

Legislative Assembly of Alberta

Title: **Tuesday, May 4, 2004**

8:00 p.m.

Date: 04/05/04

[Mr. Tannas in the chair]

head: **Committee of Supply**

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

head: **Main Estimates 2004-05**

Gaming

The Chair: I wonder if there are any comments or questions to be offered with respect to these estimates? The hon. minister.

Mr. Stevens: Thank you very much, Mr. Chairman. I'd like to start the evening by introducing members of the Ministry of Gaming who are with me this evening and watching the proceedings. Norm Peterson is the deputy of the ministry, Marilyn Carlyle-Helms is the communications director, Lana Lougheed is the strategic services director, and Jeremy Chorney is my executive assistant. I would like to point out to the Assembly that what I lack in numbers is more than made up in quality. So four is really all I need for this evening.

I'm glad to be able to provide some information on Gaming estimates this evening, but, first, to put them into perspective, I'd like to take a moment to give the committee some context regarding what my ministry is responsible for. The Ministry of Gaming is made up of three essential areas: the Department of Gaming, the Alberta Gaming and Liquor Commission, and the Alberta Gaming Research Council.

The Department of Gaming provides communication and strategic services support to the ministry and manages a number of lottery-funded programs. The Alberta Gaming and Liquor Commission, or AGLC, licenses, regulates, and monitors all gaming and liquor activities in the province. Finally, the Alberta Gaming Research Council is a broad-based group that provides advice on gaming matters both to the minister and to the Alberta Gaming Research Institute. I also have responsibility for the Horse Racing Alberta Act, and my ministry administers the Alberta lottery fund.

As has been my pleasure for the past three years, I'll review in detail with you today the Department of Gaming's estimates for 2004-2005, which total \$165 million and which can be found starting at page 165 of the government and lottery fund estimates. Four per cent of this budget goes towards the costs to administer the department and the lottery-funded programs. The lion's share, 96 per cent, or nearly \$160 million, to be precise, goes towards lottery-funded initiatives. This shows that we've got our priorities right.

The fact of the matter is that these numbers show only one thing, that Alberta's gaming and liquor industries are very well managed and continue to return tremendous benefits to Albertans. I'm sure that even the opposition would be able to agree with that.

I'd like to begin by highlighting some of the key areas for Gaming in the '04-05 year. The first and perhaps the most important is the Alberta lottery fund, which can be found both at page 165 and page 173. This year's lottery fund estimates quite clearly indicate that we've listened carefully to the priorities of Albertans and have directed lottery revenues towards those priorities.

Revenues from the Alberta lottery fund make a difference in the lives of all Albertans in two ways: through allocations to 13 specific ministries in support of public initiatives and through two of those ministries to foundations and grant programs to support volunteer and community-based initiatives. What this means is that lottery

funds allocated to individual ministries are most often the responsibility of my colleagues to disburse according to the plans presented in this Assembly.

So you should have already heard how the ministers of Community Development and Infrastructure plan to invest lottery revenue into centennial initiatives, how the Minister of Innovation and Science plans to build the Alberta SuperNet, and how the Minister of Health and Wellness has put lottery dollars to good work by supporting AADAC. My job will be to discuss my ministry's lottery fund allocations, which total \$160 million, and highlight some of the significant changes.

What hasn't changed in Gaming's lottery fund allocations is our request for continued funding for the ministry's two key grant programs: the community initiatives program and the community facility enhancement program. In the past these two programs have put millions of dollars of lottery revenue to good work in hundreds of communities throughout Alberta.

A few examples. Thanks to the Alberta lottery fund the Canadian Breast Cancer Foundation has \$75,000 more to conduct breast cancer research. The Cardston district public library got a \$125,000 contribution towards a new library, and the residents in Alberta Beach have a better playground for their children thanks to a \$17,000 grant to their community league. If you want further details, of course, you can look at albertalotteryfund.ca for all of the excellent volunteer projects that received funding through these two programs.

We need to be able to continue funding projects of this nature and many others, Mr. Chairman. We plan to put \$38.5 million into the community facility enhancement program and \$30 million into the community initiatives program to do just that this year. I can't imagine any member here contesting that.

This budget indicates that \$7 million is estimated to go to the charities that assist in the conduct of electronic bingo, or digi-bingo, and keno. First of all, I'd like to point out that all benefiting charities have been properly registered and their use of proceeds is thoroughly scrutinized to ensure that the funds are going to worthy causes. Secondly and most importantly, the \$7 million allocated here is the money that we estimate the charities and the bingo halls will themselves earn through digi-bingo and keno. As such, these proceeds are generated through the commitment of the charities to fund-raise, and the proceeds just flow through the lottery fund and directly back to those groups. This is the first of four flow-through initiatives that I will describe this evening.

The second flow-through initiative is the racing industry renewal initiative. This initiative provides the support to the horse racing and breeding industry by returning to the industry a portion of the net proceeds from slot machines at racetracks. The other portion of the net proceeds is directed to other lottery-funded programs.

This initiative benefits the horse breeding industry specifically as well as the agriculture sector, and it brings good jobs to cities like Edmonton. For example, Northlands Park directly employs over 700 people each year through horse racing. These people, real people like Kim Dressler, a harness trainer and driver at Northlands Park, are helping to build strong urban communities by buying houses and paying taxes. Kim has said: I wouldn't have been able to buy my house last year if it wasn't for the slot machines helping to increase the purses.

Let's be clear. This is not a government handout. It's an arrangement that benefits the agricultural community, strengthens our urban communities, and along the way raises funds that assist local groups in their many worthwhile endeavours.

As you see in this year's estimates, the budget for this initiative is set to increase from \$37 million to \$45 million. Why? It's partly

due to the possibility that a racing entertainment centre in Calgary could be licensed this year. It's also because revenues at existing racetracks have increased. As in all these flow-through arrangements if revenues are projected to increase, then the flow-through amounts go up as well.

8:10

The third flow-through is the NHL lottery tickets. Again, in case you need help reading the budget, this line item doesn't mean that we're giving away a \$1.3 million taxpayer handout to the two professional hockey teams in Alberta. Albertans told us that they didn't want us to do that. What it does mean is that those Albertans who choose to play are able to buy lottery tickets to support their favourite NHL team. My favourite team, of course, is the one that made the playoffs and, I'm pleased to say, as we speak, the only Canadian team that is still very much there. The amount shown in these estimates, a total of \$2.7 million, is the final amount of revenue expected to be payable to the teams from the sale of the last NHL lottery tickets.

I'd like to remind all the members that our commitment through this initiative was to offer Albertans this unique scratch-and-win ticket through to the end of this year's hockey season. The five tickets offered under this commitment has so far generated a combined total of over \$5 million for the two teams. I'm pleased that we were able to support Alberta's teams in this unique way.

The final flow-through initiative in Gaming's estimates is the First Nations development fund. This program was transferred to Gaming from Community Development in October of '03. It's part of the First Nations gaming policy that was announced in January 2001 in support of the government's aboriginal policy framework. First Nations casinos are expected to provide direct economic and social benefits for First Nation people.

Under the policy 40 per cent of the slot machine proceeds from First Nation casinos is to be allocated for social, economic, and community development projects. This includes addiction programs, education, health, and infrastructure within First Nation communities. These funds cannot be used for capital, operations, or financing costs of gaming facilities or activities. The \$4 million included in Gaming's 2004-2005 estimates is directly linked to the operation of one or more First Nation casinos. Just like the other flow-through arrangements the revenue has to be generated before the flow-through grants can be provided.

The last item in Gaming's estimates that I'll elaborate on is the increase in FTEs, full-time equivalents, for the upcoming year. Gaming's FTEs will increase from 39 to 42 this year. This increase reflects the additional staff needed to administer the First Nations development fund. Of course, these individuals will only be brought on board when we actually are required to administer and disburse funds throughout the First Nations development fund.

The final item I'd like to mention before taking questions is the statement of operations for the Alberta Gaming and Liquor Commission. The AGLC is treated like a commercial operation and, as such, is included in the government's fiscal reporting as a revenue item, which is net of operating costs. The AGLC does a tremendous job in its role of licensing, regulating, and monitoring the province's gaming and liquor industries. As a commercial operation they're able to do so in an uninterrupted fashion.

Lottery revenue from VLTs, slot machines, and ticket lotteries is expected to increase \$104 million this year to over \$1.1 billion. This reflects casinos and racing entertainment centres being built and expanded. It also reflects the expected growth in ticket lotteries. Again, this revenue is put entirely in the Alberta lottery fund. This reflects our commitment to Albertans to be transparent in how these funds are used.

Liquor revenue is expected to increase slightly to \$560 million.

As you've heard, Mr. Chairman, our funding request is reasonable. We're simply trying to continue to operate in a straightforward, transparent, and fiscally prudent fashion and to play our part in making Alberta the best place to live, work, and visit. Albertans expect and deserve well-managed and regulated gaming and liquor industries. It's a simple request, and I'd encourage the hon. members to support it.

Thank you.

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

Ms Blakeman: Thanks very much, Mr. Chairman. Thanks for the opening remarks from the minister. I join the minister in welcoming members of his staff who have appeared here tonight to assist him.

I will start by looking at page 166 of the estimates. I notice that under vote 1 the ministry support services is up by it looks like a little under 7 per cent to me, and the lottery fund programs are also up by a similar percentage. Now, this is higher than inflation or a cost-of-living increase, if you'd prefer to think of it that way, so I'm seeking an explanation from the minister as to why those costs are above what we'd be expecting for cost of living. For example, we have a 3.5 per cent settlement, I think, with the unions. Sometimes that figures into it. So what's the explanation for the increase there?

On page 167 under vote 1.0.3, strategic services, we have an increase there from \$1.226 million to \$1.326 million, so \$100,000. My understanding is that strategic services is responsible for policy, business planning, performance measurements, financial planning and co-ordination for the department. This \$100,000 is an over 8 per cent increase from the previous year. So, again, I'm seeking an explanation and some detail on what that extra money is being used for or why the request has come through.

Next, I'm looking at page 169, vote 3.0.7, which, indeed, is the racing industry renewal, and it's up \$8 million from last year. The minister has already explained that that's anticipated revenues from possibly a new racing entertainment centre opening in Calgary. Could we get some details on that, please? When I inquired back a bit – I guess it would be in January – I had some trouble getting information about where this is anticipated to be; whether it's a new facility or, if attached to an existing facility, which facility; how many machines are expected to be in it; what's the amount of money that's expected to be generated from it; et cetera. Are you expecting the entire \$8 million to come from that one location, or are you expecting that to break down with some increases from the other racing entertainment centres and then the largest chunk of it to come from this potential Calgary site?

I'm also interested in this racing industry renewal. That's flowing from the June 2001 requests. When I look at what's coming out of I guess it's the 2002 report, the most recent one from Horse Racing Alberta, what's expected as revenue here just continues to increase and increase and increase. I'm wondering how far the ministry or strategic services or whoever does the planning here is expecting this to increase.

We've watched it go from \$13.2 million in 2002; in 2003, \$33.6 million; in 2004, \$40 million, depending on whose numbers you're looking at. One of them is on calendar year; one is on fiscal year, so they're always a little bit different, which I asked about in a written question the other day, saying that these numbers are hard to figure out when they're always coming to us completely separate. But obviously they're continuing to increase to a healthy amount. Is there a ceiling expected? Is there some point at which the department will step in and go: okay; that was as far as I expected you to get; you've now gone over that?

8:20

For example, in 2004 it goes well above the, again, fiscal year, \$37 million, calendar year, \$40.2 million. What if it goes to \$50 million? Does the department step in and go: okay; that's enough? Or it goes to \$55 million, which is exceeding even what is anticipated for 2006. Is there any point at which the department says: "Okay; that's it. That's all we agreed to give you. You've exceeded that. We're going to take that money and do something else with it"?

What is the planning over that initiative? Is there a top limit, and if there is, what is it, and how much more do you expect this to increase? I'm looking at \$53.3 million in 2006 having gone in essentially five years from \$13.3 million. It's a substantial amount of money for that one industry.

Okay. Still on page 169. The other initiatives, which is vote 3.0.12: last year, \$13.088 million, this year \$15.088 million. The minister, when I questioned him in Public Accounts, noted that this is the fund where you can't apply to it. There are no criteria for successful recipients or no criteria that are available anyway. It dispenses larger amounts of money than are available to be dispensed through the other two benefit programs in this ministry, which are the CFEP grant – top amount there is \$125,000 – and CIP, \$75,000, so we're looking at substantial amounts of money. It's larger than \$125,000.

The minister also mentioned that often there's a multiyear commitment here for very large projects. So could we get a list, please, of the multiyear projects that are falling into this funding of \$15 million? What projects are carrying over, and where are they? Are we in year 2 or year 3; are we beginning them, starting them, or in the middle? Also, how much those are anticipated to be.

Now, part of what the minister was saying when we looked at this other initiatives or discretionary fund was that how much money might be required couldn't be anticipated. So I'm wondering how much is already committed coming into this year from those other multiyear projects. Then second to that are other projects that are not multiyear, but you know that you are going to pay that money out.

I'm also interested in whether this other initiative fund breaks down by constituency. You know, is there an allocation that each constituency has access to X amount of money? If so, I certainly never had that information passed on to me. Is that information passed on to anyone else? How do people know? To approach the minister, one presumes. Again, during Public Accounts I had asked for what was the decision-making process? Who makes the decision that X group gets a certain amount of money?

You know, one of my favourite theatres, Vertigo Theatre in Calgary, was a recipient of a series of grants through this. Who decided that they literally won the lottery and they were going to get support for their project there? Who brought that forward, and how did they know to bring it forward under that initiative, or did they just come to the minister and say: I'm looking for help; where would it be? The minister says: this is the place; apply here. Well, you can't apply, so how does that work? I'm thinking of some initiatives in my constituency that I'd like to bring forward, and I'd like to do it properly, and I'd like to be successful, obviously, so how do I do that?

On page 178 of the estimates under Revenue, the video lottery revenue. When we looked at the budget for '03-04, it was \$603.244 million, and in fact the comparable forecast is less at \$584 million. I'm wondering: it's going back up again in this budget year to \$598.62 million. What were the reasons for the drop between the budget and the forecast in those VLT revenues? Is there something

happening there? Is there a wave? Is there a trend that needs to be watched? Does the ministry know why that happened? Do they have an opinion on whether it may happen again this year?

Or maybe here's the answer. On the same page, then, page 178 of the estimates, the casino gaming terminals lottery revenue is up. The forecast was \$461 million, which was in fact above what the budgeted amount was at \$455 million, and it's being put in the budget for '04-05 at \$509.487 million. That's a healthy increase. That's about \$53.8 million. I'm wondering if the horse racing slots are in here or what money that is in particular and what opinion the department has on the \$50 million increase. What's that ascribed to?

I did have a question indeed about the FTEs, and the minister has answered it, explaining that the staff would administer the First Nations fund. Now, that's interesting because my impression of the money coming out of the aboriginal casinos was that a lot of it was going to be sort of set off to the side and distributed by going into the various funds that were being established and for the use and good works of the aboriginal people in Alberta. I'm interested that the staff would come through the Department of Gaming and not be paid out of the profits, in effect, of what's coming out of the casino. Could the minister comment on that?

Perhaps that is going to happen. There was a particular formula, and maybe I could get the minister to repeat it because it broke down differently than usual. It used to be 15 per cent to the proprietor and 15 per cent to the group and 70 per cent back to the government, and the breakdown with the aboriginal casinos is quite different. There's a fair amount that, in fact, stays with the casino, so I'm interested whether these FTEs will be paid out of that fund or whether they're paid out of the administration for the department.

I'm just going to switch to the business plan book, strategic priorities on page 220. Priority 5 is dealing with the First Nation casinos and "opportunities for gaming facilities on First Nations land and benefits for First Nations communities." I've asked this next question a number of years in a row. What efforts or what steps has the ministry taken to protect itself or inoculate itself from the situation that developed in Ontario, where there was an agreement negotiated between the provincial government and the aboriginal peoples around casino proceeds? When push came to shove, the monies were not turned over to the province, and they all ended up in court.

8:30

I believe that court case has now worked its way through the system and the province did lose the gaming revenue when the First Nation decided to keep it. I know that the government has gone to some efforts here to negotiate an agreement, but what else? Is there anything else in place to so-called protect the investment? I mean, strictly speaking they're on aboriginal lands, and we don't really have much to say about what goes on there. So we're entirely at the goodwill, if you will, of the First Nations upon which the casino is situated.

I'd like an update on that situation and what other plans or steps have been taken there. In fact, what is the interpretation by the Gaming minister of the – I'm actually not remembering a specific ruling, but that court case has been up so long there must have been a ruling. So if it hasn't happened, let me know, and if it has, what's the opinion there?

Priority 6 on page 220 is talking about "managing the Alberta Lottery Fund and increase awareness so that Albertans understand how the Fund benefits volunteer groups and public and community-based initiatives." What I'm noticing here is that when I start to add the numbers up, in fact it looks like \$85.8 million go to volunteer and community-based programs in the entire Ministry of Community

Development and \$68.5 million go to CFEP and the community initiatives program. Then when I look at the amount of money that is distributed through the rest of the lottery fund, well, I mean it totals \$1.17 billion dollars. So a significant amount of money is going into the departments

Part of my question here is: who decides? For example, I note – and I'm switching back and forth; I'm on pages 172 and 173 of the estimates book – that under Agriculture, item 2, agriculture initiatives, they're getting \$11.62 million. Who requests that, or who decides that they get that amount of money?

Surely all things that government does are public good or public benefit. So how is the minister – what were the words he used? Allocated to ministries to support public initiatives. Who's deeming that something is not a public initiative and therefore doesn't get lottery dollars? Or, indeed, are there private initiatives that the government is involved in that would not be eligible for lottery funds?

You know, the minister and I have had this tug-of-war of words over a number of years now, but I still find it very interesting, and I know why the government did it. The amount of money that's essentially paying for regular government programs – in fact, the very first year that it happened, I spent a lot of time pointing out that the program was paid for out of general revenue previously, but now it's been transferred over and paid for under the lottery fund. So it wasn't a new program that was created at all. It's just a matter of transferring where it's being paid from. But this interesting definition that the minister always uses of public and private and what goes on his list that adds up to the numbers that he says are most interesting to me, and I'm always interested in seeing exactly what the details are on that.

In the annual report on page 45 performance measurement 4 under this core business establishes the "percentage of Albertans who are satisfied with how the Alberta Lottery Fund revenue is being used." It looks like it slipped from 73 per cent to 70 per cent, and I'm wondering if the minister has a comment on that.

We also have under the AGLC – and again this is the Auditor General's report on page 131. The "AGLC staff use contract management policies developed in 1992 under the Alberta Liquor Control Board . . . policies are outdated and not sufficiently comprehensive for the AGLC's current business operations." For example, the Auditor General indicated that there's no "formal process to ensure contractors comply with the terms and conditions of the agreement" and that the "AGLC did not sign contracts for . . . consulting services," nor did they "require consultants to confirm that their interests . . . do not conflict with the interests of the AGLC."

I'll have to return later. Thank you.

The Chair: The hon. minister.

Mr. Stevens: Thanks very much. The hon. member has asked for some detail with respect to support services information contained at page 167 of the estimates. The manpower budget associated with this is \$1.3 million, which is 58 per cent of the program budget of \$2.3 million. There are 17 FTEs associated with this particular item. Supplies and services and other costs are budgeted at \$952,000, which is 42 per cent of the program budget. There's a \$145,000 increase. The 7 per cent increase reflects salary increases and increased support costs associated with increased program delivery. Although this program provides overall support and direction to the ministry, it uses about 1 per cent of the budget.

With respect to strategic services, also at page 167, I can advise the hon. member that the budget of \$1.3 million is about 59 per cent

of the program's budget of \$2.3 million. The manpower budget is \$507,000 for salaries and benefits, 38 per cent of the office's budget of \$1.3 million. It has 8 FTEs: the director, four managers, a research assistant, and two support staff. The balance of \$819,000 is budgeted for normal office costs and supplies, contracting of professional services, service agreements, which are the ACSC, and the department's share of common government-wide information management systems, which are IMAGIS and ARTS, AGent, and ExClaim, all of which comprise 62 per cent of this element's budget.

The hon. member asked a question with respect to the racing industry renewal initiative at page 169. The principal increase that has been built into this item reflects the prospect of a racing entertainment centre being created and operational in Calgary in this budget year. Calgary does not have a racing entertainment centre at this particular point in time. The arrangement relative to Calgary is in connection with the casino located at the Stampede grounds, and it has 206 slots. A proposed new racing entertainment centre in Calgary, which would be contiguous with and part of a race track, would have 500 slots and would involve 51 and two-thirds per cent going to Horse Racing Alberta under the terms of the racing industry renewal initiative agreement.

The arrangement relative to the casino sees only 36 and two-thirds per cent go to the racing industry renewal initiative because the casino is a charitable casino, and the other 15 per cent that would otherwise make up the 51 and two-thirds goes to the charities.

8:40

So the assumptions that were built into this particular budget contemplate, one, a racing entertainment centre for a portion of the year that would have more slots and which would generate a higher percentage. There may be other assumptions associated with that, and to the extent that there are, we'll respond in writing to that point. Generally speaking, I can advise the hon. member and other hon. members that questions which are asked which I do not respond to verbally will receive the courtesy of response in writing.

There was a portion of the questions with respect to the racing industry renewal initiative that related to: where's the end point in all of this? At this time I can tell the hon. member that there's a racing entertainment centre in Edmonton and Lethbridge and Grande Prairie. Horse Racing Alberta wishes to establish a long-term 10-year racing licence for Calgary, which would see a racing entertainment centre go in there.

There has been discussion by Horse Racing Alberta of another B track. B tracks are located at Lethbridge and Grande Prairie. At some other location in Alberta they've talked to, for example Red Deer, and ultimately weren't successful in proceeding, but there may be one, perhaps two other B tracks, according to Horse Racing Alberta, that might make sense from a horse racing perspective in the province. So that is the extent of the plans as I understand them.

The agreement relative to horse racing is that the Calgary and Edmonton racing entertainment centres would each have 500 slots if they proceeded, and the B track racing entertainment centres, if they perform, can have a maximum of 99. Lethbridge has 99; Grande Prairie has 35. It is something that is earned, so if another B track were granted, one would have to determine the market, but they might start at something less than 99 and proceed to 99 if, in fact, they can demonstrate that there is a demand for an increased number of machines.

That essentially is the environment in which racing entertainment centres would proceed, and what is required from the horse racing perspective is that a long-term racing licence is granted. Either an A or a B track are the two types of licences at this point in time that I'm aware of that are associated with this.

Government's commitment to the horse racing industry is to provide them with funds with a view to allowing them to stabilize and grow horse racing in Alberta. They have a commitment to prepare and file through this ministry in this Assembly their business plan on an annual basis so that we can determine what their plans are relative to the industry.

That business plan, like business plans of government, will have key performance indicators built into it that will assist us in determining what are appropriate measures of success within horse racing and breeding and, as time goes on, measure whether or not the money which is part of this particular program is in fact achieving the results. So the object is to over time determine that the Horse Racing Alberta folks are in fact doing the job given that they have been provided the tools of financing through this particular initiative.

There were some questions with respect to other initiatives, and we'll provide you with the specifics that you asked for relative to carry-overs from year to year and so on and so forth. But just to recap and as I've indicated to this hon. member previously, the initiative is one which allows us to react to unplanned or new initiatives that are identified during the year and which are priorities within the communities and within the regions of the province and often which are of amounts of money that cannot be accommodated within the scope of any of the programs that we fund, whether it be within Gaming or Community Development or elsewhere in the provincial government.

So that is the general gist of this particular program. You can do a search at albertalotteryfund.ca, and you will find under other lottery-funded programs those groups which have received funding, so the information is available at that web site. I can tell the hon. member that, so she can do a search.

Using the Vertigo example of process, Vertigo, like many groups, approached the government because they're looking for provincial funding. Most groups are familiar with CFEP and familiar with CIP, but they come and talk to government because they have a large ask. It's a logical place to come. Whether they have any understanding of the limitations of funding or not, I can't say. But they tend to end up in government, and as Minister of Gaming I end up seeing many of them because ultimately they are referred to me by people for reasons which I can only guess, but I assume that it's because there are lottery dollars and they assume that there's some money available within the ministry. The only money that's ever available, really, outside of programs is this particular initiative.

Vertigo, as you will recall, was in the process of becoming homeless. They had a very well-developed option for a new home, they had plans that were very far along as far as architectural concept, they had a firm commitment from the landlord, and they had significant individual funding in place when they approached us relative to what they were doing. What they said was something to the effect that it was essential for them to be successful that someone stand up and make a commitment of a substantial amount of money. Today, admittedly, I don't remember the numbers, but it might have been a couple of million dollars or \$3 million or \$2 million.

In funding, my experience is that most groups will tell you that somebody has to go first, and if somebody goes first, it really makes it very helpful for them to approach others. So they can approach the federal government and the city and private members of our community for additional funding saying that the province is behind us. In any event, that was the situation with respect to Vertigo.

I can say at the outset that I'm responsible in the end result for all of the decisions. I'm the one that signs off the approval. Because this particular initiative is under my ministry, I'm responsible for everything that happens within that particular program.

8:50

It was something that had an urgency to it but had incredible leverage in terms of the money that was met by other governments – I think the federal government came up with a similar amount of money, and the people of Calgary came up with a large sum of money also – and they were able to go forward quickly to spend that money and create a home for themselves and do a very good job in adding to the arts and culture life of downtown Calgary.

That is a typical situation. They come up, and if we didn't have a program like this, we wouldn't be able to address any of those particular asks at all. As I've indicated to the hon. member previously, there are far more asks than there is money available, but that is a typical situation. Most of them are one-off like that, and each of them will be slightly different than the next as a result.

Some questions were asked with respect to VLT revenue on page 178. It was specifically with respect to the year '02-03. I think what I'll do is I'll have a written response. I don't remember that year as clearly as I should relative to the reasons for the decrease, but we had an older system at that particular point in time that was more prone to downtime as a result of repair. It was around 10 years old. I'll provide you with the detail on that, hon. member.

With respect to the casino gaming terminals or slot machine lottery revenue line, the increase there has something to do with the increased number of machines. Yes, it would include the racing entertainment centre slot machines; it would include the casino slot machines. We have certain casinos which are expanding or have expanded, and that is built into this. That's existing casinos, and it would also include new casinos that are contemplated in this particular budget. So that would be the principle reasons for an increase.

There were some questions with respect to the First Nations development fund and the First Nations gaming policy. The First Nations gaming policy included an agreement with respect to split, which essentially had 40 per cent of the slot revenue flow through the Alberta lottery fund into the First Nations development fund, and that was to go to the host First Nation, 30 per cent, and to other First Nations, 10 per cent. The First Nations development fund agreement, which has now been transferred to Gaming, is the vehicle through which that will be managed, and further particulars with respect to that we'll provide in writing.

With respect to our relationship from a jurisdictional point of view with the First Nations and Gaming, our position is that the province has total jurisdiction with respect to gaming on First Nations lands. I believe there's a Supreme Court of Canada case which supports that position. The name of the case I don't remember, but we'll provide particulars of that for you. We have a situation where the First Nations have accepted that. We have our licensing process that is being followed by First Nations that are pursuing licences.

With respect to protection, all of the slot machines are controlled through a centralized system, and we control that centralized system, so, you know, if there is a problem, then the machines don't operate.

The other thing is that all of the money ultimately finds its way into specific accounts.

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

Ms Blakeman: Thank you. And thank you for the responses and the promise to provide further detail that the minister provided.

If I can just go back to the racing renewal initiative, looking at page 58 from the Alberta Horse Racing Industry Review, the minister talked about some, you know, people and gave examples of individuals who were directly benefiting from this, and I'm wonder-

ing if he can provide us with a firm number; for example, the number of individuals who are able to take advantage of the breeders' incentives that are listed. For this year they're listed at \$1.8 million, and it goes up to \$2.5 million in 2005, \$2.7 million, et cetera.

There's also an additional program that says that there's a breeders' \$1,000 incentive program. I'm presuming that the linkage is obvious here, but I shouldn't presume, so I'll ask: how many breeders are involved in that program and are able to take advantage of it or are expected to take advantage of it? Again, that one is increasing. Last year, 2003, was \$1.03 million, this year is \$1.19 million, and then that particular program disappears off the map.

I would also like to get a breakdown, please, of Horse Racing Alberta. Purses, track/ATN operations and infrastructures I think is what's being listed there. "Horse Racing Alberta expenditures on purses, racetrack infrastructure . . . racetrack operations/minor capital and share of VLT revenues from ATN/OTBs." So if I could get specifics. It's giving me some numbers here, but this document was written some time ago, and I'm looking for updated numbers on how that happens.

And I have not been able to get the synchronization of numbers that I referred to in the written question a couple of days ago, so I'm looking to the minister, who, I expect, can get this sort of information, to help me break it down. The main problem, of course, is that these numbers are always different when I look at them. Horse Racing Alberta always produces by the calendar year. The most recent one that's out is the 2002 annual review. Well, we're now in the fifth month of 2004, so I'm expecting that there will be a 2003 that comes out soon, but the numbers never work because what is in the department numbers, which is a fiscal year, and what turns up in Horse Racing Alberta never jive, which is the information I've been looking for from the minister.

I can't make these numbers work because I don't know how they're breaking down by month. If I knew that, then I could add on January, February, March, and I'd be able to do this, but I can't. You know, I don't think that that obfuscation is deliberate. Nonetheless, it is troublesome for me, so I'm looking for the minister to provide that.

Can the minister give me the figure on how much is allocated for operations for Horse Racing Alberta as well? We're in the fifth month now of 2004, but when can we be expecting the 2003 report from Horse Racing Alberta?

9:00

Now the community initiatives program. I'm referencing again the estimates book, page 169, vote 3.0.3. We are now in the third year. It was announced in June of 2002. It indicated then that the program was \$30 million a year for three years. I'm presuming that we are coming to the end of the program. The third year ends next summer. Do we have any plans to renew this? Would it be renewed at the same amount of money? Is there any possibility of returning to the community lottery board structure, in which the decision-making was more localized or regional? I think I also asked whether there would be considered an increase or any changes in the way the program has been structured.

Vote 2, page 168, Alberta Gaming Research Institute, Alberta Gaming Research Council. What studies are going to be conducted this year to examine the relationship between gambling addictions and the criminal acts to feed those addictions? I keep coming back to the minister with this one. We know that there's a connection, but we don't know how there's a connection. So where is the minister and the ministry in examining this?

I know that he's going to say, well, these two groups operate at arm's length, and whatever they do, they do. Is the ministry itself

doing any additional research along these lines? Are they requesting that the research be done by either of these two groups or looked at by either of these two groups?

I'm also interested in how much is enough. We've already examined a number of programs in which there continues to be a significant increase in the amount of revenue that's being generated, and it's being generated through gambling activities. So once again I ask the minister: has he done any work to determine – or perhaps he's made an arbitrary decision – how much gambling is enough in the province? Is there a dollar figure that he wishes to see achieved and that's enough? Or is there a level of activity? What is the market for this? Has the market been clearly identified? Does he look at it and say, "When there are 10,000 slot machines out there, then we've reached it; that's enough," or "That's the beginning; we want to see 20,000 slot machines out there"? How much is enough?

What studies has he done to support the level of activity that he's at currently? Perhaps he hasn't done any. Fine; tell me that. What's supporting the decisions that the minister is making up to this point?

I also continue to be interested in the lack of connection between the amount of revenue that this ministry brings in through gambling activities and the amount that is spent on treatment for problem gambling, and there is no direct correlation. There's a flat amount that is expended here, which actually now shows up under AADAC, I think, because there is a growing body of work that is starting to indicate that there is a direct correlation, and I'll come to some of the studies that I've looked at.

In particular, the one that's been pointed out to me is by Professor Earl Grinols, who just published *Gambling in America: Costs and Benefits*. Now, he's an economist, and his conclusions are that gambling in general is net costly, contrary to what has been much touted up until now. His point is that jurisdictions should be doing socioeconomic cost-benefit analyses, and those should be giving you a net cost or a net benefit, but his point is that you're going to find out that there's a net cost. We are getting huge revenues certainly, but it may well be that in the end the benefits are in fact outweighed by the social costs. So I'm looking to see whether there are plans to undertake any kind of extensive socioeconomic cost-benefit analysis about the use of gambling and how that affects our society.

How does the ministry know that they currently have the right mix of VLTs, bingos, slot machines, racing entertainment centres, casinos? There's been a significant change in the mix that we've had up until now. While I've been working as an MLA, I've not had as much volunteer time to put into the communities that I've been used to volunteering with, so I was a little surprised, going into a casino sometime within the last year, at the change that I saw: the number of slot machines that were now in place, and the tables were almost gone. The blackjack and the roulette and all the rest of those, that used to make up 80 per cent of the business, were down to 20 per cent. And the slots: there were just banks and banks and banks of them. Actually, the casino I was in had been renovated to accommodate the slot machines that were in there. So how does the ministry decide, what factors do they use to decide that they have the right mix of all of those various components of revenue-generating machines?

What expansion plans does the ministry have in place? These are all sort of a continuum of questions here about how much is enough. What are the expansion plans that the ministry has? He did list for me what was expected to go into the First Nations casinos but also into the racing entertainment centre in Calgary, so I'm presuming that he knows. So please share that.

Interestingly, right now in the lower mainland of B.C. there is a request out for proposals to do an impact assessment on that cost-benefit analysis and net costliness or net benefit of gaming and

gambling to the community. Ontario, I note, has also done one.

Around First Nations gaming – and I suppose this could be extrapolated to any of the new ones – I'm wondering whether the claims of job creation have been examined and whether, in fact, these are jobs created or whether in any given community what we have is I think it's been termed cannibalization, where you have somebody working in a fast-food outlet in a particular community, say Stony Plain for example, and we have a casino open, and what happens is that the casino goes looking and hires the fast-food worker away from the fast-food outlet in Stony Plain, and they end up working at the casino of the First Nations. We didn't actually particularly create any jobs there; we cannibalized staff members from one place to the next. Now the community businessperson has to go out and try and find a new worker there. So how are the arguments of job creation versus redistribution of jobs working out here?

Now the VLT report that was done by the Gaming Research Institute and released in January of 2004. They very clearly started to make a connection between problem gambling and an increase in crime. I've already asked the minister this question earlier. How is the minister responding specifically to the issues that were raised in this report? How does he respond to that particular issue?

9:10

How does he respond to the issues raised around problem gambling treatment? I notice that Dr. Hunter is the pioneer on problem gambling treatment and the director of the Nevada Psychological Associates, so you may well have visited him when you went down there on one of your trips to check out gambling. He's concluding that "if you don't think gambling is a serious problem for society, consider that no alcoholic has ever drank away four generations of money in a weekend – which I know that gamblers can and do."

I know that the minister hasn't been particularly willing to make changes based on the research that's been done thus far, and I'm wondering how he is responding to issues like that, that are increasingly coming forward. You know, we have gambling being blamed in suicides. Some medical examiners are now starting to record gambling as a factor.

The other issue that I like to ask about every year is the connection between gambling addiction and fuelling crime. I've mentioned this once already, but specifically I'm wanting to know what work the department has done in tracking that. We certainly know, for example, that where we have other addicts – in other words, alcoholics or drug addicts – they commit crimes to produce money to be able to buy what they need for their fix. We know that this happens, and it only makes sense that that's what's happening when you've got a gambling addict, that they're committing some kind of crime.

Certainly, the government has experience in their own departments. There's one that's running in the paper today, yesterday, the day before of a government employee who committed crimes to fuel a gambling addiction and in fact got a business associate or a friend or somebody else involved in the same thing, and together they were both involved in committing a crime, perpetrating fraud against the government to feed their addiction.

Where is the government in tracking this, and how much attention are they paying to it? Are they investigating particular kinds of crime or just not worrying about this at all? Or are they looking at incidents of property crime, for example, or only looking at white-collar or fraud, embezzlement? What is being looked at and examined here? Has the minister requested the Gaming Research Institute to do any of that work on his behalf?

Have there been any thoughts of having changes made to legislation so that those people who do steal from, for example, the government as an employer or from other employers to finance a gambling addiction be responsible for paying the money back?

The other question that I'd like to get on the record is: where are we with Internet gambling? What has been explored? What studies has the minister looked at? What's being considered? Perhaps there's been the decision that we're not considering it. Once or twice a year I hear from some advocates that say: "We're missing the boat on this one. We could be making a lot of money if we got involved in it. We could control it more if we got involved." It's the same arguments that I believe led to our getting involved in VLTs to begin with, some 10 years ago now. So where are we both with government involvement or government regulation of gambling on-line and also any kind of cyberattack? You know, it's both sides of this. It's one thing to be involved in gambling on-line, but there's also what comes from on-line that can be causing your own machines trouble if they're hooked up in any way or that could come through the tools that are used to upgrade the machines or however that works.

Do we have any idea of a criminal organization association with gambling here in Alberta? Are you tracking any criminal organization Internet gambling happening in Alberta?

Thank you.

The Chair: The hon. Minister of Gaming.

Mr. Stevens: Thanks, Mr. Chairman. The hon. member has asked a question with respect to plans for the community initiative program. Yes, this is the third year of a three-year program. It's been very successful, and as minister I certainly will be advocating a renewal of the program just as we have been advocating a renewal of CFEP, which started in 1988. So I anticipate that that will be part of the business plan process going forward. As far as increases, that has a lot to do with budget issues, but certainly as far as the future of the plan is concerned, I will be advocating that it continue because it has been very successful.

With respect to the issue of our plans on gaming in the province, I would refer back to the licensing policy review, the recommendations that were made there which were accepted by this government. That is the model that we are using at this point in time, and the commitment was that it would be reviewed again five years out or so. So in '06 or somewhere in that vicinity there will be a review of the rules that we're currently using.

The process that we have with respect to VLTs is that they're capped at 6,000, that we are in the process of reducing the number of locations and, in fact, have been successful over the last couple of years in reducing the number of locations by about 12 per cent. The recommendation was to try and reduce it by 15 per cent, and we are marching as we speak toward that particular number.

The issue of expansion of casinos is based very much on the eight-step process that we have. It has to be initiated by members of the public. It's not a matter of this government initiating anything. This government doesn't have a specific plan relative to any casinos per se, but we do have a process which is outlined for members of the community. We have seen over the course of the last couple of years in a number of regions throughout the province those rules put into practice.

One of the salient features of the eight-step process is that there has to be viability within a market in order for the matter to proceed. For example, applications were made in the Lethbridge area for new casinos. The AGLC, that is responsible for application of those rules, determined that there was not a market for an additional casino

in that area at that time. As such, the applications were declined.

Another aspect of the eight-step process is that it requires a comment from the community. So one of the stages has a letter going to the municipality or the city or the county, wherever the proposal is located, asking whether or not the government in that locale are supportive or not supportive of a casino. There are examples where municipalities have said yes. Examples of that would be Leduc, Leduc county. There are examples where communities have said no, although it has not been in the context of a specific application but rather as a pre-emptive matter. Examples of that would be Lloydminster and Strathcona county. There are examples where communities have taken a neutral position, which is something that they asked to be able to do. A neutral position allows the application to go forward. Examples of that would be Edmonton and Calgary. But the short of it is that municipalities have an opportunity to say if they don't wish to have a casino in their community, and that expression of interest would be honoured by the AGLC.

9:20

The hon. member has asked about some research issues. I think it's fair to say that my views with respect to research have grown and crystallized over the three years that I've been in this ministry. Some of the more recent events which have been very helpful for me were, first of all, a gaming research conference that I went to in Las Vegas last December, where a paper was referred to at some length which put forward the concept of the Reno model. It's a paper that was prepared by Dr. Ladouceur, who is Canadian, Dr. Shaffer, who's at the Harvard Medical School, and Dr. Blaszczynski, who is with the University of Sydney in Australia. What they do is put forward a model which talks about the way one should, among other things, develop research that will be meaningful in the gaming context.

I think it's fair to say that gaming research is relatively new, and people obviously have been thinking about how best to go forward and create some kind of parameters which you can work within and rely upon to measure and make research meaningful. So I found that very, very useful.

There was a book by a fellow, Peter Collins, which was titled something like *Gambling in the Public Interest*. I met with Mr. Collins. He is the director of a group that deals with public policy and research in South Africa. It is a very, very good book because it really covers all of the issues, the morality issues, the research issues, that relate to gambling. I wouldn't call it a primer – it's more than a primer – but it's a very good book, and it's the best book that I've come across which outlines the considerations which one should have in place.

The Alberta Gaming Research Institute, of course, has been doing research funded through the Alberta lottery fund since 1999, and the arrangement that we have with that institute is that they are arm's length from government. They determine how they spend their money and what research projects they have. I have come to the conclusion that the research to date has been useful, and the reputation that they have garnered is useful because in a relatively short period of time they have gained a reputation for what they have done, bearing in mind that there are virtually no other jurisdictions that have taken the proactive initiative that we have to fund in a sustained way gambling research.

What we have failed to arrange for to date, simply because of the way that research is determined, is research that has been particularly useful in developing policy regarding gaming. So I think it's fair to say that over the months ahead we will be reviewing exactly how the research has been done and what models might better provide the kind of research that would be useful in developing public policy

with respect to the gaming in this province. That's definitely something that we will be looking at going forward.

We have developed a social responsibility division within the ministry, and there is a new director of that. The purpose of developing the division is so that we can focus on social responsibility issues. Research issues are included in that. So I would anticipate that as the months unfold, we will be able to provide a better direction with respect to what we want to do in that area, once again recognizing that compared to other jurisdictions at this point in time, I understand that we are doing very well indeed.

With respect to job creation and casinos I have absolutely no doubt that they are net job creators. The fact that somebody has a job before they go to a casino does not detract from the fact that it's a job creator. I think one can take a look at the First Nations' experience in some of the other jurisdictions for perhaps the most obvious job creation opportunities.

If you go to Casino Rama at Orillia, Ontario, and talk to the First Nations there and ask them the question, "What benefit has this casino been to your people?" they will without hesitation say that it has been tremendous. They were a reserve of massive unemployment, without social services, without electricity, running water, and what we would consider to be the basic minimum necessities of life. Today they have those services, they have employment, and they attribute it to the opportunity that was afforded to them by that casino. But I would encourage you to talk to them because they can speak far better than I ever will as to how that has impacted their people.

If you go to Saskatchewan and any of the First Nation or Indian casinos, as they call them there, you will find that they have employment on the floor somewhere in the vicinity of 70 to 85 per cent First Nation. That includes the management. In fact, I think I saw all of the casinos in Saskatchewan, and I believe that all of the management at that time were in fact First Nation. That's a very impressive thing from where I stand, and that was impressive from their point of view because those in large number are people who were previously unemployed or unemployed a great portion of the time. So we have demonstrated in our next-door neighbour after a five-year period – and that's roughly how long it had been from the start of those casinos to the time that I visited them – a very successful job creator for the First Nations people within the casino environment.

The last question I'll comment on is Internet gambling. That is a matter that we continue to follow because it's something that is occurring on a global basis. There's absolutely no doubt that Internet gambling occurs globally. The laws in Canada are such that Internet gambling outside the boundaries of a province is illegal. So if we could construct Internet gambling solely for the purposes of gambling within the province of Alberta and no more than that, that would be legal, but of course Internet gambling by its very nature is global.

There is a recent case involving I think it was a P.E.I. Internet gambling project of some description which went outside of their borders, and it determined that you can't do that. So, practically speaking, Internet gambling under the current laws makes no sense from where I sit in Canada, but laws can always be changed. So we continue to monitor it both from a view of understanding how it may impact the market that we currently have and also seeing what the trends are. I'll provide you with further detail as might be available, but the short of it is that it's not something that legally makes sense in Canada at this point in time.

9:30

The Chair: The hon. Member for Calgary-Egmont.

Mr. Herard: Thank you very much, Mr. Chairman. I just wanted to make a few remarks and ask a couple of very minor questions. First, I ought to tell the minister that my experience in my constituency with respect to his department staff and himself has been very, very pleasant. I've never heard a community in my constituency complain about the way that they've been treated by your department, and I think that that's great because community associations sometimes don't always do everything one hundred per cent correct. From what I understand from my communities, those minor errors and so on are met with a lot of understanding and a lot of help, and I just wanted to thank the minister and his department for doing that.

The question I have, though, is on page 172, line 14. There's an item there called centennial legacy grants of \$13 million, and then on the next page at line 46 we have another centennial legacy grants of \$12.5 million, and then on line 47, centennial projects, \$20 million. So I guess what I would like the minister to do – and he can probably do this later in writing if he wishes – is explain to me what the difference in these three centennial programs is and what the criteria might be for those three in particular.

Those are all my questions, Mr. Chairman.

Mr. Stevens: I'll provide the details to the hon. member regarding the question.

With respect to the kudos for the staff, you're absolutely right. The pleasure of being in this ministry is that you receive letters of thanks, and the reason that occurs is because the staff that manage the various programs are consumer oriented. They go out of their way to ensure that the applicants are assisted in their applications, and they work with them to make sure that the program works for the applicant. We don't get complaints very often, and we get a great number of kudos, and that's all as a result of the incredible committed staff that we have, not only in the program area but throughout all of Alberta Gaming and the AGLC.

The Chair: The hon. Member for Edmonton-Highlands.

Mr. Mason: Thanks very much, Mr. Chairman. I'm pleased to ask some questions of the minister with respect to his estimates, and I appreciate his comments and responses so far.

I'd like to start by asking about the province's NHL lottery ticket funds. It appears that the funds were underdisbursed to the tune of about \$2.4 million, and now this year the amount is reduced to about half of what it was the year before. So I'd like to find out from the minister what's going on, how that lottery is working, if it's being successful, and if it is going to generate sufficient revenues to support NHL hockey in Alberta and how that compares to the projections at the outset of the lottery ticket fund program.

Now, I want to ask about casinos and particularly casinos on First Nations. I appreciate that the minister was responding to questions on that from the hon. Member for Edmonton-Centre, and if some of the questions were asked while I was not present, maybe the minister can just tell me, and I'll look it up in *Hansard*.

It was my understanding a couple of years ago that the Enoch First Nation was essentially taking the position that they rejected the government's ability to determine whether or not a casino could be approved for that site, and I think there were some negotiations. As far as I, you know, am able to understand the situation, the government more or less went along with that, but there's a sort of a situation where the government has approved it and agreed to disagree, type of thing.

So my questions have to do with how this is going to be put in place and whether or not the revenue-sharing arrangements are standard or have been set differently, what impact the case in Ontario

has on that issue, whether or not the First Nations have accepted the government's right and responsibility to regulate the casino in any way, send inspectors, that sort of thing. So, you know, if the minister could expand on the situation there and the arrangements between Alberta Gaming and the First Nations.

I don't know if there are any other outstanding issues with respect to some of the issues raised by the city of Edmonton in connection to this. I don't know if the minister is in a position to comment on that, but if he can, I would very much appreciate it.

We've seen that bingo associations have an increase of about \$3 million, or 75 per cent, over the last year. I'd like to know what's happening with bingo. Is bingo continuing to grow and be a real success and support the community organizations relative to VLTs and that sort of thing? If the minister could just elaborate a little bit on the state of bingo and what he sees in the future for that segment of the gaming industry.

I think I'd also like to get some information with respect to the horse racing subsidy program. Has this got a sunset clause? Is there a finite point at which the funding to the horse racing industry is successful? Has the program been successful in stabilizing horse racing, or is it continuing to be a declining industry? What can the minister tell us about the benefits of this funding program for the horse racing industry in terms of continued employment creation, economic benefit, and so on?

So those are my questions, Mr. Chairman. I look forward to the minister's reply.

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

Ms Blakeman: Thank you. I just had one more administrative issue that I wanted to raise with the minister, and that was around choices that were made, and I guess I'm searching to find out whether this is department policy or AGLC policy. I've been in correspondence with the deputy minister and the minister over a particular situation that arose in downtown Edmonton around the granting of a liquor licence to a location that was a nightclub that was renovated by a new group but not soundproofed. The problems that had caused concern for the neighbours, which include a seniors' residence called Cathedral Close and an apartment hotel called Alberta Place, had not been addressed. There was a sort of long-running series of applications from the new group to AGLC and sort of protests back from the community organizations.

9:40

One thing caused me a little bit of concern, and I just wondered if this was a policy or whether there was a misunderstanding or something. I did send an e-mail to the deputy minister, and it was never responded to by anybody, and that raises some eyebrows with me. I would have expected that correspondence from an MLA, particularly the local MLA, about an issue that was controversial, got into the newspaper, would have merited a response. I did check to see if there was a bounce back on my e-mail, and there wasn't. I checked for months to see if there was a bounce back on my e-mail, and there wasn't. So I'm curious as to why the decision was made not respond to me about this.

In particular, I was questioning whether there was a policy of being very aggressive in pursuing the neighbours to bring them onside with what the businesses wanted to do. In fact, what I'd had were a couple of complaints from the managers of the seniors' residence and the hotel over the staff who were pursuing very aggressive conduct around: well, you know, you really need to withdraw your objections to this new location and fall into line with this; you could end up talking to their lawyer a lot. Finally, these

individuals – I don't know if the gender matters here, but maybe it was a factor; I don't know – were quite uncomfortable about what was being done, and I raised that point in the e-mail, and that was the e-mail that was never responded to.

So two issues for me: one, why wasn't the e-mail responded to when it came from the local MLA, and two, why didn't I ever hear anything? Maybe it is the policy to be quite aggressive in trying to get surrounding neighbours to withdraw their objections and fall into line with the granting of a liquor licence by AGLC, but this one just ain't sitting right with me. This just does not reflect what I have seen of the minister's integrity. I don't want to have to raise it in this situation, but I kind of feel like I got backed into a corner about doing that. Obviously, the minister will probably want to go and investigate this and respond in writing to me about it, but I'm interested in how this all plays out. If he needs the information again, I've got a file folder here with all of the correspondence back and forth from the various parties.

I was really uncomfortable with what happened to those organizations. It's a long-running problem there, and they were left quite high and dry. They really feel that the AGLC did an end run around them in granting a class A licence in a situation where the city of Edmonton had been very careful to try and work their way through this snakes' nest, this land mine filled course. There were real concerns about how this all happened. Anyway, I don't need to go into it any further than that.

The city of Edmonton had worked hard to try and put in place something that was going to keep this lower key and not let it grow to the extent that it had. They had been very careful to grant a private licence and recommended against or tried to set it up so that there wouldn't be a class A licence granted.

In fact, the AGLC granted a class A licence and didn't hold the public hearing that these two parties were expecting. They expected to be able to appear at a public hearing and make all of their concerns known. They believed that they had asked to be informed of a public hearing, and they were never informed of it. So I think there are a number of issues that arose from this situation that should cause the minister some concern, and I'd like to hear back from him on that.

I've used up about 45 or 50 minutes worth of questioning time in this session with the minister. I appreciate his willingness to share information and to provide missing information in writing. I look forward to receiving that, and I thank the Assembly for the opportunity to question the minister.

Thank you.

Mr. Stevens: Just briefly. On the last point, to the Member for Edmonton-Centre, it is not the policy of Alberta Gaming or the AGLC not to respond to communications from the public or from MLAs, so I can start out by saying that. Our policy is to be responsive to the questions that are asked.

With respect to the details of that particular matter I believe that we know what you're talking about because I think I've heard something about this somewhere along the line. If we need further clarification as to the e-mail and whatnot, we will be in touch with you. Otherwise, the response to you will address the e-mail and the various points that you've raised here this evening.

The hon. Member for Edmonton-Highlands. The NHL lottery ticket program was set up so that the NHL teams had the option as each ticket stage came along to say, yes, we'd like to proceed, or no. From my vantage point they got into the first one without any experience, and then they had the experience of the first one, which was a good experience, so they went to the second and so on and so forth.

What I can tell the hon. member is that they optioned each opportunity as it came along, including this last one, which will be ending this month. So it has been a positive experience for the NHL teams in a net monetary way. I can also tell the hon. member that as time has gone on, those particular products have declined in sales, so perhaps the first one was the most successful. That's the general line of it, but each of the teams will have made a substantial amount of money as a result of that particular initiative.

On the First Nation casinos I think a great deal was addressed in my response to the Member for Edmonton-Centre, but if there's something additional, we'll provide that in writing.

The First Nations policy was as a result of negotiations between this government and the First Nations people here in Alberta and was ultimately ratified at an all-chiefs meeting of all of the Alberta First Nations. So, from my perspective, that is the starting point for the current arrangement that we have relative to gaming in the province. I think you will find that from time to time there are members of the First Nations community who will say or write something that indicates that they think there is an inherent right, sovereign rights if you will, for them to control gaming. But, as I indicated to the Member for Edmonton-Centre, there is a Supreme Court of Canada decision which we say determines the matter in favour of the province, and certainly the arrangement that we have with the First Nations, which was ratified at that meeting I referred to, says that we do. So to me the issue is settled indeed.

We'll give you an update on bingo.

Many of my comments regarding horse racing I think would apply to your questions, but we'll provide you with some additional information if it wasn't otherwise answered.

Thank you.

The Chair: The hon. Member for Edmonton-Highlands.

Mr. Mason: Thanks, Mr. Chairman. Just a quick supplementary on the NHL lottery ticket program. Has the ministry determined whether or not they need to reassess the product that they're selling in light of declining sales? I wonder if he can provide, perhaps in writing, the financial contributions that have been made to the two NHL teams over the different issues of the lottery tickets and whether or not the minister feels that there is adequate marketing and advertising of these tickets and whether or not the absence of such might be a contributing factor and, as well, whether or not the minister feels that in the long run this particular program is going to be of continuing value in supporting NHL hockey in the province.

Thank you.

9:50

Mr. Stevens: Very briefly, the program is at an end. Our commitment to the NHL teams ends with this particular ticket. We said that we would provide them with support in this fashion up till the end of this particular year, so it does not extend beyond. Our commitment ends this month, if you will, with the close-off of the current ticket.

The Chair: After consideration of the business plan and proposed estimates for the Department of Gaming for the fiscal year ending March 31, 2005, are you ready for the vote?

Hon. Members: Agreed.

Agreed to:	
Operating Expense	\$164,712,000
Lottery Fund Payments	\$1,167,831,000

The Chair: Shall the vote be reported? Are you agreed?

Hon. Members: Agreed.

The Chair: Opposed? Carried.

The hon. Government House Leader.

Mr. Hancock: Thank you, Mr. Chairman. I would move that the Committee of Supply rise and report the estimates of the Department of Gaming and beg leave to sit again.

[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, 2005, for the following department.

Gaming: operating expense, \$164,712,000; lottery fund payments, \$1,167,831,000.

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

Hon. Members: Agreed.

The Deputy Speaker: Opposed? So ordered.

head: **Government Bills and Orders
Committee of the Whole**

[Mr. Tannas in the chair]

The Chair: I'd call the Committee of the Whole to order.

Bill 27

Alberta Corporate Tax Amendment Act, 2004

The Chair: Are there any comments, questions, or amendments to be offered with respect to this bill? The hon. Minister of Revenue.

Mr. Melchin: Thank you. Mr. Chairman, I'd like to just make a couple of comments with respect to some questions that were raised in second reading.

As we've gone through second reading, some of the questions probably still raise or highlight the fact that there may be some differences in preference of tax structures, and I don't know how to necessarily state otherwise. It is still the stated policy of the government to reduce corporate income taxes, the general rate, to 11 and a half per cent and, as affordable, to 8 per cent – that has been the government policy expressly – and then with the small business rate to go down to 3 per cent. This one does actually get the small business rate down to 3 per cent, and the threshold is at \$400,000 from last year.

So our small business reductions have been the first of the priorities that we've pushed and encouraged, that we would ensure that the small business income would go up, that we would capture a greater number of businesses into now a \$400,000 threshold.

As to potential loss of revenue, I know it is talked about. The rate reductions will save Alberta businesses about \$142 million. Yet as we've seen, even in the past years as we've reduced rates, the absolute dollars that we're collecting are still holding strong. It's

still at about similar numbers that we had before the rate reductions.

As to whether we keep those savings in Alberta, what is actually happening, on the converse, is that many of the companies around the country are trying to put more of their income in Alberta precisely because they do retain their income. In fact, there is a formula where they have to allocate the corporate income among all the provinces, and they have to go through an allocation of how much business. There are standards such as employees and offices and a number of things that are used to judge how much of the apportionment of income should be in one province or another.

The challenge we actually have is that the other provinces are more anxious to ensure that they have their share of that income whereas the corporate entities, for the large part, because we do set the right structures in place for them, are looking to locate more of their offices, more of their personnel, and more of their business in Alberta. It's precisely for that that this tax structure was developed.

I think I'll leave it there and answer any further questions that people might have at committee stage.

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

Ms Blakeman: Thanks, Mr. Chairman. I know that our Finance and Revenue critic had spoken to this bill at second reading, and the minister has just answered some of the concerns that he was raising, specifically that we're putting ourselves in a situation that's not fiscally sustainable. You know, we're in an oil boom-and-bust economy, and we're in a boom right now, and eventually that will end. Meanwhile, we will have cut income taxes and business taxes to the point where we've created a situation that's not sustainable. [interjection] The minister is responding to that. I have to say that I think we disagree with what the likely outcome is going to be.

There are other considerations in stimulating a strong economy. Again, that's something that this government, you know, in the more than 30 years they've been in power now – it was Premier Lougheed's originating mantra to diversify the economy. Here we are 35-plus years later, and we're still overwhelmingly dependent on the oil and gas sector. Given the choices that this government has made, we may well be able to be in a situation with the debt, but we've created a huge infrastructure debt that will also cost us significant amounts of money to pay down, whether that has to be done through cash or through whatever.

So we just feel that the management of the province's wealth, the choices that this government makes in the way they do it, is questionable, because we think that over the long term it's not in fact sustainable. Now, maybe they're not the ones that are going to be in power when they have to start increasing the income taxes to make up for the drop in oil and gas revenues. Then I guess that's a problem I'm going to have to deal with rather than the minister is going to have to deal with, but the situation will have been created by him.

10:00

I think that when I thought about what other kinds of taxes could be cut if we were looking to give people a break, well, the obvious one is to eliminate the health care premium tax. If we're really looking to put some money back in people's pockets or make it easier for businesses, particularly small businesses, to operate, there's the one. Eliminate the health care premium tax. That'll certainly help small businesses as well.

Another one that came to me just recently was dropping some of the user fees that the government has increased and increased and increased certainly over the time that I've been elected. The one that I just had to experience again – and I think we're up for another

challenge under the Eurig decision – is around vehicle registration.

The government has never been able to explain to me why I'm paying a different rate for car registration and registering my snowmobiles when in fact the fee is to cover the administration, the paperwork, the paper shuffling of those two registrations. Well, there's no difference in paper shuffling that paper. I'm registering a vehicle. It shouldn't make any difference. The amount of work that the staff person has to do walking from here to there and picking up the licence plate or picking up the computer code really is no different, yet I'm charged different amounts of money. So that tells me we're still not dealing with something that in fact is just covering user fees.

I think there's also an issue that I do not see this government coming to terms with – the federal government is starting to deal with it – around income tax and property tax and the relationship with the municipal governments. The federal government is making that overture. The province is not.

We have a situation where every time people earn more money or get a raise or get a job and they get income tax deducted, the province and the federal government without doing a thing make more money. But the municipalities don't, and the municipalities have taken up a huge load in terms of helping the government get rid of the debt and deficit created by the Tory government in power.

The municipalities have gone a long way in reducing that deficit, but they are the ones that always look like the villains because no matter how much money somebody is earning, it's not really affecting their property tax. So they look like the villains in increasing the property tax all the time, and they have to actually increase the property tax, whereas the moves made by the federal and provincial governments result in an increase without them lifting a finger.

I think that also flows through in the kinds of things we're talking about here with the general corporate income tax rate and the small business income tax rate. Both of them are based on income, but the federal government has started to recognize that the municipalities need some relief, and the federal government has started to deal directly with the municipalities. I think that's going to cause a problem for the provinces, if they don't start to figure out where their role in all of this is and start to look for more concrete ways to work in a partnership with the municipalities. So a related issue.

Essentially we're willing to support this at this stage, but I think there are a number of unanswered policy decisions that we question in the way this government is conducting business. We have been supportive about providing relief for small businesspeople. Certainly, I'm very interested in that. I've got a lot of small businesspeople in downtown Edmonton, and they're the ones whose money stays in the community. You know, a lot of those huge office towers that are named after particular companies, their profits go south. They leave the province. But the profits from the dry cleaner and the grocer and the local Mac's store and all of those other small businesses that exist and thrive in downtown Edmonton, their money stays here and helps our economy go around. So I like to see them being able to thrive.

So those are the issues that I wanted to raise during Committee of the Whole. I have some reservations about this, and I know that my colleague the critic for Revenue and Finance, the MLA for Edmonton-Riverview, was willing to support this. I'm willing to support the small business part. I'm not so sure about the other part, and I'm still questioning why this is the only route that the government seems to know how to take and why they won't consider and steadfastly won't consider things like relief on the health care premium tax.

Thanks very much, Mr. Chairman.

The Chair: The hon. Member for Calgary-Currie.

Mr. Lord: Well, thank you, Mr. Chairman, and I'm just going to rise and ask a few fast questions as well of the minister. I don't know if he'll have the answers handy, but perhaps he can make a few comments about it.

Really, I was just wondering about some comments that we heard earlier today about taxes and corporate taxes. In my view, the taxes that we collect are expected to be passed on to the consumer. I mean, people don't really realize that when you put a tax on a corporation or a business, at best it's just passed on to the consumer, and therefore by definition it's a sales tax by proxy, and I would suggest a hidden sales tax by proxy. It begs the question, then, of what benefit are any corporate taxes if they're just expected to be passed on to the same consumer?

In that regard, we heard about a request to raise the minimum wage. Well, it seems to me that if you're raising the cost of the business to do business by ordering it to pay higher minimum wages, isn't that just another tax on the business, just another hidden sales tax on the business? I'm wondering if the minister could perhaps comment on that.

You know, it may sound fine to do it, but take for example the case of a bookstore owner trying to compete in the world against amazon.com on-line, et cetera, and we impose higher costs here in the province through minimum wage increases or other tax increases. Well, how do they compete against virtual bookstores, for example?

Along this line I'm wondering if the minister has the numbers or the percentage of small businesses that actually pay corporate income tax. What percentage of small businesses actually pay any corporate taxes, which gets at the question of how many small businesses actually have a profit? How many small businesses are actually going broke instead of showing a profit? Is that 1 per cent, 5 per cent, or more like 30 or 40 or 50 per cent of small businesses that actually don't even pay any taxes because they don't have a profit to pay them with? Of course, that would be the group we'd be asking to pay more wages now if we raised the minimum wage. So I wonder if the minister could comment on that.

The last question is whether or not the minister could comment about municipal property taxes that require businesses to pay large amounts of taxes when they have zero profit at all – they have no income at all – a class of Canadians being expected to pay large amounts of taxes when they have zero income and are in fact going broke and whether or not that impacts the province's revenues if we are killing these small businesses before they ever get to first base through municipal property taxation crowding out potential revenue for the province in the longer term.

So those would be my questions, Mr. Chairman. Thank you.

The Chair: The hon. Member for Edmonton-Highlands.

Mr. Mason: Thank you, Mr. Chairman. I had a few questions for the hon. minister. The comments of the hon. Member for Calgary-Currie, however, have piqued my interest in perhaps debating some of these points.

Now, just a moment ago, Mr. Chairman, he asked the rhetorical question: aren't taxes on business just another sales tax because they get passed on directly to the consumer? You know, we need to take a look at economics a little bit. In setting prices, businesses have to make some calculations and they cannot just set the price anywhere they want. They can't just raise their prices because somebody down the road won't raise their prices and they'll lose business, so they have to set it at a certain point where the rate of return is maximized.

The market doesn't let them set their price anywhere they want.

Sometimes when costs are increased, the consumers are not willing to pay all of that, so they have to take it out of their bottom line. So the idea that in a nonmonopolistic situation you can somehow fix the price is not the case. Sometimes it comes out of the profits of the company and not out of the pockets of the consumer, and there is a difference.

The hon. member also talked about minimum wages being a tax, but my understanding of a tax is that it's something that's taken and goes to government and is spent, then, by government on various programs. But in the case of the minimum wage it actually goes to low-income workers directly, and then it may possibly be taxed, but that's at a much lower rate. So I don't accept that argument at all.

10:10

My question to the minister is: what evidence does the government have that increased investment in this province or increased economic activity is attributable to this program of cutting taxes? I want to distinguish the lower corporate tax rate because I am supportive of the cut to the small business tax rate; it's the corporate tax rate that I have a concern about. The reason I ask that question is that I believe that much of that investment has to do with the strength of the oil industry and the high prices for oil and natural gas and not necessarily changes in the corporate tax rate. As an example, Mr. Chairman, there was a tremendous rate of investment in this province before this tax reduction was approved. The question is: has that change in tax rate increased in some way the investment that's happening in the province?

A second question: does the government offset increases in investment in the province with outflows of capital as a result of profit-taking and dividends and that sort of thing? In other words, when they talk about how much the net inflow of capital there is to this province, do they calculate and offset the amount of capital that is flowing outside the province as a result of profit-taking or management fees and so on, that sort of thing?

Those are my questions for the minister, Mr. Chairman.

Mr. Melchin: Mr. Chairman, I'll just state that I don't have some of the stats right here anyway with respect to what percentage small businesses pay in corporate income tax. I can get that. Certainly all taxes are a cost to business, as was stated.

With respect to the one question asked about the evidence, for the same reasons that there seems to be support that this is beneficial to small businesses, it's equally beneficial to the broader business community. There's not a difference in economic policy. Part of the challenge we have, actually, in Canada is to encourage more growth beyond small business. In comparison to the world we have a very large percentage that are small and micro companies. In fact, sometimes even the preferential treatment of the small business rates that everybody seems to say we're supportive of gets punitive to actually encouraging the growth to get beyond that. We need more companies to become mid and large and very large companies. We obviously need a healthy climate for small business. So that's why the rate reduction for small business activity.

What we do know is that taxes and the incremental tax rates are very much focused on. When they look at what is the combined federal/provincial rate of tax, those are key focus points known, examined, or otherwise for the incremental profit that you could earn and how much could be retained. We do know that the economic activity – I don't have specific, identifiable. Because of last year's rate reduction, there are these X number of new businesses in here. I do know that what continues to happen is that we have had an increase in businesses in registration, the numbers of businesses that

are here. We do know that there is an increase in the number of companies paying taxes. I don't have the specific numbers in front of me. We do know that the amount of absolute dollars that we collect remains at about the same level despite our rate cuts. We're still collecting the same absolute amounts in dollars. We do know that clearly when you're talking about – you're right – inflows and outflows of profits, we've got to track the right inflows, investments. That's why you want companies to come and set up here in Alberta. You want them to also incorporate in Alberta. You want them to do more of their business in Alberta so that they thereby can retain more of the profits in a low-tax jurisdiction. That is what's happening.

We can certainly provide lots of evidence of what economic activity is happening in Alberta. It's not just because of oil and gas prices. Many of the sectors, the forest industry – we could go down all the industries and show economic activity that's beneficial because of economic structures, of which tax policies are a fundamental part. They're not the only, but they are one main component of government policy that impacts business decisions and sets a climate.

We do know that even if there are outflows to shareholders' profits, we do get the tax base right here. We collect it. Maybe not all the profits are retained because maybe some of the investments are coming from around the world and their shareholders around the world are getting dividends, but we retain that tax on corporate income that was based here, earned in Alberta, and taxed in Alberta. We have benefited substantially from the money from people throughout the world that's invested right here. We collect our share through the corporate income tax structure, so we are really main beneficiaries of that, whether or not there are outflow profits to shareholders around the world. I'll be happy to chase down some more specifics of that question asked, though.

[The clauses of Bill 27 agreed to]

[Title and preamble agreed to]

The Chair: Shall the bill be reported? Are you agreed?

Hon. Members: Agreed.

The Chair: Opposed? Carried.

The hon. Government House Leader.

Mr. Hancock: Thank you, Mr. Chairman. I would move that the committee rise and report Bill 27.

[Motion carried]

[The Deputy Speaker in the chair]

The Deputy Speaker: The hon. Member for Edmonton-Glenora.

Mr. Hutton: Thank you very much, Mr. Speaker. The Committee of the Whole has had under consideration and reports Bill 27.

Thank you, Mr. Speaker.

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

Hon. Members: Agreed.

The Deputy Speaker: Opposed? The motion is carried.

head:

**Private Bills
Third Reading**

**Bill Pr. 4
Northwest Bible College Amendment Act, 2004**

Mr. Masyk: I'd like to take this opportunity to move third reading of the Northwest Bible College Amendment Act, 2004.

[Motion carried; Bill Pr. 4 read a third time]

10:20

**Government Bills and Orders
Third Reading**

**Bill 22
Election Statutes Amendment Act, 2004**

The Deputy Speaker: The hon. Minister of Justice and Attorney General.

Mr. Hancock: Thank you, Mr. Speaker. I move Bill 22, the Election Statutes Amendment Act, 2004, for third reading.

We've had quite a bit of discussion on the act, that really details a number of administrative changes primarily requested by the Chief Electoral Officer in terms of modernizing the way in which he and his staff conduct elections in the province. It also of course increases the contribution limit for contributions that can be made to candidates and constituency associations and the corollary tax deductions that can be made. It clarifies better for candidates and enumerators the ability to have access to multifamily and gated dwellings. The Election Act in the past referred to apartment buildings, and of course we have so many more multifamily dwellings and multidwelling buildings, so we need to have the ability to have access to them.

The Election Statutes Amendment Act provides, really, a modernization of most of those areas, and I would ask the House to consider it for third reading.

The Deputy Speaker: The hon. Member for Edmonton-Centre.

Ms Blakeman: Thank you very much, Mr. Speaker. I thank the government for its co-operation in allowing this bill to spend some time waiting for members of the public to catch up with it. We've passed a number of bills with a great deal of speed in the House this spring session, and I was campaigning to have this one slow down a bit so that the public could catch up with us, and in fact that happened. I finally heard from a member of the public, so it was worth it. [interjection] One. One member of the public.

I was disappointed that others weren't sharing my incredible interest in the parliamentary process. Nonetheless, we did hear from one individual. They raised a number of issues, and I agreed that I would raise them in the House. Now, some of these were issues that had already been raised by the Liberal opposition and, I think, in one case a combination or concerted effort from the Official Opposition and the third party in moving amendments to try to deal with some of the concerns that had been raised with Bill 22, Election Statutes Amendment Act, 2004. I'll identify those as I go through.

This individual is a member of one of the now small parties – what goes around comes around; eh? – which was at one time one of the governing parties. As a matter of fact, for many, many years it was the governing party in Alberta, that being the Social Credit Party.

This individual was very concerned with four different sections. Section 116.1 of the original bill is appearing in our amending bill here as sections 59 and 60, and they are both amending section 116 in the original act. This is around secure ballots and special ballots.

In section 116 the concern was that in being able to use electronic mail to request secure special ballots or special ballots, it could be difficult to authenticate the person who is making the request. As well, the e-mails are generally difficult to trace.

So there was a concern there that if people were trying to achieve nefarious ends, they could in fact be generating a number of e-mail requests for special ballots, which if they were followed through and mailed out to particular addresses or something, there could be some skewing of the results. There was a real concern that the ability to authenticate with an e-mail is very difficult, because that's the point: it's cyberspace. It really is just going to a computer, but the computer can move around. I think that there can be some controls that could be put in place on that, but perhaps we'll get an opportunity to get some input from the member sponsoring the bill or perhaps from the Chief Electoral Officer after the fact as to how this could be addressed.

The second issue that was raised by this individual is section 116.1, which is a new section being added, and it's around a secure special ballot. Now, this was to try and address those individuals who really believe that their personal safety is at risk if their name or an address appears in a polling book or if they, in fact, appeared in person. Certainly, I can understand that from the amount of work that I've done in trying to protect women that are in a danger of being harmed by an intimate partner. I'm very alive to this issue.

The issue being raised by my Social Credit Party friend is that allowing the Chief Electoral Officer to conceal information about who requested a special secure ballot voids transparency, and he feels that possibly impartiality is at stake. His concern around this was that by keeping somebody's name and identifying information completely off the voters' list, it would be quite possible that no one would be able to know that there was a voter out there and to access them and try and give them information about a candidate. It gets particularly hard for those candidates of smaller parties that have less resources to be able to track this kind of thing. Possibly with larger parties and candidates with more resources they could spend more time trying to figure this all out, but that was the issue being raised there.

I have to say that in trying to balance off the personal safety of women that are fleeing abusive situations or being stalked by individuals – actually, that could pertain to men as well – against whether or not somebody's name is appearing on the list, I'm going to have to come down on the side of protecting the individual's safety and believe that, you know, if they're interested enough to be trying to be involved in the democratic process when they're really feeling that their life is at stake, good on them. Any assistance that we can give them to complete that process by using a secure ballot or a secure special ballot is to be applauded and moved along.

This individual did raise the hardship that they expected to be created by the increased candidacy fees. I think that was one of the issues that was raised jointly by the opposition and the third parties with concerns about the effect on the smaller parties. That may not be that much of an issue to see the fee increase from \$200 to \$500 for the three leading parties in the province but certainly could be a tremendous hardship for a smaller party that was fielding perhaps only 10 candidates. That could be a significant amount of money. When you multiplied that \$300 by 10 candidates, that might be enough to make them only field nine candidates because they couldn't cover the costs otherwise. We certainly agreed with that and supported an amendment to strike that change and remain at the \$200 level.

The final issue that the individual was raising was around the decertification if there were no candidates running representing a particular party. They outlined a situation that happened to their

particular party in 1986 whereby there was some support for, I think, what would have become the predecessor for the Reform Party but some generations back. In trying to nurture this new party along, there was an agreement from the Social Credit Party that they would not run candidates, to allow this smaller party to get going.

So in that year, 1986, the Social Credit Party showed no candidates at all running, and according to this new rule that then would have decertified them. They had concerns because there's an example in their collective history as a political party where these new rules would have in fact caused them to cease existing. They just didn't see why that was necessary and wanted that issue raised and put on the record. Perhaps I can get a response from the sponsoring member to address the concerns that have been raised.

On balance, despite my disappointment with a lack of a citizenship initiative or reform process with what I feel are some undemocratic moves, an erosion of democracy around making it more difficult for the smaller parties – I had less trouble with the unique identifier numbers because I thought it might lead us to more inclusion of younger people that are very keyed into or hooked into electronic communications.

10:30

But I was very pleased to see the changes that are made around ensuring that there's a very clear understanding that candidates are to have access to every voter, and that includes voters who are living in secure access buildings or secure access compounds. That's very important. The voter can decide not to open the door and talk to the candidate, but, boy, the candidate sure needs to be able to get to the door. I've talked about that quite a bit in the past; I don't need to talk about it any more here.

I'm glad that we were able to have repeated discussions on this act. I think that on balance there are some good things and some bad things in it, but I'm certainly happy to support it at this point. I'm glad that we were able to hold it over long enough that we did have other political parties that could join into the discussion and even other individuals who actually took the time to come down to the Assembly and flag people down and present their comments to me. I'm happy to be able to put them on the record on their behalf.

Thank you for the opportunity to speak in third reading, and I will leave the floor to others. Thank you.

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

Mr. Mason: Thank you very much, Mr. Speaker. I'm pleased to speak to third reading, and I want to indicate to the Assembly that, unfortunately, I will not be supporting third reading of Bill 22, the Election Statutes Amendment Act, 2004.

I made a number of specific comments during the committee stage, Mr. Speaker, and I won't repeat them here except to indicate the one particular aspect that causes me the most concern, and that is the increase in deposits for candidates. The government's position, expressed in a news release, is that this would provide a check on frivolous candidates. I asked the question in committee: in a democracy what exactly is a frivolous candidate? Is that someone who is not affiliated with the three parties here or not affiliated with the one party there or not affiliated with any party or a party that we disagree with? You know, there are many candidates that may not be taken terribly seriously by significant numbers of voters, but that doesn't make them frivolous. So that's a concern. Nearly two-thirds of the candidates in the 2001 election lost their deposit. That is a substantial amount of money when it's spread across 83 constituencies, so it is a significant barrier to small parties' participation in elections, and I think that's a problem.

Mr. Speaker, in principle what we have here is just a minor administrative tinkering with the basic electoral system in this province, and the New Democrats feel that a major reform is needed of the electoral bill on a broad scale. I think that's partly the reason why, as the hon. Member for Edmonton-Centre has said, there has been little interest in this, and that's because it's just a few tweaks, not necessarily positive tweaks in all cases, a few tweaks to the existing system which clearly has served this government, or the party that's now in power, very well. But we believe that a more fundamental process needs to be undertaken that engages Albertans on a broad scale and asks them exactly what it is they want to see in terms of an electoral system in this province and asks whether or not what we have now is really the most in keeping with their democratic aspirations, something like but not necessarily exactly the same as the process that's been undertaken in British Columbia, which has been a very, very interesting exercise in public democracy and takes it out of the politician's hands.

You know, in a sense we have a built-in conflict of interest in our political system, Mr. Speaker. The politicians are in charge of the political system that elected them, and we all pretend that we don't have a vested interest in that system, but we do. What B.C. has done, I think, is to a degree recognize that and actually put nonelected nonpoliticians in charge of reforming the electoral system. I think there's lots of merit in doing that.

There are three elements that we would propose if such a process were put in place that we believe are fundamental to democratizing the electoral system in our province. The first of these is proportional representation, Mr. Speaker, and I don't intend to go on with that in great depth. I know that people feel that we don't want to just be voting for a list of party candidates. We want to have some constituency representation. We want to have geographical and community representation.

It is possible. There are systems that are in place in some of the European countries, for example, called mixed-member proportional representation which do make sure that the balance in the Legislature equals the balance of popular vote but does apportion the seats geographically according to where the strengths geographically of the political parties are, so people are able to vote for a member in their area. I think that this is something whose time has come. Sooner or later in this country one or more provinces are going to break with the first past the post system, which is in fact very much an archaic system and is rapidly diminishing in the world as a method of electing people in democracies.

The second one is electoral finance reform, and I think that that's critical in this province. You know, it's interesting, Mr. Speaker, that two-thirds of the \$4 million war chest of the Progressive Conservative Party to fight the next election comes from corporate donations. I know that members here don't see anything wrong with that, but I think the typical Albertan would wonder why our governing political party is not supported by grassroots political donations of individual citizens. In terms of personal political donations, individual donations, the New Democratic Party of Alberta raises more money than the Progressive Conservative Party of Alberta, so I think that maybe says quite a lot. So that's something that needs to be done.

The last thing, Mr. Speaker, that we would propose as part of an electoral reform package is fixed election dates. The archaic notion that the Premier or Prime Minister in a British parliamentary system can call an election when they want to is, you know, a real slap in the face to equality amongst political parties, and it gives the incumbent government a tremendous advantage.

We're seeing that now with the federal election. You know, you

have this scandal about the sponsorship program, and the Prime Minister is completely within his powers and it's accepted that he can just wait until the scandal dies down, public anger dies down, and then he can call the election when the polls are in his favour. Now, who benefits by that other than the federal Liberal Party?

That's just not how we should be running a system. Dates should be fixed unless the government falls. I will say to the credit of this government that it has kept fairly regular election dates. Every four years: I think that's how it should be. But, you know, if the government found an advantage in calling a snap election or felt that it had to delay an election because it wasn't doing that well in the polls, I fully expect that it would do that. I just don't think that it should be allowed to do that, Mr. Speaker.

Those are the main elements of an electoral reform. I think that the bill fails because it doesn't really address any of the broader, meaningful questions about our electoral system and our democratic system in this province. It trivializes the issue and is not what I think would benefit Albertans. As a result, Mr. Speaker, I'll be voting against the bill.

10:40

The Deputy Speaker: The hon. Minister of Justice and Attorney General to close debate on third reading?

Any questions or comments?

[Motion carried; Bill 22 read a third time]

Bill 28

Feeder Associations Guarantee Amendment Act, 2004

The Deputy Speaker: The hon. Member for Dunvegan.

Mr. Goudreau: Thank you, Mr. Speaker. It's my pleasure to move third reading of Bill 28, the Feeder Associations Guarantee Amendment Act, 2004.

Mr. Speaker, the feeder associations in Alberta have been very successful for everyone involved, and we wish to extend this option

to our hog feeders. I want to commend the House for the support this bill has received, and I ask for its continued support.

Thank you, Mr. Speaker.

The Deputy Speaker: The hon. Member for Edmonton-Glengarry.

Mr. Bonner: Thank you very much, Mr. Speaker. I will try to keep my comments brief, but we have been known to speak longer if we get heckled. [interjection] Good. We'll do our best here.

It is a pleasure to rise this evening and speak to Bill 28, the Feeder Associations Guarantee Amendment Act, 2004. I'd certainly like to commend the Member for Dunvegan, who sponsored this particular bill, on the hard work he did in order to get it this far. Its purpose, certainly, is to expand the mandate of the act by allowing feeder pigs to be included under the act. It allows Alberta's hog producers to take advantage of Alberta's feeder association structures. It is a producer-driven process; they bear much of the cost of this program. So, again, some very strong points for Bill 28.

As well, we had some concerns about how this would affect CAIS, and since there are no actual dollars delivered to producers and members of the feeder associations, the feeder association program does not affect producers when it comes to their CAIS claims.

So, again, a bill where there's been a lot of debate. Any questions that arose out of the bill have been answered. I would urge all members to support this very good bill.

Thank you.

[Motion carried; Bill 28 read a third time]

The Deputy Speaker: The hon. Government House Leader.

Mr. Hancock: Thank you, Mr. Speaker. I'd move that we adjourn until 1:30 p.m. tomorrow.

[Motion carried; at 10:45 p.m. the Assembly adjourned to Wednesday at 1:30 p.m.]