

Legislative Assembly of Alberta

Title: **Wednesday, May 4, 2005**

8:00 p.m.

Date: 05/05/04

head: **Committee of Supply**

[Mr. Shariff in the chair]

The Deputy Chair: Hon. members, we'll call the committee to order. May we briefly revert to Introduction of Guests?

[Unanimous consent granted]

head: **Introduction of Guests**

The Deputy Chair: The hon. Member for Cardston-Taber-Warner.

Mr. Hinman: Thank you, Mr. Chairman. It's my honour to introduce to you and through you to this Assembly this evening a fine group of youth and young men from the 170th Sherwood Park LDS Scout group. Their leaders are Garth Fitzner and Sheldon Fisk, and the five boys are Nathan, Matthew, James, Adam, and Theo. I'd ask that they would arise and receive the warm welcome of this Assembly.

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

Mr. R. Miller: Well, thank you, Mr. Chairman. It is indeed my pleasure to introduce to you and through you tonight to all of the members of the Assembly a fine group of young women. They comprise the 185th Brownie group from the constituency of Edmonton-Rutherford. They're led tonight by group leaders Sharon Jones, Amy Thomas, and Kristiana Beaudry and parent helpers Tami MacGregor, Chantel Savard, and Mike Houston. I indicated to them that all of my colleagues in the Assembly tonight are going to be most disappointed when they learn that, unfortunately, this particular group is sold out of cookies tonight. I told them that we all came with our wallets full and expecting to be able to load up our offices with cookies, and unfortunately that's not going to happen. I would ask them to please rise and receive the warmest welcome of this Assembly.

The Deputy Chair: Are there any others? The hon. Member for Edmonton-Castle Downs.

Mr. Lukaszuk: Thank you, Mr. Chairman. With me I have two groups of individuals. One consists of three constituents: Ms Denise Brunner and Cathy and Keith Michael, who are with us in the members' gallery.

Also, I'm pleased to have members of the Lithuanian-Canadian community, who actually have some really interesting connections to this particular building. Ms Emilia Karosas, the grandmother of our page Mr. Taddes Korris, over here. We also have Kostas Zolpis, president of the Canadian Lithuanian Society, and Maryanne Kelemen. We have Titas and Eugenia Uogintas – Mr. Uogintas actually is the individual who built this dais over here for our Mr. Speaker's chair, behind you, that entire structure that surrounds the Speaker's chair – and Mr. Jean Luke, David Luke, and Mary Ann Garbencius. Mary Ann's father, John Garbencius, recently was awarded a medal for being 103 years old on our centennial. We also have Al and Andrea Schmidtas and Joseph Popikaitis and Nejolla Korris, the president of the Edmonton-Castle Downs Conservative Association. I would ask them to rise and receive the traditional warm welcome of the Assembly.

head:

Main Estimates 2005-06

Gaming

The Deputy Chair: Hon. members, the committee has before it the estimates for the Department of Gaming, and as per our Standing Orders the first hour will be allocated between the minister and members of the opposition, following which any other member may participate.

I notice a very colourful tie on the Minister of Gaming, so I recognize the Minister of Gaming.

Mr. Graydon: Well, thank you, Mr. Chairman. If the Provincial Treasurer can get a new pair of shoes for her budget, I can get a new tie for mine. That is my feeling.

I'm happy to be here this evening to discuss the Ministry of Gaming's 2005-2006 budget. I would move that we adjourn to the Casino Yellowhead, but I know that would be ruled out of order, so we'll stay and deal with it right here in the Assembly. Over the last couple of months it's been busy and exciting. I look forward to providing estimates for our activities over the next year.

First, I'd like to introduce some members of the staff who are here this evening, up top there, looking down and hopefully going to give me some advice over the evening. I would like to welcome Norm Peterson, the Deputy Minister of Gaming and chief executive officer of the Alberta Gaming and Liquor Commission; Ann Hammond, the Assistant Deputy Minister of Gaming; Ron Crosby, executive director of finance and administration with the Alberta Gaming and Liquor Commission; Marilyn Carlyle-Helms, communications director of Gaming. My executive assistant, Chris Brookes, is up there as well. Thanks.

In order to put our estimates into perspective, I'd like to take a moment to give the committee some context regarding the Ministry of Gaming and its responsibilities. The Ministry of Gaming is responsible for several entities including the Department of Gaming. The department's areas of responsibility include the strategic direction for the province's gaming and liquor policies and communications. The department's responsibilities also include the administration of certain lottery-funded programs including the community facility enhancement program and the community initiatives program.

The Ministry of Gaming also includes the Alberta Gaming and Liquor Commission, or AGLC, as I will refer to it throughout this evening. The AGLC regulates all gaming and liquor activities and establishes operational policy for these activities within a provincially approved framework.

Other entities within the Ministry of Gaming include the Alberta Gaming Research Council and the Alberta lottery fund. The Alberta Gaming Research Council is a broad-based advisory group that helps direct the research activities of the Alberta Gaming Research Institute, and the Alberta lottery fund is used to support thousands of volunteer, public, and community-based initiatives annually.

Gaming is also responsible for the Horse Racing Alberta Act, the Gaming and Liquor Act, and the Racing Appeal Tribunal.

Tonight I'll be focusing on the Department of Gaming and its key areas of responsibility. The Department of Gaming's estimates total \$169 million for the fiscal year 2005-2006. Two per cent of this budget will go towards costs necessary to administer the department and its lottery-funded programs. Two per cent for administration, Mr. Chairman. The lion's share, 98 per cent, or just over \$165 million, will go directly into lottery-funded grant programs. Our goal is to ensure that Albertans continue to see the maximum benefit from the province's well-managed gaming and liquor industries. I'll show you how we intend to ensure that this happens as I highlight

some key areas for Gaming in the upcoming year, 2005-2006.

The first and perhaps most important item is the Alberta lottery fund. This year we continued to listen carefully to Albertans and direct lottery revenues towards priority areas. Revenues from the Alberta lottery fund have made and continue to make a real difference in the lives of all Albertans: first, through allocations to a number of ministries in support of public initiatives – for example, Infrastructure and Transportation, Environment, Innovation and Science, and the list goes on and on – secondly, through a variety of other ministries to foundations and grant-based programs such as the community facility enhancement program, CFEP, and for volunteer and community-based initiatives.

This means that lottery funds allocated to individual ministries are the responsibility of my cabinet colleagues to disburse according to the plans that they present to the House in their estimates, that come before us as we move through the estimates this session. My job as Gaming minister is to discuss my ministry's lottery fund allocations, which total \$165 million, and highlight significant areas within Gaming.

Two of these significant areas that we deal with are the community initiatives program, CIP, and the community facility enhancement program, CFEP. I'd like to point out that in this budget we've requested continued funding for these very important grant programs. In the past these two programs have put millions of dollars of lottery revenue to good work in hundreds of communities throughout our great province.

I'd like to share a few examples from last year on these programs. A public library received \$125,000 to renovate a special area to promote the importance of learning amongst teens between the ages of 13 and 19. A kindergarten society received just over \$47,000 to develop an early childhood literacy program. A gymnastics club got \$40,000 to improve their training facility and to buy new equipment. 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 again this year. The importance of these programs speaks for itself through the benefits they provide to Albertans every day in every community.

8:10

Another area we deal with is major fairs and exhibitions. Another significant highlight this year is the funding for major fairs and exhibitions throughout Alberta. This year Edmonton Northlands and the Calgary Exhibition and Stampede will each receive a \$3 million increase for facility improvements. This initiative will help support the various programs offered by both the Edmonton and Calgary facilities, including exhibitions, fairs, trade shows, and numerous other community events that they hold at their facilities. Most importantly, this money provides the opportunity for Albertans across the province to showcase their agricultural and other related trade products.

As well, Northlands will receive \$250,000 to support the Canadian Finals Rodeo, and the Calgary Stampede will receive a similar amount to promote the Calgary Stampede. I believe it's called the greatest outdoor show on Earth. Overall, funding for each of these important volunteer organizations will increase to \$10.35 million in 2005-2006.

As you will recall, Mr. Chairman, this House recently approved \$40 million from the Alberta lottery fund in 2004-2005 for the province's other seven major fairs and exhibitions. These funds will be used to upgrade buildings, grounds, and other capital projects which support the many community activities in and around these seven municipalities. In 2005-2006 the funding to the regional fairs

and exhibitions will be \$2.66 million.

Continuing with the agricultural theme, I'll move on to the racing industry renewal initiative. This initiative is aimed at revitalizing the horse-racing and breeding industries by returning a portion of the net proceeds from slot machines at racetracks to the industry. We call this a flow-through arrangement. As in all our flow-through arrangements the amount of the grant is determined by actual revenues. The other portion of net proceeds is directed back into the Alberta lottery fund.

Approximately \$15 million went to support thousands of community initiatives around the province from the lottery fund and from the racing initiative. It's an arrangement that benefits the agricultural community and strengthens our urban communities. The budget for this initiative is \$45 million in 2005-2006. The majority of this funding will be used toward the operation and capital costs associated with racetrack facilities and racing purses. This is very important if we want to continue to both preserve and revitalize an important part of Alberta's history and culture.

Now on to bingo. It's another flow-through arrangement. The budget estimate indicates that \$8 million will go to charities from bingo association halls that conduct electronic bingo, or digi bingo. As you see in this year's estimates, the budget for this initiative is set to increase by \$1 million from last year's budget. Proceeds are generated through the commitment by the charities to fund raise, and the proceeds flow through the Alberta lottery fund and go directly back to those groups. All benefiting charities have been properly registered, and their use of proceeds is thoroughly scrutinized to ensure that these funds are going to eligible causes. Last year 2,300 charities earned \$44 million from bingo events held across this province.

Mr. Zwozdesky: How many was that?

Mr. Graydon: Forty-four million dollars.

This initiative is also a part of a broader strategy aimed at helping the bingo industry compete in today's entertainment marketplace and continues to assist charities to fund raise for their many worthwhile initiatives throughout the province.

The third and final flow-through initiative in Gaming's estimates is the First Nations development fund grant program. First Nations casinos are expected to provide economic and social benefits for First Nations people. Under the First Nations gaming policy an amount equivalent to 40 per cent of the slot machine proceeds from First Nation casinos will be allocated toward social, economic, and community development projects identified by those First Nations. This may apply to education, health, infrastructure, and addiction programs within First Nation communities. These funds cannot be used for capital, operations, or financing costs of gaming activities or gaming facilities.

The \$4 million included in Gaming's 2005-06 estimate is directly linked to the operation of one or more First Nation casinos if they're up and running in this time period. To date two First Nation casinos have received approval to begin construction. Just like the other flow-through arrangements the revenue has to be generated before the flow-through grants can be provided.

Before I conclude, I'd like to briefly mention a couple of other items including our estimate for gaming research. In prior years the budget for gaming research has been allocated between the Alberta Gaming Research Institute and the Alberta Gaming Research Council. However, this year we are reviewing our relationship with these organizations and the allocation of funding. However, we can assure the House that \$1.6 million will be used for gaming research

this year.

Finally, net gaming and lottery revenues are projected to be \$10 million lower in 2005-06 than in the '04-05 forecast. This may seem odd when you think about the new casinos being built in the province, but when you consider that some municipalities have enhanced their smoking bylaws, some of which have already come into effect and some which will come into effect this summer, the decline may not seem so unusual. In fact, we are projecting a \$50 million decline in gaming revenue in 2005-06 because of these enhanced smoking bylaws. As you're aware, Mr. Chairman, the smoking legislation that has been under debate in the House this session has no bearing on these enhanced municipal bylaws, which take precedence.

As you've heard, the Department of Gaming's funding request of \$169 million is reasonable. We're continuing to operate in a straightforward, transparent, and fiscally prudent fashion. Albertans expect and deserve well-managed gaming and liquor industries that give back to them and their communities every single day. It's a responsible budget, Mr. Chairman. I would encourage support for it. Thank you.

The Deputy Chair: The hon. Member for Edmonton-Meadowlark.

Mr. Tougas: Thank you, Mr. Chairman. It's my pleasure to lead off the debate on the estimates for the Gaming department. I'd like to go a little bit more wide ranging than the minister has mentioned here. I think we have to look a little bit further than just the estimates on how much your department is spending and look at the big picture of gaming as it exists in Alberta today.

I think that in this province right now we have to look at gaming not just as a pastime; it's actually an industry. It's an industry that was created by the government, it's regulated by the government, and the government is its major beneficiary. But now that the government has created this Frankenstein monster of income, it doesn't really seem to know what to do with it.

Now, the very name of the department indicates that the government has two minds of how to approach gaming right now. You call it gaming and not gambling, which I think is kind of interesting. I mean, gaming has the connotation that it's fun. You know, kids play baseball. It's all a game. It's all in fun. Gambling has a little bit different name to it, and I think the department should more rightly be called the department of gambling because that's really what it is.

The government likes to talk about how it's based on a charity model of gambling, which indicates that charities are perhaps the big winners, but if you actually look at the numbers, the real big winner in gambling is the province of Alberta. The government is far and away the biggest winner in the gambling bonanza. In 2002-2003 the government took in 66 per cent of gambling revenue. Private operators got 21 per cent and charities got 12 per cent. In fact, it's not just a charity model, but it's actually a government revenue model if you look at it in its entirety. So I contend that right now the government doesn't really know what to do with the gaming industry.

Now, you didn't mention that your business plan is made up predominately of platitudes and buzzwords and that kind of thing. What we don't see is any real idea, any grand plans on where gaming or gambling is going in Alberta. My concern – and this is something I'd like the minister to address when I'm done here – is to address how he sees gambling in the next five, the next 10 years in Alberta. At the Alberta Gaming Research Institute luncheon, you gave a speech, and then you had an open forum and asked questions. I was in the audience, and I asked you this very same question. Where is gambling going in Alberta in five years, in 10 years?

Maybe that wasn't a fair question to ask you at a nice friendly luncheon, but I felt I obliged to ask it anyway. I don't recall that you really gave me that specific answer, but I'll tell you that after I asked you that question, I had a lot of people come up to me in the gambling industry, experts on it, and they thanked me for asking that question because they want to know what the government plans on doing with gambling in the next five years, the next 10 years.

8:20

Now, the five-year plan outlined in the budget doesn't address the single most important question about gaming: how big does the government want gambling to become? You've created this industry that went from zero dollars roughly 20 years ago to one of over a billion dollars in about 20 years. I don't know if the government was even prepared for the tremendous amount of money that would be pouring into the coffers in such a short time. So let's put gambling revenue in perspective for a moment here.

Under the listing of Profit from Commercial Operations on page 198 of the budget we see net gaming and lottery revenue of \$1.2 billion. To put this into some sort of perspective, it's roughly the same as the revenue this province brings in from crude oil royalties. Gambling revenue – and that's predominantly VLTs and slots – brings in as much money to the Alberta coffers as crude oil royalties. That's an astonishing figure.

My major question is simply this. It's a big question that I would like the minister to address, and I'd be happy to sit down when I'm done with this, and you can rattle on for five, 10 minutes about it if you like. Where is gambling going in Alberta? Now, I know that a few years ago you had a gaming summit, but I believe that addressed mostly the nuts and bolts, a few technicalities, and basically how it's going to operate. It didn't really answer the question of why it's operating.

The big questions about gaming have not been asked or answered. If you can develop an industry around something like nanotechnology, everybody's happy. If you promote agriculture, everybody's happy. But there are moral and ethical questions in the gaming industry that a lot of people are not happy with. I suggest that if you did a little poll of the members in this room right now, there would be a lot of humming and hawing about whether this is a good thing for Alberta or not. The revenue is a wonderful thing. Everybody's happy to have the billion dollars coming in, but is this the right way to raise a billion dollars? Is \$1.2 billion just the start? In five years from now are you looking at raising it to \$2 billion? Do you want to make it \$3 billion, \$4 billion, or \$5 billion? Is there an upper limit? Is the sky the limit for the amount of money you want to bring in from gambling?

It's interesting that when the first native casino opens in Alberta, we will have every form of legal gambling that is available in any North American jurisdiction. Even the state of Nevada won't have every type of gambling available, but the province of Alberta will. When Alberta adds five new casinos in the next year or so, we will have the highest number of casinos in North America after the state of Nevada. Is this the route we want to take as a province, and is this something the government has long-range plans for? More casinos? More income? What are we looking at here?

Now, I contend that gambling has moral and legal implications that sooner or later will be a major issue that the government will have to face. If you look at other provinces, this process has started already. Ontario Premier Dalton McGuinty late last year said, and I quote: there's no doubt about it; we have come to rely on gambling revenues; perhaps in a better world we wouldn't, but the fact of the matter is it's here, and it's here to stay. I would love to hear the Premier or the Gaming minister say something along those lines just to clarify their actual position on gambling revenue.

Take the province of British Columbia. British Columbia has vowed to increase its net income from gambling by 21 per cent over the next three years. Now, I don't know if this is right or wrong. That's a matter for the people of British Columbia to decide. But at least it's out there. It's a statement saying: we do want to raise more money through gambling; we want to increase our net income from gambling. Does the government want to do that? Is it something that they don't really know? It's time we started to clear up these matters.

Nova Scotia has taken the most interesting steps. It has produced – and I have it here – *A Better Balance: Nova Scotia's First Gaming Strategy*. Among other things it calls for reduced accessibility to VLTs by removing a thousand of the machines, reducing VLT hours by eliminating the midnight to close time frame, which would wipe out about three hours in Alberta, I think, and they want to reduce the speed of play by about 30 per cent.

I'd like to read just one short passage from the gaming strategy, which is something I think the government should give some serious consideration to. The report is called *A Better Balance*. It's a

five-year strategy designed to set a new course for gaming in the province. It is intended to be a comprehensive, cohesive, integrated strategy which will be the first step in building a better, more balanced gaming environment in Nova Scotia . . .

Nova Scotia has been actively involved in gaming for almost 30 years, without having a provincial strategy or policy. This is not to say that individual departments and agencies do not have strategic plans and policies that relate to gaming – in fact, they do. And in many instances these groups consult and co-operate on specific initiatives. However, there is a need to have a provincial strategy to guide these various functions.

I propose that this is exactly what Alberta needs. We need a strategy that is going to look at the long-term impact of gambling, whether it's something that you want to increase. Do you want to grow it? Do you want to shrink it? What are we looking at here?

Now, the ministry says that it doesn't really promote gambling by going out and advertising it, which is almost like saying: well, it's here, and we're making whacks of dough on it, but we're not really that proud of it. So what is it? Is it an industry worth promoting and developing, or is it something that we're just going to reap the benefits of without giving any real thoughts to the implications of it?

In an interview with the *Calgary Herald* I believe the minister himself said that Alberta wouldn't grow the industry just to raise revenues. But, on the other hand, you know, why would you grow the industry, which is exactly what you're doing right now? By adding more casinos, you're growing the industry. When you take a VLT out of a bar where it's not performing well and put it in one where it's going to get more money, you're growing the industry on a very small measure, but you are growing the industry.

Basically, what I'm asking the minister is this, and I'll gladly sit down and give him 20 minutes if he wants or however long it takes. I have specific questions. What is the government's long-term vision for gambling in Alberta? Why does the government support a gambling industry in this province? Does the government have any targets for revenue collection for gambling dollars for either two years from now, five years from now, whatever? Is there any upper limit on the number of casinos in Alberta? In short, where does the government see the gambling industry in five years? Now, I know that's a lot to chew on, and it's maybe a little bit more than you might have expected today, but I welcome the minister's comments. The floor is yours.

The Deputy Chair: The hon. minister.

Mr. Graydon: Thank you. I'm not sure that all the comments relate to the estimates that we're dealing with tonight, but I'm happy to reply to some of the comments that have been made and perhaps help the member understand what's happening.

He mentioned: if we polled the members in the Assembly, how many of them would be in favour of us being involved in the gaming industry? That might be a mixed vote, but I suggest that if I polled the members and asked for a poll on how many people think that prohibition works, I would have a unanimous decision, Mr. Chairman, that prohibition doesn't work. It didn't work for alcohol. It would not work for gaming.

If we weren't in the business, I guarantee you that someone else would be, someone far less desirable than the government, and the proceeds from that illegal gambling, gaming, whatever you want to call it, would not be going to charities. It would not be going to your neighbourhood community club or to Northlands, if you want to use them as examples, or to the playground. It would be going into the underworld and to organized crime. That's where it would be going. So I make no apologies for the government being involved in gaming with the charity model that is unique and that we're quite proud of.

When we talk about growth, we're very responsible about growth in this province. We monitor what's happening very closely. The member knows that we have a very complex and detailed process if you wish to be involved in the industry.

8:30

It's interesting to note that when we opened up the Edmonton market for expressions of interest for a new casino, there were 6 applications, and only one was approved. If we didn't care about growing the industry, if our only intent was to saturate the market as much as we can, I would suggest that the AGLC would have approved more than the one application.

If we only wanted to grow the industry, we would have removed the 6,000 cap on VLTs that's been in place for 10 years. For 10 years that cap has been in place as the province's population has grown – gosh, how much over 10 years? – a big percentage. But have we changed that cap? No, we haven't. In fact, what we have done is reduced the number of locations where you can go and be entertained on a VLT. There are 13 per cent less locations in Alberta right now where VLTs are accessible than there were a couple of years ago.

A few comments about some other provinces. It's interesting and quite a bit of media lately about what's happening in Nova Scotia, and I'll tell you that I for one am delighted that they're finally trying to catch up to Alberta. You know, they took out a thousand machines. Well, that's good. I'm glad they did that. Their ratio of machines per thousand population is still almost double what it is in Alberta. So, you know, I'm glad they're making the moves that they are.

They talk about responsible gaming, additions, if you will, features on their machines. That's something that we initiated at least a year ago if not two years ago. When you're playing a machine, a display scrolls across the screen that basically says: you've been on this machine for 15 minutes; don't you think you should take a little break here? It reminds people how long they've been playing and just alerts them to how long they've been there.

We've changed the displays so that they no longer display credits. They now display actual dollars, so it registers better in your mind: my gosh, if I cash out right now, I'm going to take a hundred dollar slip up to the cashier, as opposed to however many credits. I suppose that if they're 25 cents, that would be 400 credits. A hundred dollars means a lot more than credits to me.

We also have messages scrolling across the screen giving them the 1-800 number that they may wish to call if they think they have a problem with gaming. We keep very close track of that, Mr. Chairman. In all the surveys that we've done – and the percentages aren't changing very much – over 80 per cent of Albertans use gaming in a responsible way and feel that it's good entertainment. Whether that's buying a 6/49 ticket, going and betting on the horses, going to a casino, whatever the case may be, a high percentage of Albertans – as I said, over 80 per cent – partake in that in one form or the other and really have absolutely no issue with it.

We do have a low percentage of people with serious problems. We admit that. We know that about 1.5 per cent of the people involved have a serious problem, and we work on that. Obviously, we fund a lot of dollars – it's in the estimates – to AADAC for their programs. As mentioned earlier, we give \$1.5 million to the researchers to research problem gambling; in particular, what we can do to help those people that have a problem, help them to not become addicted, if that is the problem, or help them, once they are addicted, to break the habit and return to a more normal life.

Do we have a goal in mind of how much money we want to take in from gaming? Specifically: no. We very carefully look at the market, and the AGLC determines through the eight-step process that they use when you apply for a new casino – it takes into account the demographics of the area, the population. It takes into account municipal input from the municipal councils, whether they feel that they want that facility in their city or not. It's not just a matter of walking in and filling out a form and walking out with a casino licence. Absolutely not. So, yes, there are several casinos that have gone through the process and are in the queue right now to be constructed or have the permission to go ahead. They don't get their real licence until they have constructed what they said they were going to build. But there are several – I believe six is the right number – that have gone through the eight steps and can start construction if they want.

But at the moment there's no intention of opening up – I haven't heard AGLC mention that they're going to open it up for any more in the province. We want to wait and see how those new ones do, how it affects the market. We have absolutely no intention of saturating the market. There's not much point in having a charity work twice as many casinos and make half as much money. There's no point in that. So we're very conscious of how much a charity can earn by working a casino, and that has a bearing on whether we allow expansion or not.

Those are lots of general comments, but it was kind of a general question, Mr. Chairman.

The Deputy Chair: The hon. Member for Edmonton-Meadowlark.

Mr. Tougas: Thank you. I still haven't heard about the long-range plans for gambling in Alberta. I suspect it's because you don't really have a long-range plan, but we'll go on to other things then.

You mentioned slot machines, or VLTs, actually. And I know that the government likes to brag that it has put a cap on VLTs, which is true. I believe the number was 6,000, I think you said. But slot machine revenue, though, has doubled from '01 to '05, and it's now the equivalent of VLT revenue. These machines are virtually the same, a slot machine and a VLT. The difference is in how they pay out. It's the same machine. You put a cap on one machine; there's no cap on the other machine. So can the minister tell me how many slot machines there are in Alberta right now? How many slot machines, not VLTs? And is there any upper limit on the number of those? Are you going to just keep adding with the new casinos? You're going to have another four or five casinos. Are they going to have a limitless number of slot machines? Or is there

an actual limit on these things?

I also understand that I believe the government commissioned a study some while ago to investigate the impact of the so-called responsible gaming features on VLTs. I wondered if this study has been completed. If so, when will it be released?

Mr. Graydon: Well, there is one notable difference between a slot machine and a VLT, and that is the location where you might find these machines. You will not find a slot machine in your neighbourhood tavern or licensee. As someone said, neither one of them pays very good. The slot machines are restricted to casinos. The capped VLTs are in other licensed establishments, what you might think of as your neighbourhood bar or lounge.

The method of payout is different as well. With a VLT in a lounge, if you decide you've had enough and you want to cash out what you've got in the machine, you print off a ticket, take that up to the person working at the bar, and they will scan it in the machine, and they will exchange that ticket for cash. With a slot machine up to a certain amount you put a loonie in, and it spits a loonie out if you win a loonie. So one pays out cash; one pays out a piece of paper. But in my mind the biggest difference is in the location where you can access these machines.

One thing that we found. You know, you're right: people object more to VLTs than they do slot machines. No doubt about that. What they object to is the location of the VLTs. The public, when we survey them, say that they don't mind slot machines because they're in casinos. When you go to a casino, you know why you're going there. You're going there to play roulette, to play cards, to play slot machines, the other games that you have at a casino. There's no doubt why you go. You're going to be entertained, and you're going there to gamble.

There is a difference. You may be going to your neighbourhood bar or lounge just to have a friendly visit with your neighbour and to tip a brew or two, and there's a VLT there, and on your way out you put a \$20 bill in or whatever the case may be. So there is a difference in how accessible they are, if you will, or why they're there.

The responsible gaming features have been in, but I don't think they've been in long enough that any study would be able to tell us whether they're effective or not. Other jurisdictions have tried them and have them in place, and they're finding them to be of limited value but of some value. I would suggest that we will study that and see if those responsible features are making a difference, but at this point in time they just haven't been displayed on the machines long enough to get any accurate reading on their effect.

8:40

The Deputy Chair: The hon. Member for Edmonton-Meadowlark.

Mr. Tougas: Thank you again. My main question, though, was not answered there: the number of slot machines in Alberta casinos and is there going to be an upper limit on it? How many do you plan on allowing into the province?

Mr. Graydon: Okay. The number I don't have in my estimates, and I guess we can probably get you that in writing. As far as a limit: no, we haven't set a limit on that like we have VLTs. The VLT limit is a hard, fast number. Slot machines – when you build a new casino, obviously you stock it with slot machines, and as the market grows in that location, they may get more machines. No, there is no hard limit on the number of slot machines in the province. There's not much point in building a casino and not having it adequately stocked with the product that people want to use.

The Deputy Chair: Hon. Member for Calgary-Mountain View, were you drawing my attention to speak?

Dr. Swann: Thank you, Mr. Chairman. I appreciate the opportunity to speak to this interesting department. I've learned a lot just recently on how this is operating and what its purpose is. I guess like many Albertans I struggle with the notion of this government's involvement in private industry, and I would appreciate understanding more about how you feel it necessary to support horse racing. I understand what you're saying about flow-through funds and the fact that they have to earn a certain amount of funds. Why would you pick and choose certain industries to subsidize?

A couple of other questions. Whenever we're talking about such a big amount of money – and you raised the question yourself – if this were not regulated, clearly we would have serious questions about corruption and underworld activity. Well, whether it's underworld or not, people have questions about where the money goes and who makes the decisions about where the money goes and how political ties have to do with the direction that money goes. How do you ensure transparency of decision-making all the way down the chain in terms of how you select your boards and what kinds of party links they have and what kind of transparency you have in terms of the boards and councils that further deal with the decision-making around the allocation of the funds? How can citizens be sure that these funds are actually finding their way not in favoured ways but into objectively reviewed and transparent processes, I guess, down at the community level?

Have you had any complaints from the community regarding the enforcement of any of the files, for example, from the liquor commission? Those are the kinds of questions, dealing with this large amount of money, that people begin to ask. I don't know enough about the workings and how you select your boards and your councils to be able to answer those questions and whether there are specific strings attached. I'm particularly interested in how the government has chosen the horse-racing industry.

I obviously wonder, too, about the engagement in First Nations issues with all the problems that already exist in First Nations and how you rationalize the notion of supporting and, indeed, subsidizing this industry again there and what that is going to lead to in terms of health implications and social problems, which are already well documented and legion in terms of the addiction problems there. Those are the key questions that I would appreciate just knowing a bit more about in terms of this large industry.

Mr. Graydon: Well, sure. As far as the allocation of the revenue, it's audited to the extreme, if I will, maybe to the frustration of some people who think we have far too many rules and regulations when it comes to the allocation of the money. Basically, the two programs that you would probably be the most familiar with would be CFEP, community facility, and CIP, community initiatives, two different programs. But they're fair and equitable programs. There are criteria that you need to fulfill before you can apply. First of all, you need to be a not-for-profit or a society, with all those registrations in place. Occasionally we get people applying, and one of the first things the staff does is check and make sure that this is a registered society, and if they find out they're not, it doesn't take long for that application to make a U-turn and go back to the applicant.

If they are a registered society, there's a long check-off list that the staff would go through, but at the end of the day it is the minister who signs off that grant and says yes. Many various playground societies are worthy of getting this grant to build a new playground. In giving that approval we look for community support. We look for MLA support from all sides of the House, if it's an application coming from your constituency. People can apply and get all the forms right online. That part of the process is relatively easy. You print the form off, make sure that all the blanks are filled in, and if

they're filled in properly and they pass all the due diligence tests that are done – and in lots of cases there is a supporting letter from the MLA, and if that's the case, then the vast majority of them do get approved.

There are limits, of course. Some of them are matching grants; some aren't. CIP, in particular, is designed for smaller groups. You can get up to \$10,000 not matching, and it's put to very good use by a lot of small groups. Individuals, basically, can't apply for these grants. You know, we have situations where people maybe have won a provincial competition of some sort and want to go and compete nationally. In that event, as an individual, I'm sorry but individuals don't get grant money. If they can go to their association or their sports council or whatever and get an application in that fits the criteria, they might get help that way, but individuals certainly don't get helped.

The First Nations: I guess we're probably following an initiative that's certainly North America-wide. I think that if you looked stateside, you'd find that the first people in the casino business in the U.S. in most cases were First Nations, certainly in a lot of states. There are some states where, I believe, they are the only group, if you will, who are allowed to operate a casino.

There again, the proceeds from a First Nations' casino in Alberta will be very strictly audited and controlled by the provincial government. The money has to go into – we have the Alberta lottery fund, they will have the First Nations development fund. Very strict fences around what that money can be used for. It can't be used to go back into gaming. It can be used for economic development on the First Nation. The other benefit, I suppose: there's a criteria on the staffing of those places. It needs to be staffed and will be staffed predominantly by people from that First Nation, giving them good paying jobs that are transportable. If they decide they want to go and work at a different casino, they'll have those skills, but it is training that they'll be able to get. As I said, there are very rigid fences around what the money can be used for.

8:50

The horse-racing initiative is one that obviously comes up every year at budget time, and the same question is asked, if you will: why do they get a special deal? I would suggest that it's because it is a traditional agricultural business. We may think of it: oh, no, it's just the racetrack and a guy going and making his \$2 win bet. But if you trace it back, there are 6,000 to 7,000 employees involved in that industry. A lot of them are employees who, to be very honest, would have a hard time getting a job somewhere else, but they're very gainfully employed at the backstretch at the racetracks, so we do create a lot of jobs for those kinds of people.

It's an industry that was in a tremendous amount of trouble a few years ago because of competition from other types of entertainment. There used to be a day when horse racing was the only game in town, the only legal game in town anyway. If you wanted to make a legal bet, that's where you had to go. Then, as this industry has grown, not only in Alberta but world-wide, we have all this competition from VLTs, slots, scratch-and-wins – you name it – 6/49s, all these other forms of legal gambling. The industry was in dire straits to be quite blunt about it.

We saw a lot of people contemplating selling their farms, getting out of the horse breeding business. They were no longer going and buying the top brood mares or studs that they like to go and buy in order to improve the quality of the stock. We saw that some of the facilities, Northlands and Stampede, were having more and more troubles with their bottom line because people just weren't showing up at the racetrack. It kind of fed on itself. The poorer quality of horse you have, the less people are interested in betting on it, so it just was a never-ending spiral going down.

I'm happy to report that through the horse-racing initiative that

spiral has been reduced. People are going back to the racetrack now. The handle, as we call it, the amount of money bet, is going up. I believe – and I stand to be corrected – this is one of the only jurisdictions in North America where the handle went up last year as opposed to going down. That is because through bigger purses, which come from this money that they earn, more and more people are into the raising, breeding, training of racehorses.

The facilities are getting better. You know, you can go to Northlands and have a real good night's entertainment. The food is reasonable. The service is good. You know, you only have to bet \$2, and there's a race every 20 minutes. Your two bucks will last you a long time if you go to the horse races.

The government a few years ago made the conscientious decision that they would establish racing entertainment centres. To qualify for that designation, you have to offer live racing. So you can't have an off-track location in Whitecourt or Red Deer, for example, and have racing on the TV screen and qualify to be a racing entertainment centre. You have to offer live racing, which, again, is to promote the agricultural part of the industry.

We talk a lot about the \$45 million that's in this budget. That is a number that's a real guesstimate, if anything else, because it's based on what's played at the facility. You know, it can be less, it can be more, but that's what we feel is a reasonable number. I believe that's the same number as last year. I don't think that was achieved last year, so the same number is back in there again this year.

I think that if we looked a couple of years down the road in the estimates, we might see that that number is projected to go up a little bit. That would be based on the construction of a new facility outside of Calgary. There will no longer be racing at Stampede Park, but there will be racing at this new facility. We feel that that will encourage people to go to that new facility, bet more on the horses, support the industry in that traditional way. There also will be a racing entertainment centre, and they will have slot machines at that new racetrack, so that will flow through into this fund. That's why it's projected – if I was on the right page I could look that up, but it's projected to grow over the next couple of years.

The Deputy Chair: The hon. Member for Calgary-Mountain View.

Dr. Swann: Thank you very much, Mr. Chairman. Just a couple of other clarifying questions for me. In relation to the Gaming and Liquor Commission and the Gaming Research Council, how are the board members selected? What are their qualifications? What are their connections to the party? How can Albertans know that this is not simply another way of building the Conservative constituency? These are all issues that we're very sensitive to in the political sphere, and that needs to be transparent. I don't know if that's stated in their annual reports, but it's clearly something that we need to be able to account for to our public.

In relation to the files that the liquor commission deals with, how does one know? Do you deal with complaints? How do you deal with appeals?

Those are the kinds of questions that I just wanted clarification on.

Mr. Graydon: Okay. I can speak with a little more security about the AGLC board because we've just had a vacancy on that board in my tenure here, so I've been working on that process. I can tell you that it was conducted very openly. It was advertised in the newspapers: Calgary, Edmonton, and the major dailies around the province. We had approximately 200 applications for that position, and nowhere on the form did it say: which political card do you happen to carry in your wallet? We're close to making a decision on that,

and political stripe hasn't been a factor in the decision that's going to be made for that commission.

They're from a broad background and from across the province. There's a rancher from the far south of the province, I know, that's on there; a couple of ladies from the Edmonton-St. Albert area; a couple people from Calgary, an accountant and a businessperson. I haven't been there long enough to really know them that well. They are appointed for a term, and sometimes the terms are renewed, and sometimes they aren't. There is a vacancy at the moment that we're advertising and are filling. That vacancy was created by someone who'd been on the commission for a long time and felt that he had contributed enough and asked to step down. So we advertise to fill it.

The Gaming Research Council is a smaller group. To this point there've been no vacancies, so I haven't been involved in any recruiting in that regard. The research institute that actually does the research is obviously based at the University of Calgary, the University of Alberta, and the University of Lethbridge. We would have no say in who does the research at those universities.

The AGLC operates very much at arm's length. They are a quasi-judicial board, no question about it. They conduct lots of hearings on licensees where an inspector has gone in and found someone underage, maybe found overserving, serving someone that's had enough. So the employee that works for the AGLC would lay a charge. It's a delegated authority, and they can lay a fine or suspension up to a certain level. The licensee then has the ability to appeal that to the board. I don't know who's appealing. I don't know what charges are out there. I've had absolutely no involvement, nor does anyone in my office have any involvement with any of the appeals or any of the licensing issues with AGLC.

It's the same with applications for a new casino. As I said, we opened up the Edmonton market. Actually, a couple of years ago they opened up the market in the Grande Prairie area, and there were I think three or four applications, none of which were approved.

9:00

I know that in the case of the Edmonton one, certainly, no one got a letter of support from me, nor would I have given one. There were some appeals filed; I know that. The appeals are in the process at the moment. I know that one has been heard, one is still going on, but I don't even know the principals in those appeals. If anybody starts to talk to me about that, I run the other way as fast as I possibly can.

The Deputy Chair: Hon. members, we have now just passed the one-hour mark. If there are any other members who wish to participate in this debate, I'd be happy to recognize them. The hon. Member for Calgary-Varsity.

Mr. Chase: Thank you, Mr. Chair. I'll start off with a sermon, and if time allows, I'll go to the questions. It'll be hard for me tonight not to appear to be delivering a holier-than-thou sermon. However, it concerns me greatly that next to the bounty we draw from our natural resources of gas and oil comes revenue from gambling and liquor.

I have no trouble with lotteries and appreciate that revenue generated from them funds a variety of worthwhile programs. It was unfortunate that this government did away with the community lottery boards, which shared the responsibility for project funding, with the decisions made at the local level, which helped to depoliticize the process.

Where I have great difficulty is with what I see as government-sponsored addiction. It isn't simply the stereotypical glazed, crazed

Hollywood portrayal of an addict. This government, by not adequately funding a variety of programs from education to health care to recreational programs and community associations, has driven groups including school councils to depend on casinos and slots to cover basic programming in schools rather than receiving the appropriate grants. If this industry is the government's idea of Alberta diversity, then it's a pretty sad commentary on ingenuity. Al Capone would have looked enviously at the profits made by this government.

It is unbelievable to me that over the last few years the government spent over \$104 million to spruce up VLTs. The government has spent more on rewarding racetracks than it has spent on renovating public schools. AADAC receives an incredibly small percentage of the profits, which it can then apply to attempting to restore addicts' and their families' lives.

I know that gambling has been a problem before and after Jesus drove the moneylenders out of the temple. I would like to see another referendum which would allow communities to decide whether or not it was time to pull the plug on VLTs. I cannot share this ministry's enthusiasm for being a more responsible pocket picker or one-armed bandit than organized criminals.

The Deputy Chair: Hon. minister, would you like to respond?

Mr. Graydon: Just one comment about the VLT referendums. That option is open to any community that wants to do it every three years on municipal election day. In a couple of communities this last October there were a couple of referendums, and I believe those actually were referendums from communities that had previously banned VLTs. There were referendums on: did they want to bring them in? They reaffirmed their decision to leave them out.

A few years ago there were several communities that asked them to be removed. There was a long, drawn-out court battle going on. I believe the licensees who had them didn't want them taken out, and of course the community had voted to take them out, but at the end of the day the courts ruled that, no, the referendum prevailed. Those machines were taken out in I think Rocky Mountain House, Lacombe, Fort McMurray, Spruce Grove or Stony Plain, one of those two. There were several communities in the province who voted to have them taken out, and that option is open to any community that wants to put the question to the ballot.

The Deputy Chair: The hon. Member for Edmonton-Meadowlark.

Mr. Tougas: Thank you, Mr. Chairman. Just going back to my previous question. Now, I hate to harp on this, but I still haven't heard the number of slot machines in Alberta. Perhaps you don't have that number at your disposal right now, and if you don't, I'd be very happy to accept a guarantee of a written answer, if that's good.

On to other, more specific items: page 189, line 3.0.10, other initiatives, forecast at \$14,673,000. Now, can the minister explain exactly what "other initiatives" means? Every other line item is quite straightforward, but "other initiatives" is somewhat vague. According to the Alberta Gaming annual report, every year the government votes on the disbursement of funds from the lottery board. I wonder how we're supposed to vote on disbursement of funds when we don't know where the money is going.

So if the minister could address those two issues, please.

Mr. Graydon: Okay. The first one, the number of machines. I don't have that in my binder, but I did say earlier that I would get it to you, and I will.

The "other initiatives" category. From time to time there are big

projects that come up during the year which are, if you will, unidentified. You know, this past year we had the tsunami incident. I believe that was \$5 million. While that specific one didn't come out of other initiatives, it's the kind of thing that could have come out of that fund. It's generally reserved for bigger projects that wouldn't normally fall under CFEP and CIP. We don't get involved in the multimillion-dollar projects under CFEP and CIP in the constituency allocations, if you will, the amount that MLAs would get involved with.

For example, here in Edmonton the YMCA is getting a tremendous amount of money, and it would be coming from the "other initiatives" portfolio, if you will. In Calgary we're awarding some money to I believe it's called the Jack Singer Concert Hall for repairs to the roof, something that comes up during the year that is just too large an amount to handle in a normal – it would drain our CFEP account that we have for the small projects throughout the province if we had to fund those big projects from that account. So it's really another I suppose CFEP pot of money. It's just more directed at maybe emergent issues but, basically, the larger projects that are too large to be handled on a smaller scale.

The Deputy Chair: The hon. Member for Edmonton-Strathcona.

Dr. Pannu: Thank you, Mr. Chairman. I was listening to the minister and his answers to the questions that have been put to him, the interesting areas in which to engage the minister in debate.

The Ministry of Gaming, really, is a ministry that generates huge revenues, close to \$2 billion a year. When you put it against the oil sands royalties, you come to realize that gaming revenues, revenues from gambling, that is – gaming sort of neutralizes the actual activity of gambling. Gambling certainly has very serious negative consequences for individuals, their families, and socially as well it has negative consequences. Nevertheless, it seems that it's an entrenched practice in this province. It certainly has the blessings of this department and of this government, so it's expanding activity.

It is activity that has a downside to it. I remember that last night we were debating the estimates for the Department of Justice and Attorney General. There was reference in the business plans there to an increasing incidence of crime in the province, an increasing incidence of people driving when drunk, increasing problems with family violence, increasing incarceration of a very large number of First Nations people. The First Nations population as part of the overall Alberta population is about 7 per cent, yet more than 33 per cent of people who are incarcerated come from those communities, the First Nations communities.

9:10

So a huge number of problems draw attention to the challenges that we face in this province, and some of those problems can directly be linked to either alcohol use and abuse or to stress and strain that's created at the family level by members of the family who become addicted, are problem gamblers. Gambling does lead to loss of income, loss of family resources, and that in turn, then, leads to violence in the family. The divorce rate in Alberta is the highest in the country.

I think the benefits of the dollars coming in and how the dollars are used then to support certain programs is one side of the story, but the ripple effect, on the negative side, is also something that needs to be addressed and addressed quite openly in this Assembly and by this ministry in particular because it is this ministry that has taken on the responsibility of regulating and licensing and in some ways promoting and expanding this activity. The minister seems to be quite pleased that his department was able to generate a very large

volume of revenues which then, he says, we use here and we use there. I know that that happens, but can we put a dollar value on the negative side, the consequences that result either directly or indirectly from the activities that are regulated or monitored or controlled or run by the Minister of Gaming and the Ministry of Gaming? I don't see that. I think we need some sort of a social accounting, not just dollar accounting, not just fiscal accounting but social accounting.

I see reference in the business plan again and again to social responsibility, yet there is no accounting on the social side that's given by this except in terms of so much money goes into health, so much money goes into helping AADAC, and on and on. I think the negative side is simply not addressed. I think it's time that we paid attention to the negative side and focused on social accounting as much as we've been focusing on the bottom line or being a bean counter; you know, counting dollars that come into the public treasury. Sure, public dollars come into the treasury, and jobs are created by all kinds of activities.

I'm reminded, just as I'm thinking about it, that in California there are more people incarcerated in jail than spend time in postsecondary institutions. So that creates jobs. Jails have to be run, but then we worry about crime and crime increasing. Last night we were talking about that, the increase in crime. Well, the increase in crime does create jobs, but do we want those kinds of jobs? Do we want lower levels of crime or higher levels of crime if they create more jobs at the same time? We need more policemen, we need more people who look after jails, we need more people who make clothing for our prisoners, and whatever have you. Just because activities create more jobs is not, I think, a justification for expanding certain activities. We need to focus on what I call social accounting, the negative consequences of some of the activities that the government undertakes and sponsors and invests its authority and power and resources to expand.

I want the minister to perhaps share some of his reflections on this. I know he was in his other life the mayor of a small town, and the small towns in this province face problems like big towns and some more serious ones, too, in terms of community cohesion, in terms of crime, in terms of poverty, in terms of family dysfunction. I can go on naming these things. How do communities get impacted by some of the activities that we call gambling or gaming? So that's, sort of, on the larger questions.

In terms of some of the specifics, I was looking at the money that AADAC, the Alberta Alcohol and Drug Abuse Commission – and I would not dispute that we need it, you know, given the problems that individuals and families face – and the work that the commission does. It certainly receives the majority of its funding, close to \$62 million, from the lottery fund. The question that comes to my mind is: given that AADAC has a mandate for treating and preventing problem gambling, should its funds, in fact, be coming from the very activities that create those problems? There are some moral dilemmas here. There are some paradoxes here. What side are we on? We want to generate funds in order to prevent things from happening, and then we encourage the very activities that create those problems. We've got to sometimes stop in a nonpartisan way and ask some of these questions. Is it good for our society regardless of what side of the political line we're on?

Then I notice that the Camrose Regional Exhibition and Agricultural Society has received \$5.6 million in grants from the lottery fund this month, I guess, earlier this month, last month. It is announced that the Camrose Regional Exhibition will have a 25 per cent stake in a new casino. Since when, you know, has the government developed a policy of encouraging these fair associations and exhibition associations to become partners in casinos and in running

gambling businesses? Is this, I ask, sort of some high-stakes pyramid scheme, Mr. Minister? Gaming revenues go to the Camrose fair and exhibition association. That, in turn, invests in another casino. That, in turn, creates more gaming revenues. Gaming dollars used to buy stakes in casinos to generate yet more gaming dollars. So it's a catch-22 that I find in operation here.

Another thing that I noticed, Mr. Chairman, was in the Gaming Licensing Policy Review, volume 1, page 6-11. There's an interesting statement there. It says that Alberta lottery fund disbursements must be "used to support specific charitable, not-for-profit, public and community-based initiatives and projects." Now, if that is the case, then how does the minister justify spending \$45 million on the horse-racing industry initiative? It would seem to me that that runs straight into the face of what I've just read as the policy, the guiding principle which is used to allocate monies; that is, for nonprofits, public, and community-based initiatives and projects. I fail to understand how the horse-racing industry initiative is nonprofit, is community-based, and is public. So I'd like the minister to square this circle, if he would, for me.

9:20

The other questions here. On the slot machines in casinos, clearly, it seems that as the number of casinos expands, or the capacity of existing casinos expands, I assume that the number of slot machines is likely to go up, so you can't give us an exact count. You have undertaken to give us some estimated numbers, I guess, later on, but could you, Mr. Minister, please give us sort of a trend line over the last four years? We may not know the exact number of slot machines this year, but we would have numbers, I guess, from the previous three or four years. If we could get those, we could then develop some sort of a trend line. We could find at what speed, at what rate the number of slot machines is growing. If not the absolute number, then the rate at which their presence might be growing. It would be very nice to have those kinds of numbers and that kind of information right here in the business plan so that I don't have to bother you, standing up here asking those questions.

Albertans would like to know this: how the number of these things is growing and growing over a period of time. One year's numbers could be just a fluke, you know. There could be not a trend. But if you know that something's happening over a period of years, then you know how to respond to it. You can say: this is good; this is what I want. Or you could start sort of blowing the whistle and saying: well, we need to stop and ask if we want to keep going in that direction, or we need to change direction. So we need some sort of longitudinal map of this, and that's something I would appreciate getting some information from you on.

The cap on VLTs – and I want to come to VLTs in a moment – is 6,000, I understand. Is that the maximum that will be allowed this year, or is that the number that we've already reached? I was listening to your answers to the questions here. I wasn't sure whether you were saying that today there exist 6,000 VLTs in operation or that 6,000 is the number that will be allowed if the numbers have not reached there yet. Where are we at in terms of the actual number of machines in place in relation to the cap of 6,000? That, I suppose, is the max that will be allowed. So I'd appreciate getting some information on that.

Talking about VLTs, I was looking at some of the studies with respect to VLTs and how they are likely to create more problem gamblers and also encourage or result in more addictive gambling behaviour. Figures seem to show that 39 per cent of all gambling revenues in Alberta in the year just past, 2003-2004, came from moderate or severe problem gamblers. So about \$2 out of every \$5 comes from problem gamblers. VLTs are the most problematic

gambling format in terms of being associated with addictive gambling behaviour.

The addiction is something that AADAC deals with, I suppose, because when people are really addicted and become problem gamblers, then there's a problem at both the level of the individual person and the impact that it has on the family, on children, and the wife and others in the family. So it's an important issue that needs to be kept in mind.

There's a growing body of evidence that shows that VLTs are not an innocuous form of entertainment.

The Deputy Chair: Hon. member, the time allocated for you to speak has run out.

Dr. Pannu: Thank you, Mr. Chairman. I'll stop.

Mr. Graydon: You were just getting started, right?

A couple of the easy questions first. The VLT cap of 6,000 machines has been in place for 10 years, and I would say that we've been within a stone's throw of that number all those 10 years. Obviously, it's never gone over 6,000, but today there are probably 5,998 of them out there in the market. We're at the cap.

If there wasn't a cap, there's a long list of people waiting to get machines, a long list of licensees who would like to have machines in their premises because the percentage that they get goes a long way to covering their overhead. Someone opens a new bar or a new lounge or a new restaurant, and about the second thing they do after they get the licence from the municipality is send a letter to AGLC and ask for some VLTs. They go on the list, and it takes a long time for them to move up the list because of the cap. Certainly, there are no plans from me or from this government to change that cap. There's no interest in pursuing that at this point in time.

The exact number of slot machines in casinos, you know, we could tell you today for sure. Someone would know exactly how many there are in Alberta tonight less the ones that are broken down for the night. But, no, we would know that number, and we do know it for the past number of years. That progression is easy to develop and to circulate to the two caucuses, so that's not an issue.

You talked about Camrose and the fact that they just recently received close to \$6 million as one of the seven major fairs, but rest assured that not one nickel of that money can be invested in gambling at the Camrose exhibition. The lottery fund agreement with the exhibition specifies that lottery funding cannot – cannot – be used for any gaming development. It's our understanding that the exhibition in this case is providing land for the casino, so that's how they're getting their share in it. They're providing land and not money. But at any rate, the agreement with them very specifically says – they filed a capital plan, if you will, and said: if we get the money, here's what we're going to build with it. It certainly didn't include any gambling facilities.

Once the casino is up and operating, AGLC will very strictly audit what happens at that casino and look at all the financial reviews and make sure that all the money is properly used and really pay attention to the fact that lottery funds are not being used for gaming activities or for the development of more gaming activities. I think you can rest assured that the money that they were allocated will be used on the exhibition grounds. I know one of their projects. They run that big country music festival. They're going to improve their campground, and I think they're going to improve the area where they have the performers, the staging area and that sort of stuff. That's one of the capital projects that they will be using that money for.

You talked a little bit about social responsibility, and you're right: we talk about it a lot in our business plan. I think we backed up our words with actions within the last couple of years by developing and starting a specific division in the department which is called the social responsibility division. That division has an employee and some support staff, and their sole job is to work on some of the things that you're talking about. A lot of what the gentleman in that division will be doing is trying to co-ordinate research activities between AADAC, who does some research into addictions, and the Gaming Research Institute, that we give the \$1.5 million to.

Interesting that you hit on a topic that we keep pursuing, and I do think we're going to make some progress. We continue to ask the research institute to do a research study on the social costs and benefits of the gaming industry. You're right. There are costs, and, yes, there are benefits. But how do you get a handle on that? It is a project that we have given the institute to do. I asked them to spend some of the \$1.5 million that we give them doing research on that. I believe some of it is being done across the country, particularly, I think, in Ontario at the moment. So we can use some of their research. It is a research paper that we're encouraging them to take on, and we'll be very interested in the results of that.

9:30

Yes, AADAC gets \$62 million this year from lottery funds. That's up \$8 million from last year. I was happy to get that question because that's one of the first questions that's come out of the estimates tonight. It's not dealing with policy; it's actually dealing with the estimates. It is a sizable chunk of money, and yes you wonder: you're taking money that's derived from people gambling and giving it to AADAC to research people who have a problem with gambling, I suppose. Alcohol is the same thing. I mean, we take liquor revenues, and I'm sure AADAC accesses some of that as well.

I guess, you know, we try and be open and accountable. If we wanted to hide it somewhere, we could say: well, no, that \$62 million came from general revenue or something. But no. The truth of the matter is that Treasury Board said to Health and Wellness: you can have \$62 million from the lottery fund for support of AADAC. Treasury Board made that allocation, and I'm pleased they did, actually.

[Mr. Rogers in the chair]

We talk quite a bit about the amount of gambling in Alberta and the fact that it's high. The per capita number is high in comparison to other provinces, possibly, in Canada. I think you have to take into account that Alberta does have the highest disposable income in Canada. I would hazard a guess that if you look at the number of people who go to movie theatres in Alberta, it is probably the highest per capita in Canada because we have the highest disposable income. Some people decide to use their entertainment dollar going to movies, some people go to the casino, some people go to the opera, whatever the case may be. We probably lead the country in most of those categories because of the high disposable income that we enjoy in Alberta.

We haven't talked much about the liquor side of the portfolio and that part of the revenues that we generate from alcohol sales and from the licensees' permits and that sort of stuff. I think the reason we don't hear much about that is Albertans by and large – there again, it's well over 80 per cent – think that we're doing a very good job of managing the consumption of alcohol in this province, that we're not overrestrictive, that we're very responsible in the rules and

regulations that we have with the licensees, that we continue to initiate programs to deal with problem areas.

One problem area that we've had in the past and always has been an issue is underage people, people under the age of 18 trying to get in to have a drink or to buy alcohol in a liquor store. Through the industry and through the AGLC we initiated the under-25 program, it's called, where licensees, if they think someone is under 25, are required to ask for identification, for photo ID. It's been in place two or three years.

When we first started out, we'd go out and do spot audits, send out inspectors that looked really young and say: okay, go into that liquor store. They'd be over 18, mind you, but, you know, you get some pretty young-looking 18 year olds. So we'd send them in and see if they were ID'd or not. The compliance rate three years ago wasn't that great. Last year it was better. The last one we did, I believe it was between 70 and 80 per cent of the licensees did ask for ID. Someone said: "You know, you look like you're under 25. Maybe you're 24. I'm sorry; we have to ask. We know the age is 18, but we have to ask." So the compliance is really going up, and I congratulate the industry for that.

Another program just initiated recently is the Alberta server intervention program. It's mandatory training for people who are engaged in the sale of alcohol, whether it be a clerk at a liquor store, a bartender, or someone even at a community hall who's serving alcohol at a wedding or something like that.

It's phased in. This first year one person on the premises needs to have taken the training, and over a period of I think it's at least five years, if not more, everyone on staff will have to have taken this training. It's not an onerous thing. You can take it online. You can go to a session. One person on the staff can take the course and then train the trainer, sort of thing, and train the rest of the staff and write a small test online or whatever the case may be.

[Mr. Shariff in the chair]

The subjects covered are things like identifying underage patrons, identifying people who have had enough so that you don't overserve. We're developing a module in that program that will be mandatory as well for the security people so that the bouncers, if you want to call them that, will have training in how to talk people out of getting into trouble, if you will. It has been disturbing, the level of violence that we're seeing. Usually it's outside the licensee as opposed to inside. Usually they get thrown out for being unruly, and then they go at it in the parking lot. It used to be, when I say they go at it, that it would end up with a black eye and a bloody nose, but now it seems to be that it's a knife wound or a gunshot. So it is a concern, and we think that this server intervention program will help people on the premise identify gang members, identify those people who are in there itching for trouble.

Some licensees have gone so far as to issue an ID card. They scan that card, and if you've been in trouble at another bar down the road last week and got thrown out, it comes up on the screen, and they say: "No, no. You're a troublemaker. You're not coming in tonight." So it's a good program. It's not mandatory, but some of them are doing that voluntarily because they don't want trouble in their establishments any more than we do. If they have trouble, they're going to end up in front of the board, and they're going to either be fined or be shut down for a few days, and they don't want that. So they're quite conscientious about these programs, and actually we find very strong support amongst the licensees for those kinds of regulations because, as I said, they don't want trouble any more than we do.

You talked about crime. Does crime go up when there's a casino in the neighbourhood? The studies to date haven't really shown that. I can speak for my own community. We have a very active casino. It's about number six on the list of 16 as far as being busy. It's packed to the rafters, and it's well run. I can't remember a case of violence or crime that they've tied back to the casino. There was one issue where a lady left a child in a car outside, but the casino staff found that child, got the appropriate authorities. The lady was barred from the casino for a year or whatever the case may be.

As far as car thefts outside the casino, that certainly hasn't been reported if there has been any. It hasn't been a big enough issue that it's made the papers. Family violence, suicides, those kinds of things: they haven't tied those to the casino in the community. So a lot of it depends on how well it's run and, you know, the kind of patrons you're attracting. There hasn't been a huge jump in crime around casinos that I'm aware of.

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

9:40

Dr. B. Miller: Thank you, Mr. Chairman. I just have a short question. I have a lot of difficulty with this issue given the fact that I was a United Church minister, and the United Church of Canada is on record as being against lotteries and gambling and VLTs and so on. So out of that context I want to raise the issue of applying for funding from the community facility enhancement program because years ago churches – Baptist churches, Presbyterian, Anglican, whatever – could apply for money to have the roof of their church fixed and so on knowing that the monies were coming from general revenue and not from lotteries. Of course, that's no longer true now because it's all mixed up together.

So there's a real moral issue facing a lot of people in terms of really struggling around whether they should apply for this particular fund or not, and a lot of anguish goes on in church boards throughout this province. I just want to alert the minister to this fact because I think there's a huge gap in terms of values between what the government is doing and churches all across the province. It would be great if one day there would be a sorting out of the funds so that churches could apply in good conscience to have their own facilities supported and improved.

Mr. Graydon: I would say that I appreciate your position. I really do. One thing that does come up: actually, we do have churches apply, but they cannot apply and are not eligible for funding from CFEP or CIP for the church sanctuary itself. You can't get a CFEP grant to buy new pews or a new pulpit for the pastor to speak from. If the basement of your church is used for Boy Scout meetings, Girl Guide meetings or the local sewing club or something and you need new flooring in the basement, you can apply for a lottery grant, CFEP or CIP, for that purpose, or if you have a church hall next door to the church, you can qualify for money from the lottery fund. But there is a distinction there, that churches are not allowed money for the actual sanctuary itself. I do appreciate the dilemma that some churches are in. You know, part of my portfolio also deals with bingo, and we wouldn't want to go too far back in history to see who the big bingo players were in the country.

The Deputy Chair: The hon. Member for Edmonton-Meadowlark.

Mr. Tougas: Thank you. I have a few questions regarding transparency of the department. I'm curious why the disciplinary board hearings of the AGLC are not held in public. I understand that they're all held in camera. The results of some of them are posted

on the website, but the information on them is quite skimpy. It would probably be in the best interests of the public if this information was a lot more readily available or if the hearings were not held in camera.

This also brings up the question of casino licences. Now, I understand that this is a process that's all done behind closed doors as well. I think that in a major gambling centre like Las Vegas it's a public hearing that everyone gets to listen to. It's very transparent. You can see who is behind it. Here it's all done by the AGLC. Then we have a case like I believe it's called the Celebrations casino on Fort Road. They've been given a licence, but I think there are two groups who are disputing the licence. Why don't we get to know why this is being disputed and who's behind it? I think this is the kind of information that the public should probably know along with the information regarding liquor violations. I think we need a little bit more information in that regard.

I'd like to ask a couple of questions that I suspect will probably need written answers. Northlands and the Stampede, as you mentioned, are both on tap to get an additional \$3 million, which will give them \$10.3 million in lottery money this year. Interestingly enough, these two organizations alone get more money than the Alberta Sport, Recreation, Parks & Wildlife Foundation. I don't know if the priorities are quite right there. I know you've had a lot of statements about the good that Northlands and the Stampede do, and I don't think anybody disputes that they do a lot of good work. They do seem to be getting a disproportionate share of lottery money. On top of that there's, of course, the money from the horse-racing renewal. So I would like, if possible, to get a written total of how much Northlands and the Stampede will be getting last year and this year from all government lottery sources, please.

I would like to also ask you about the Alberta Gaming Research Institute. Now, I know that the funding is in place again for this year, but it seemed to be rather difficult to get the funding from the government for last year's work. As I understand, if I remember it correctly, they were under a contract for a certain amount of time, and you're negotiating whether to renew that contract, but there are some provisions being put on. I know that you want to ask specific questions, and that's fine, but that does eat into this rather small amount of money that the Alberta Gaming Research Institute is given. I'm wondering why the government doesn't increase the money to the Gaming Research Institute so that they can do the work that they see as right and that you can have the questions answered that you'd like answered as well.

I think it's also time that perhaps we had permanent funding for this organization. They're doing some excellent work. I know that the Ontario Problem Gambling Research Centre gets continuous funding, and it's also tied to inflation or an increase in the gaming research money. I think it's time that this organization, which is doing world-class work, doesn't have to worry about going cap in hand to the government every year and should have sustained funding and regular increases.

So if you'd care to answer a few of those questions, particularly the first few. I'd like to see some written answers later on on the other ones. Thank you.

Mr. Graydon: Okay. The question of hearings and liquor violations, et cetera. I know that posted on the website is what information we can publish. I would suspect that there are a lot of FOIP considerations dealing with third parties and that as to what information can be publicly released. I'm not sure. Certainly, when it comes to applications, a lot of financial information is disclosed. As far as I know – and, as I said, I don't really get involved in AGLC's

business of licensing casinos, et cetera – they do a lot of due diligence on the partners and who's putting up the money and where the money is coming from and that sort of stuff, trying to be extremely cautious as to where and to whom these licences are being awarded. So I suspect that anything that can be released to the public is put on the Internet and is accessible there.

No problem getting the numbers for Northlands and the Stampede, and we'll do that.

The Gaming Research Institute. Yes, they have a contract, and last year's contract has been paid, so that's not an issue. Whether they need more money or not is an interesting question. They didn't spend last year's money. They have money in the bank, so I don't know if we should be increasing that amount. They were getting money for capacity building. That is what they were calling it, you know, getting staff on board and getting their systems in place to do research. That's what they have been using the money for, or a lot of it, up to this point. Certainly, our feeling is that the capacity is built, and now that leaves available money from the contract, the 1 and a half million dollars, to do actual research and to maybe tackle some of the bigger ones, like the hon. member asked me about awhile ago, the big issues about the cost-benefit analysis of gaming.

I would hope that they have enough money in this year's contract. Yes, it is being renegotiated. As you know, the points that are being negotiated are things that we talked about. We want to be able to ask them: would you please do some research on the cost-benefit analysis of gaming? We would like to, I guess, not order them to do that, but we would like to give them a list and say: "Here are some things we want research on. Here are some things that would help us develop good social policy around gaming." To this point in time that just hasn't happened. They've done research, but it's been at their initiative and what was of interest to them and hasn't really been of a benefit to us in developing policy. That's what we want good research for, to develop good, socially responsible policy.

9:50

The Deputy Chair: The hon. Member for Edmonton-Strathcona.

Dr. Pannu: Thank you, Mr. Chairman. The minister, I suspect, forgot to answer one of the questions. I want to repeat that, and then I have one new question. The question that I asked which didn't get answered was with respect to this quote that I used from the Gaming Licensing Policy Review, that Alberta lottery fund disbursements must be used to support specific charitable, not-for-profit public and community-based initiatives and projects. If that is the policy, then the \$45 million or whatever amount is being used for the horse-racing industry would seem to contravene that policy. I didn't get that question addressed, so I hope the minister will do that.

The associated question with that is: why is the slot machine revenue split more generous for the horse-racing industry than it is for charity casinos? That's the associated question.

The last one. The minister I think in his introductory remarks did talk about the fact that for the Gaming Research Institute and the gaming council, I guess, the revenues that go to each are under consideration. They'll be divided up differently. Is there any specific information that you can share with us? What's under consideration with respect to where that money is going to go, and what changes do you contemplate bringing in?

Mr. Graydon: Okay. The rules around the lottery fund. I would suggest that the money that goes to the racing entertainment centres is flow-through money. It's generated at the track, flows through to the track, so it's not like we're taking someone else's money and

giving it to Horse Racing Alberta. It's money generated at a racing entertainment centre, generated out of, as you talked about, the split. The split at a racing entertainment centre is 33 per cent to the Alberta lottery fund, 15 per cent to the operator, which would be Northlands Park or Evergreen Park or whatever involved, and the balance, which is 52 per cent I believe, goes to Horse Racing Alberta.

Yes, they do get, as you say, a good split, but the charity that's working the casino at the Yellowhead tonight has no investment in that building or in the machines or anything else. They're just showing up, providing some labour for a certain number of hours, and for that, they get a percentage of the machine play, which is pooled over a few months. I think there's a huge difference in the investment involved. There again the people in Horse Racing Alberta have an investment in farms, they have an investment in livestock, they have an investment in employees, so there's quite an investment there. Again, Northlands Park or Evergreen Park have an investment in the grounds, in the facilities, in the grandstands, in the track, in the machinery that keeps the track in order. So there's a big difference in the investment involved between a charity working a casino and the people involved in a racing entertainment centre.

That's about all I can say about those things, Mr. Chairman.

The Deputy Chair: The hon. Member for Edmonton-Gold Bar.

Mr. MacDonald: Yes. Thank you very much, Mr. Chairman. I'm wondering if it's possible to get a breakdown for the amount of grants that are going to be provided by the Department of Gaming or gambling this year. How much will be going to the Alberta Racing Corporation? How much will be going to the Olds Agricultural Society? How much will be going to the Rocky Mountain Turf Club Inc. and, also, to Edmonton Northlands?

An Hon. Member: Turn on your computer.

Mr. MacDonald: Someone has stated that I should turn on my computer, but since this budget is still being debated and still being discussed . . .

Mr. Ouellette: That was last year's budget.

Mr. MacDonald: That's exactly true. It's last year's budget, but I want to know what's going to be allocated in this year's budget in grants. Certainly, I'm surprised that the hon. Minister of RAGE would be trying to provide duplication in the debate this evening. If I could have those numbers, I would be very grateful.

Now, in the past we have provided grants from Gaming to not only the Edmonton Oilers, the Canadian hockey association, but the Calgary Flames as well. With respect to the Flames and the Oilers there was over a million dollars in grants. Is there anything going to be given this year in light of no hockey, or is it going to be turned over to minor hockey? Certainly, I see where the Alberta Junior A Hockey League gets one-tenth of what the pros get in grants for the last fiscal year. That is available through the blue book, the public accounts.

Certainly, I would also like to know how much in grants the University of Alberta is going to get and how much the University of Calgary is going to get in light of the fact that the University of Calgary got almost a million dollars less in the last public accounts documents that I have access to than what the U of A got. Now, I wonder if that practice is going to continue, or is it going to be

stopped? If the hon. minister could provide that information, I would be very grateful.

Thank you.

Mr. Graydon: I can get at it right away. First, I want to assure you, hon. member, that Enron is not on the list for any grants this year.

CFEP, community facility enhancement, is \$38.5 million; community initiatives, \$30 million; Edmonton Northlands, \$10.35 million; the Calgary exhibition, \$10.35 million. Major fairs and exhibitions, which includes the seven that got the \$40 million last year, Medicine Hat, Lethbridge, Camrose, Grande Prairie, Lloydminster, Olds – have I hit seven? At any rate, the budgeted amount for that group is \$2.66 million. It's split up. They get a base amount, and then they get so much per day for usage. So the more days usage that they have at those facilities, the more money they would get.

As well, there is an amount in Agriculture's budget, which can be talked about in their estimates. They fund the 288 other small-fair boards through a grant through Agriculture. Again, all the small-fair boards get a base grant plus so much per day for usage. Until we know how many days that facility is being used, we couldn't give an exact breakdown of the amount they're getting other than the gross amount that's here in the budget.

The Edmonton Oilers and the Calgary Flames will be getting absolutely nothing this year, obviously. It was a contract tied to hockey, and there's no hockey, so no tickets. No, there's no money in the budget for either of those groups. Basically, that contract is finished. If they wanted to start up another ticket program with some proceeds going to those clubs, it would have to be a whole new application and a whole new decision by government to do so. They haven't made that application, and there's no money anticipated in this budget for either of those groups.

10:00

The amount of money that would be going to the universities I suspect is money that's in Advanced Education's budget. They must have submitted a request to Treasury for money for the universities in their budget. Treasury Board would have set that amount of money. I would have nothing to do with those allocations.

Every department sends a request into Gaming and says: this year out of the lottery funds we would like X million dollars to fund this program or that program or whatever the case may be. We get those requests from basically every department. Most ask for some lottery funds for a special program. All those requests, while they come to Gaming, ultimately go to Treasury Board. They determine the allocation, and the amount they allocate shows up in the estimates of that specific department. Then that is debated here in the House when it's their turn. I believe Agriculture was up this afternoon. They would have had lottery money in their budget, which I'm sure you debated.

The Deputy Chair: The hon. Member for Edmonton-Gold Bar.

Mr. MacDonald: Thank you very much. I really appreciate those answers. Now, specific to the grants as they are listed in the public accounts that went to the professional hockey teams, Edmonton Oilers and Calgary Flames, that money was granted through the ticket initiative, was it?

Mr. Graydon: That money was from Gaming. It was in Gaming's budget. It was a ticket that you could buy at the ticket booth and scratch and win an Oilers jersey or a Flames jersey. I guess you

could win money, too, but the supplementary prizes were, kind of, merchandise. It was a ticket you purchased at a ticket booth specifically. You could ask for a Flames ticket or an Oilers ticket as far as I know. At any rate, those tickets are no longer available and no intention of starting them up again at this point in time. But it was in the budget of Gaming.

The Deputy Chair: The hon. Member for Edmonton-Gold Bar.

Mr. MacDonald: Thank you, Mr. Chairman. In light of that, certainly there are many families that rely on SFI for their income, and they have not seen an increase in their benefits. This is money that seems to have been found. I don't want to use the word "found," but it is not going to be used for the purposes it was intended for in the last fiscal year. I guess that I may be dreaming to think that we could use some of that money to relieve child poverty in this province. If it couldn't be used for that, could it be at least used to possibly support minor hockey in a way that would allow more children from low-income families to participate in minor hockey programs?

Mr. Graydon: It becomes a question of allocation, I guess. Yes. I see that in '04-05 under Edmonton Oilers it lists \$350,000 that they would have gotten from that ticket program and the Calgary Flames the same amount, so you add that up. On the other side of the equation, I guess, I just mentioned that AADAC got \$8 million more this year, so there's no shortage of places to find to reallocate the money.

The Deputy Chair: I hesitant to interrupt the hon. Minister of Gaming, but pursuant to Standing Order 58(4), which provides for not less than two hours of consideration for a department's proposed estimates, I must now put the following question after considering the business plan and proposed estimates for the Department of Gaming for the fiscal year ending March 31, 2006.

Agreed to:	
Expense	\$169,187,000
Lottery Fund Payments	\$1,207,533,000

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

Hon. Members: Agreed.

The Deputy Chair: Opposed? Carried.
The hon. Government House Leader.

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

[Motion carried]

[Mr. Shariff in the chair]

The Acting Speaker: The hon. Member for Leduc-Beaumont-Devon.

Mr. Rogers: Thank you, Mr. Speaker. The Committee of Supply has had under consideration certain resolutions and 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, 2006, for the following department.

Gaming: expense, \$169,187,000; lottery fund payments, \$1,207,533,000.

The Acting Speaker: Does the Assembly concur in the report?

Hon. Members: Agreed.

The Acting Speaker: Opposed? So ordered.

head: **Government Bills and Orders Third Reading**

Bill 31 Real Estate Amendment Act, 2005

The Acting Speaker: Are you ready for the question?
The hon. Government House Leader.

Mr. Hancock: I believe it has to be moved first. Has it been moved?

The Acting Speaker: The hon. Minister of Government Services did move the bill the last time it was before us.*

The hon. Member for Edmonton-Meadowlark.

Mr. Tougas: Yes, Mr. Speaker. I believe we've looked this bill over, up one end and down the other. It's in general a pretty good piece of legislation. We have a few minor quibbles with it but, otherwise, nothing outstanding. We're prepared to let it rest for now and go to the vote.

[Motion carried; Bill 31 read a third time]

Bill 12 Victims of Crime Amendment Act, 2005

The Acting Speaker: The hon. Member for Red Deer-North.

Mrs. Jablonski: Thank you. Bill 12, the Victims of Crime Amendment Act, 2005, simply updates the language that's used in the procedures for victims of crime.

I would stand and move third reading.

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

Dr. B. Miller: Thank you, Mr. Speaker. I'm privileged to speak on third reading just to reiterate our support for this bill. There are lots of other kinds of documents like this throughout North America. The United Nations has a declaration of principles of justice for victims of crime, and the House of Commons has a statement of basic principles of justice for victims of crime. Actually, when you look at these various documents and compare them together, the one we have before us is of a similar nature.

10:10

Again, as I have mentioned before, it's one thing to have these kinds of principles of justice; it's another thing to put them into practice. It's my hope that the effect of this bill will be to alert various agencies and departments of the government to be sensitive to the needs of victims. There has been in the past more emphasis on the offender and the offender's rights, and now let's have a balance, and let's make sure that the victim's rights are attended to.

*See p. 1291, left col., para. 4

So, Mr. Speaker, the opposition agrees to pass this bill in third reading.

[Motion carried; Bill 12 read a third time]

Speaker's Ruling
Third Reading of Bill 31

The Acting Speaker: Hon. members, the chair in looking at some references here when we dealt with Bill 31 misread the hon. Minister of Government Services, having understood that he had already moved. I believe he had not moved that bill, so given that I had misread this, I hope that we can have unanimous consent to accept the move made by the hon. Government House Leader on behalf of the Minister of Government Services for Bill 31, Real Estate Amendment Act, 2005. The records will reflect accordingly.*

[Unanimous consent granted]

head: **Government Bills and Orders**
Second Reading
Bill 39
Traffic Safety Amendment Act, 2005

[Adjourned debate April 19: Mr. Magnus]

The Acting Speaker: The hon. Member for Calgary-North Hill.

Mr. Magnus: Thank you, Mr. Speaker. I'm pleased to continue the debate on Bill 39, the Traffic Safety Amendment Act, 2005. These amendments to the act will make Alberta roads safer for all users. It increases penalties for people who drive without insurance and clarifies rules for governing commercial carriers, among quite a few other amendments. I'd like to just talk about a few of them tonight in second reading.

Most importantly, Bill 39 will protect the safety of those people who work on our roadways when we most need them. Our province's police officers, firefighters, emergency medical people as well as tow truck operators have major concerns about their safety on our roadways from speeding drivers. They point out that a number of their colleagues have been needlessly injured or experienced close calls while attending to incidents on the side of the highway. A number of these valiant people have died while a number of them have sustained such severe injuries that their health and well-being are forever compromised.

I've talked to many members about numerous examples of that, and I'll just bring up one tonight. I have his permission. His name is Brian Baker, and he's a volunteer firefighter from Crossfield who a number of years ago in a snowstorm, pushing a lady out of the way of a speeding vehicle, took the full brunt of the vehicle himself. His injuries were so sustained and so numerous it takes him six or seven minutes to read through a list of the surgeries that he's had over the years. To suggest that it has altered his life in many, many ways both physically and mentally would be something that, frankly, I have his permission to say, has happened to such a degree that it's just mind-blowing.

It is fair to say that due to the nature of their work it is simply impossible to guarantee the safety of our emergency workers at all times. There are inherent dangers associated with these professions, and despite our best efforts we can't hope to eliminate these dangers completely. However, while we cannot eradicate all possible hazards, we can certainly try to mitigate some of the more preventable risks and dangers that these people encounter daily in the line of duty. One of these preventable risks is caused by motorists who

choose – who choose, Mr. Speaker – not to slow down when they encounter an emergency situation, a police vehicle, a fire engine, or a tow truck stopped on the highway with their flashing lights in operation.

Bill 39 will make it mandatory for drivers to slow down to 60 kilometres per hour or the speed limit, whichever is less, when they see an emergency vehicle pulled over on the side of the road or highway with flashing lights in operation. The exception would be if a driver can move into an adjacent lane, ensuring that there's at least one traffic lane between the driver's vehicle and the emergency vehicles or tow truck.

The intent of Bill 39 is to raise awareness and provide our emergency and roadside assistance personnel with a workplace environment that is as safe as we can possibly make it. It is important that we also consider other ways that we can influence Albertans and change their behaviour such as appropriate advisory and awareness campaigns to educate drivers on the dangers that these folks face every day to protect and save the lives of our fellow Albertans.

With regard to the construction zones and with record amounts of infrastructure projects in the next few years over the entire province – and I believe the number somewhere in the capital budget is \$9 billion – this timely legislation will also make the workplace safer for these workers so that they can focus more on their jobs and worry less about traffic speeding by them. In a nutshell the legislation will work in a similar fashion to B.C.'s laws regarding construction sites: slow down to the posted speed limit or face, say, doubling of the fines. Mr. Speaker, as someone who has travelled many summers in B.C. in these construction zones, I've never seen anything more effective than doubling the fines. It is effective, and it will reduce collisions and near misses for these construction crews.

In consultation with our minister of infrastructure we will be more diligent in the future about the road signs at a construction site being current, and we've actually put words to the effect that the construction zone must be active – the key word being “active” – for these rules to apply. The offences created in this bill don't apply to inactive zones, where the area is barricaded off but no workers are on site. The onus, however, does lie with the drivers of vehicles to make that determination. In other words, if the driver incorrectly believes that the site is inactive and decides to speed by, the driver still can be fined if he's wrong.

These changes that I've talked about regarding emergency workers, construction, and tow truck operators are, in my opinion, the most important aspects within this bill, but there are other amendments to consider. The seizure of vehicles in prostitution-related offences deals with times where the release of a seized vehicle might be warranted. This is related to Bill 206, which passed in this Legislature, I believe in 2003, with unanimous approval by all members and all parties in the House.

This amendment would allow a peace officer the right to confiscate a vehicle but would allow a police officer to release the vehicle as well. It has amendments within it that would allow a vehicle to be released if the registered owner did not reasonably know that the vehicle was to be used for this type of offence. The registrar is removed from this process, which simply makes sense, Mr. Speaker, because leaving it in the hands of a police officer – they already have that right, they're closest to the problem, and it's not like you have to go to Edmonton and figure out, if you live in Cardston or Wainwright or somewhere else in the province, how to get your vehicle back.

Another amendment is increasing the penalty for driving without insurance. There are too many drivers who believe that driving without insurance is worth it. Some estimates say as many as 5 per

*See p. 1290, right col., para. 11

cent of all drivers on our highways these days have no insurance. High fines are the only way to change these attitudes, and it's my hope that by changing this law, we will encourage uninsured drivers to buy their insurance, reducing the number of uninsured drivers and thereby protecting all Albertans.

Bill 39 allows the minister to make regulations to promote the safe operation of commercial vehicles and enhance road safety by monitoring carriers for compliance in improved carrier safety management practices. It will also help the government get unsafe commercial vehicles from other provinces and countries off our roads.

Mr. Speaker, in light of the hour and the fabulous co-operation that we got, frankly, from all the other parties and particularly the critic on the Liberal side of things, I have one more amendment that I promised a friend that I would talk about and mention tonight. In Alberta today the law says that if you're on a snowmobile and have to cross a roadway, you take the shortest distance to cross the roadway even if it's unsafe because of, say, a curve on the road. With this amendment we have changed that to suggest that you can now go down a ditch or any kind of right-of-way to pass over that road in the safest possible spot and make this legal. Snowmobile operators are very thankful for that.

Mr. Speaker, there are many more amendments to this act. As I say, we've had fabulous co-operation from the critics on the other side from all parties. I believe that all parties in the House find this a timely bill in the sense that they want to protect the working people on our highways.

With that, I'll sit down and take my place. It's already been moved, I believe, and we'll wait and see what questions we have from other members. Thank you, Mr. Speaker.

10:20

The Acting Speaker: The hon. Member for Calgary-Varsity.

Mr. Chase: Thank you very much, Mr. Speaker. As the Liberal critic for Infrastructure and Transportation I and my party support both the mover and the intention of Bill 39, which is to save lives. As previously noted by the Minister of Finance, good ideas reside within all parties represented in this House. It is not surprising, given the Member for Calgary-North Hill's prepolitical history as an air traffic controller, that safety would continue to be his primary concern.

Bill 39 will increase the possibility of protection to police officers, firefighters, ambulance attendants, tow truck drivers as well as construction workers and, hopefully by extension, community volunteers such as members of 4-H clubs, who as part of local pride clean up their community's ditches along the highways. Besides doubling fines, I believe that the large radar-controlled speed indicator signs are very effective, although the most effective method is on-the-spot law enforcement, which the increased budget will help.

The Liberal opposition has only one reservation that hopefully can be addressed, which has to do with the seizure of a john's vehicle. Seizing a john's vehicle is a two-edged sword, which needs to be considered. The family of the john is punished twice: once by the john's activity and, secondly, by the seizure of the vehicle. A second concern is the possibility of driving prostitution further underground, where the potential of violence and abuse towards prostitutes could be increased.

It is my sincere hope that members of the government caucus will not water down the intention of this bill by only being willing to save certain lives under limited, prescribed conditions as was the case with Bill 201, which proposed a complete smoking ban in

workplaces. With only three dissident government voices, Bill 201, having been addressed eloquently by several members opposite, passed easily through second reading. However, when the crunch came, government members folded, fell into line, and marched to their parade marshal's unhealthy tune.

Mr. Hancock: Point of order.

Mr. Chase: Constituents' wishes, Conservative convention delegates' demands, and sound health care principles were tossed out the window.

The Acting Speaker: Hon. member, there is a point of order being raised by the hon. Government House Leader.

The hon. Government House Leader.

Point of Order

Items Previously Decided

Mr. Hancock: Thank you, Mr. Speaker. Under Standing Order 23(h),(i), and (j) and the other rules which preclude discussion of previous debates in the House, but most importantly imputing motives. The objection I have to what the hon. member has said: while we're debating the bill on traffic safety, he's going back to a private member's bill that was discussed in the House during private members' time, and suggesting that members in the House had their ability to make decisions as members of the House independently on the floor of the House on a private member's bill somehow constrained. That's inappropriate. As every member knows, when they come onto the floor of this House, regardless of whether they're part of a government caucus or an opposition caucus, they have a duty to make up their mind. To use abusive or insulting language or suggesting that they had motives other than to do the best for their constituents is inappropriate and certainly out of place in discussion of this bill.

The Acting Speaker: The hon. Member for Calgary-Varsity.

Mr. Chase: I thank you for clarification that hon. members weren't required by the caucus to vote in a certain manner. As a result, if you'll permit me, I'll withdraw that suggestion.

May I continue, Mr. Speaker?

The Acting Speaker: Thank you very much, hon. member for withdrawing the statement. However, I just want to draw the attention to the citation that the hon. Government House Leader used. It was 23(h),(i), and (j). Standing Order 23(h) refers to "makes allegations against another member," and (i) is "imputes false or unavowed motives to another member," not a group of people but to another member, and (j) is "uses abusive or insulting language of a nature likely to create disorder." I'm not so sure if that occurred here today. However, the hon. member has withdrawn the statement; therefore, there is no need to rule on this point of order.

Hon. Member for Calgary-Varsity, you may proceed.

Mr. Chase: Thank you. I guess I'll try and draw together my reasons for bringing these other health-related bills into discussion tonight.

Debate Continued

Mr. Chase: To continue, constituents' wishes, conservative convention delegates' demands, and sound health care principles were tossed out the window as members, with a very few notable exceptions including the current and former ministers of health and wellness, voted against a total smoking ban.

Similarly, despite the government's professed urgency in passing another of their private member's bills designed to deal with the ravages of crystal meth, the Conservative caucus amended the outcome of the hon. mover's intent of a proposed 90-day compulsory treatment plan although it should be noted that no new funding for either facilities, treatment, staffing, or policy was referenced in this bill. By the time the hon. member's bill had been passed through her caucus' process of amendment, 90 days of treatment had been reduced to five days of detox.

Similarly, collective Conservative concerns were addressed when our Liberal health critic, the hon. Member for Edmonton-Centre, proposed wellness Motion 501, which would have seen \$200 million from the \$650 million of tobacco tax revenue set aside annually to support a clearly defined number of preventative, proactive health care initiatives. It is of great concern to me that the members opposite saw fit to simply throw out the motion without even considering the possibility of amendments.

Although the Minister of Infrastructure and Transportation's musings on the potential of a government-sponsored cellphone ban following the August conclusion of a University of Calgary researcher's findings were frequently reported in last week's news, there was almost no recognition of the introduction of Liberal Motion 506, proposing that the government consider banning handheld cellphones by drivers, which I introduced into the House a week ago Monday night.

What I had great difficulty with that night, and what I would not want to be accused of doing myself, is the hyperbole that I saw a disconnect with. A member opposite suggested that the only way to avoid car accidents was to stay at home. This suggestion was later followed by the hon. Member for Red Deer-North, who had so passionately previously proposed the crystal meth bill. The member suggested that if cellphones were banned . . .

The Acting Speaker: Hon. Member for Edmonton-Castle Downs, are you rising on a point of order?

Mr. Lukaszuk: Yes, I am, Mr. Speaker.

The Acting Speaker: Okay. The hon. Member for Edmonton-Castle Downs.

Point of Order Items Previously Decided

Mr. Lukaszuk: Mr. Speaker, subject to Standing Order 23(f) the member definitely "debates any previous vote of the Assembly." Unless the member is intending to rescind a previous vote, I can't find any relevance between debating a previous vote and the matter that is currently before the House.

The Acting Speaker: The hon. Member for Calgary-Varsity.

Mr. Chase: I'm not debating; I'm summarizing what has taken place in this House. It is a statement of historical *Hansard* fact, not a discussion or debate.

The Acting Speaker: Hon. Member for Edmonton-Gold Bar, do you want to participate in the point of order?

Mr. MacDonald: Yes. Thank you, Mr. Speaker. At this time for the benefit of the House and certainly for the benefit of the hon. Member for Edmonton-Castle Downs I would like to refer him to *Beauchesne* section 659. It simply reads that

the second reading is the most important stage through which the bill is required to pass; for its whole principle is then at issue and is

affirmed or denied by a vote of the House. It is not regular on this occasion, however, to discuss in detail the clauses of the bill.

So I think we have to give the hon. Member for Calgary-Varsity a little bit of expanse, a little bit of rope, and let him proceed with his comments and allow him some time to make his point.

I would say that I don't believe there is a point of order here, and I think the hon. member should be allowed to continue with his discussion of the bill. Thank you.

10:30

The Acting Speaker: Anybody else wish to participate in the point of order?

Hon. members, I think this should be a learning experience for everybody. I know that it's late in the evening, but I'd refer you to *Beauchesne's* 479 and 480. Hopefully, that clarifies the matter before us.

Hon. Member for Calgary-Varsity, you were straying somewhat into this arena of a matter that we have already dealt with here in the past. However, I am convinced that you were probably leading toward some conclusion on the argument that you had before us. So I hope that this is a learning experience and that everyone learns from this point of order.

Hon. Member for Calgary-Varsity, you may proceed.

Mr. Chase: Thank you very much. Thirty-four years in the learning experience, and I continue to learn even more, in particular tonight.

Debate Continued

Mr. Chase: To summarize – and I will do so very quickly – should the Minister of Infrastructure and Transportation reintroduce a similar cellphone ban concept during this fall's sitting of the Legislature, as he has suggested in the media, I would certainly support such legislation, regardless of which side of the House it originated.

I have not completely become disillusioned by the democratic process of this House as it relates to legislating well-being and safety. Although the New Democratic Party's motion of greater government accountability for the health and safety of persons in long-term care was battered and bombarded by amendments, it remained afloat at least through second reading. Hopefully, it will not be later sunk as seniors' contributions and quality of life must be given more than simply talk.

In conclusion, I and my caucus members support the intent of the majority of the clauses of Bill 39 and wish to see the bill passed quickly through the spring session so that lives can be protected while the badly needed road repairs continue this summer. Thank you.

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

Dr. Pannu: Thank you, Mr. Speaker. I rise to speak on Bill 39, Traffic Safety Amendment Act, 2005. I want to commend the hon. Member for Calgary-North Hill for making an extraordinary effort to bring the bill forward to see if it can be put through the session and brought into effect, receive royal assent and be proclaimed. The bill, in general, certainly deserves the support of the House. The NDP opposition is happy to support it.

The bill will create some new offences for speeding past construction workers in construction zones and sets speed limits for motorists passing emergency vehicles. Under the proposed amendments motorists passing stopped emergency vehicles or tow trucks must drive at 60 kilometres per hour or at the posted speed limit, whichever is slower. These provisions will certainly enhance safety and

reduce the possibility of loss of life or serious injury. So that part is quite straightforward and is worthy of support.

[Mr. Goudreau in the chair]

It also amends the existing piece of legislation, the private member's Bill 206, the Traffic Safety (Seizure of Vehicles in Prostitution Related Offences) Amendment Act, 2003, by striking the provision that allows first-time offenders to be dealt with by alternative measures. We had some concerns there, but on that matter we have had some discussions with the member who is the sponsor of the bill. I would like to just note, Mr. Speaker, with respect to that issue – let me for a moment go back to Bill 206 and the part of the bill that's being struck here.

I think it's the Traffic Safety (Seizure of Vehicles in Prostitution Related Offences) Amendment Act, 2003. It's section (3)(c) that's being struck. Yeah. Bill 39 repeals section 2 and adds everything back in again except subsection (3)(c), which deals with the provision for first-time offenders. Now, I know that it's being done, perhaps, to address the concerns that are related to whether or not the existing piece of legislation, Bill 206, has some constitutional weaknesses or could be exposed to a constitutional challenge and that that constitutional challenge is due to the division of powers between the criminal law and the Traffic Safety Act.

However, as we all know, both Saskatchewan and Manitoba do have laws that allow for alternative measures, and neither province has had a court challenge in respect to this. In fact, Manitoba laws are very, very close to the private member's bill that was introduced in this Legislature in 2003 and then passed but never proclaimed. So I don't think that that's a serious concern because the Manitoba and Saskatchewan legislations have not been challenged on that ground. Even here in this House I think in the past we have not been all that overly concerned about the division of powers. So why the section is being struck out remains a question. I'm sure the hon. member will try to address that.

The only other issue here that we have is some concern about the personal information and privacy act. The bill allows, I think, for the manufacturer- or owner-installed recording devices to be used at any prosecution under this act or bylaw. That raises questions about whether or not the legislation will sort of run at cross purposes with the personal information and privacy act if they're not aware that these things are in their vehicle in the first place. So there's some concern about the violation of the personal information and privacy act provisions if the legislation before us allows for manufacturer- or owner-installed recording devices and the information gathered there to be used in any prosecution.

With those two comments, which express a bit of our concern, we are happy to support the bill because I think it will save lives. It will make highway travel safer and certainly will provide enhanced safety for emergency vehicles or tow trucks when they are providing their services around the vehicles and also on construction sites along highways or whatever have you.

So with those brief remarks, Mr. Speaker, I close my comments. Thank you.

10:40

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

Mr. MacDonald: Thank you very much, Mr. Speaker. It's a pleasure to rise and discuss Bill 39, the Traffic Safety Amendment Act, 2005, this evening. I would like to thank the hon. Member for Calgary-North Hill for bringing this legislation forward.

Certainly, I appreciate from the hon. member the updates that he

has provided in regard to this legislation, but it's a lot more comprehensive than I had first thought. When we think of all the infrastructure construction that is going on and is going to be going on in this province, this legislation is ideal for construction crews and emergency workers, and I would like to thank the hon. member for bringing it forward. If we could improve the safety at construction sites that are adjacent to our busy highways, I would urge all hon. members to support this bill. If we could also improve the safety of emergency workers, who unfortunately are called far too often to the site of an accident, this is worthy of support on those grounds alone.

[Mr. Shariff in the chair]

But whenever we look at other measures here that allow for the seizure of vehicles used for prostitution-related activities, I don't know if this is going to help or not, but certainly if it would even in a small way help, I would again urge all hon. members to consider supporting this bill. When we think of, first, Vancouver – and it took the police a long time to solve those murders. There were, of course, prostitutes from central areas of the city of Vancouver being transported to what essentially at that time was a farm and murdered. We find the same pattern of behaviour happening, unfortunately, in this city.

When we decide as a Legislative Assembly or as a province or as a society who exactly is the criminal in prostitution and prostitution-related activities – is it the prostitute, or is it the buyer of the sexual services? In my view, it is the buyer of the sexual services. That's just my personal view. This bill would allow for the vehicle of the buyer of those services – there's a chance that their vehicle will be seized. Not only would I like to see the vehicle seized, but I think there should be a public notice somewhere, maybe on the Solicitor General's website. Maybe it will be on Infrastructure and Transportation's website. But the persons involved in the purchase of sexual services: if the public wish, they can have access to that information. I don't know how we control this sort of behaviour, but this bill may be a good start, and hopefully it would stop the horrific crimes that are going on, the murders that are going on, Mr. Speaker, in this city at this time.

Now, also, we're talking about increasing penalties for driving without insurance. I was having a look at this, and at first glance I thought there was going to be a significant increase in the amount of the fines, but there is not. There is the potential imprisonment for a term of 45 days instead of 30 days, a two-week sentence in the Crowbar Hotel, essentially, for driving without insurance. Insurance rates have not gone down, as was promised, for a lot of drivers with the insurance reforms. A lot of people find it cheaper to drive without insurance because the fine is so low than it is, actually, to go out and buy the insurance. I've been told that if we were at a stop sign, for instance, and 10 cars stop and then proceed through the stop sign, one of those 10 cars, or 10 per cent of all vehicles on the road, is without insurance. So it is a major problem.

We look at the amendment here in section 54, and hopefully we can have a little discussion on this or get more information from the hon. member during committee. Section 54 is amended (a) by adding the following after subsection (1).

(1.1) If a person drives or has a motor vehicle on a highway without the expressed or implied consent of the registered owner of the vehicle, that person is deemed for the purposes of subsection (1)(a) or (b) to drive or have on a highway a motor vehicle that is not an insured motor vehicle.

Now, this whole notion of implied consent: I think it won't be long before that's in the court. I would like to know exactly how that is going to work, and hopefully we'll get an answer to this in

committee. If not, I think we should have a look at perhaps changing this. Maybe with clarification from the hon. member my cautions on this will be satisfied.

Now, we were talking about the increase in the amount of time one would spend in jail here on the first offence or the first contravention, and then we have here subsequent contraventions. I don't know how many chronic repeat offenders the law enforcement officials are getting these days or catching or apprehending, but are there any plans with the money that we are going to get from the increase in the fine? That pool of money has specific purposes, and if the hon. member could tell us how that money is to be pooled and used in the future, I would be grateful. That's the money that's collected from those who are fined for driving without insurance. I would appreciate that at committee.

That is it for my comments at second reading, Mr. Speaker. I appreciate this opportunity at this hour of the night to have a chance to get some concerns on the record in regard to this bill. Hopefully, during committee or later on in debate my concerns could be addressed. Thank you very much.

The Acting Speaker: The hon. Member for Calgary-North Hill to close debate?

[Motion carried; Bill 39 read a second time]

head: 10:50 **Government Bills and Orders**
 Committee of the Whole

[Mr. Shariff in the chair]

The Deputy Chair: Hon. members, we'll call the committee to order.

Bill 22 **Animal Protection Amendment Act, 2005**

The Deputy Chair: Are there any comments, questions, or amendments to be offered with respect to this bill? The hon. Member for Dunvegan-Central Peace.

Mr. Goudreau: Thank you very much, Mr. Chairman. It's a pleasure for me to rise this evening in committee regarding Bill 22, the Animal Protection Amendment Act, 2005, on behalf of the Member for Drayton Valley-Calmar.

Before I begin, however, I'd like to introduce two guests that are in the gallery this evening who have had a great deal invested in this piece of legislation. The first one is Cheryl Ryder, and Cheryl works with the hon. Minister of Agriculture, Food and Rural Development. The second is Morris Seiferling, and he is the director of the technical services division of Alberta Agriculture, Food and Rural Development. Both of these individuals have worked tirelessly on Bill 22, and I'm certain that they've put a lot of time and effort over the last many months here to ensure the passing of this particular bill.

As stated previously in this House, Alberta is a leader in animal protection, and these amendments will help ensure that both the welfare of animals and those who take proper care of their animals are protected in our province. These amendments will update and strengthen the legislation to apply to anyone causing distress to an animal. They will help prevent animals from becoming distressed and will provide protection for those who legitimately report an animal in distress. They will require persons who are responsible for an animal to take care of them and will also protect people that follow reasonable and generally accepted practices of animal care.

Mr. Chairman, Albertans' expectations for animal care have changed over the past decade, and those industries, institutions, and persons who are responsible for the care of animals will applaud the strong support this House has given to Bill 22.

I would like to now address the comments and questions that a number of hon. members raised during second reading of this bill. To begin, I would like to thank the hon. members for Edmonton-Gold Bar, Edmonton-Calder, and Calgary-Varsity for their support of Bill 22. The vast majority of persons that are responsible for animals in this province, including livestock producers, take very good care of their animals. Even with significant issues like BSE and past droughts affecting their bottom lines, there are very few producers that won't or can't take care of their animals.

The Alberta Society for the Prevention of Cruelty to Animals, the ASPCA, and the livestock industry have worked co-operatively to help producers that can no longer care for their animals. Through the Alberta Farm Animal Care Association peer and vet support is provided to producers to proactively prevent potential animal welfare situations. Both of these agencies have toll-free numbers that anyone can use to report potential animal welfare cases. Producers have been helped to voluntarily deal with their particular situation, and as a result charges have been laid in very few instances over the past few years.

The hon. members are correct in that the proposed amendments will allow a peace officer to act before an animal becomes distressed and that anyone causing distress to an animal can now be held responsible for their actions. Protection for people that follow the law and use reasonable and generally accepted practices, whether they are livestock producers, hunters, fishermen, trappers, or those controlling pests, is a fundamental component of this particular bill. These people need not fear that an animal rights group will use this legislation against law-abiding Albertans.

I would also like to thank the hon. Member for Edmonton-Decore for his support for the bill. In response to his questions regarding the removal of antler velvet in elk, currently the Animal Protection Act allows the removal of antler velvet as long as it is done consistently, with reasonable and generally accepted practices. Bill 22 would add an important component to further clarify what these reasonable and generally accepted practices are and are not.

The bill will give the minister of agriculture the authority to reference guides or codes of practice and regulations to further clarify what these practices are or are not. This would allow the elk industry, for example, to work with other stakeholders, like the Alberta Veterinary Medical Association, to develop standards for things like the removal of antler velvet. The minister could then reference the standards and the regulations, and they would then be enforceable under the act.

This provision will also address the hon. member's concerns regarding roadside zoos. I understand that the Department of Sustainable Resource Development is in the process of developing zoo standards for Alberta. Once completed, these standards could also be referenced in the Animal Protection Act and be enforceable. I believe this provision will be welcomed as it will help clarify for both zoo operators and all Albertans the expectations for the welfare of animals in these facilities.

I would also like to thank the hon. Member for Calgary-Currie for his support of Bill 22. This bill equally applies to all animals in Alberta, whether they are livestock, pets, wildlife, animals being used in research or for educational purposes. On the hon. member's concern and those of the hon. Member for Calgary-Varsity related to the need for more SPCA officers, I would like to remind the members that all Royal Canadian Mounted Police and members of

a municipal police service have and will continue to have full authority to enforce the Animal Protection Act. This is in addition to the two special constables also appointed under the act. Therefore, there are many more than two enforcement officers, in the city of Calgary for instance, that can deal with animal welfare cases.

Mr. Chairman, as far as the hon. member's concerns on the need for additional facilities to care for animals in Calgary, that debate lies outside the provisions of this particular bill.

I certainly agree with the hon. member's comments about the difficulty, in some cases, of proving animal abuse. To help address this concern, two important concepts have been included in the bill. First, it states that no one can abuse an animal. Currently only the owner or person ordinarily in charge of the animal are prevented from causing distress to the animal. Second, a person who is responsible for an animal must provide adequate food, shelter, care, protection from injurious heat or cold, and adequate space and ventilation. A peace officer will no longer be restricted to only dealing with animals that they have cause to believe are being abused but will be able to act before the abuse actually takes place.

As the hon. member mentioned, Bill 22 will place the onus on the owner of the animal to pay any costs associated with their animals if they were seized and under the care of a caretaker. This is an important principle in that it should be the owner's responsibility to pay these costs, not all Albertans. Under the act if an owner refuses to pay these costs, the caretaker can then give the animal to another person and try to recover some of their costs in doing so. If the animal can be sold, which is usually the case with livestock, the proceeds from the sale can be used to pay the caretaker's expenses.

Regarding the hon. Member for Cardston-Taber-Warner's question about further defining animals in distress, the input that stakeholders provided through the consultation process indicated that more certainty around the definition of distress was needed. The hon. member is correct in that adding clarity to this definition also limits what can be considered when determining if an animal is in distress. This was done intentionally, Mr. Chairman, based on the feedback we received through the consultation process. Both animal owners and the people who enforce the act asked for this further clarification to help them determine whether an animal is considered in distress or not.

In response to the question from the hon. Member for Calgary-Nose Hill, the Alberta Fish and Game Association, the Trappers Association, and aboriginal or Métis communities were not included in the consultation related to Bill 22. As the hon. member mentioned, reasonable and generally accepted practices of hunting, fishing, trapping, and pest control are exempt from this particular act. If Albertans follow these practices, regardless of whether they hunt, fish, or trap in northern or southern Alberta, they are protected.

11:00

In response to the hon. member's question regarding whether certain arrow tips will be required for hunters under the act, the short answer is no. However, again, if an organization like the Alberta Fish and Game Association wanted to limit the use of certain arrowheads, they could develop standards that the minister could reference in the regulation and make those standards enforceable.

As I mentioned earlier, the bill does apply to all animals in the province, including wildlife. Wildlife in zoos and rehabilitation centres will be protected under this act. Again, animals in the wild that are lawfully hunted, trapped, fished, or controlled as pests through reasonable and generally accepted practices are exempt from the act.

I would like to thank all the hon. members for their support and excellent questions related to this bill. As the hon. members

committed to it during second reading of the bill, I believe I have responded to all the questions raised. I would again urge all members to give Bill 22 their full support.

Thank you.

The Deputy Chair: The hon. Member for Edmonton-Gold Bar.

Mr. MacDonald: Yes. Thank you very much, Mr. Chairman. In regard to Bill 22, the Animal Protection Amendment Act, 2005, I would like to thank the hon. member for his thorough response to our questions on this side of the Assembly. As a result of those responses and the thoroughness and the diligence of the hon. member I'm pleased to say that we will continue to support this legislation.

Thank you.

[The clauses of Bill 22 agreed to]

[Title and preamble agreed to]

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

Hon. Members: Agreed.

The Deputy Chair: Opposed? Carried.

Bill 36 Police Amendment Act, 2005

The Deputy Chair: Are there any comments, questions, or amendments to be offered with respect to this bill? The hon. Solicitor General.

Mr. Cenaiko: Thank you very much, Mr. Chairman. I'll be brief in responding to questions that were raised during second reading. I'm pleased to stand before the committee and respond to some of the questions that were mentioned earlier in the Assembly. There are many proposed amendments to the Police Act concerning First Nations, police officers, police funding, and other issues that have garnered little or no debate, so I'll focus my presentation on the sections that have been raised.

It's important to keep in mind that these proposed amendments build on an existing police oversight mechanism, and many areas have been clarified or strengthened. The amendments ensure that every community has either a civilian police commission or a police committee to whom the chief of police is accountable for the handling of complaints.

In the amendments, however, the role of the commission is strengthened considerably. These additional responsibilities are over and above their responsibility for establishing policies and budgets for the police. The chair of the commission under the amendments can, at his or her discretion, request another police agency anywhere in the country to investigate any complaint against a police officer. The MLA Policing Review Committee recommendations state that "it is most appropriate that the chief of police be responsible for the investigation of routine complaints." While this recommendation may be adequate, Bill 36 goes much further and allows for the chair of the commission to request an outside police agency to investigate what might be considered a routine complaint if it would be in the public interest to do so.

As well, Mr. Chairman, in the amendments the responsibilities of the director of law enforcement have been significantly increased.

The director of law enforcement will ensure that commissions and committees have the training that will provide them with the knowledge and skills to perform their duties more effectively. The director of law enforcement will also monitor complaints, establish standards, and audit practices to ensure that the standards are met.

Finally, at the provincial level we have enhanced the role of the Solicitor General to allow the minister to request an external investigation even if the commission chair has decided against such a course of action. The minister can also appoint a civilian monitor or a review team or a person to oversee an investigation in cases where provincial intervention is needed.

Mr. Chairman, it's critically important to point out that several people have held up the Ontario Special Investigations Unit, or SIU, as the prime model for civilian oversight of complaints against police. Advocates for the Ontario model give the impression that Ontario SIU is a completely independent civilian body that investigates all complaints against the police. This could not be further from the truth. In fact, their role is far more limited than the public has been led to believe.

First, the Ontario SIU does not investigate any complaints that do not involve sexual assault, serious injury, or death. The Ontario SIU is responsible for investigating only a mere fraction of the complaints made against the police. The thousands of other complaints that are not related to serious injury, sexual assault, or death are investigated in precisely the same way they are here in Alberta: by the respective police agency. Every other province has fundamentally the same system as Alberta and Ontario in that internal affairs officers within the police service from which the complaint arises investigate the majority of complaints against police.

Any person who suggests that Alberta should develop a fully civilian investigative agency must turn their minds to the logistics of such a suggestion. I offer the following for the sake of comparison. While the SIU may serve the province of Ontario well, where there are 23,000 police officers and thousands of complaints, the system, as stated in the MLA Policing Review Committee report, would be unnecessarily bureaucratic and expensive, especially in light of the small number of serious cases in Alberta, approximately 10 a year, compared to 190 in Ontario just last year.

It's also critical to point out that an agency such as the SIU would not investigate incidents like the Overtime case here in Edmonton. In addition, most of the investigators in the Ontario SIU models are retired police officers, which may not remove the perception of police investigating the police.

Regarding a proposed time limit for people to submit complaints about the conduct of a police officer, Alberta is one of the last provinces to include a time limit. Ontario has a time limit of six months, and other provinces have a time limit of three months.

Finally, in Alberta when any complaint has been dealt with and the complainant is not satisfied, a person can appeal to the Alberta Law Enforcement Review Board, which is a civilian body with considerable powers. We do not need to enhance the powers of the Law Enforcement Review Board, but we can enhance their role through policy and increased resources. In addition to its most common role as an appeal body the board also has the power on its own to conduct inquiries respecting complaints. Further, at the request of the minister the LERB can inquire into any matter concerning the police, and that is as it should be.

Mr. Chairman, we have done our due diligence to consult, research, and develop amendments to the Police Act that will serve Albertans well in the years to come. Police accountability is without question a fundamental requirement in order to gain and maintain public confidence. I feel that we have achieved a balance with Bill 36 that will serve the public well.

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

Dr. B. Miller: Thank you, Mr. Chairman. This is a very important bill, and I thank the Solicitor General for his remarks in introducing the Committee of the Whole discussion of this bill. I think it's going to take us quite some time to work through the bill. My understanding of Committee of the Whole is that it's proper to go through the bill section by section, and I think that's what we should do to discuss the merits of various parts.

I would like to bring some amendments in the course of our discussion in Committee of the Whole. I have three amendments, just to give a warning of what's coming. The first one is very simple and wouldn't take much debate. The second one is a little more controversial. The third one is very controversial because it tries to amend the real heart of the bill; namely, the oversight process, civilian review process of dealing with complaints, in which I believe that there should be more emphasis on civilian oversight.

Starting at the beginning of the bill, the bill asks for some housekeeping issues, and I'm not going to dwell on that. Section 4 suggests a change in wording from "an adequate and effective level" to "adequate and effective." That probably is important because we don't want to give the impression that there are different levels of policing throughout Alberta. The important thing is to say that the government of Alberta is responsible for adequate and effective policing throughout Alberta. So that is a good statement.

11:10

Section 5 is interesting. I hope the Solicitor General is prepared to take up this heavy responsibility outlined in section 5 that the minister may, subject to the regulations, "establish standards for policing, and . . . ensure that standards are met."

Then the next section is one that municipalities are looking at because it's changing the population level under which municipalities get policing from the province. The change is from 2,500 to 5,000. With this, every municipality under 5,000 will receive policing fully funded by the province, and that is undoubtedly a good move and appreciated by municipalities throughout Alberta.

Turning over to page 4, section 8, I especially appreciate the inclusion of the phrase "and restorative justice" in the revision of the bill because I'm a great supporter of the impetus, the move towards more emphasis on restorative justice. I think that's very important.

Now, section 8 – and this is where I'm going to bring my first amendment – is on the issue of the name of the director of law enforcement. I want to come back to that in a few minutes. The director of law enforcement is given a great deal of broad powers mentioned in (b)(iii)(c): "developing and promoting programs to enhance professional practices, standards and training for police services, commissions and policing committees." So this person, who in this bill is called the director of law enforcement, will oversee and encourage and carry out the training of all the police commission members and the police committees and so on throughout the province. This is a very important role, and I will come back to that in a few minutes.

The bill goes on to discuss and establish the rules for policing committees and also for police commissions. I just wanted to bring our attention to a couple of matters here. I notice that under Policing Committees – and this is directed towards municipalities which have policing, not large cities – the municipal councils "may establish a policing committee," whereas when it refers to commissions in regard to large cities, where there's a municipal police service, it's required to have a police commission. I found that a bit curious. That leaves a lot of responsibility to the local mayor or municipal manager to be responsible for the oversight of policing. So it's

optional whether there's a police committee or not. I wondered about that, whether that is really in the interests of the oversight of policing in Alberta.

Now, on police commissions I mentioned the requirement of the establishment of a police commission. I don't find any reference to funding in either the description of the police committee or the police commission, and that seems to be contrary to the MLA review of policing, of which the Solicitor General was a member. They suggested that police commissions in Alberta have their own budget and that the expenses for budgeting come from the city council and not out of the police service's budget.

Many commissions cannot afford more than the most basic staffing. So in order to achieve its mandate, the commission must be able to exercise its governance authority in a manner that's not hampered by a lack of appropriate resources. I think that's a very important point. It's nice to set up these police committees and police commissions, but if they don't have adequate funding through the municipality, then I think their effectiveness is undermined. There's a reference in each case to the police committee and also the police commission "for the payment of reasonable remuneration," but no mention of how the police committee or the police commission is actually funded.

Just in terms of the makeup I notice that under the police commission there's a reference to who is able to be a member of a police commission. In respect to whether a member of the city council or an employee of the municipality should be on the commission, the bill says that one of them may be a member of the council. There's no requirement that they should be a member of the council. In terms of the recent experience with the Overtime investigation and the Police Commission in Edmonton, I think it's really necessary that a member of the city council or even two members of the city council be members of the police commission as it is the case with the Edmonton Police Commission. Leaving it open I think is not good enough. It should be a requirement.

In fact, that was the recommendation of the MLA committee that reviewed policing. Number 26 of their recommendations is that "the Police Act require that at least one council member be appointed to the police commission, with an option of a second council member where the commission has five or more members." So I think that the bill is weak on this point.

Now, I would like to take a lot of time to go into the whole issue of public complaints and the process of handling public complaints of policing and so on, but I want to go back to the beginning and try out my first amendment if I could, Mr. Chairman.

The Deputy Chair: Hon. member, we need to have the amendment circulated.

Dr. B. Miller: Yes. I have it here.

The Deputy Chair: Do you have it with you?

Dr. B. Miller: Yes.

The Deputy Chair: Okay. Just wait for a few moments while they circulate the amendment.

Hon. members, the amendment being circulated will be referred to as amendment A1.

Hon. Member for Edmonton-Glenora, you may proceed.

Dr. B. Miller: Yes. I would like to make a motion to amend the Police Amendment Act, 2005, Bill 36, that section 8(a) be struck out and the following substituted. This is basically a change of the name of the director of law enforcement. So instead of "Director of

Law Enforcement," it would read "Director of Policing Services."

Now, the term "law enforcement" is an American term, and in the U.S. the term includes, really, all levels of the criminal justice system, not just the police. So for our province to use this term to describe the title of a person who will oversee policing services and the commissions and committees – I think it's misleading and inaccurate to call this person the director of law enforcement.

11:20

The use of this term is diametrically opposed to the original and continuing mandate of consent that defines policing and is embodied in the second of Peel's principles. Now, in second reading I referred to the Peel's principles because the roots of policing are traced back to England and to the importance of public support for policing. The police actually represent the public. The second of Peel's principles is that

police, at all times, should maintain a relationship with the public that gives reality to the historic tradition that the police are the public and the public are the police; the police being only members of the public who are paid to give full-time attention to the duties which are incumbent on every citizen in the interests of community welfare and existence.

I think that it's important that policing needs to distance itself from terms such as "enforcement" and "force" and become a true service to the public, for the public, and with the public. That's the phrase: service to the public, for the public, and with the public. So I think it's important to change this name from "Law Enforcement" to "Policing Services."

It's not just a symbolic change. It may seem like it's a symbolic change, but actually the name is very important. Often when a title is used over and over again, it communicates something that's really important. This individual is going to train people on police committees and police commissions to carry out and to enable the province to experience the very best kind of policing. That's what it's about.

So, Mr. Chair, I would recommend that we support this amendment, and I'd like to hear what others think.

The Deputy Chair: The hon. Solicitor General.

Mr. Cernaiko: Thank you very much, Mr. Chairman. Briefly, in response to some of the issues raised with regard to policing committees and police commissions, the issue there is the fact that there is a difference between two different acts. One is, of course, the federal government act with regard to the RCMP, and one is the Police Act, which is obviously responsible for municipal policing in Alberta. The difference, therefore, has to be a difference with regard to civilian oversight, but the issues behind it are the same in the fact that those committees are responsible for really overseeing the policing that's provided in their communities and ensuring, whether it's an RCMP detachment or it's a chief of police, that the community has the ability through a police commission to discuss the issues with the detachment commander or the chief to ensure that their voice is represented in the community.

The issue with regard to budgets for commissions. Those were issues that were discussed both through consultation and additional consultation this fall. Some of those issues were brought up, and it was determined that instead of having their own budget or requesting their own budget, the budget that they do have remain within the overall policing budget. So, for example, in Edmonton the budget that the Edmonton Police Commission has is actually in the overall police budget, and a portion of that budget, or a percentage of the Edmonton Police Service's budget, is provided to the Edmonton Police Commission for expenses that they may incur.

When we talk about members of council being on the police commission, it has been with some history now that two members of council may be members on the Police Commission. One of those members could be the mayor if they so wish. So those opportunities are still there for them. If the mayor wishes to be on the Police Commission, he's more than happy to if he so chooses.

The position that there be provincial government appointees to police commissions was also brought up during consultation, but obviously we hesitated with that, in fact, because we felt that this being a municipal responsibility, obviously the majority of the police service's budget is paid by municipalities, and therefore it wouldn't be the province's position to have a provincially appointed member on a local or municipal police commission.

With regard to the amendment, Mr. Chairman, a few issues were raised with regard to the name "Law Enforcement" and substituting "Policing Services." The name "Law Enforcement" encompasses not just policing in the province, so I have to disagree with the hon. member's notice of amendment in the fact that the community of law enforcement not only includes police officers, but it also includes special constables. We have 3,000 special constables in this province, and there is some relationship between the director of law enforcement and some of those officers.

It also includes his responsibility to Criminal Intelligence Service Alberta, which is an intelligence component, not strictly law enforcement but intelligence-based, as well as IROC, the integrated response to organized crime. It also has a responsibility for police commission training. So, again, it's not just a policing role; it's a role to ensure that there are standards and that there's training available. Standards with regard to policing, but also standards with regard to training police commission members regarding the governance role that they have as members of a civilian oversight body.

The other issue is, as I mentioned, that the director of law enforcement does have some say with regard to special constables' duties in the province. As we have the special constables review going on right now, that may change as the review and report will be brought to government later in the year.

The issue that also arises is: would this mean that there would be a required name change to the Law Enforcement Review Board, which, of course, is the appeal mechanism and appeal body for citizens in their complaints against police officers? As well, they have a component with the Law Enforcement Review Board to listen to appeals from special constables. So there I have to disagree with the hon. member's amendment and stress that the director of law enforcement, although there is history to it, does provide all-encompassing factors with regard to its name. It's not just police services. It's beyond policing as well.

The Deputy Chair: The hon. Member for Calgary-Varsity.

Mr. Chase: Thank you. I believe the intention of substituting "policing services" for "law enforcement" is partly to provide the police with not just the sort of force attitude but to see police individuals as serving the public. That's why "service" is there. I think it's an American concept, but the idea of to serve and protect is out there. In terms of the RCMP motto, *Maintiens le droit*, it just means to maintain the right.

To me, the whole point of this is to provide the police with sort of a friendlier, serving role as opposed to strictly enforcement. The whole idea to me is just to make it more publicly acceptable and put the police in a similar service role as teachers and the words public servants and civil service. The police have a very special role, but the role is to serve the public, and that's their primary purpose. Changing the names of the various committees to police services act

or whatever: I think the point is to make a friendly suggestion that the police offer a variety of services and support for the public, not strictly law enforcement. They provide a whole variety of other services that the public benefits from.

Thank you.

The Deputy Chair: Are you ready for the question?

Dr. B. Miller: Can I speak again?

The Deputy Chair: Yes, you can.

11:30

Dr. B. Miller: I just wanted to conclude the discussion and debate just by pointing out the fact that if you look at the job description of this director of law enforcement, there really isn't any reference to enforcing anything. His job is to develop and promote crime prevention – and you've added the words "restorative justice" – and then develop and promote "programs to enhance professional practices, standards and training for police services." So it makes sense to be consistent with the job description and call him director of policing services. That's my final argument.

[Motion on amendment A1 lost]

The Deputy Chair: The hon. Government House Leader.

Mr. Hancock: Thank you, Mr. Chairman. In light of the hour I would move that we adjourn debate.

[Motion to adjourn debate carried]

The Deputy Chair: The hon. Government House Leader.

Mr. Hancock: Thank you, Mr. Chairman. I'd move that we rise and report Bill 22 and report progress on Bill 36.

[Motion carried]

[Mr. Shariff in the chair]

The Acting Speaker: The hon. Member for Dunvegan-Central Peace.

Mr. Goudreau: Thank you, Mr. Speaker. The Committee of the Whole has had under consideration certain bills. The committee reports the following bill: Bill 22. The committee also reports progress on the following bill: Bill 36. I wish to table copies of all amendments considered by the Committee of the Whole on this date for the official records of the Assembly.

The Acting Speaker: Does the Assembly concur in the report?

Hon. Members: Agreed.

The Acting Speaker: Opposed? So ordered.

The hon. Government House Leader.

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

[Motion carried; at 11:32 p.m. the Assembly adjourned to Thursday at 1:30 p.m.]

