couple more comments to Edmonton-Centre, because when I heard a buzzer, I sat down. Being Canadian and being trained to do the right thing at the right time, I just assumed my time was up.

**Ms Blakeman:** It was.

**Mr. Stevens:** It was? Oh, okay. I did do the right thing.

The eligibility of groups in the use of proceeds. That particular report deals exclusively with the use of charitable gaming; that is, the licensing of groups to run casinos, bingos, and raffles. The use of those proceeds is tied to the Criminal Code and common law interpretation with respect to what "charitable" means in that context and the use of proceeds. So if it's religious, if it's charitable, if it's for seniors, if it's for youth, that kind of thing, that's all a given. These other areas are more problematic.

On the issue of adult sports, when I became minister, the department had at that point in time and had relied on an interpretation from Alberta Justice which said that adult sport groups, based on the law in Canada and the Criminal Code, did not qualify for a licence. So that is why we are where we are today: because the legal advice that this ministry received from this government's lawyers was that way. Now, that is an issue that has been raised by the Edmonton Sport Council and others. That is one of the issues that's being addressed, and when the report comes forward, you will find that it is in fact addressed in there.

From my perspective there are absolutely no budget considerations. There might be a couple of items where there's a minor expenditure by the department on something; in other words, maybe a couple more dollars will be spent administering something. That's a possibility, but from a budget perspective this is budget neutral. The timing of this particular report has everything to do with its being ready. All I'm saying is that it has nothing to do with the numbers. The numbers that we're looking at today will not change, because this is for charity. These are numbers that charities get, not numbers that will impact the government's revenue.

With respect to bingo the licensing policy review that came forward and was accepted in 2001 had 13 recommendations that were accepted, so what we're dealing with today, at least in this review that's out there, is in part some of those recommendations. What you have with the introduction of handheld bingo and keno into the bingo association setting is in part acceptance of and following through on the promises from the fall of 2001.

Private operators. The private operator model is the model that is used in casinos. It is a charitable model that we use in casinos. It is a charitable model that we use in the bingo associations. It is the intention of this minister, this ministry, this government to maintain the charitable model for casinos and bingos, which is what you wanted to hear me say, and I'm happy to say that before you because that has always been our position. We feel that the option of private operators, which works very well in the casino model, can work well in the bingo model. So that's one of the issues that's out there for discussion.

**Ms Blakeman:** Timing?

**4:20**

**Mr. Stevens:** The matter went out for review in January. The AGLC has worked extensively with all the bingo associations. Every one of them had been met with, I think, by the end of last month. Bingo associations, as the hon. member will know, are made up of the charities that work the bingos at that particular location, so those

folks become very familiar as a result of working through that stream. In addition to that letters were sent out which provided some of the material in writing but referenced the web site where all the material can be found. I'm told that the information and the feedback that we've been receiving through the work of the AGLC has been going very, very well, and at this particular point in time I have no reason to believe that we need an extension beyond the end of April. That is what I have been telling people, and actually I haven't been receiving much in the way of requests in the last two or three weeks indicating that that's a problem.

Once again, I'm told that an understanding of the issues that are reflected in the document, the fact that it's draft, the fact that people can put forward alternatives has provided some comfort to them and that there's a much higher sense of understanding today than there was, say, in January or February when people were saying: I'm concerned that you're going to do something that will materially and negatively impact us. That is not our intention. Our intention is to make bingo better. So at this point in time the AGLC will continue to do its work and receive information for the balance of this month, and they will provide a report following that.

The concept of unallocated funds is still very much a new matter to me. When the hon. member asked a question the other day and, following that, tabled a letter, I took the opportunity to get a copy from the table, and my department is currently looking at it. For the interest of those who follow these matters keenly – and I'm sure there might be one or two somewhere – the letter in question was dated the fall of last year, and it was written to an hon. member in the Liberal opposition. I think actually the date of the letter was maybe late in the year but relating to a meeting that had been attended in the fall. So there was a meeting, which gave rise to the questions. A couple of months later an hon. member received the letter requesting information. It's now reached my desk, and what I intend to do is see if we can provide some clarification with respect to that. That's how I intend to deal with the unallocated funds issue, because I understand that that term is used in there. I looked at the letter long enough to know that that was the case, and I said: figure out what the issue is.

Other Initiatives. Other initiatives have been with us for some time. It's been part of the line items since I've been minister. Basically, what it reflects is an amount of money that is available to address community initiatives which otherwise would not be dealt with as you go throughout the province over the course of the year. There are things that happen in our communities that don't neatly fall within a particular program, or if they do, the program may not have any funds or the program may not have the level of funding that's available to address the issue.

If I may use Vertigo Mystery Theatre as an example of that because I know that the hon. member is familiar with it, they approached members in Calgary last year saying: "We have a dire situation on our hands. We currently are located at a place and our lease is going to be up shortly and if we don't find space in which to move, we're going to be homeless, which means that the work we do and the work that other people who are connected with us do will be lost. Can you help us?" They were looking for a lot of money. If I recall correctly, they were looking for something in the order – I'm going to say \$6 million or \$7 million.

**Ms Blakeman:** Seven point six.

**Mr. Stevens:** Seven point six million dollars to take on what I consider to be a wonderful project, which was to move into what had been cinema space in the bottom of the Calgary Tower. It's located

in what is the cultural area, the theatre area, of Calgary. There's a connect there. They said: we need some help there.

Well, at that particular point in time we had CFEP, which was good for \$125,000, and we might have had CIP – I can't remember – but it's only good for \$75,000, and they were looking for a lot of money. What we were able to do in that particular case after reviewing the matter with them, after understanding what their needs were and understanding that the federal government had been approached, that there were members of the private sector in the Calgary area who were prepared to come to the table with significant funds – we were able to make a commitment to them of \$2 million.

That \$2 million will be funded from other initiatives, but the reason that we were able to do that is because we had this fund available, once again, to deal with unexpected situations that arise from time to time. Do you apply for it? No, you don't. This fund is what I would call sort of an emergency type of fund. Yes, we do provide the full particulars of this. It's part of this ministry's annual report. You can take a look at last year's when you go back to your office. I can tell you that you will find the Edmonton Odysium as the recipient of \$1 million last year. You'll find a lot of different projects, many of which received amounts of money beyond the \$125,000 that's available through CFEP. So that's really what it amounts to.

The way I look at it, actually, is as follows: does it meet all of the demands that are in our society? Obviously not. I get to see the kinds of projects that are out there because people come and talk to me on a regular basis saying: we have a wonderful project in our community. And there are wonderful projects throughout Alberta. The hon. Minister of Community Development, as a result of being responsible for the centennial initiative, probably knows better than anybody the breadth and depth of those kinds of multithousand, multimillion dollar projects. We aren't going to be able to address all of those projects. That's just a fact of life.

I look at this as a situation where with this particular fund we can provide some stopgap measure from time to time for some groups, which will make a difference in those communities when you leverage it with the municipal, with the federal, and with the private sector. That's the nature of it. It's not something new; it's something that's been around since before my time in this particular ministry.

[Mr. Tannas in the chair]

There was a question as to whether I have any centennial dollars squirreled away in my ministry. The answer is no, I don't. I don't have any such money. The money that we can grant in Gaming is CFEP, CIP, and other initiatives. Otherwise, what you see is what you get. For example, the Alberta Gaming Research Institute gets \$1.5 million. I mean, those are moneys that go to the people that are indicated. Those are the only three programs in which funds can be found that are not allocated at the beginning of the year and will be allocated in full by the end of the year, because if you don't spend it, you lose it. You don't get to keep it in a new fiscal year, so typically there is a real effort made by the Ministry of Gaming to make sure that all those community initiative-type dollars are in fact expended. But we don't have any centennial dollars in our budget.

**The Chair:** The hon. Member for Edmonton-Centre.

**Ms Blakeman:** Thanks very much for those answers from the minister. I appreciate that.

I'm noticing that under my category of reviews and, in particular, the bingo terms and conditions I neglected to raise one point that had

been brought to my attention by some groups, so I will add that now. That is the concern that the AGLC regulates bingos, but it also can act in competition to the very groups that would be going to AGLC for decisions to be made or for regulations, and groups are questioning that.

So you have the AGLC approving or regulating a bingo association or a group that's holding bingos, and they have to appeal to the AGLC if there's some ruling that goes against them, but it is the AGLC itself who is their own competition because they also are bringing in funds or regulating or allowing other gaming activities to go on. Some of these groups are trying to make money through their bingos. They're trying to do what they're doing. The AGLC says no, but then the group ends up competing against the AGLC trying to get charitable dollars, and the AGLC is able to regulate and provide things like VLTs and slots. There doesn't seem to be any appeal process outside of the AGLC, and I'm wondering if the ministry has ever contemplated some sort of third-party group or not AGLC to allow appeals when groups are unhappy.

4:30

Just going back briefly, the minister is saying that the communities can decide about how much gambling is enough. This is a pretty astute minister, and there are some very good people working in this department. I'm struggling to believe that the minister isn't looking to the horizon on the possibilities for gambling expansion. I'm having a hard time choking that one down. You know, gambling revenue is a huge part of the economic diversification for this government. It's now bringing in more money than oil royalties, including synthetic oil royalties. I guess I don't accept what the minister said – I'm having a hard time choking that one down – that the ministry hasn't looked at exactly how much gambling they think the province can hold and that they are leaving it up to the communities to decide. So I'll just put that one on the record.

At the same time I'm also struggling to accept that the ministry and the AGLC haven't sussed out their competition; that is, their after-hours competition or illegal competition. I mean, this government was particularly alive to potential competition from illegal VLTs, which is why they went into the business themselves in the first place. So I'm kind of amused to hear that the minister doesn't look at this or that the AGLC doesn't seem to be keeping a finger on it, that he's suggesting that illegal gambling is solely under the auspices of the Solicitor General and that he doesn't think that it's a problem.

The adult sports definition not being included as charitable: we have an issue there, I think. In Canada our definition of charity at this point is coming solely from Revenue Canada. What Revenue Canada wants or needs or finds acceptable as a definition of a charitable activity is no longer fitting the amount of activity in the NGO sector and the volunteer sector in Canada. There's a recognition that having that sole definition flowing from Revenue Canada really is not addressing what is the reality today. Perhaps there is some room there for the provinces to start to put their own definitions in place or to be able to add on to the list that the federal government certainly has now. I'm looking to the future on that one, because the Revenue Canada charitable status is really about forgone revenue, and it's just not pertaining to what's happening today.

Finally, the minister says that he doesn't have any centennial legacy money squirreled away, but in fact if I'm hearing him correctly, under the other initiatives program he could end up dispensing money to what is a centennial program. There's nothing stopping a group that wants to do a centennial legacy project from coming to him and convincing him of the need for it and that they have buy-in from other levels of government and the private sector

and doesn't he want to come on board with that. In other words, there is no provision against any of the money from the other initiatives group being used for centennial legacy funding.

Okay. The last three categories that I had were Internet gambling, new VLTs, and some financial questions.

Internet gambling. Again, what policy and consumer protection is in place now, and what policy is the AGLC and the ministry looking to develop around consumer protection for Internet gambling? This is a very difficult one. As the minister well knows, he and I have been at the same conferences. I hope that this is an area that the ministry and the AGLC are looking at to develop policy for consumer protection. So I guess I should ask the question: is the government considering using the same strategy that they used around VLTs? In other words, get into the business yourself in order to have some control over the amount of activity that's happening in the province, which would make the province of Alberta get involved as an Internet gambling provider. So let me just ask that question, and we'll see what kind of a response we get from the minister on that.

The new VLTs. In January of this year we had the Supreme Court ruling that it is not unconstitutional to remove the VLTs from areas in Manitoba that voted against them, so I think we can safely assume that's how they're going to come down for similar challenges in other provinces. A couple of questions here. I don't see VLTs being taken out of communities. I have asked this before, and I've always been told that the government was going to wait for the outcome of the Alberta challenge. I'm just checking that that's still the status, that they are not going to remove any VLTs from communities that voted them out pending the decision on Alberta.

My question there is: what's the plan after that? Will the VLTs fall under the casino plan of whether communities wish to have them or not? I have in front of me the plan that the minister described with the seven steps for a community to approve casinos, but I haven't seen or I don't remember that that can also be used to say no raffles, for example, or no VLTs. Is there a plan to expand that? Perhaps it's already in there, and it's just not publicized. What is the plan B after we get that court decision? I'm not a gambling person, obviously, but I think it's fair to anticipate that we will get the same ruling for Alberta as we got in Manitoba. That's very consistent with the rulings that have happened in other kinds of court cases. So what's the province going to do with those areas, and what are the ministry and the AGLC going to do about future areas that decide they want the VLTs out or they don't want them in in the first place?

Okay. I'm on the new VLT section. The minister did anticipate my question about where's the \$105 million we've heard about, and I hear him saying that it in fact is being expensed out over an appropriate period of time. Could I ask him to give me the exact line vote where I could find the money and how much money is in there for this year, next year, and the third year out for these machines? Just prior to him telling me that, he talked about netting out of the gambling revenues. No, no, no. Sorry. That doesn't work because he did say that it was capital. Forget that.

I had asked a question in question period about the – I'm not going to remember the words that are used on that – antiaddiction functions that are on the new VLTs and that they're fairly unproven. Is the government planning on using the same system that's in place in Nova Scotia, or are they looking at a newer version of that? What information do we have that is within the last six months on how effective these problem gambling alleviators or reducers are? I'm especially interested, as the minister knows, in how that offsets, how it nets out, if you like, against the enhanced entertainment value of the machines. You know, they're snazzier. They look nicer. The graphics are more interesting. What kind of work has been done on

having this new entertainment value, and how does it net out against the problem gambling functions that are put on?

**4:40**

I'd like to go now to some financial questions that are fairly specific out of the budget book. There's been some discussion about the horse racing subsidy through the racing initiative, and the minister has said, maybe in response to questions, that this was all part of the plan. My question is: when does this subsidy run out? When does it end? I've looked for the documentation of what was in the initial documents from Racing Alberta or whatever its predecessor was, and in fact they were asking for I think it was \$87.1 million over a period of three years. The government has now given them \$87.9 million over that same period of time, so a question about why they got more money than in fact they asked for and than in fact did appear in documents that were forecasting this money out. This horse racing subsidy was to help this struggling industry get back on its feet, but how long does it help them get back on their feet? At what point is this subsidy over?

Okay. These are under sort of the financial questions. We've got a communications budget for the ministry. It appears to be going up by \$28,000, from \$197,000 to \$225,000. Is that a cost of doing business, an inflation increase, or is it representative of additional things, and if so, what?

When I looked, I in fact did not find the increase in the racing industry renewal. In last year's business plan it was not mentioned that there would be a \$4 million increase, or 12 percent of its budget, going from \$33 million to \$37 million in this year. When I looked back in the business plans, that increase did not appear. Perhaps I'm looking in the wrong place, but was this increase planned? I'd be interested in knowing more about that.

Now, the net gaming lottery is down by the \$14 million. Is that the effect of netting out that's appearing in this budget?

**Mr. Stevens:** Could we get page references?

**Ms Blakeman:** I've just got a bunch of scribbles on a pad here. I think it just appears where we were looking at the netting out. There's a difference there. On page 175 of the numbers book, the actual budget, government and lottery fund estimates. There's a slight difference there.

Now, the minister hinted that the change in the FTEs had something to do with the AGLC, so I'll just put the question on the record and he can answer it flat out. It looks to me like the FTEs in the department have gone from 32 to 39. Again, what is this, or is this AGLC FTEs, and what are these additional positions doing? What are their official titles? Are they administrative 5 or communications 3? What are they?

I notice the contingency allowance – I think it had a different name last year – that is appearing in the Alberta lottery pages. Last year I think that was debt pay-down, and this time it's appearing as a contingency allowance for the Alberta stability fund. If the minister could explain that or expand on that a bit more. Is it an expected expenditure, or is it in there as a cushion? If it's in there as an expected expenditure, when does he expect the money to be transferred across or used?

The business plan talks about reducing the number of VLT sites by 10 to 15 percent. I know that in something the minister said that I've read – maybe it was last year's debate – the explanation given was that essentially the VLTs were going to be taken out of sites that were not as high performing and put into sites that were better performing. What's the criteria around that? [A cell phone rang] I'll allow the Minister of Revenue to answer his cell phone, but

perhaps I could ask him to leave the Assembly before he actually carries on the conversation.

Is the determination of the choice of the VLT sites strictly by which ones generate the most money, or is there other criteria that's coming into play on that, and could I get some explanation around that?

Also, in the business plan it talks about working with nonprofits to implement new gaming activities. I'm assuming that this is around the bingo terms and conditions, but I've learned not to assume here, so could I ask for an explanation of exactly what's being contemplated here? Is it new bingo? Is it new bingo games? Is it new casinos, new kinds of raffles? What is this?

When I look at the business plans, I have some questions around the performance measurements, and I know that I'm running out of time again here. When I look at performance measurements like we find under Core Business One, I'm really frustrated with the government. They had a good system with these performance measurements, and they put the first ones in place and then never reviewed them and made them really work. As a result, these performance measurements have less and less relevancy as a management tool in my opinion. So when you get things like the "percentage of Albertans surveyed who are satisfied with the conduct of the liquor business in Alberta," that's really not giving us much. I don't think it's giving very good information. It's a popularity poll, but it's not giving us information on: should there be more low-cost items or more high-cost items? [Ms Blakeman's speaking time expired] Hopefully I'll get another chance to continue.

Thanks.

**The Chair:** Hon. Minister of Agriculture, Food and Rural Development, you wanted to get a few questions in before the minister answers?

**Mrs. McClellan:** I did, if he had time.

**The Chair:** Whitecourt-Ste. Anne is also indicating that he'd like to get a couple of questions in.

**Mrs. McClellan:** I'll try and be quick and brief.

Thank you very much, Mr. Chairman. I wanted to first just commend the Gaming ministry for the way they manage the industry in our province. The fact is we do have a gaming industry, and the very fact that it is operated so well I think should be appreciated by everyone. Other provinces have gaming industries, and their performance is in no way matched by this ministry, and I think that point should be made.

**4:50**

Over the last couple of days a lot of talk has occurred in this Legislature over the horse racing industry, and I heard the question again on the increase to the industry. I know that the minister is going to answer this, so I'm not going to get too deeply into that, but I did want to talk a little bit about the industry. I'm sad that the people that speak against this don't understand the value of the horse industry, first of all, to Alberta and the horse racing industry, which is a part of that. I think it's important that members understand that of the 880,000 horses in Canada almost 400,000 of those are in Alberta. It is an important part of our culture, of our heritage, of our economy, and of our way of life.

It is a diverse industry, and that is the strength of the industry. If it were a single-sector industry, it would not have that strength and it would not have that growth and opportunity. The sport and recreation side of the horse industry has a value of about \$500

million to this province a year, and the agricultural side is about \$88 million. That's almost \$600 million. Most of the horses in this province are used for sport and recreation. They're used at spectator events like rodeos, 4-H events, gymkhanas, community shows, many things like that, and over 50 percent of the ranches or farms in this province that have cattle have horses, so they're still used in a very working way.

You can't talk about the horse industry in this province without talking about Spruce Meadows and the value that it brings to this province as well, whether it's the three major events, one of them being the Masters, that brings over 1 and a half million dollars in prize money and brings people from 22 countries to our province, or Equifair, that's held in conjunction with the Masters. It's the largest and most significant trade fair for horses and horse-related products in North America. It has over 250 exhibitors from North America and Europe.

Then the agricultural side of it, whether it's the PMU farms, that have, of course, a product that's used to make Premarin, which is a substitute for estrogen and is sold throughout the world – there's about a billion dollars of it sold throughout the world. Well, we have a pretty good chunk of that industry as well. Of course, the one that nobody ever wants to talk about really is horsemeat, but there is a need to dispose of some horses. There are about 50,000 horses in western Canada that are processed in Alberta, and all of that meat is shipped to Japan and Europe. None of it is consumed here, at least not legally.

So then we come to the other element of the industry which is the horse racing industry, which is the one that pertains to the minister's discussion today. Again, that industry has a very long and valued history in our province. The strength of that industry has a rippling effect through our economy and I would say particularly in the city of Edmonton, which is where we are today. It benefits everyone in the agricultural community and, certainly, many in the urban community. There was some research done in about the year 2000 that indicated that the salaries and the wages of Albertans working in the horse racing and breeding industry totaled more than \$83 million. That is a huge contribution to jobs. There are about 3,100 Albertans that have permanent jobs in that industry, and the value of that racing and breeding industry in our province is about \$134 million. So it provides thousands of jobs, millions of dollars of economic benefits not only to the urban communities, where most of the racing activities occur, but also to the rural communities, where a number of other activities occur.

Let me just give you an indication of the people who work in the industry outside of the racetrack. There are veterinarians. There are blacksmiths. There are hay and grain suppliers. There are transportation workers. There are harness and saddlemakers and many others that provide this service. So that is how we have this rippling effect.

The horse racing industry made a commitment to manage their industry themselves, and an agreement was struck last year on that. As I say, the minister will explain the increase, I'm sure. I'll touch on it briefly, but for some time Northlands Park or the Spectrum have had gaming machines, and they receive a percentage of that. What was agreed to last year was that the horse racing industry would indeed manage their own industry. They would do the marketing, the promotion, be the licensers, do all of that work, but with a board that is made up of people from all of the different breeds in horse racing.

It's interesting that the complaint that's coming in this Legislature is on an increase that's based on performance. The expected increase in this budget is based on performance, not on a gift, not on giving more money. It's based on performance. I should not be surprised that the members opposite have a difficulty understanding

that you actually could work harder, perform better, and get more money. But that is really what it's based on. It is based on performance. I would like that clearly understood once and for all. It is not a gift. If the industry does not perform with their racing entertainment centres, there will not be an increase in this year.

So, Mr. Chairman, this is a valuable industry. It has a long and valued history in this province. It is managed extraordinarily well by Gaming, and I just am one who really hopes for further success in this industry and that it'll continue to grow and continue to add to the economy and jobs in our province.

Thank you.

**The Chair:** The hon. Member for Whitecourt-Ste. Anne before the minister.

**Mr. VanderBurg:** Thank you, Mr. Chairman. I want to expand on the comments made by the Deputy Premier regarding the horse racing industry and the relationship that the Minister of Gaming and his staff have with this industry. When I hear comments opposite belittling this industry, they belittle my constituents, they belittle my family, they belittle my friends, and I take exception to that.

You know, there are thousands of tonnes of feed delivered and purchased by horse owners, millions of dollars in tack, vet supplies, food services, equipment, and of course employment comes from one of the finest horse racing centres and casino centres in this province at Northlands Park. Northlands Park right here in Edmonton does a fantastic job with this industry. You know, good, hardworking rural Albertans and I guess probably hundreds of Edmontonians deserve praise, and I congratulate them for their efforts and their investments to keep racing in Alberta and at Northlands Park viable and strong.

I've listened to members across, and I think the only part of horse racing they've got is maybe a little hoof-and-mouth disease because of the way they spew false statements, and I take exception to that.

**The Chair:** We have a point of order. Hon. Member for Edmonton-Centre, the point of order and the citation, please.

#### **Point of Order Allegations against Members**

**Ms Blakeman:** The citation would be 23(h), (i), and (j). The member is indicating that he believes that members of the opposition have somehow contracted hoof-and-mouth disease, which is certainly making an allegation, definitely imputing a false or unavowed motive, and most definitely using abusive or insulting language that was really unnecessary for this debate. So with that point of order I'd like a ruling from the Chairman, please.

5:00

**The Chair:** Hon. Member for Whitecourt-Ste. Anne, would you like to speak to the point of order?

**Mr. VanderBurg:** Well, I guess that since they haven't been tested to be positive, it's probably out of order, and I would withdraw that.

**The Chair:** Withdraw and . . .

**Mr. VanderBurg:** Withdraw and apologize for that comment.

#### **Debate Continued**

**Mr. VanderBurg:** But I would ask the minister in light of the great things that are done by this industry and by this department – we'll just take one of the facilities at Northlands Park – could the minister



share with us some of the good news stories, some of the statistics about Northlands Park, some of the employment opportunities that are there, some of the housing opportunities that are there? There are many people that live right at Northlands Park, right at the track. Grooms and other employees do lots of great things right there at Northlands Park. You know, this industry really adds to the Alberta economy, and I'd like to hear the minister talk about some of the good news stories and how this industry contributes to Albertans.

**The Chair:** The hon. Minister of Gaming.

**Mr. Stevens:** Thanks, Mr. Chairman. I'd like to start by dealing with some of the questions that were asked by Edmonton-Centre, and I'll conclude with comments regarding the value of the horse racing industry.

The issue of how much is not a science. It's not something where we have a formula and we go out and predetermine that. What I indicated to the member is that we spent two years talking to Albertans about how to go forward. We developed a process. The public and the commentators with respect to that process were very, very supportive. I recall the *Edmonton Journal* writing headlines to the effect of wise new gaming rules and things of that nature. So I'm satisfied that people said: you've done a good job addressing where the future is going to go. That particular exercise, the licensing policy review, was to determine the future of gaming in this province with a view that we would review it again in five years. So what we do is recognize that the landscape changes. It is not unrealistic, it is not improbable, it is not inappropriate for me to indicate that the measure of the market, the measure of community interest in expansion of casinos in any particular community is going to be driven with the issue arising. We're not going to go out and start determining these matters if there is no interest whatsoever. So that is how it's going forward.

What I've indicated when asked is that in my view we've had a situation where the expansion of gaming was put on hold for in excess of two years. We've now had a full year since that expansion was lifted, so we now have, reasonably enough, a number of people who have indicated that they are interested in seeing if they can get an application accepted by the AGLC based on the rules, which are clear and apparent. There will be some people who receive applications as a result of that. I don't know how many, but I believe that in the next two to three years you will find that most of the interest and most of the market demand for new casinos will be met by whatever exists at that point in time. The areas of the province which from my perspective most reasonably might have the ability to house more casinos from a market perspective have applications. So I think, without having science to back me up, that in two or three years what you see is likely what you're going to see for some time unless there's some kind of material change in the number of people in our society.

I didn't say that I was not concerned about illegal gambling. What I indicated was that our responsibility with respect to gaming and gambling is authorized gambling, which is within the confines of those premises which we regulate and that in fact our inspectors meet with the police forces in the province to deal with matters of gambling generally because there is interest in knowing what happens outside of casinos. In fact, there is a sharing of information. So that's the accurate description of the approach of this ministry with respect to that matter.

On the issue of what a charity is, Revenue Canada has a definition, but I want it to be made clear that the definition of Revenue Canada has never been the definition of the AGLC. That is a definition that's out there. The federal law that drives this particular issue is

the Criminal Code and case law with respect to what the Criminal Code of Canada says, not Revenue Canada. Revenue Canada has a definition. Groups that qualify for licensing in this province fall within the Revenue Canada definition, and some fall without it. So that definition is there, yes, but it is not the one that is used in this province.

Internet gambling is illegal in Canada unless a province offers it solely within the boundaries of its province, and there was a recent case. P.E.I. offered Internet gaming. The Supreme Court of Canada said, "What you're offering is illegal" because they offered it outside of their province. So we know that, and it's illegal for people to participate. The real issue is the fact that the Internet seems to be without boundaries, and we're not unmindful of that, and we address this issue. During the licensing policy review, we asked Albertans about that, and the large majority of them said: we're not interested in Internet gaming. Having said that, we continue to monitor it to find out what other jurisdictions are doing because we understand that it is a potential issue for us at some point in time. During the licensing policy review Albertans indicated that very, very few of them participated in Internet gaming, and we don't know anything different at this point in time. So we don't think it's a major issue as it relates to our revenue, and there is no plan by this ministry at this time to get into the Internet gaming business. We continue to monitor it, and I am very much interested in developments as they arise.

With respect to VLTs April 28 is the court date. I, like the hon. member, believe that we have a very good chance of being successful. You may recall that following the plebiscites, the AGLC made a move under the then existing legislation in the fall of '98 to remove certain VLTs, and a court determined that there was no jurisdiction in the then legislation to do that. That gave rise to an amendment in the spring of 1999 that specifically listed seven communities that had had votes which were in favour of removing VLTs. Those particular communities were put into the legislation specifically, and that particular legislation has now been under challenge since that point in time. The very next day they got an injunction, and that's where we are today. So the answer to the question is: on April 28, if that injunction is lifted, the VLTs in those communities as listed in the legislation and in accordance with the direction – the law, if you will – in that legislation will be removed from those seven communities. That is where we're going with that particular matter.

With respect to the plan regarding VLTs, that is addressed in the licensing policy review. The plan is that we are going to have 6,000 and we are going to reduce the number of locations. That is the plan, and in five years we'll review the overall gaming, as was our promise.

I'd like to make a few comments regarding the horse racing industry. Once again, this particular initiative that we have is based on slot machines and racing entertainment centres. The racing entertainment centre is attached to the track. These tracks have long-term licences. We have one in Edmonton and one in Lethbridge that are in existence at this point in time. The fact of the matter is that if you did not have the initiative, you wouldn't have the racing entertainment centres. If you didn't have the racing entertainment centres, you wouldn't have the slot machines and you wouldn't have the revenue that is generated from those slot machines, some of which goes to the operator, 15 percent, and 51 and two-thirds percent going to Horse Racing Alberta, the balance going to the Alberta lottery fund. So this is very much Gaming revenue which has been generated as a result of this initiative. It is not a matter of anything other than that. As the hon. Minister of Agriculture, Food and Rural Development indicated, it's as a result of performance that there are additional dollars coming forward, particularly an expan

sion of Northlands this past year when they went from 250 to 500 slots. This upcoming year reflects the fact that there will be an entire year of slot revenue available.

**5:10**

**The Chair:** I hesitate to interrupt the hon. Minister of Gaming, but pursuant to Standing Order 58(5), which provides for the Committee of Supply to rise and report no later than 5:15 on a Tuesday, Wednesday, or Thursday afternoon, I must now put the following questions.

Agreed to:	
Operating Expense	\$150,319,000
Lottery Fund Payments	\$1,099,229,000

**The Chair:** Shall the vote be reported?

**Hon. Members:** Agreed.

**The Chair:** Opposed? Carried.

**Mr. Stevens:** Mr. Chairman, I move that we rise and report.

[Motion carried]

[The Deputy Speaker in the chair]

**Mr. Lougheed:** Mr. Speaker, the Committee of Supply has had under consideration certain resolutions, reports as follows, and requests leave to sit again.

Resolved that a sum not exceeding the following be granted to Her Majesty for the fiscal year ending March 31, 2004, for the following department.

Gaming: operating expense, \$150,319,000; lottery fund payments, \$1,099,229,000.

**The Deputy Speaker:** Does the Assembly concur in this report?

**Hon. Members:** Agreed.

**The Deputy Speaker:** Opposed? The motion is carried.

**Mr. Stevens:** Mr. Speaker, I move that we call it 5:30 and reconvene Monday next at 1:30 p.m.

[Motion carried; at 5:14 p.m. the Assembly adjourned to Monday at 1:30 p.m.]