

## Legislative Assembly of Alberta

**Title: Tuesday, April 25, 2006**

**8:00 p.m.**

Date: 06/04/25

head: **Committee of Supply**

[Mr. Shariff in the chair]

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

head: **Introduction of Guests**

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

**Dr. B. Miller:** Thank you, Mr. Chairman. It's my pleasure to introduce to you and through you to all members of the House the 166 Blue Quill Scout group. There are 12 of them present. I'm doing this on behalf of my colleague the Member for Edmonton-Rutherford, who is not here tonight. We welcome this Scout group here. Their group leaders are Darren Gordon, Lorne Purantz, and Dave Young. I would like them to stand, and we'll extend our warm greeting to them.

head: **Main Estimates 2006-07**

### Gaming

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

**Mr. Graydon:** Well, thank you, Mr. Chairman. I'm pleased to move the estimates for Gaming and for the Alberta lottery fund.

It's my pleasure to be here today and to discuss the Ministry of Gaming's 2006-2007 estimates. Our ministry does good work. Every year Albertans see that good work first-hand. They see new playgrounds, new community buildings, and new social programs for seniors. This year we intend to continue to ensure that the revenue derived from gaming and liquor benefits all Albertans.

Maybe my staff can't get through security. I'm not sure. At any rate, I will have some staff members up there. [interjections] I can handle it. Maybe they're at the casino. I'm not sure.

The Ministry of Gaming is somewhat complex in its organizational makeup. In order to put our estimates into perspective, it's important to understand the different entities and their responsibilities. I ask that the committee bear with me while I briefly introduce each entity within the ministry. First, we have the Department of Gaming. The department's area of responsibility includes the strategic direction for the province's gaming and liquor policies and communications. It is also responsible for the administration of several lottery-funded programs, including the popular community facility enhancement program and the community initiatives program.

The estimates for the Alberta lottery fund are included under the Ministry of Gaming. It is used to support thousands of volunteers, public and community-based initiatives annually. The ministry also includes the Alberta Gaming and Liquor Commission, or AGLC. The AGLC regulates all gaming and liquor activities and establishes operational policy for these activities within a provincially approved framework. In addition to these entities, Gaming is also responsible for the Horse Racing Alberta Act and the Gaming and Liquor Act and the Racing Appeal Tribunal.

My main focus today will be on the Department of Gaming and how we intend to spend the \$202 million reflected in those estimates. This includes our request for funding for the community facilities enhancement program, the community initiatives program, and the other grant programs from the Alberta lottery fund.

Before looking at the department details, I'd like to briefly mention the Alberta lottery fund. The Alberta lottery fund provides the extras that help improve our overall quality of life in this province by funding volunteer groups and public and community-focused initiatives. There is little doubt that the funds benefit Albertans. Some of the Alberta lottery fund is allocated to programs in the Department of Gaming, and the rest of it is allocated to programs in other ministries. I'll leave it to my colleagues to speak to the lottery funds allocated to their individual ministries this year. I'm sure that as people have been in the House and listening to the estimates over the last few weeks and as they stay tuned over the next few weeks, they'll hear mention of funds in their estimates that are coming from the Alberta lottery fund.

However, I will speak tonight to my ministry, the Ministry of Gaming's lottery-funded programs. This year the ministry is requesting funding for two very important grant programs: the community initiatives program, or CIP, and the community facility enhancement program, known as CFEP. Without them many worthwhile projects and initiatives throughout Alberta would never come to fruition.

I'd like to share with you some feedback we received at various trade shows that we attended this past year. These are comments that people shared with our staff as they manned the booths at these trade fairs. "Thanks to CFEP the Darwell library has a new facility. Without this grant we couldn't have done this. This program is extremely beneficial to all types of community groups."

"I come from a small community. We have benefited many times from lottery funding for our recreational buildings. We have been happy for this support."

Another quote: "Thanks to a previous lottery grant our school library was able to move forward into the 21st century with new technology. Thank you so much for making a difference in the lives of our students."

This feedback is important to us. It shows that Albertans want and need lottery funding for their communities. Again this year we plan to invest back into Albertans and into their communities. Again this year we're requesting \$38.5 million for CFEP and \$30 million for CIP.

Another program under the ministry is the horse racing and breeding renewal program. Horse racing and breeding renewal is another highlight of this fiscal year. It goes without saying that these activities have a long and valued history in this province. It is continually proven year in and year out that they contribute to Alberta's economy, benefiting everyone from the breeder to the farmer who grows feed for the horses. A recent economic impact study commissioned by Horse Racing Alberta shows that the industry generates annual economic benefits of over \$355 million to Alberta. Additionally, the industry provides over 2,700 full-time jobs and supports over 7,800 Albertans.

This year we have budgeted \$63 million for the horse racing and breeding renewal program. The \$18 million increase is due to projected revenue growth resulting from an increase in the number of slot machines and their performance at four racing facilities. As with all our flow-through arrangements the actual amount of the grant will be determined by the actual revenue generated. The government's share of net revenues generated by slot machines at racing facilities flow in part to the horse racing and breeding renewal program and in part to other lottery-funded programs.

The department also deals with exhibitions and fairs. I will continue with a related topic, and that is the exhibitions and fairs. The item is particularly important to me, having seen the value of a regional exhibition first-hand in my hometown of Grande Prairie, where my constituency is. They are the heart of the area's agricul-

tural activities. They bring together people from all over the province. They provide facilities for the local communities, and they provide valuable economic spinoffs for local business.

As I mentioned to the committee last year, funding to each of our two largest exhibitions, Edmonton Northlands and the Calgary Exhibition and Stampede, will remain at \$10.35 million. In addition, \$2.66 million will go to seven other major fairs and exhibitions located in the seven major cities around the province: Lethbridge, Medicine Hat, Red Deer, Grande Prairie, and the three others. This will also help support the various programs offered by those facilities, including fairs, trade shows, and other community events that they host every single day of the year.

This fall the first ever First Nations casino is expected to open in Alberta. This achievement will be the result of hard work and consultation with Alberta's First Nations. In 2001 this government made a commitment to give First Nations an opportunity to enter the casino business as a means of improving economic conditions in their communities. Through the First Nations gaming policy an amount equal to 40 per cent of slot machine proceeds in First Nation casinos will go into the First Nations development fund grant program. All First Nations in Alberta will have the opportunity to apply for funding for special and socioeconomic and community development programs that they identify under this program. So whether they happen to be the host of a casino or not, all First Nations get to share and make application to the development fund grant program. These projects may include education, health, infrastructure, and addiction programs. These funds cannot be used for capital operations or financing costs of gaming activities or facilities.

#### 8:10

The \$20 million increase from the 2005-2006 forecast is due to the fact that no new First Nations casinos were operational last year. To date five First Nations have received approval to begin construction on their casino facilities. The Enoch First Nation, just on the western outskirts of the city of Edmonton, is expected to be the first one to open their facility this fall. Since this is a flow-through arrangement, the revenue has to be generated before the flow-through grant can be provided, and the actual amount of grants will be determined by the slot revenue generated at First Nation casinos. Again, the government's share of net revenues generated by slot machines from the First Nation cash flow goes in part to the First Nation development fund program and in part to other lottery-funded programs.

We also are involved in the bingo business. The bingo associations grant program is the third and final flow-through arrangement. Each year thousands of charities throughout Alberta depend on bingo proceeds for their worthwhile programs and initiatives. The bulk of the bingo proceeds go directly to the nonprofit groups who work those bingo events. However, as part of the ministry's efforts to help revitalize the bingo industry, which has been in decline for a long time, new games such as keno and electronic bingo are now offered in bingo facilities.

The bingo associations grant program was initiated in 2002-2003 to enable all the net proceeds from these electronic activities to flow to the charities that use these activities for fundraising. Our estimates show that \$10 million will be generated for charities from bingo facilities that hold electronic bingo and keno events. All benefiting charities have been properly registered, and their use of proceeds is thoroughly scrutinized to ensure that these funds are going to eligible uses. As you will note, we are requesting a \$2 million increase from last year's budget. We are expecting higher levels of activity and upgraded electronic bingo machines to

generate increased funding for the charities that are working those bingos.

Another lottery-funded program is other initiatives. This pool of funding provides us the flexibility to react quickly to high-priority initiatives that arise in the year and may fall outside the parameters of other government programs.

Our final lottery-funded budget component is \$1.6 million for gaming research. This maintains the level of spending from other years.

To wrap up our budget request, Mr. Chairman, my ministry remains committed to ensuring that our administration costs are kept to a minimum. This year \$4.1 million will go towards the cost necessary to administer the department and its lottery-funded programs. This is only 2 per cent – 2 per cent – of our total \$202 million allocation this year and is comparable to our prior year's budget.

As you've heard, Mr. Chairman, the Department of Gaming is requesting approval of its \$202 million budget for 2006-2007. As in the past our primary goal is to ensure that Albertans continue to see the maximum benefit from the province's well-managed gaming and liquor industries. Albertans expect and Albertans deserve to see new playgrounds, buildings, and programs in their communities.

Mr. Chairman, I believe that this is a responsible budget, and I will answer questions. I see that the staff members have arrived, so I will introduce them at the end of my presentation here. With us is Ann Hammond, the Assistant Deputy Minister of Gaming; Marilyn Carlyle-Helms, the director of communications; and my executive assistant, Chris Brookes.

Thank you, all members, for your attention.

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

**Mr. Tougas:** Thank you, Mr. Chairman, and thank you to the minister for that mercifully brief description of his department. We have a long night ahead of us, so I figure we should just move it along. It's my pleasure to begin the debate on the Gaming ministry. I think I'd probably rather be at Rexall Place with most of the other people here right now, but we do what we have to do.

I agree that when the minister says that your department does good work, it doesn't mean that you couldn't do it better, so some of the questions I'm going to ask today are going to clarify some of the issues in your department and maybe improve the situation a little bit in some cases.

First of all, Mr. Chairman, I'd like to do more of a give-and-take sort of thing, where I'd like to ask a few questions and give the minister time to answer them rather than just going on a 20-minute rant, if that works for you. I hope that works for everyone here, and we can get through it a little bit faster and a little bit more effectively, I think.

**The Deputy Chair:** Hon. minister, is that okay with you?

**Mr. Graydon:** Oh, yeah.

**The Deputy Chair:** Hon. Member for Edmonton-Meadowlark, you may proceed.

**Mr. Tougas:** Well, I'd like to start with some questions about the other initiatives program. As I recall – and I'm sure you do too – the Auditor General found that there were some gaps in the way the other initiatives program was operating. It appears that there were no real rules written for the other initiatives program, at least nothing that the public could see. I think the Auditor General pointed out

that there were some deficiencies there, and I want to know if the ministry has made any sort of progress in clearing that up.

I know that there's a lot of value to the other initiatives program. I had an experience with that myself with the Western Guide and Assistance Dog Society. It's a very worthwhile group. They were desperately short on cash, and I alerted them to the other initiatives program. They applied, and your ministry acted very quickly and supplied them with \$75,000, which kept them going in a time of crisis. So I can see why the other initiatives program certainly has some benefits, but if I hadn't known about it, they never would have heard about that money. They had never heard of it. They didn't know it existed, and I think most people don't know that it exists. It certainly has some value, but I would like it if, when I'm done asking this first batch of questions, you could address what you've done to improve the public's knowledge of the other initiatives program, the criteria, and to lay out for the public exactly how these grants are arrived at.

I notice that under the other initiatives program – at least, I believe it's under other initiatives – the Alberta Junior Hockey League gets \$25,000 a year, and the teams in the league get between \$7,500 and \$8,500 a year. Now, this comes under other lottery spending, I believe. Is this the type of thing that falls under the other initiatives program? Is it a regular grant that they get without having to apply for it? Maybe you're not familiar with it. If you aren't, I'd appreciate some answers to that at a later date.

I'm also curious, when it comes to the other initiatives program, where the total of \$11,088,000 came from. It's sort of an odd figure, and I'm just wondering. In the past it's been as high as \$16,700,000, and now you've got it at \$11 million. How did you arrive at that number?

Some of the other programs: community initiatives and community facility enhancement program grants. You're absolutely right. They do a lot of great work for everyone in Alberta, but I would like to know if we could get some numbers from the minister so that we can determine if the \$30 million for community initiatives and the \$38.5 million for community facility enhancement are the right numbers. Now, I think the best way we can judge that is if we actually had an idea of how many grants are being received and how many grants are being rejected so that we can get an idea of whether this is an adequate amount. I mean, are there hundreds of grants that are being turned down because there's not enough money in these programs, or is that a rarity?

I'd also like to know, if possible, if you could tell us if there are people who have received approvals for grants but then the grant money ran out and they had to do it again the next year, if this is something that happens from time to time, if it's rare, if it's fairly common. I suspect that some of these things you'll have to supply in writing later, so I would appreciate a commitment to supplying the answers to that if you don't have them right now.

Continuing with these program grants, I'm wondering if you've considered the maximum that you're allowing these days. I believe it's \$125,000 for some programs. I'm wondering if maybe this doesn't sort of drain the pot dry a little bit earlier than it should. If some of the groups are perhaps a little bit better organized, a little bit more professional at their fundraising, they might be able to scoop up a lot more money a lot faster than some smaller groups. I'm wondering if maybe that number should be a little bit lower so that we can level the playing field for a small group that maybe is getting lost in the shuffle while some of the other groups are a little slicker at it and getting the top dollar year after year. I wonder if you could address that and if you've given that any sort of consideration at all.

8:20

You also discussed the bingo associations grant program. I

appreciate your explanation of that. I wasn't too terribly familiar with that. I believe your estimate of that is \$10 million. I'm just curious, again, where you came up with that number. Is this based on all these new games of chance that you're introducing as well?

So if you could answer some of those questions for me right now, I'd appreciate that. Once you're done, I have a few more questions for you here as well.

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

**Mr. Graydon:** Yeah, you bet. I may not answer them in the same order they were asked, but I will cover them all by the time I'm finished, I would hope.

I think the first questions dealt with other initiatives and whether there were, you know, specific criteria around that. I guess it's basically designed as, if you will, an emergency fund to be called on, to be accessed for something unexpected. A very good example that I can give I believe was in the community of Viking, where their arena burned down. They did have insurance, but the insurance that they had fell far short of what it would cost to rebuild that arena. It would be certainly outside of the maximum \$125,000 normal CFEP thing. So they made an application, and it was felt that that was a very appropriate use for that community to use other initiatives funds.

Another one that you talked about, I believe, was hockey teams getting a grant from other initiatives. The Alberta Junior Hockey League, I believe, was the one you talked about. Yes, it has been kind of an annual thing although they do need to apply. I'm not sure how many teams there are in that league, but as opposed to processing 12 applications or whatever the case may be, the league itself makes an application under other initiatives. They get the one grant, and they divide it up amongst the teams in that league. That's why it is handled through other initiatives as opposed to receiving individual CFEP grant applications or CIP grant applications from their not-for-profit junior teams every year.

The total amount is just an amount that Treasury allocates to us for that program, and we live with it. As you mentioned, it's a little lower this year than some other years, and that's despite requests from us to keep it up there because it's certainly well accessed and well used for emergency situations. We were fortunate this year that when it came to the Katrina disaster and the Pakistan earthquake disaster, we had surplus funds that we could call on for those two \$5 million donations. But if we hadn't had the surplus funds to call on, those would have come directly out of other initiatives because that's a perfect place for an event such as that to access the funds.

No, we don't advertise it. We don't advertise CFEP and CIP either. You won't see an ad in your local newspaper saying: apply for a grant from the government. But I believe that when people approach their MLAs on all sides of the House, certainly MLAs are aware of the other initiatives. If they've been paying attention at all to these estimates over the last few years, they're aware that that fund exists, and they're aware that it traditionally funds expenditures higher than the \$125,000 limit.

I'll skip to that \$125,000 number now before I get back to some other questions. Actually, the most pressure I get is to increase the \$125,000 as opposed to decreasing it. What we're finding is that with construction costs – and we all know what's happening with that in Alberta with the economy the way it is – that \$125,000, although it sounds like a lot of money, just doesn't cut it with these big projects. As a result, people are coming and asking for more and more and more, and the \$125,000 is the limit. So we do find that we have to turn down more than we probably used to in the past because we do run out of money. We also find that we have to cut people's

requests back. Their expectation is that they're going to get more than that, but we have to really stick to the policy and say: "No, I'm sorry. That's as much as we can do."

If there are applications on file at the end of the year and we're out of money, those applications are carried over into the next year. They don't have to reapply. It's just that they may not get their grant in March, but they'll be early in the lineup come April or May, when the new budget kicks in. So they don't lose their spot in the line, if you will. They are still in the queue to receive their grant if they're an eligible-based group.

The revenues in bingo. It's pretty well a mathematical formula based on the number of locations, the traditional play that's been going on in bingo. We have taken a considerable hit in the bingo revenues. Charities have taken a considerable hit, if I might say so, particularly in the city of Edmonton with the smoking regulations that are in now. Bingo revenues have declined, and one of the ways that we're trying to get that revenue back to those charitable groups is to allow them to access the electronic bingo machines, that are a little more high-tech – people seem to enjoy that – as well as the game of keno, which you can play at a bingo hall. We are trying to help the charities, particularly, as I say, in those communities that have gone 100 per cent smoke-free, because their revenues have dropped. The revenues in casinos dropped as well from July 1 of last year, when they all went to nonsmoking in the city of Edmonton. They are slowly coming back again, and over time they will get back to where they were, but initially, certainly, that had an impact on the revenues at casinos and, more importantly, at the bingo halls for the charities involved.

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

**Mr. Tougas:** Yes. Thank you. Just in regard to some of your answers, the money for the Junior Hockey League comes from the other initiatives program, but I believe you said that it's more of an emergency fund for programs that fall outside of it. I don't see how a regular cash donation to a hockey league qualifies as an other initiatives grant. Perhaps it should go under Alberta sport and recreation or something along those lines. It's also my understanding that the league receives \$25,000, and each team receives between \$7,500 and \$8,500. I don't know whether they all have to apply for it or not, but that's hardly an emergency situation. That's something that should be looked at in the future, I think.

My question was regarding the Auditor General's report on the other initiatives program. I didn't hear whether you have addressed that or not or whether you're making any moves towards clearing that up. When you say that you don't advertise it specifically, that's true. None of these programs are advertised, but it still isn't something that people really have a very good grasp of. As I recall, the Auditor General's report said that the rules for this are not posted on the website. There's no application form or anything along those lines, so it still has kind of an underground feel to it, where people really don't know that it's there.

**Ms Blakeman:** Underground? It's a slush fund.

**Mr. Tougas:** It could be a slush fund. It could be something like that, where it's a large pile of money that's at the minister's discretion with no particular rules in place.

I still would like to hear if you are going to do anything about what the Auditor General had to say about that.

Moving ahead to the Alberta Gaming Research Institute, AGRI, I was at their conference in Banff last weekend. It was an excellent conference, and I understand – and I hope you can confirm this for

me – that they have a new five-year deal in place or are looking into a new five-year deal. I was going to bring this up and say that it's about time that we actually had consistent funding for this organization. It looks like maybe some steps have been made in that direction as it is right now, so perhaps you could clear that up. I heard that from some members of the board. I never heard a confirmation of it. I haven't seen a press release, so I wonder if you could clear that up for me right now. Giving them long-term, sustained funding will give them the opportunity to do what are called longitudinal studies over several years. It's a term I just learned the other day, so I wanted to use it today.

**Ms Blakeman:** And you used it very well.

**Mr. Tougas:** I used it very nicely. Thank you.

The organization has been getting the same amount of money for several years. It's been the same, I think, since it began. I'm sure it's probably time that these guys started getting a little bit of a funding increase, either a regular increase or just a boost of some sort. I was talking to a fellow from the Ontario Problem Gambling Research Centre, I think it was called. They get over \$4 million a year for funding for problem gambling research. With all the money Alberta is making on gambling, I think it's time that we gave these guys certainly some more money to do some of the very good work that they're doing.

**8:30**

Moving on to casinos. I think I asked this last year, and I don't know if I got an answer for it then. I'm curious if the government has any long-range plans for the number of casinos that you have planned for Alberta. There are a number that are on the board right now that have been given approval, not just the First Nations ones, but I think there are some expansion plans. I think we're at 16 casinos in Alberta now – is that right? – so we're going to be up to 20 or more in a short time. How many is enough? How many is too many? I mean, is this something that has come up in discussions in your department, or is this just sort of ad hoc? Do you kind of play it by ear and say, "Okay, we're going to call it quits now"? At what point are you going to have too many casinos in Alberta? At what point are there going to be too many slot machines? You could make the case that we already have way too many slot machines in Alberta. I would like to know if you have any future plans for casinos.

Also, regarding the First Nations casinos, are you concerned that these casinos will draw customers, clients, whatever you want to call them, away from some of the other casinos? I mean, is there a saturation point, where these casinos are just cannibalizing other casinos instead of actually generating more business?

If you could address some of those questions, I'd appreciate it, and then I have a few more for you after that.

**The Deputy Chair:** Hon. members, before I recognize the minister, I've just been advised that the score is 1-0 for Edmonton.

The hon. minister.

**Mr. Graydon:** And I don't have any bets on the game either.

Okay, other initiatives. I think the very title is a perfect title. While we do use it as an emergency fund and it's accessed in case of an emergency, it is for other initiatives that don't fit the strict rules of CFEP and CIP. The hockey teams that you talked about are a very good example. I'm not sure that they would fit the strict guidelines of, certainly, the \$125,000, the not-for-profits, although they are not-for-profit teams. They are scattered across the province,

and it's been determined that they are a worthwhile cause in the communities that they are operating and playing in. So that's where it is funded from. I guess if it came out of the traditional CFEP or CIP programs, that would be that much less that could go to other community groups in the constituencies across the province. I think it's a great place to fund programs like that or initiatives like that. As I say, it allows the other money in the traditional two programs to go to other worthwhile causes.

The Auditor General. I know that we're very conscientious with the applications and extremely conscientious about how the money gets spent once it is granted to an organization. We get accused of being overregulated and overaudited, if you will, in some cases, but I'm a strong defender of the audits that we do and the amount of due diligence that we take. We're dealing with an awful lot of cash money here, and it would only take someone with a little bit of sleight of hand to siphon off a tremendous amount of money that should go to a charity. So I'm a strong supporter of all the forms and applications and audits and reports. I know that they're as long as your arm, but I think they're required because we are dealing with cash money that could easily go astray. I'm very confident that it doesn't go astray. If we hear even a hint that there may be a little bit of money that hasn't been used appropriately as per the request, we have audit teams who would go in and very closely scrutinize that. That is strongly supported by the Auditor General.

The Alberta Gaming Research Institute. As you mentioned, they had their annual meeting and conference in Banff this past weekend. Yes, we are in the final throes, if you will, of signing a five-year contract with them, which does give them assurance as opposed to year by year. At the moment it's set at \$1.5 million, but that is something, I guess, that could be negotiated over that five years. The assurance they have is that we're going to be funding them over a five-year contract. It's my understanding that they're agreeable to the terms that have been laid out, and so are we. So it's just a matter of days or weeks until that is signed. Certainly, they're still getting their funding. That hasn't been cut off or anything like that.

Of the money that they've got to this point, a lot of it has been used for what they call capacity building: getting staff on board in Calgary, Edmonton, and Lethbridge, where they operate in those three communities. Now that the staff and, kind of, the overhead is up and in place, we feel that it's adequate for them at the moment to carry out the research that they want to carry out.

I, as well, spoke to the fellow from Ontario who suggested that if Ontario gave their researchers \$4 million, Alberta was being a little chintzy. But if you look at, perhaps, a number like the per capita contribution to gaming research by Alberta or by Ontario, I think we would stand in pretty good light.

I did attend two or three weeks ago the responsible gaming conference in Toronto, which had delegates from around the world. There were delegates there from New Zealand, Australia, Holland, and pretty well every province in Canada. The people that I talked to there felt that the Alberta government was quite generous in our contribution to research, and they admired the way that we not only gave them the money but the way we stayed out of their business once we gave them the money.

I can stand and say with a clear, clear conscience that we have never told them to hold back any of their research. We have never directed what results we want to see out of that research. We may give them topics that we would like to see researched, but that's it: no direction as far as what we expect from that report. Certainly, any of the research that they do, once it's vetted by their professionals and once they get their work done, they're free to post whatever they want on their website and circulate it. We've seen that some of their research has not been that favourable to what we're doing. I

admit that. But it's out there, and we accept their research for what it is.

Casinos. You're right; at the moment there are quite a few casinos that have gone through the eight-step process. We've talked about that in here before. It's a very complex and detailed process from step 1 right through to step 8. Step 8 is when all the due diligence has been done, all the partners and financial backers have been checked to the nth degree, and basically they're given permission to go ahead and construct a casino. They are not really given the licence to operate that casino until it's finished and ready to go. They have to prove that they've built what they said they were going to build and that it's equipped the way they said they were going to equip it.

As you mentioned, there are several, particularly First Nation, casinos that have received the okay to proceed, but at this point in time they're not proceeding. They're not constructing. Maybe they're still working on financing or whatever the case may be, or maybe there are internal band questions that they're trying to get settled amongst themselves. At any rate, they are not proceeding at this point in time, and we just need to wait and see whether they proceed or not.

We open up tourist destination areas. We kind of block our casinos into those areas. We open up those areas for applications and say, for example, "Okay, the board feels that there's room for another casino in the greater Edmonton area," which they did, oh, a year and a half or two years ago. I think it was even before I came on board. But they opened up that area. There were several applications, and at the end of the day there was one application approved. That casino is under construction in northeast Edmonton. There are no areas open at the present time that I'm aware of. That's not to say that someone couldn't come along and say, "We think there's room for another casino in the northeast part of the province" or wherever the case may be and start down the eight-step process.

8:40

In that process the board looks very closely and very detailed at the market and determines, as you said, whether all we're doing is taking revenue from one charity over here and giving it to another one there. There's not much point in having people work twice as hard for half as much money. So they are very careful about, if you will, awarding a casino licence or giving people their approval after the eight steps and take into consideration that the market is what they're looking at.

There is no question that a concern right now, the Enoch casino – we're sure that it will be a smoking casino. It's outside of the city of Edmonton, so the city bylaws governing smoking will have no impact on that casino that they're building there. It's a \$120 million project, I believe. It's a 12-storey hotel operated by Marriott. I've been out to tour it under construction. It will be a first-class operation. It'll be something that certainly the Enoch band can be proud of, and Albertans can be proud that we're building casinos that are tourist draws and destinations. Part of their casino will include – actually, finished already are twin ice arenas, indoor ice arenas attached to that casino. There are entertainment rooms. They have plans for soccer pitches and ball diamonds and that sort of thing. The market they're after is adult tournaments and bonspiels, if you will, to have those people stay in their hotel, use their recreational facilities, including the casino, of course, as a recreational facility.

There are approved applications at the moment. One is very close to construction in Camrose. That's the only traditional casino that I know of that has gone the eight steps, has approval to start construction. They may have moved a construction trailer onto the site, but that's about as far as they've got at this point in time. The

other traditional casino that has been approved, the only other one, is the one in northeast Edmonton. It's well under construction, but the completion date is many months down the road.

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

**Ms Blakeman:** Thanks very much, Mr. Chairman. As the previous critic in this area, you know, your interest never goes away. I've been listening carefully. We're still not getting a clear answer on whether we're going to see any specific criteria for the slush fund known as other initiatives. That has been put on the record very clearly by the Auditor General. I'll ask one more time to see if we're going to get anything clearly laid out as to criteria. I did manage to sort of wheedle a vague criteria out of the previous minister in one of our exchanges during a budget debate, which did set out that it was for larger amounts of money, that it could involve grants that carried over a fiscal year which allowed the government to channel much larger, in the millions of dollars towards certain projects, that it was at the discretion of the minister, that it's not publicly known that this exists. You have to kind of be an insider. So it does look like a slush fund. You're going to have to work hard here to get on the record and convince me otherwise because by any definition, my friend, that's what it looks like. So I'd certainly encourage you to be able to get that criteria clearly stated and as part of information that is publicly available should the public seek it out.

Another question that has arisen many times over the years and I would like to raise again is that we often hear that government MLAs have control over the CFEP money or the CIP money that is available in their constituency. What we're led to believe is that there's an allocation or that the money is divided up equally or somewhat equally in every constituency, but the government MLAs are aware of how much money, and they orchestrate how much money and who gets what in their constituency. I'd like to hear what the minister's take on this is.

I recently had a group approach me and say that they were trying to get some money for a playground. They had gone to their local MLA and were told by the office staff, well, so and so only gave X amount of money for playgrounds, and they were looking for a more significant playground. I think that it was actually a multicomunity playground. They were looking for more money and were trying to talk to me about what other sources were available. I was really interested in their having been told that so and so MLA for blah blah, you know, only allocated X amount of money. I was really interested in that because I thought the decision was made through very careful criteria that were set out and administered by civil servants. Once again this little issue keeps raising its little head, so I'd like to get the minister on record for that one.

Could I also know, please, what year of the three-year cycle we're in with both the CFEP and the CIP grants? I understand that those still go on a three-year cycle and that the minister does decide at the end of every three years whether the program will be extended or not. Could you let me know what year we're in and whether there's anticipation that it will be rolled over and started again?

I'm also interested in another issue that has come up before, and that's an issue around double-dipping. Now, strictly speaking, in my definition of double-dipping that would be getting paid from two or more sources for the same activity. I know that a while back there was some real interest from the government members around organizations like arts organizations getting operational funding through AFA but at that time also applying for special project money through Community Development. I suppose in that mix could also be considered a grant from CFEP. There was great pressure not to allow this terrible double-dipping, which at the time I argued wasn't

double-dipping because they were doing different projects for the grant money they were getting from each different grant. I'm interested in whether the Gaming ministry has a policy on double-dipping, question one. Question two, how do they define it? Question three, are they anticipating putting anything in place over this fiscal year or in the three-year business plan cycle that we're looking at that would restrict any organization from applying for more than one grant from government no matter what the source?

Here's another example. I know that a number of golf courses can get funding from one source, and then they're going back and getting CFEP money. Good example. Is that considered double-dipping if they're getting sort of operational funding or repeated funding from another source and then they're getting a CFEP grant? I'm mostly interested in hearing whether there is any move towards restricting organizations to only applying for one kind of grant, and that would include a CFEP grant. This one's come around before, minister, and I've argued successfully that CFEP and CIP should not be in the mix because they're for a different purpose, but I'd just like to know where we're at with that.

Finally, I'd like to hear a discussion from the minister on the horse-racing initiative. Now, when this initiative was first announced – and I'm thinking that we're not sure where we are in this three-year cycle, but I'd bet you that we're probably seven or eight years into this initiative – it was three years. It was to be, I think, up to \$45 million over three years. It was a very finite program which was intended to increase the racing purses to attract and rejuvenate the horse-racing industry.

At the time I did an awful lot of research into what was the future of the horse-racing industry, and what I found out was that it's dying. The number of race days that everybody is having are reducing and reducing. Essentially, the bettors were more interested in betting on a simulcast of a big race like the Kentucky Derby or the Queen's Plate or whichever one you want to come up with. They found it more interesting to bet on the really good, big races that could be simulcast than on a local race. There were fewer and fewer local race dates. What it was looking like was that the – I'm going to apologize in advance here because I can't remember how they're rated – racetracks like Edmonton and Calgary, whatever ranking they're in, were going to disappear. The small ones like Lethbridge may well make it because for some reason they could sustain their market, but for the other two, where you had bettors in Edmonton and Calgary, for instance, they wanted the big races to bet on.

8:50

That was supposed to be a finite project. Now here we are in, I think, the third cycle of this, and we're now up to giving the horse-racing initiative \$63 million a year. You're going to have to work hard to convince me that this isn't a massive propping up of a dying industry. I know that the Minister of Finance gets up and says: oh, all kinds of people make their money through the horse-racing industry. But, frankly, there are about 40 good breeders in this province, and they're the ones making the money off of this one. So I'd like the minister to explain to me why we are pouring \$63 million a year into a horse-racing industry that is dying, which essentially, it could be argued, benefits basically 40 breeding operations. That's a nice operation there.

I don't see improvements in the number of race days. I don't see improvements in the number of attendees at the racetracks. I do see an increase at the racing entertainment centres, which is not the racetrack. That's a different deal. They're watching the simulcast there. I'm seeing the government continue to fund something without reporting back to this Legislative Assembly and to the people of Alberta about a particular project. I would argue that the

project has failed, and I'm questioning why we continue to see the government support the horse-racing initiative and increasing amounts every year, Mr. Minister. I mean, we started out, I think it was, at \$17 million and \$18 million, and then it went up a bit. Now we're doing \$63 million a year.

When I look at things like hot lunch programs, when I look at housing initiatives, when I look at all kinds of projects in this province, frankly, I'm really angry when I see \$63 million going to horse racing. You know, I look at my small business people in downtown Edmonton that are looking for a break or venture capital or a way to get going. They don't get to access that money. They're certainly not one of the 40 breeding operations. What's the deal here? I know that you guys take a lot of flack about this. I know that you get teased a lot about it. Frankly, you should because along with your slush fund I think that this horse-racing initiative is a highly questionable activity on behalf of the government.

Finally, to wrap up, could the minister discuss whether it was considered how addicted to gambling revenue this government is and whether there is any kind of discussion or study or analysis that is going on right now as to backing off the dependency that the government now has with over a billion dollars of revenue being generated for the province from the proceeds of gambling? That revenue is not rising at the same accelerated rate as it was, but nonetheless it continues to get higher every year. Does the ministry just have a policy of, "Great; let it keep rolling in; we're going to keep using it," or is there any anticipation that, you know, it's inappropriate for a provincial government to be addicted to gambling revenues and that we're going to start backing off by 10 per cent a year for 20 years or whatever until we don't engender that or what? I'm wondering what your actual philosophy and attitude are about the government itself bringing in revenue on a regular basis and anticipating that revenue through gambling sources.

I've gone through about five major topic areas there. Understandably, you may not have some of the detailed responses that I'm seeking or the more thorough responses, and I'm happy to accept those in writing if you could endeavour to get those to me. I know you've got crack staff. If you could try and get those to me in writing before I'm expected to vote on the final budget, I would appreciate that because then I could be doing it with that information in my head.

Thank you very much.

**Mr. Graydon:** Okay. Well, I'll answer some, and some, obviously, you will end up getting in writing too.

We started off with other initiatives, and you're right, it tends to be large amounts. It certainly tends to be too much to handle in one year in some cases, so we spread it out over two or three years, and that does happen on the larger projects.

Another organization – autism, I believe it was. My colleague back here isn't available at the moment, but that was just another one that came to mind. The Autism Society in Calgary, the new Ronald McDonald House in Calgary, Rotary Challenger Park in Calgary: those are the kinds of projects which tend to be multimillion dollar projects. As I say, you know, it's nice to have the other initiatives fund to draw that from because that leaves the \$30 million that we talked about in CFEP and CIP for the smaller projects, and we do a lot of them.

You talked about government control. You know, they are very carefully examined by staff. Every application goes in to staff. I can assure you that there isn't a constituency in the province that's left out, that every constituency accesses that fund, and you might be surprised that some of the opposition constituencies end up getting more money than government constituencies. It's not really a

criteria when we look at the applications. It's: is it a good application? Does the staff say that it's a good application? Is there money available? If the answer is yes, that's just the way it's handled.

We're in the first year of a three-year cycle, you mentioned.

**Ms Blakeman:** On CFEP?

**Mr. Graydon:** Both of them, yes, I believe.

Your discussion about double-dipping was interesting. There are certainly no new restrictions planned, and I don't consider it to be double-dipping because the programs are so different. CFEP is very clearly a capital program. CIP can be operational funds, so you can get funds to hire staff to get you going on a new program, a not-for-profit. Maybe they need someone to do some computer programming for them, or they want to hire a staff member to go out and raise funds for them, a fundraiser so to speak. They can access CIP for that. It's not capital. The programs are very different.

The Foundation for the Arts. Certainly there are groups that get money from the Foundation for the Arts. There's no question about it. They also can apply for specific project funding under those programs. I've never ever considered that double-dipping. The uses are very different.

Horse racing. Oh, we could talk for a long time about horse racing, but I obviously need to start out with the thing that we always start out with, that there's not one nickel given to horse racing until somebody plays a loonie at the slot machine at the racetrack. If you play the slot machine at the Casino Yellowhead, Horse Racing Alberta gets nothing from that, not a penny. But if you go to Northlands and play the slot machines there, there are flow-through funds that go to Horse Racing Alberta, there are flow-through funds that go to Northlands Park, and there are flow-through funds that go to the Alberta lottery fund. So there are several partners in the money that's generated at a racing entertainment centre.

The industry is being rejuvenated. If you ask people in the industry, they are spending more money on breeding stock. I talked to a fellow on the weekend who said that as a result of the rejuvenated industry, the fact that the purses were going up and that it looked like there might be a new racetrack built in Calgary, he was investing \$400,000 in a new barn down near Olds, Alberta. He said he had staff – oh, he employed two or three trainers, and I forget how many people; anyway, considerable staff – and he said that if it wasn't for the horse-racing renewal initiative, he would be out of the business, guaranteed, 100 per cent not involved. So the money that he's earning through purses is allowing him to reinvest in the business and increase the product.

Handle is the term used to indicate the amount of money bet on horse racing. The handle for simulcast racing is going up. You're very correct that people like to bet on the Kentucky Derby and the Breeders' Cup, but they also like to bet on the Premier's cup in Alberta and the big stakes races in Alberta because the purses are higher, the quality of the animal is higher, and it's a more predictable race to handicap, if there is such a thing. The purses are going up in simulcast, and the live handle is going up as well. I believe this is the only jurisdiction in North America that's seeing an increase in handle. So that speaks something about the initiative that we're taking to renew the industry: the only jurisdiction where the handle is increasing as opposed to going in the tank. If you look across North America, you'll see that in a lot of cases they're called 'racinos,' a combination of racetrack and casino, and just about every state in the U.S. has gone that way to support the horse-racing industry because they are finding that it's a good mix of entertainment. There are people who go to the racetrack for the entertain-

ment value of the racing, and there are people who go there for the entertainment value of the slot machines. We're happy to provide that entertainment for them.

9:00

It's a little bit misleading to say that there are only a few breeders benefiting. I would like to think of the several hundred people who work in the backstretch cleaning stalls and exercising horses at Northlands, Stampede, Evergreen Park in Grande Prairie, and in Whoop-Up Downs in Lethbridge. In a lot of cases those people would be almost unemployable if they weren't doing those jobs, and they're doing a very good job of it. They're well respected and well treated. They take advantage of the daycare centre that's been provided at Northlands specifically, so if they have families, they can do their job and put their children in the daycare centre that's on track.

There are a lot more people and a lot more economic spinoffs than just to a few breeders. You know, the horse isn't much good if it's not being fed, if it's not being cleaned, if it's not being watered, if it's not being exercised, trained, or if somebody doesn't ride it around the track in a race. There are even jockeys who are benefiting from this. We can talk about horse racing forever. We'll agree to disagree, and that's kind of the way it's going to be.

The figure of \$63 million, I believe you threw out, is a complete estimate. That's exactly what it is. It's a very mathematical calculation. Number of machines, dollars per hour into the machine, number of hours that they're open, based on past performance: here's how much potential there is to earn. Now, it can go down or it can go up, but it's our best guess, if you will, of what is available at those racetracks.

It's particularly hard to predict over the next couple of years because of the new track in Calgary, which is talked about and appears to be moving ahead, but the start-up date keeps getting moved back. So we put money in our estimates, that we think the track in Calgary will generate so many dollars, and then they say: oh, we won't be open that year; we won't be open until a year later. So those estimates are pretty fluid, and we just do the best that we can and hope that they get that project going.

You talked about whether the government is hooked on gaming, if you will, or addicted to gaming. Certainly, we are unique in Canada with the charitable model, and I guess I have to ask the question: we know there's going to be gaming, so who do you want in it? Do you want the Bandidos, the Hells Angels, or the government of Alberta? Who do you want to be in the gaming business in Alberta, because where will the profits go? Where will the profits go from organized crime? Organized crime will be in gaming if the government isn't in gaming. Guaranteed, 100 per cent they would be in the business, and you wouldn't see one nickel going to your playground or one nickel going to the Foundation for the Arts or one nickel going to any of the good causes that we support every single day.

So, yes, we're in the business, and we're going to stay in the business. We are going to keep it current. Eighty per cent of Albertans are responsible gamblers. They think of it as a good form of entertainment. They go. It's not an issue with them. It's just a good night out, and away they go. Yes, we know that there's about 5 per cent of the people that have the potential – potential – for an addiction problem, and of that, less than 2 per cent will be the people that you read about, unfortunately, in the paper that stole from their employer or lost the family home or whatever the case may be. We know those numbers. We work very hard at reducing them.

We make improvements every single year. We take initiatives. We just opened responsible information centres. We opened one in the Palace Casino in Edmonton a month ago. We're opening

another one in Calgary in the next week or two. They're staffed by trained addictions counsellors who are employees of AADAC. You can go up to that booth right on the casino floor and ask your questions about the true odds of a game. They're told the truth about all these fallacies, that if you pull the handle, you might win, and if you push the button twice, you're going to lose, and all these false theories. The truth is told to them that, no, that makes absolutely no difference at all. It's a random number generated, that you absolutely one hundred per cent cannot influence the outcome of that slot machine. The only thing that's a hundred per cent guaranteed is that if you play long enough, you're going to lose all your money.

So they're told that. They're handed brochures if they want that. If they want to have a private meeting, there are private rooms to go with the addictions counsellor and get that information. That's just the latest initiative that we've taken to help people, and we will continue with that. That particular program is a two-year pilot program, and if it proves to be successful, as it appears to be taking off and that it will be successful, then it will be expanded across the province.

**The Deputy Chair:** The hon. Member for Calgary-Nose Hill.

**Dr. Brown:** Thank you, Mr. Chairman. The hon. Member for Edmonton-Meadowlark raised an issue with respect to the rules on smoking at the proposed casino at the Enoch First Nation. One of the questions that I would have for the minister is that I understand that the Enoch casino would not be subject to the smoking bylaws of the city of Edmonton. However, my question is whether or not that casino will be subject to the laws of the province of Alberta and, therefore, subject to any future regulations restricting smoking. In other words, is there something in the granting of the casino licence which provides that they will conform to any future regulations regarding smoking?

A second question that I have is relating to the apparent proliferation of casino groups, the groups that obtain the two-day casino licences. There seems to be some significant change in the makeup of those types of groups. Whereas once they were largely community associations, charitable groups of broader interest and broader participation in the community, they seem increasingly to be more small, ethnic or sports-oriented groups that have a very narrow focus and whatnot, and it seems like the legitimate community groups are having to wait longer and longer in the lineup to get their casino licences.

Thirdly, there was one other issue that I wanted to raise, and it was with respect to the community poker tournaments. I'm led to believe that there could be permission given to communities to operate these Texas hold'em type tournaments provided that the house does not take any of the proceeds of the gaming or the buy-in. I wonder if the minister could clarify what the rules are relating to those particular issues.

**Mr. Graydon:** Sure. Well, to deal with the smoking on reserve, certainly, as far as the operation of the machines and that sort of thing our agreement is that, as with other casinos, the government owns the slot machine. The First Nation or the casino operator owns the chair you sit at. He owns the ashtray that's sitting there if you happen to be in a smoking casino, pays the staff, owns everything else in the place. The First Nations are going to honour those same regulations.

I think that if they decide that it's going to be a smoking casino, it will be a smoking casino, and there's nothing that the province of Alberta can do. They are a First Nation under federal government rules and regulations if they're even governed under those. We're seeing an issue in eastern Canada as we speak, I believe, about



jurisdiction and rules. So I think they're pretty well calling their own shots when it comes to smoking in that casino.

9:10

Your mention of charities is an interesting one. If there's any real pressure that the department gets, it's not for less casinos. It's for more, and it's for more casinos from charitable groups who are not happy with the three-, four-year wait that they have to get in to work a casino. As groups have found, you know, bingo revenues have gone down, but, boy, you can make a nice little ton of change by working a casino. So more and more groups, as you said, are applying. As a result, the wait-list has gotten longer and longer and longer. So they're saying, well, you know, build us another casino. We're not really sure that that's the answer. As I said, there's not much point in having you work twice as hard and make half as much money.

The other issue that we're finding, of course, is that casino revenues are pooled. If you happen to work a city casino, at the end of the quarter your pooled share may be \$70,000 or \$80,000. If you're working a rural casino in Grande Prairie, Lethbridge, Red Deer, some of those more rural locations, the pooled amount that your charity would receive would be probably about half that much. So they're not particularly happy about that as well.

The other issue that we're finding and you mentioned is the smaller groups. One of the regulations is that, number one, you have to have approval for what you're going to spend your charitable money on. Secondly, you have to spend it in two years. Some of these groups are making so much money, they're having trouble spending it in two years. Then they apply for extensions, or they try and get another project going or whatever the case may be. So they've been maybe more successful than some people are expecting.

I know that the commission is doing a review at the moment about the whole idea of pooling and the whole idea about spending the money in two years and the whole question of wait-lists. They're trying to come up with some solutions. If there are any issues, as I said, that are raised with the department, those are the most prevalent that end up on my desk.

Poker tournaments: oh, yeah, an interesting topic. Everybody is caught up in poker fever these days. You can't turn on your television set in the evening or maybe in the daytime too – I'm not sure. Certainly, there isn't a minute that goes by that you can't be watching some kind of a poker tournament on TV. As a result, it has caught on around the province. It has become extremely popular at the casinos. They have 24-hour poker rooms where people go 24 hours a day: go off shift at midnight, and go play poker if you want. It is a card game controlled by the Criminal Code of Canada, so we need to be conscious of the rules that they have in place. Yes, the rule is that if the house is taking a cut or profiting in any way from that poker game, then it's illegal. That's just the way it is.

So the not-for-profit groups, to my knowledge: I don't think any of them have been approved at this point in time, but I'm not sure. I don't know of any at any rate. But another group like – well, there are groups that say: we don't charge so much per hand for playing poker, but we charge everybody, you know, \$10 for the coffee that they're going to drink or something. Well, no, I'm sorry. All of the money from the poker game has to be distributed to the poker players. The house can't take a cut unless you're playing at a licensed casino in the province of Alberta.

#### Chair's Ruling Speaking Order

**The Deputy Chair:** Hon. members, the first speaker that was recognized did indicate to the chair that he wanted to use the 20

minutes back and forth, but none of the other speakers indicated that upfront. Now I do have requests from Calgary-Nose Hill as well as Edmonton-Centre to go again. However, because I've been keeping track of people who identified that they want to speak, the chair will recognize members in the following order – and in between the minister will be recognized to respond – Cardston-Taber-Warner, followed by Edmonton-Centre, followed by Calgary-Nose Hill.

The hon. Member for Cardston-Taber-Warner.

**Mr. Hinman:** Thank you, Mr. Chairman. Perhaps, upfront, I would like to be able to exchange back and forth if that would be permissible.

**The Deputy Chair:** We will allow that, hon. member.

#### Debate Continued

**Mr. Hinman:** Thank you. It's been a very interesting conversation that has gone back and forth, and I've changed my position many times on where I should start. I think I'll go back to where I was originally going to start, and that goes back to the criteria of applications for CFEP and CIP and the other initiative programs. It is very frustrating for the people that have contacted me on what the actual criteria are in making those applications, and when they've been turned back to them, there's never any explanation, really, saying why or what they need to change or do to help them with applications. I've received the criteria from the Gaming minister, but still as I go back to the various organizations, a number one concern of the people that contact me is that they don't understand what the criteria are. As the good Member for Edmonton-Centre pointed out – I'm disturbed to hear that it's not just my area that has been told that the MLAs have a certain amount of money that they're allotted to give out in their constituency.

**Ms Blakeman:** Government MLAs.

**Mr. Hinman:** Yes. Government MLAs. Thank you for that correction. A very critical point to point out.

I've had many organizations, whether they're historical societies or libraries or whatever else, that are very much under the impression that the government MLAs have a slush fund that they can allocate to their area and very much make those people dependent on those MLAs. So I would appreciate the minister getting up again and clarifying that so that I can take *Hansard* back to explain to the good people of my constituency that this is not government policy and to clarify that because it would be my number one major concern with this ministry.

To jump back now, I was shocked to hear the government say that we want to be in the gambling business because if we don't, we have illegal organizations that want to participate and take up that area. This is unbelievable to me, and I guess I have to wonder if the think tanks are looking at opening up legal government drug centres to compete with the Hells Angels and those organizations so that therefore people won't be going to these illegal organizations. Perhaps we're going to be opening up Vegas chicken homes, or prostitution centres, so that people won't be going to illegal facilities.

I'm just wondering if this is government thought and process on how we're going to limit all of these vices that are a curse to our society, that we're going to go into competition and make it legal for government but illegal for anybody who isn't in government. Like I say, that was quite startling to me, and I'd like some clarification on that if we're going to be expanding our gaming and lottery to entertainment as well and other areas in that direction.

I would like to address to the minister at this time that the other initiatives program has done a lot of good in the province. I won't argue with that, but I still have problems. Many of the people say to me: why do we have to be dependent on this? They love the old heritage trust fund and that area where they were making applications. But with the other initiatives program has the Warner Hockey School ever contacted the ministry to look at something like that? With the money that we see going into horse racing and other areas, I think maybe this other initiative should be going to special schools. There's one in Vauxhall wanting to open up for baseball development and the Warner hockey school, which I still think would be an outstanding project here in the province. I would ask the minister that he maybe look into that or set up a meeting with the Warner hockey school on making that application because there is a fair amount of money that's needed there.

Perhaps it's just my shortness of time, but the minister has talked about the amount of funds coming in from horse racing, and I can't see the line. I see the line where there's \$63 million going out to horse racing. I would appreciate it if he could point out to me the money that has actually come in and the flow-through fund that he talks about to see what the actual income is from the horse racing. If he could point that out for me, I would really appreciate it.

Maybe I'll just let him answer those few questions, and then we'll proceed if that's okay, Mr. Chairman.

**Mr. Graydon:** Well, sure. I guess that when it comes to CFEP and CIP, I'll repeat what I said before. There is not a constituency, including yours, that has not received many, many grants. There's not a constituency that hasn't been refused a few as well. That goes across the province. It's based on the application. It's based on the money in the fund. The MLAs in all cases are invited. If you want to put in a letter of support to the group, you're certainly welcome to do that. Some MLAs do; some don't. It's their own personal initiative whether the group approaches them for a letter of support. I don't have my list tonight, but I certainly have a list of projects in Cardston-Taber-Warner that have been funded through both those programs.

9:20

Yes, I can give you a list of ones that have been refused too. The reasons why? You know, I don't have those details. The staff has a rating system, and they check off various points. Number one, is it a registered, not-for-profit society? I mean, that's question 1. Is the use of proceeds something that we would consider appropriate for the use of gaming funds? I suspect that that's maybe where your Warner hockey school falls into. I have met with that group. I've had a presentation from them. I went to Calgary, actually, and had an audiovisual presentation from that hockey school. It is a good project, and they to date have been unsuccessful. It is a school. I don't know if it's classed as a charter school or not, but I think of it as that because it's very specifically geared to young ladies, I believe, who want to pursue careers in hockey. We don't use lottery money to fund school programs. We don't. I'm sorry. We may top up the computer budget, or we may buy some equipment for the gymnasium, but we don't pay teachers' salaries and we don't build schools out of lottery funds.

I'm not sure, but I'd probably have a question back to you about: should the government be in the gaming business? Do you think prohibition works? If you do, by gosh, there are a lot of people involved in the liquor industry and in the gaming industry that would like to talk to you. I don't think it works. I'm very comfortable in saying that if government wasn't regulating gaming and if government wasn't regulating alcohol in this province, those two products

would still be available in Alberta. There are costs and there are benefits to both these businesses, guaranteed. We know that, and we have to, if you will, put up with some of the costs, but we also are able to take advantage of some of the benefits. I think that all Albertans should be involved in the benefits as opposed to a select few who are maybe pursuing illegal activities.

On the other things you talked about, I guess common sense would answer those questions.

**Mr. Hinman:** I guess I'll comment on prohibition versus promoting. I think there's quite a difference. I have to comment that I guess it seems like this government is very much promoting these industries, and I don't see them as great.

Another question I have is going back to the problem gambling research that is going forward. Albertans are definitely grateful for that program that's there, but has there been specific research done on a cost benefit? Is it really a benefit to society? I have to ask the question. We're promoting gaming and lottery, and it's playing on a human weakness of wanting to receive something for nothing. That hope that we can get something is a very intriguing carrot, especially to the people with lower incomes. They have that desire that this is my one lucky chance to buy the lottery ticket, to win at horse racing. What is the impact on those lower income Albertans that seem to be the ones that are there the most?

With that logic that the government is going forward with, it seems like I'd have to ask the question: should we not be promoting smoking, then, and increasing taxes so that we can have a better benefit to Albertans? We know that the answer to that is no. We don't benefit from promoting smoking and having a heavy tax and say: well, it's going to offset the other illnesses in our society. I feel the same about gambling. Why do we want to promote it and see so much advertisement for lottery, gaming, and those activities? I feel that that's a wrong direction, to be trying to intrigue and increase the number of Albertans that come to these facilities, whether they're casinos, whether they're bingo facilities. It just seems like a poor route to be going down.

No, I'm not advocating prohibition, but I'm certainly not advocating the amount of promoting that we do. Along with that promoting, the toughest thing is that one of the better ways in order to, I guess, create loyalty is by creating dependency. Many of the charitable organizations, many of the sports facilities, the arts, all of those areas that are benefiting at this point from gaming feel very loyal to it and the promotion of it because they're dependent on their organizations. Without it they couldn't succeed. I would urge the government to look at other ways, perhaps taking a percentage of our oil royalties and saying, "This is going to go to these other facilities," and not having them be dependent on gaming and lottery. That's the game that we've played, and people have to line up in the queue to participate in those areas. I don't think that it's for the betterment of our society.

You mentioned a rating system and, first, is it a charitable organization and those areas. Is that open public knowledge, and do we have access to know what that rating system is? More importantly, when a facility or an organization has asked for funding, does the rating come back and say, "Well, you only scored 55 out of a hundred, and you need to get over 65"? This is the area where I'm asking. They really have no idea where they're out of line or if there's something that they need to change in their facility. They don't know how to reapply, yet they're in dire need. I've very much as an MLA endorsed many of them asking for funds, yet we seem to be running into a brick wall and not able to reach that.

I'll make the comment and the question, I guess, that I hear too often. Who's addicted more to gambling: the government or the

people that are participating in it or those who are receiving the funds doing it? I think it's something that we need to take a couple of steps back and look at and look at the best interests of Alberta and come to a little bit better balance because it seems like we're all rushing to the lottery fund, and I don't feel that it's healthy.

I'll let the minister perhaps respond to those.

**Mr. Graydon:** Well, first, let me say that there is a huge demand for the kind of entertainment we're providing. If there wasn't, nobody would show up. Okay? If there was no demand, we wouldn't be building casinos. If there wasn't, we wouldn't have applications for companies to build new casinos. If there wasn't a demand, I wouldn't have these charities saying: build more because we want the waiting time to be cut down. So there is a huge demand for the entertainment that's provided at a casino.

When it comes to advertising, you will never see a government advertisement saying: go play the local casino. Western Canada Lottery advertises the 6/49, for example, and those kinds of things. Western Canada Lottery is made up of Manitoba, Saskatchewan, and Alberta, and we're a shareholder in Western Canada Lottery. They do advertise and buy advertising in sports facilities and that sort of thing, but certainly the government of Alberta doesn't advertise. The casino owners can advertise. They advertise entertainment that they're featuring on the weekend and that sort of thing, but I can assure you that no part of the government's budget for advertising is saying, "Go down and play poker tonight or go down and play roulette" or something like that.

Your comment about cost benefit is very timely in that the whole conference that was just held in Banff was centred around: is there cost benefit? And there is. The researchers are having trouble getting their heads around what the criteria might be. How do you measure it? They talked around it for several days, and the hon. Member for Edmonton-Meadowlark was there. He spent more time at the conference than I did, and I'm sure that he will reconfirm that they were having a hard time getting their heads around: how do we measure the cost, and how do we measure the benefit in terms of coming up with something that makes sense? There would be no argument that there is a cost and there is a benefit. No argument. But how do you measure it into a number or a statement that is reliable and accurate and makes sense?

9:30

When it comes to CFEP and CIP applications, I know that we have excellent staff both in Edmonton and Calgary. You would be dealing with the people out of the Calgary office. I know that if they get an incomplete application, those kinds of things, they're the first ones on the phone back to the group saying: "Here's what we need. Here's what you left out. Here's what we're looking for." They may not call back if it's a rejection, but certainly they try and help them through the process. Their job is to get as many of these applications fulfilled and as many groups satisfied as possible. As I mentioned, that's getting tougher with the costs that are going up; the money is running out quicker than we would like. But I can assure you that our staff try if at all possible.

We had an issue a while ago about some people applying for a nonmatching part of a grant where it was supposed to be matching. Those are the kinds of things where the staff will say: no, we can help you through that. Not every grant has to be matching. Even if it says it's a matching component, there are parts in there that we can waive, depending on the circumstances, the organization. The staff are the first ones to tell them that that's an option and to help them through it.

**The Deputy Chair:** Hon. Member for Cardston-Taber-Warner, you have about three minutes.

**Mr. Hinman:** Super. That's all I'll take.

I appreciate the minister and the information and the enlightenment that I've received. I'll just make a quick comment about the advertising and billboards. We banned alcohol and tobacco signs at sports events, and they said that they'd never survive. You've mentioned that there is an increased demand, and I don't argue with that at all, but it's that promoting. I think that these facilities could go on if, in fact, we didn't have the billboards and the advertisement that goes on. They just checker the highways as you're going into the cities to come to this casino, come to this area. I go back to the cost benefit, perhaps Adam Smith's invisible hands, that we're not looking at the real cost to those people, that 5 per cent, and how devastating it is to their families. How do you put a price on that? I would urge the minister to continue looking at those things.

I appreciate the answers that I received. I'll probably have to come to his office to try and help facilitate a few of those applications from my area, but thank you.

**Mr. Graydon:** Just one quick point on the revenues. Actually, ticket revenue from 6/49 and the scratch-and-win, those kinds of lotteries, is going down. It was the big deal a few years ago, when it was first introduced, because it was the first kind of lottery we had, the 6/49 and the big payouts and all that sort of stuff, but now there are other entertainment options, so the gross sales of those kinds of products are on the decline as opposed to increasing.

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

**Ms Blakeman:** Thank you very much. I just had to get up in response to some of the comments that the minister made. Now, come on, Mr. Minister. How long are we going to quibble about whether or not the money that goes to the horse-racing initiative is made possible by the government? Of course it's made possible by the government. If you want to quibble about whether it's coming directly into government coffers and then going back out again, fine. Play that game. We all know that it's through the government's acquiescence and actual facilitation of the process that that money, \$63 million, is going to the horse-racing initiative and not going to a hot lunch program.

Now, because it's going into the slot machine, it's being counted in the count room and a higher percentage cut off and left there for the organizations. Usually, it would be scooped up, come back to the government, flow through, and go back out to other organizations through whatever lottery-funded initiative you want to talk about, be it AFA, Alberta Sport, Recreation, Parks & Wildlife, Wild Rose, CFEP, CIP, whatever.

What is happening there is that the money is going to that horse-racing initiative, and it is foregone revenue from those other granting funds and ultimately from other organizations in the community. That money, \$63 million, if it was not flowing through to a horse-racing initiative, would be going into the rest. That extra 35 per cent that's going to the horse-racing initiative that allows them to make that money would be going back to the government and would be coming out to the rest of the groups through one of the other lottery foundations.

You could call it some other name if you want, but let's face it: the government is facilitating this process. Frankly, I just think you look silly trying to pretend that because everybody knows that 63 million bucks is going to the horse-racing initiative. For the minister to constantly stand up and wave his hands and say, "Oh, no, no, it's

not the government that's granting this money," you just look silly because everybody knows 63 million bucks is going there, and it wouldn't be going there without the government.

The other thing raised both by myself and by the Member for Cardston-Taber-Warner that the minister has sidestepped again is about who makes the decision about the CFEP and CIP grants. Both of us have asked the minister to confirm or deny that government MLAs have a direct role and perhaps total decision-making power for the CIP money that is allocated to their particular constituency. The minister has given the same response, that there are criteria that are looked at, et cetera, et cetera. He's sidestepping the question we're asking. So one more time: who makes the decision in all 83 constituencies consistently? Do we have the staff doing it according to criteria laid out, or do we have a second scenario where in constituencies where there is a government MLA in place, the government MLA makes the decision about how much money is happening? So I'll put that one on the record one more time.

I'd like to go back again on the horse-racing initiative and ask: what is the criteria that is being used to measure the success? The minister claims that the horse-racing initiative is successful. By what criteria are you doing that? You're talking about an increased handle. Okay. Let's see what your performance measurement is there. What's your target? I don't see that in your business plan. So what exactly is the performance measurement that you're using? What's your criteria? What's your target? How's that all coming out?

And, please, trying to tell me that the people that muck out the horse barns are somehow getting a cut of this \$63 million: I mean, it's going through to the breeding operations. That was the point of it. That's why it was set up. It was supposed to be going to the breeders and to the larger purses.

The other thing that's of interest. The minister was talking about the new problem gambling initiatives that are happening on site in casinos. One of the interesting things about that is that there's a 48-hour cooling-off period. So if you go in there and go, "I've got a serious problem, and I want to register as a problem gambler so you won't let me in here; I want to take advantage of that program," they say, "Absolutely; no problem; come back in 48 hours." Well, what's the use in that? They were ready to do it then. That's like somebody saying, "I'm ready to quit smoking; give me the patch; I'm going to slap it on; I'm ready to go," and someone says, "No, no; come back in, you know, two or three days, and then we'll give you the patch." If they're ready to go, they're ready to go. Why is there a 48-hour, or maybe it's 24-hour, cooling-off period?

We've tried three times here, between the efforts of the Member for Edmonton-Meadowlark and myself, to get the minister on the record as to the clear, measurable criteria for the slush fund, and again the minister has sidestepped it and not answered the question directly. So I will take it, then, that there is a refusal on behalf of the minister or the ministry to follow the recommendations of the Auditor General to put those in place.

Those are the rebuttals that I wanted to make while I had the opportunity. Thank you very much for the exchange that I've had from the minister today. I appreciate it very much.

**Mr. Graydon:** Okay. Well, contrary to what the hon. member might believe, not everyone feels the same way about the money going to the horse-racing industry. People understand that if the machines weren't at the racetrack, they wouldn't be getting a cut of it. They understand that it's another form of entertainment offered at the racetrack. Maybe a husband and wife go. The husband bets the horses, and the wife goes to play the slot machines.

9:40

Some of that money that's located in the facility at the racetrack is returned, flows through back to the industry. We're not trying to hide anything. The number \$63 million keeps coming out, but that's clearly an estimate of what might be earned. It is not a grant. It's not a guarantee. It is clearly an estimate of the percentage of revenue from the slot machines at racing entertainment centres. That's what they're called. That's what they are.

They don't qualify to be a racing entertainment centre if they don't offer live racing. You can't have a racing entertainment centre and just put a TV up on the wall and show a simulcast. That doesn't cut it. You don't get any money for that. You have to be a racing entertainment centre and offer so many days of live racing every year. That qualifies you to be called a racing entertainment centre and qualifies you to apply for some slot machines. At the moment there are four locations in Alberta: Lethbridge, Grande Prairie, Calgary, and Edmonton. Those are the only places that offer live racing and the only places that have racing entertainment centres.

The criteria that we use to see whether they're successful or not. Gosh, there are pages full of criteria that we measure and that Horse Racing Alberta measures. Handle is one of those things, how much is actually bet. The breeding stock in the province is another measurement, the amount of money that was spent purchasing that breeding stock, the number of Alberta-bred horses that are winning races. The amount of money won by Alberta-bred horses is another measurement. There are pages and pages of criteria that we use to measure if this thing is working or not. If it wasn't working, you'd see us retreating out of it, but it is working. The industry is getting healthier. I don't know. You can tell the guy in the backstretch that he doesn't deserve to get paid if you want, but he wouldn't have a job if we didn't have this program and if the breeder didn't hire him to do his work.

The 48-hour cooling period is clearly indicated on the self-exclusion form if you ask for the voluntary self-exclusion. It can be waived if they ask for it. There's not much point putting that on the form, you know: we have 48 hours, but if you don't want that, it can be. It's on there at the express opinion and advice of professional addictions counsellors at AADAC, who advised us on that form and said: you should have a 48-hour cooling period because you may get someone who is just there for the entertainment, but maybe that one particular night they lost more money than they thought they should have or they wanted to, so they say, "Okay, I'm going to sign that form." Well, once you sign that form, and once it's filed, I mean, it's a legal document, and you're not getting in anymore. If you get recognized, you're escorted out the door. That's it. They may decide in the 48-hour cooling period, the next day: "Gosh, this has only happened to me once in the past year when I lost \$200, and my limit's a hundred. It's happened to me once in the past year. Maybe I was being a little rash with that decision to sign that form last night." So that's why the 48-hour cooling period is there, fully supported by professionals from AADAC.

To answer the question about slush funds, there is no slush fund.

**The Deputy Chair:** The hon. Member for Calgary-Nose Hill.

**Dr. Brown:** Thank you, Mr. Chairman. I wanted to seek some clarification from the hon. minister regarding the issue of smoking on the Indian reservations. While I recognize that the First Nations are not subject to some of Alberta's laws as they've got a primary relationship with the Crown in right of Canada, it's my understanding that the federal government conceded the right to regulate gambling to each of the provinces. It's also my understanding that

it's conceded that the Crown in right of Alberta has an undisputed right to regulate gambling within our boundaries. Given that the Enoch nation has gone through all of these eight steps, or however many there are, in order to apply to the government of Alberta for a casino facility licence, I must presume that they, too, have conceded the right to regulate the licences to the province of Alberta. So my simple question is: why can it not be made a term of granting the licence or a term of the contract that the facility would have to comply with the health regulations of the province of Alberta? That is my one question.

The second question that I have is: can the minister advise on the mechanism for allocating casino slot revenues and whether that is done on an equitable basis right across the province in Calgary and Edmonton and the rural areas?

**The Deputy Chair:** Hon. minister, just before you respond, according to our rules in my opinion this appears to be asking for a legal opinion. That is not necessarily the purpose of the estimates, so you may proceed as you wish.

**Mr. Graydon:** Okay. Thanks. Yeah, if the Minister of Justice would be here. I know that he raised the question at the last meeting of Justice ministers from across Canada. His question was: if Internet gambling is illegal in Canada, how come the First Nations in Quebec are operating Internet gambling sites and the federal government is letting them get away with it? While the federal government says that they have to honour some of these rules, there are certain First Nations in this country who tend to ignore those Canadian rules and seem to be getting away with it. It is an issue that, unfortunately, I don't think we're going to solve in Alberta.

The question of the distribution of lottery funds. As mentioned, they're pooled, either urban or rural. In the city of Edmonton they're all classed as urban casinos. That amount of money is pooled, and at the end of the quarter it's divided equally amongst the charities that worked for that quarter. Rural casinos would include, I believe, St. Albert. Probably Grande Prairie is in the same pool. I'm not too sure. There aren't too many others out in the north rural part. They would be pooled. As mentioned, it's a concern in that, certainly, if you're participating in an urban pool, the charity is going to end up with a lot more money than those participating in a rural pool.

As I did mention, the commission is studying that issue at the moment. It's a bit of a no win because if we leveled it across the province, obviously the urban charities would cry foul, that they're getting less money, and the rural charities would be happy because they're getting more money. At the end of the day it probably will have to be a political decision.

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

**Mr. Hinman:** Thank you, Mr. Chairman. Just a few other quick comments. I was worried my three minutes had run out.

Dennis Gartman runs quite a famous investment letter. The most profound advice that he gives is: do more of what works and less of what doesn't work. I think very much that lottery and gambling and those areas are not something that work great for society. Once again I would urge that we look at doing less.

The Member for Edmonton-Centre brought up this 48-hour cooling-off period. I would like to talk about that a little bit. I was down at a committee meeting in Helena last week, and they got talking about gambling. I think it was in the state of Missouri where they actually have a list, where people with problems can go in and say, "I don't want to be allowed into these facilities again," and

they're banned. They can do it right there when they realize the problem, when they're in the remorse state, and not two days later. I just want to enforce what the Member for Edmonton-Centre is saying, that we need to address that and try to look at helping these people. If we wait until after the moment has passed, it's like somebody who's checking themselves into the hospital or something, and you say: well, you know, come back in 48 hours and see if it's still a problem. It just isn't in the best interest.

Another part about doing more of what works and less of what doesn't work. I find that these meetings like we're having here work much better in the conversation back and forth and the exchange of ideas, yet we're always limited to two hours. This afternoon, unable to speak on Education, it was very disappointing. I just want to make the point that maybe with some surplus money and funds you have left over – we have a \$4.3 billion teachers' fund liability debt. This province has had in the past a law that we had to have surplus go to eliminating the debt. Perhaps we need the different ministries, if they've got a surplus, to put that surplus into the teachers' pension fund. Maybe that would be a good place to go to eliminate the rest of our debt that we've incurred here.

9:50

**Mr. Graydon:** The voluntary self-exclusion program is one that we operate in the province. It's successful. There are several hundred people who have taken advantage of that program, have signed themselves out, if you will. There are very sophisticated cameras, et cetera, security devices at the front doors of these casinos. With the cameras they are able to recognize people who have signed the self-exclusion form. Some people even go so far as to try a disguise. They've signed the form, but then they say: oh, I want to go back. They try a disguise, and we've been able to stop them from going in. No, they're excluded, and that's all there is to it. The 48-hour clause, as I mentioned, is in there at the advice of trained addiction counsellors.

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

**Mr. Tougas:** Yes. Just one more point about the voluntary exclusion plan. Wouldn't it make more sense to accept the form right away and then give them the 48 hours? If you really insist on that 48-hour plan, say: you can phone back in 48 hours, or you can come in. Accept it right away; not tell them to come back. Does that not make a little bit more sense?

You said that there are sophisticated cameras and all that sort of stuff. The woman I spoke to when I brought this matter up initially said that unless the people who run the casinos know you, there's no way anybody is actually going to be able to see you that well because it's just a book of photos. So unless the people who are running the casinos are well versed by leafing through all these photos, you can really circumvent this quite easily if you just go to a different city. If you go to Red Deer or Calgary and you're a regular in Edmonton, you can easily work your way around it. But if you really insist on that 48 hours, start it and then give them 48 hours to think it over.

**Mr. Hinman:** Buyer's remorse.

**Mr. Tougas:** Buyer's remorse. Exactly. Give them a chance to think it over. You know, if a drug addict comes in and says, "I have trouble," you don't tell him to come back in a couple of days. You help him then. I think you should apply the same rule to this.

**Mr. Graydon:** Well, to compliment the hon. Member for Edmonton-Meadowlark, my critic, he did bring that suggestion

forward when we discussed this earlier in the session at question period, and it made sense to me. I felt that it was made in a sincere attempt to help with this issue. I have sent that information over to the commission and asked them to follow up on that idea. I'm sure that they will follow up with AADAC. Maybe we'll see some changes; maybe we won't. But I can assure him that the idea was not thrown out of hand. It was advanced forward. Someone is checking to see whether that would be a positive move or not.

You probably can move from one city to the other and beat the system if you want. There's always a way to beat the system. Some of the casinos have more sophisticated security measures than others, if you will. Some of them have fantastic security cameras that can read a licence plate two blocks away and that sort of stuff.

It was just the last week or so that someone showed me this system where they input your photo into the computer. They actually ended up moving their camera so that they got a better shot of your face. Then there's software that will determine certain features, you know, if your left ear is lower than your right or whatever the case may be. The software puts all of that together and alerts the operator that this person is on the list.

True, we do depend on the staff at the front desk, at the security desk. Usually it's people trying to get back into the same one that they traditionally go to. You know, you may think: gosh, how can they remember a hundred people? They're probably not trying to remember a hundred people. There are probably many fewer than that at that one specific casino who would try to come back and would be caught. New technology will become more and more effective, and we want to help those people if we can. That's our goal.

**The Deputy Chair:** I guess that since we're dealing with the Gaming minister, I'm just tempted to state this. Calgary is leading 3-2, and Edmonton is leading 3-1. So that's a good sign from the Gaming minister. Alberta is leading both ways.

After considering the business plan and proposed estimates for the Department of Gaming for the fiscal year ending March 31, 2007, are you ready for the vote?

**Hon. Members:** Agreed.

Agreed to:	
Expense	\$201,627,000
Lottery Fund Payments	\$1,306,155,000

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

**Hon. Members:** Agreed.

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

**Mr. Renner:** Thank you, Mr. Chairman. I might point out that the Medicine Hat Tigers also won tonight.

I move that the committee rise so that we can report the estimates of the Department of Gaming.

[Motion carried]

[Mr. Shariff in the chair]

**The Acting Speaker:** The hon. Member for Drayton Valley-Calmar.

**Rev. Abbott:** Thank you, Mr. Speaker. The Committee of Supply

has had under consideration certain resolutions, reports as follows, and requests leave to sit again.

Resolved that a sum not exceeding the following be granted to Her Majesty for the fiscal year ending March 31, 2007, for the following department.

Gaming: expense, \$201,627,000; lottery fund payments, \$1,306,155,000.

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

**Hon. Members:** Agreed.

**The Acting Speaker:** Opposed? So ordered.

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

**Bill 29**  
**Environmental Protection and**  
**Enhancement Amendment Act, 2006**

**The Acting Speaker:** The hon. Member for Cypress-Medicine Hat.

**Mr. Mitzel:** Thank you, Mr. Speaker. It's my pleasure today to move second reading of Bill 29, the Environmental Protection and Enhancement Amendment Act, 2006.

This bill, Mr. Speaker, proposes six amendments that will ensure that Albertans will continue to benefit from some of the most stringent environmental protection legislation in Canada. The first amendment will ensure that the emissions trading regulation, which came into effect on February 22, 2006, will have full authorization under the Environmental Protection and Enhancement Act, making it one of the toughest regulations of its kind in North America. The amendment will allow the electricity sector to conduct emissions trading in nitrogen oxide and sulphur dioxide. One of the main areas of focus in our plan to address climate change is the development of technology to reduce emissions in Alberta. All of our compliance tools will be used to ensure that electricity will be generated to meet the new, best available technology/economically available standard at the end of their design life. Not only will emissions trading offer a performance incentive by allowing for the generation of emissions credits when operating at better than required performance levels; it will also encourage early shutdown of older units and new emission controls at existing units. The amendment follows the consensus recommendations of the Clean Air Strategic Alliance and has the support of industry, government, and nongovernment stakeholders.

Mr. Speaker, the second amendment clarifies industry's obligations to report and remediate contaminated sites even if they were closed before the EPEA came into effect on September 1, 1993. The intent of the amendment is to ensure that industry remains responsible for old sites where contamination causing an adverse effect is discovered or becomes apparent. Any closed sites that continue to have an adverse effect will be reported and managed appropriately. Remediation certificates will be issued for sites that are cleaned up to Alberta Environment standards. This will ensure a timelier cleanup and also indicate when the cleanup is complete and when industry's legal obligations are met. As land changes hands, banks will be more willing to lend money once a certificate is issued.

This amendment supports the recommendations of the Contaminated Sites Stakeholder Advisory Committee and significant stakeholder input. The two-year consultation process with stakeholders included industry associations, nongovernmental organizations, Alberta Environment, Municipal Affairs, the Farmers' Advocate, Finance, Energy, the Energy and Utilities Board, Canadian Bankers' Association, Alberta Urban Municipalities

Association, and the Alberta Association of Municipal Districts and Counties.

10:00

Mr. Speaker, the third amendment upholds the EPEA's existing principle of polluter pays in that it supports the reclamation security system for coal and oil sands mines. Companies will be responsible for reclaiming land as soon as possible. This can mean not waiting until the whole mine is finished before starting reclamation. This returns the land to a productive state faster and reduces the overall active footprint of the mine.

The amendment further provides authority to implement a new tool called a record of progressive reclamation. This new tool will act like an interim reclamation certificate by formally acknowledging that the company has done the majority of costly physical work on the site. The record will be a formal acknowledgement of industry's initial stage of reclamation work, where the majority of the reclamation costs are incurred. The amendment also provides broader authority to write reclamation security regulations to ensure that funds are available when they are most likely needed for reclamation.

Mr. Speaker, the fourth amendment expands the type of regulatory tools we use and supports the continued use of codes of practice for activities with low environmental impact. This will streamline the approvals process, ensure environmental protection, and reduce the regulatory burden on industry, municipalities, and Alberta Environment. Codes providing province-wide operating rules for an activity lead to regulatory fairness and consistency. Examples of codes of practice currently in use include activities that are typically predictable and operate in the same way regardless of their location in the province, such as codes of practice for small incinerators, codes of practice for pits, and codes of practice for waste-water systems using a waste-water lagoon.

The full range of prevention and enforcement response tools under the Environmental Protection and Enhancement Act to respond to noncompliance still applies. All operations under a code of practice will continue to be inspected by Alberta Environment.

Mr. Speaker, the fifth amendment allows Alberta Environment to partner with a wide range of organizations and individuals in order to deliver our environmental protection mandate. The amendment specifically broadens the list of candidates to which the minister may delegate work. This supports a place-based approach to environmental management. In order for successful partnerships to exist, government partners need to have the authority to advise, consult, and become engaged in the process. This amendment will allow them these capabilities. As with all partnerships we will ensure that accountability frameworks are in place.

Mr. Speaker, the final amendment allows the minister to make a regulation listing information that can be released to the public. This increases the amount of environmental information Albertans can obtain without the need for a formal Freedom of Information and Protection of Privacy Act request. Releasing environmental information on a routine basis will improve public access to information.

Mr. Speaker, I ask for support of these recommendations, and I move adjournment.

[Motion to adjourn debate carried]

### Bill 32

#### Human Tissue and Organ Donation Act

**The Acting Speaker:** The hon. Member for Calgary-Lougheed on behalf of the hon. Member for Calgary-West.

**Mr. Rodney:** Thank you very much, Mr. Speaker. The principles and policies in this legislation before us today reflect the recommendations of two advisory committees for organ and tissue donation and transplantation. The new legislation will broaden the scope of and modernize the Human Tissue Gift Act, originally passed in 1973.

The first key component consists of changes to definitions in the legislation. The definitions that are currently in the Human Tissue Gift Act need to be updated to reflect and include modern technology and procedures. New and revised definitions will make the act consistent with current standards. Among the updates are changes to the definitions of "tissue" and "transplant." They'll be defined distinctly now, whereas in the current legislation they are both under the definition of tissue. The new section includes definitions for "donor," "estranged," "immediate family," and "independent assessment committee."

The second key component speaks to living donations by minors. The current act does not allow for living donations by minors. The new act will enable minors to consent to donation in specific situations or require the consent of a guardian and the approval of an independent assessment committee in other situations. All living donations by minors will be addressed in this legislation: donation of by-products from a medical procedure, donation of regenerative organs or tissues, and the donation of nonregenerative organs or tissues.

A minor who is 16 years of age or older or who is living independently of a guardian can consent to donate by-products from a medical procedure. The donation of medical by-products has no foreseeable medical consequences for the donor. An example might be the donation of amniotic tissue obtained during a Caesarean section. A minor can make a living donation of regenerative organs or tissues with the consent of a parent or legal guardian. Examples of regenerative tissues and organs include a liver lobe or bone marrow. Now, because there may be medical consequences to making a living donation of regenerative organs or tissues, the consent of the parent or legal guardian will be required as well as the requirement for an independent assessment to ensure that the minor's interests are indeed protected.

The donation of nonregenerative organs or tissues will always have medical consequences for the donor. For that reason donations of this type will not be allowed by minors less than 16 years of age and will also require the consent of a guardian and the approval of an independent assessment committee.

The third key component of this legislation describes the operation of independent assessment committees. This independent assessment is designed to protect the minor donor, especially when the legal decision-makers may be compromised in their ability to make a decision in the best interest of the child. An example of this situation may be when a child is considered for the donation of a kidney to a sister, brother, father, or mother. In this scenario the parents may be unable to balance the best interest of one family member with that of another.

An independent assessment committee will be established and must include three people not involved in the donation or transplantation, including one physician, one psychiatrist or psychologist, and one additional person. The independent assessment shall ensure that the agreement has been obtained from the minor to the extent possible considering the minor's age, that the donation presents minimal risk to the donor, and that no coercion or pressure has been placed on the minor. The independent assessment must be unanimously in favour of allowing the donation. The donation cannot proceed if any of the three individuals does not agree that all of the above conditions have been met.

Another area of change is in regard to consent requirements. They've been revised to address certain gaps. These include how consent must be documented if the consentor is not physically capable of providing written consent or, in the case of a cadaveric donation, if the next of kin is available but not physically present to provide consent. If a consentor is physically unable to sign, consent must be documented in the presence of two witnesses. In the case of a cadaveric donation by next of kin who are not physically present, one of the two witnesses must be knowledgeable and inform the consentor with respect to the nature and consequences of the donation. Minors and dependent adults are now specifically addressed.

A provision has been added to ensure that consent as documented on the back of Alberta health care insurance cards is considered valid.

#### 10:10

On to the fifth key component, which deals with respecting the wishes of the deceased. The current legislation does not ensure that the donor's expressed wishes take precedence over the wishes of the family, but the new act includes an addition so that the known wishes of the potential donor take precedence even if they conflict with the wishes of the family. This, of course, represents a change in current practice. Clinicians generally require consent from next of kin even when the known wishes of the deceased were indicated by a donor card or other document. So this change will strengthen the donation program.

Consent by next of kin is another key change in the legislation before us. Current legislation does not speak to an estranged spouse. The new legislation will exclude estranged spouses or estranged adult interdependent partners from the consent hierarchy as it has been determined that since they are estranged, they do not have a right to provide consent.

Mr. Speaker, consistent with proposed changes under private member's Bill 201, changes are being made to the area of mandatory consideration for donation. Currently there are no mandatory consideration, documentation, or notification requirements. The new Human Tissue and Organ Donation Act will ensure that every person who dies will be considered for organ and/or tissue donation. The objective of these amendments is to consistently consider all potential donors in an effort to significantly increase the conversion of potential donors into actual donors. The process of donation consideration will be carried out and documented by medical practitioners in conjunction with appropriate donation agencies.

The seventh key component is the addition of sections that address safety and quality. Current legislation does not contain any quality assurance mechanisms. Proposed changes will require all individuals, agencies, and regional health authorities that conduct donation and transplantation procedures and activities to be registered with the provincial government. All of these organizations must comply with this act and forthcoming regulations, including any regulations regarding registration requirements or accreditation. This will include agencies that broker tissue. The list of registrants will be disclosed to the federal government and/or other regulatory organizations as required.

Changes have also been made to the area of information confidentiality. Proposed changes will protect the privacy of individuals while providing explicit legislative authority for the collection, use, and disclosure of personal information for the purpose of the act. Personal information will be required to seek consent, to screen donors, and to carry out procurement and transplantation activities. Proposed changes will integrate and align with provincial privacy legislation.

In relation to the area of buying and selling tissues and organs, the current act prohibits anyone from buying, selling, or otherwise gaining from any tissue for transplantation purpose, medical education, or scientific research. This provision has been revised to apply to organs as well as tissue, and the offence for noncompliance has been significantly increased. In fact, penalties for all types of offences have been increased in the new legislation.

The offence for knowingly contradicting the current legislation is a maximum fine of \$1,000 and up to six months' imprisonment. While this offence provision may have been adequate in 1973, when the act was introduced, it's no longer viewed as an effective deterrent. So in the new legislation the general offence provision has been increased to a maximum of \$10,000. This could apply to a health service provider who intentionally disregards requirements or procedures or to an individual who wrongfully obtains consent.

A specific fine for breaching the information confidentiality provision has been added and could result in a fine of up to \$50,000.

The fine for buying and selling human tissue or organs has also been specifically addressed. Since the objective of this prohibited activity is financial gain, a significant fine must be in place to function as a deterrent. This fine will be \$100,000 and/or a term of imprisonment of up to six months.

Regulation-making powers have been added in the anticipation of carrying out the intent of the act. The regulation will provide more details with respect to the designation of donation agencies, establishment of independent assessment committees, and registration of individuals and agencies involved in organ and tissue donation, procurement, and transplantation.

Finally, this bill will repeal the Human Tissue Gift Act and the unproclaimed Human Tissue Donation Procedures Statutes Amendment Act, which was passed to amend the Human Tissue Gift Act. Mr. Speaker, these changes reflect the considerable feedback that has been received about this issue. The new legislation will broaden the scope and modernize current legislation to more accurately reflect and regulate organ and tissue donation as well as transplantation in the province.

With all of that, Mr. Speaker, finally I move second reading of Bill 32. Thank you very much.

**The Acting Speaker:** The hon. Member for Edmonton-Centre.

**Ms Blakeman:** Thanks very much, Mr. Speaker, for the opportunity to speak in second reading to Bill 32, the Human Tissue and Organ Donation Act. I am quite supportive of this legislation and expect to see it get fairly speedy passage through this House.

There are a couple of questions that I would like to ask on a few current issues. What's that incredibly lurid phrase they use, ripped from the headlines of today, that I think has raised the darker side of organ and tissue donation and transplantation? I'd like to make sure that this legislation is anticipating that and will cover any of those situations. I'll come back to that later.

Essentially, what we've had here in my time is that in '98 we had the Human Tissue Procedure Statutes Amendment Act, which got debated and passed but didn't ever get proclaimed. Immediately following that there was a committee with a very long name, and then there was a second committee with an equally long name in 2002. My understanding is that this bill is springing out of the 2002 committee. The long name for that one was the Organ and Tissue Donation and Transplantation Interim Implementation Committee. It should get a prize here for the longest name. In between that we had Bill 201, which was a private member's bill, the Human Tissue Gift Amendment Act, which was brought forward by the MLA for Calgary-West, the same sponsor now of government Bill 32.



When Bill 201 was up for debate, we noted that it was based on legislation that was attempting to have it conform with the Uniform Law Conference of Canada. Now, 201 did pass second reading and then was subjected to one of the periodic magical disappearing acts that the government members are able to do with private members' bills. I understand that this was partly because of the medical community expressing concerns with being put in essentially a conflict-of-interest position to their medical vows in that they were expected to take action to obtain consent for a donation when the death of a patient was imminent, which runs against their try and keep them alive and do no harm.

We have some examples before us. Very interesting. I'm noticing that a number of provinces are coming to more or less the same point. We've got a private member's bill sponsored by a member of the New Democratic Party in Ontario that is based on presumed consent, which is the sort of negative billing option. I will be very interested to watch the passage of that because I really believe in organ and tissue donation. I'm aware that we are, as always, struggling to be able to have this process work for us. I'm very proud of the Canadian tradition we've always had of donating blood, and we do well by that. In comparison, in the States, for example, people are paid to give blood. So I'm really proud of that Canadian tradition of donating, but we're struggling with it often because, as I mentioned in the response to the ministerial statement that I did yesterday, the individual may well have given their consent, but the family balks at the time that they're approached.

10:20

Some of that appears to be addressed in this bill, but I think we need to watch the progress of that Ontario private member's bill. I'm moving on to the side of looking at a presumed consent model just to be able to get enough of those organs and tissues available for transplantation.

We also have another private member's bill, I think also in Ontario, that is based on a mandatory direction, which I think essentially requires that everybody state one way or another whether they're willing to participate in organ donation or not, but they're going to have to say it one way or another, which I suppose is another way of doing this. This bill may well pass before then, but I still think we should keep an eye out on this. We have legislation in New Brunswick that basically prevents families from overturning a deceased person's wishes to donate. So lots of activity on this front across Canada.

A big part of that is that we're all aware, or we should be, that between 15 and 20 per cent of all people on waiting lists die before a suitable organ is found. In 2004 there were 313 transplants performed in Alberta, but 534 people were waiting for a transplant, and 42 people died while waiting for a transplant. So there's a great demand there for us. There's lots of possibility, and I would really like to facilitate that process.

What we're seeing is that the rate of transplants has not kept pace with the transplant waiting list. Part of that is that we have people where the acuity level is less. They're not as sick, and they are living longer and are able to stay alive long enough to actually receive the transplant, and that's causing the longer waiting list. On the other hand, we can't keep up with what's needed there.

One of the questions that's always being asked by the government is: how do we keep our system sustainable? Frankly, this is one of the answers. There's no quick fix. There's no umbrella solution to that question, but there are a number of ways of going at that, and transplantation is one of them. The annual cost of supporting a person with a kidney transplant is 40 per cent less than if they had stayed on dialysis. Now, there's a considerable savings.

A couple of quick issues that I wanted to raise. [interjection] Did I hear someone say question? That's just incentive to keep me going here. Thank you so much. I appreciate that.

The two issues that I had referred to earlier were that terrible situation in the U.S. where we had a funeral home that was using bone marrow and tissue from cadavers that were under their control and responsibility. They were harvesting it and selling it. This, of course, has now been transplanted into people, and there are huge questions about whether potentially we've transplanted cancerous cells or HIV or hep C or any number of other serious diseases into people. I'm noting that in section 3, which is dealing with transplantation and medical education, there are two sections that talk about, you know, not using "tissue, organ or body donated under the Act except for the purpose for which it was donated" and that no one "shall use, procure, transfer or process any tissue, organ or body for transplantation except in accordance with the regulations."

I just am looking for assurance and proof, if I can get it from the sponsoring member, that a situation such as I've described would in fact be covered by the act. We have someone selling there, but we don't have someone purchasing the parts to start with. They're basically harvesting them without permission, and I want to make sure that that's being covered here, because while we've got this legislation in front of us, let's not make the mistake of not covering what we know is a possibility. In other words, does it actually cover the situation of stealing the organs and tissues and then offering them for sale further down the line?

The second situation I have gone through and I don't find anything prohibiting this or anticipating this. Someone brought to my attention that there was a group of doctors in Guyana that were talking about harvesting organs there and then essentially exporting them, sending them to Canada to be used here. There's nothing that's being addressed in the act about that sort of coming from somewhere else. Obviously, our act is anticipating that it would all come from Canada, but it's not prohibiting something coming from somewhere else. I think we need to be careful about that, so I'm looking for the sponsor of the bill to detail that and tell us how it's going to be handled and give me a specific citation in the bill where that's anticipated and where it would be handled.

Finally, as we've noted, there have been a couple of runs at this that were not successful. I'm looking for assurance that the bill actually would be proclaimed. What is the anticipated date of proclamation? Often a bill will receive royal assent and will get proclamation six months down the road or a year down the road, once the regulations and the program that supports it have been put into place. So what is the anticipated proclamation date for this legislation assuming that it passes in this spring session? I'd like to know what's up there.

The other thing was that Bill 201 was setting up a number of other agencies or funneling-through agencies, and all of that has completely disappeared in this act. At the time we were told that Bill 201 was being withdrawn because it was substantially similar to coming government legislation. I was looking at the two pieces of legislation, and the concepts are substantially similar, but the actual implementation is quite different. So I'm wondering what happened to the processes that were being outlined in Bill 201 around the use of those various agencies in the community through which they were organizing and tracking and in one case storing tissues and organs.

Finally, we did have – oh, I've said finally several times; sorry about that. When will the government be implementing the recommendation that was made in the 2000 report of the first committee, which was the Alberta Advisory Committee on Organ and Tissue Donation and Transplantation? That was to make strategies for "initiating discussion about end of life decisions,

including opportunities for donation . . . an important element of pre-licensure education and of continuing professional education” for health care professionals like doctors, nurses, social workers, et cetera. Is that still on the table? How does one integrate and make sure that we don’t cause doctors that conflict-of-interest position where they are counselling end of life at the same time as they are committed to trying to extend it?

Those are the questions I wanted on the record. I’m looking forward to hearing back from the sponsoring member. I’m happy to receive a written explanation if it’s anticipated that there may be some delay in time between now and the next time the bill would come forward. I know that sometimes the backbenchers that are sponsoring bills do give me information in written form, which is very helpful, before the next time we get up to debate it. So thank you very much for the opportunity.

10:30

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

**Dr. B. Miller:** Thank you, Mr. Speaker. It’s a privilege for me to stand and speak in second reading of Bill 32, the Human Tissue and Organ Donation Act. As I was part of the discussion on Bill 201, I really think that this is a tremendous improvement. I’m glad that we went through that process of debate on Bill 201, a private member’s bill, and this is now the result of a process of consulting with stakeholders and so on. This is a great improvement. It’s a very positive bill and contributes, I think, a great deal to establishing the right kind of basis for donation of tissue in this province.

We’ll get a chance in Committee of the Whole to look at specific wording in this bill. I, too, have the same kind of questions that my hon. colleague from Edmonton-Centre has about the issue of harvesting of parts. There was a particularly disturbing article in the *Globe and Mail* on March 18, which was entitled *Raiders of the Lost Parts*.

A ghoulish scam reveals the dark side of the booming tissue-harvesting business: Corpses’ bones (including those of former Masterpiece Theatre host Alistair Cooke) were stolen and replaced with PVC piping. Some of [these bone parts] were sold in Canada. Do you know where your transplant’s been?

It’s an interesting question.

So that whole issue of the harvesting of parts and the transporting of those parts to other parts of North America is really a serious issue. I think that section 3 in this bill goes a long way toward establishing strictures to prevent this from happening. But as my hon. colleague has mentioned, I think we’ll have to look at this carefully to see whether, indeed, it answers the problem or not. It does suggest that anybody who receives a “reward or benefit for any tissue, organ or body for use in transplantation” and so on would be open to sanctions, and the sanctions are rather high, in this case even as high as \$100,000 or imprisonment for contravening this act. So I’m encouraged by the points under section 3.

In terms of research “only a university with a medical, dental or related health program may use a body donated under this Act” for research, and that’s a really good thing. So I think that section is very good.

I am also impressed by the wording for the deceased donor section, involving the family and laying out all of these levels of discussion that have to be gone through in the case of someone who is deceased and the consultations that have to be made in order for that person’s body to be used.

In terms of a living donor the whole issue of consent is here clearly laid out, that consent is necessary, and when the adult person lacks capacity to give consent, then there is a turning to personal directives and so on, which is established under other acts. So that, too, is good.

The section on determination of death: I’m impressed by that too. I did raise the issue of the definition of death and determination of death when I dealt with Bill 201 because there are lots of issues around that. In this bill it clearly outlines that the physician who decides on the determination of death should not be the same physician that is involved in the transplant procedure. I think that’s a good safeguard.

Also, the issue of mandatory consideration for donation I think is a tremendous improvement over Bill 201. I was quite concerned with Bill 201, which seemed to suggest that a donation agency would come into a hospital and lurk in the halls of the hospital and look for the perfect specimen who would be able to make their body available for transplants and tissue donation and then try to persuade that person to give their consent. I thought: well, wait a minute; a person who is actually dying in a hospital has enough to deal with in terms of dealing with their own death, let alone have somebody come in and try to persuade them to donate their body. That section is not here; it was taken out. That’s a tremendous improvement. So the mandatory consideration for donation is simply left in the hands of a medical practitioner, where it should be. The medical practitioner makes a determination of death and recommends in terms of tissues and organs for transplantation, and the donation agency then has to work through the medical establishment to determine how to proceed. I think that the procedures here and the requirements for written consent are all quite clear.

I really like the tone of this bill because I think there’s a danger that we get into language such as the language of harvesting body parts. I don’t like that language. I like the language of giving, of being a donor, of donation because I think it’s an important moral question. To whom do body parts belong? Do they belong to the person who is dying? Do they belong to the state? In my view, a human person is an embodied person, not a soul with a body attached. The body is essential to one’s own identity. So if a body is to be made available in terms of body parts, it must be as a gift, and we must see it as a gift. It always must be a question of giving. So if the person is living, then they must give consent that they’re going to give their body parts. The family has to be involved if the person is not able to make a decision themselves, if they’re not capable, and I think that’s always where the emphasis should be.

I noticed also that the reference to religious beliefs is not included here. I don’t know why that was left out because I think that it’s important that the religious beliefs of a person while they were living should be honoured in their death. Maybe it is covered in some way here, but I would like to know where it is covered.

Thank you, Mr. Speaker. That’s all I would have to say about this bill.

**The Acting Speaker:** Standing Order 29(2)(a). Any comments or questions?

Any other speakers?

The hon. Member for Calgary-Lougheed to close debate on behalf of the hon. Member for Calgary-West.

**Mr. Rodney:** Thank you very much, Mr. Speaker. Obviously, our fine colleague the Member for Calgary-West has done yeoman’s work in both the private member’s bill and this one. I know that he is eagerly anticipating researching *Hansard* and is happy to entertain questions received tonight as well as anything else during Committee of the Whole.

Thank you.

[Motion carried; Bill 32 read a second time]

**Bill 24**  
**Fiscal Responsibility Amendment Act, 2006**

[Adjourned debate April 24: Dr. Taft]

**The Acting Speaker:** The hon. Member for Edmonton-Centre.

**Ms Blakeman:** Thank you very much. Oh, I can't let this one go by, Mr. Speaker. Honest to goodness, I have seen a version of this bill, Fiscal Responsibility Amendment Act, 2006, which is currently before us as Bill 24, go by – oh, let me think – four times before? Yeah, here we have it.

I mean, basically, what this government does is set itself a law so that it can go around and tell everybody that it's being fiscally responsible, and then as soon as it doesn't work for them, which is, like, the next year, they just change the law. They don't actually adhere to the rule that they set in place for themselves. They just change the rule so that it will fit what they've now done with it.

**10:40**

That's exactly what we have in this situation. We have nonrenewable resource revenue that is being used in the budget. They set themselves an amount of money last year, I think it was, or two years ago, \$4.75 billion, and now one year later they can't even adhere to that, and we're at \$5.3 billion. So, you know, they don't even follow their own plan. What is the point of even listening to the plan? Why do they spend any time even developing it? I'm wondering if they have any intention of following any of this.

I think what I'm more concerned about under all of this is the government's attitude around nonrenewable resource revenue. I think that there are two points that we need to be really concerned about. One is: what do you do with surplus revenue? We need to have a plan for surplus revenue. Certainly, when we went through the last election, the Alberta Liberal plan was very well received at the doors when we talked about what our surplus policy plan was. That was 35 per cent reinvested into the heritage trust fund, 35 per cent into a noncapped postsecondary education fund, which, by the way, wasn't just about university but also about apprenticeship and colleges and anything that was basically postsecondary. Then there was a capital fund amount of 25 per cent, which was essentially to eliminate the infrastructure deficit that the government has now created, and a final 5 per cent into a humanities and social sciences and arts endowment fund. There's a plan. I'm happy to have the government steal it from us. Go right ahead. I think it's a great idea. Actually, they did sort of take part of it in the postsecondary legacy fund that they set up a year ago.

Mr. Speaker, I think that there's another side to this that we need to consider carefully, and that is the fact that this government is now spending more of its resource revenue. We're spending our inheritance. We're spending what's coming before us. If you take away the resource revenue from what we've got coming into this province, we can't sustain what we're spending with the rest of our revenue sources through income tax and licences and various other means the government has to raise funds. So we are now dependent on spending that revenue as it comes in, and that's a really bad habit. That's equivalent to living from paycheque to paycheque, which this government so despises in the population.

That, in fact, is exactly what it's doing here, except that it's not just paycheque to paycheque. That nonrenewable resource revenue belongs to all of us, including the children, and what we're doing right now is spending our parents' share of that nonrenewable resource revenue, our share of it, and our kids' share of it. Frankly, 20 years from now it won't even be there for them to be able to get a share of in the same way.

So I'm really seriously starting to look at whether we shouldn't be

looking at some amount of money that we pull aside before it even gets into the government coffers, that we divert a certain percentage of our nonrenewable resource revenue and take it off to the side right away, understanding that this is the future's money and that we need to be setting it aside to help us bridge when the natural resource revenue starts to diminish for us. Maybe we're looking at a third of it that we set aside into endowments or into the heritage savings trust fund. I mean, there are lots of examples for us to look at: Alaska, Norway, various other places. The fact that we're just taking that money straight in – it's like a tap we're hooked up to, a hose that we're sucking as much as we can out of – is just wrong.

I really have concerns about the government's ability to hold itself to any kind of spending plan. We've got people talking about off-budget spending before we've even passed the budget, and that happened last year as well.

So, frankly, surpluses are very bad for this government. It doesn't seem to have any kind of self-restraint and any ability to get a reasonable plan and stick to it. This bill is a prime example of their total inability to do that. I mean, the whole bill is two lines long. The Fiscal Responsibility Act is amended, and then it changes the amount of money. That's the whole point that it's in front of us in the Assembly today.

I won't be supporting this bill. I know it's late at night. I know people are tired and crabby, and the game is probably still on. Somebody told me a score.

**Mr. Graydon:** Not on this side. Nobody over here is tired and crabby.

**Ms Blakeman:** Excellent. Well, thank you for the encouragement. That's good. We'll stay much longer. Thank you. I was going to sit down, but if everybody is so keen to keep going, then, I certainly can do that.

I think it is about a long-range plan. The government occasionally, you know, talks about the 20-year plan that the Member for Edmonton-Whitemud came up with, but it is so vague as to be meaningless. When you look at the various components of that, it really doesn't tell you what the government is planning on doing. It's not a plan. It's some sort of really loose vision that doesn't give much direction to what's happening. I think this government is in serious trouble. They've taken a lot of criticism recently for not having a plan, and I think there's a reason why that's sticking. There isn't a good plan here, and there's certainly not one that the government has the wherewithal, has the stamina, has the fortitude to stick to. Any reason at all is a good reason to vary off of this.

So what are we going to see come forward next time? What we've got already is planning to go forward and spend even more of that nonrenewable resource revenue. Fiscal year 2004 was \$3.5 billion, 2005 was \$4 billion, 2006 \$4.75 billion, and now we're looking at \$5.3 billion. That's what's happened to it just over the last couple of years. That doesn't show any kind of restraint to me. It doesn't show any kind of planning. It just shows: where do we get more money from to do whatever we want to do? I think we as stewards of natural resource revenue have to be much more careful than what I'm seeing coming out of this government. I don't see the ideas coming either about exactly where we would want to spend that money. The whole thing just smacks of old, tired, and let's do what we did last year but a bit more. I don't think that's the expectation that Albertans have.

So thanks for the opportunity to speak some more. I know we've got some other bills up tonight, and I'm eager to get on to them. I will cede the floor to others that are interested in continuing this debate.

Thank you very much.

**The Acting Speaker:** Standing Order 29(2)(a). Any comments or questions?

Any other speakers?

**Hon. Members:** Question.

[Motion carried; Bill 24 read a second time]

### Bill 31

#### Health Information Amendment Act, 2006

**The Acting Speaker:** The hon. Member for Calgary-Nose Hill.

**Dr. Brown:** Thank you, Mr. Speaker. Bill 31 proposes amendments to the Health Information Act. These amendments are, in fact, a culmination of stakeholder feedback, input from an all-party Select Special Health Information Act Review Committee, and analysis by Alberta Health and Wellness. Approximately 72 individuals, stakeholders, and organizations did provide feedback during the initial phase of the Health Information Act review. These proposed amendments are required by the department or the health system for things like enhancing the use of the provincial electronic health record, co-ordinating the retention periods for health records held by professional bodies, and clarifying disclosure rules.

10:50

In order to have greater accountability in how funds are spent, the department is recommending information disclosure for the limited purposes of determining a person's eligibility for health services, payments, benefits, or for auditing those services and payments. These limited disclosures would be done among governments and some third parties for the purposes of paying for services and ensuring accountability. There is general acceptance of these proposals by the majority of stakeholders, including the office of the Information and Privacy Commissioner and Government Services.

The all-party Select Special Health Information Act Review Committee made broad recommendations that health information must be reported to the police for public safety purposes. Mandatory disclosures have not been enabled by this bill; however, there are significant amendments that would allow discretionary disclosures for reasons of public safety to prevent or report health system fraud, et cetera. These disclosures will be at the discretion of the custodian and are limited to specific data elements. These amendments balance the privacy of an individual's information with the protection of the public and the health system.

A significant amendment is to allow the Health and Wellness department to compel reporting on health system management information matters, initially in regard to community-based drug dispensing information. This is an emerging issue recently raised by the department. The change would allow the department to better track drug trends as the growing cost of pharmaceuticals has a significant impact on health care budgets. It will also have a positive impact on patient safety issues. Facilitating greater use of the electronic health record would allow pharmacists and doctors to have more accurate patient drug histories. Each year 18,000 Albertans require hospitalization due to improper medication use.

A further recommendation not addressed by the select committee has been raised by Government Services in response to the USA PATRIOT Act. It deals with the need to protect the privacy of Albertans by ensuring that their health and other personal information cannot be automatically disclosed in response to a U.S. court order. Alberta Government Services is recommending an amendment to the Freedom of Information and Protection of Privacy Act and a complementary amendment to the Health Information Act to

ensure a consistent response for foreign contractors. This will apply to disclosure provisions in the Health Information Act that allow disclosure without consent of a court subpoena, warrant, or order. The penalties for a violation of this disclosure provision would increase to a minimum penalty of \$2,000 for an individual and \$200,000 for a corporation to a maximum of \$10,000 for an individual and \$500,000 for a corporation.

Mr. Speaker, I move second reading of Bill 31.

**The Acting Speaker:** The hon. Member for Edmonton-Centre.

**Ms Blakeman:** Thank you very much, Mr. Speaker. Well, I've been looking forward to this because I was actually on the special committee to review the existing Health Information Act, and what fun we all had. So now we finally see some of the fruits of our labour coming forward in this bill. I've been going through it, and I think in some cases I've been able to match the recommendation.

Sorry, let me back up a bit. The committee did produce a report and a number of recommendations. There were a lot of them. I think we're into the 50s, actually, 59 recommendations. There you go. A number of them were saying that the committee should be restructured and should examine various other aspects, but quite a few of the issues that we dealt with are in fact reflected in Bill 31. We accepted a number of written presentations, and there were also public presentations that were made to the committee, raising a number of different issues.

What we need to remember, if I may just sort of do a really brief little refresher course, is that the Health Information Act is exception-based legislation. It essentially says that we don't disclose people's personal health information except under the following circumstances, and then you get the rest of this quarter-inch thick bill that basically outlines how that happens or under what circumstances that happens.

Now, there are also two ways. There are the sections that talk about disclosing information with the consent of somebody and disclosing information without the consent of somebody. This is where we need to be very, very, very careful because we need the co-operation of the public in order to have this system work. We need people to give us health information, and if they think we're not going to do the right things with it, they won't give us the information, which stymies our system.

Especially when we look at innovations like electronic health records and even electronic medical records, we really need the co-operation of Albertans to give us the information. That is balanced by legislation like the original Health Information Act and by Bill 31 to have restrictions and limitations in place on how we're going to use that information or allow others to use that information. So it's a fine balance, and we need to be careful here because we can do this well and advance forward, or we can do it not well and hamper some really wonderful opportunities to enhance the health care system.

The second suggestion of the night from me to my colleagues on the government side. You know, I think we all recognize that electronic health records can help streamline our system and correspondingly reduce costs, but it relies on people having trust in what we're doing, and it relies on our being able to use their information appropriately. I would argue that in many cases we collect too much information from people, and we use it too much, but that's another, longer argument.

Let me attempt to address what I'm seeing here or some of the questions that have arisen for me already in this legislation. I believe, and I'll ask for confirmation, that the sections about the registration number for the health services providers is reflective of recommendation 13.

Let me go at this another way because in second reading you're really talking about the principle of the bill and not a sort of clause-by-clause examination of it, which is hard to do in this context, Mr. Speaker. So I'm asking you to grant me a bit of leeway here because we have to work with the details of what's here.

I'm wondering which sections in particular the sponsor of the bill believed were addressing the concerns around the PATRIOT Act. If I may correct the sponsoring member, the PATRIOT Act indeed had a great deal of discussion in the review committee. It was most certainly raised in that committee, so the member's statement that it wasn't considered is not factual. We had a great deal of discussion about it. You're reading the final report, which does not include many hours of meetings and discussion. Believe me: that was discussed. So what section in here does he believe is addressing the concerns that were raised around the PATRIOT Act?

Just as a refresher for everybody here, the concern there was that the U.S. passed the PATRIOT Act, and where it started to affect us is that it basically said that the U.S. government could use personal information that any of its companies held even if it was on other people. So, for instance, if we had a health care provider or insurance provider in some way or somebody . . .

**An Hon. Member:** IBM.

**Ms Blakeman:** Yeah, that's right.

This is very far reaching because if we had a contract with IBM, an American firm, which we do, to take our data on health information and put it onto reel-to-reel tapes for storage for archival purposes, under the PATRIOT Act the American government could get our personal health information that is held by IBM. That's what that act was enabling. So what can we do to protect our information, and what clauses in here, exactly, does the sponsoring member believe are going to protect us in that case? I'm assuming that it's probably section 3 and possibly one I'll come back to later, but I'm interested in hearing that in particular.

**11:00**

The second one, that I believe may be the one they're trying to use to address the PATRIOT Act, would be appearing on the top of page 4 and which is amending section 35, adding in talking about courts having jurisdiction in Alberta or a rule of court that's binding in Alberta. If this is what they're trying to protect us from the PATRIOT Act implications with, let me know that. If not, please tell me what mischief this clause was designed to address. Generally speaking, when you get amending formulas brought in or you get legislation like this changing an original act, it's trying to address a situation that has arisen or a problem that comes up or a mischief that's been created. What are you looking to address with that particular clause?

Now, you've got some housekeeping there where you're going from an ethics board to a research ethics board. That's fine. It's a little housekeeping change. It shouldn't be identifying anything. I think this is referring to recommendation 39, and I'm just checking about the scope. That should come under the sections on scope and use of individually identifying health information. Is that what we're up to here?

I think that we've got recommendation 27 in section 35, which is the disclosure of diagnostic treatment and care information without consent. We need to be really careful about this because this is where people have to trust us that we won't be disclosing that personal health information without a really good reason and with a lot of limitations on how it's done and with a great deal of oversight and double-checking and guards in place to make sure that it's not abused.

So that's section 5. This is where having an all-party committee that worked out some of this legislation in advance would be very helpful because then I could have just worked through this, but this government won't go for those kinds of committees.

Okay. What's significant about this is that it is without consent. Part of what's important here is how long the information is kept. History itself is never stale-dated, so once we've collected this information or we've allowed someone else to disclose it, that information is out there forever. We can't get it back from them, so we've got to be really careful when we let it out there. What we're talking about here is the government of Canada or another province being able to get at this information. Why are we doing that?

Now, one of the other issues that was very contentious in the committee – and I want to make sure that we don't get anything being snuck into this legislation – is in the section that's talking about registration information to complete warrants. I want to know whether we're getting implementation of the contentious issue that was around allowing or actually forcing – this would be allowing – medical professionals to have to disclose personal health information about someone that was in the hospital in response to a request from a police officer in a nonemergency, non-life-threatening situation. That was the contentious part of this because I believe that where it was emergency or where it was life-threatening, there were already provisions that would allow for the provision of that information.

I didn't believe that it was appropriate for us to have a sort of general fishing trip, for a police officer to wander in there and see if his favourite top five criminals happen to have broken their legs or cut their hands on a piece of glass and were currently in the hospital, and they could then get a mitt full of information about them, including their health insurance, their whereabouts, home addresses, telephone numbers, and all of that sort of stuff. I'm looking for the assurance from the member that that is not being enabled under this legislation that's being brought forward in Bill 31. There are a number of sections that talk about it.

The problem is that lots of times police officers don't have all the information they need to complete a warrant. They need a home address or they need some kind of personal identifying information, and if they can wander into the hospital and say to the nearest doctor: "Gee, I'm looking for Joe Blow. Is he in here? By the way, what's his home address and his telephone number?" if there's a clause that allows that to happen, then it's not for us to be putting health professionals in a position where they're doing the work for police officers. That was very contentious in the committee. The recommendation was actually put forward by the committee by a majority vote, and I certainly wasn't supporting that. I want to ensure that that is not being contemplated in this legislation.

That's the stuff that's showing up at the bottom of page 3, which is amending 35(1) and various subs under that, where we end up talking about:

For the purpose of complying with a subpoena, warrant or order issued or made by a court, person or body having jurisdiction to compel the production of information or with a rule of court that relates to the production of information.

So I'm looking to make sure that we're not allowing them to sort of warrant information shop here.

I have additionally a question about some interesting language that's being used on the bottom of page 4, where it's talking about:

For the purpose of obtaining or processing payment for health services provided to the individual by a person that is required under a contract to pay for those services for that individual.

What's being contemplated here? Are you talking about a guardian? I don't think so. I'm wondering if you're not talking about a private health insurance plan that would be required or contracted to pay for a particular service for somebody. Can I get an explanation of

what's being contemplated there? This could be referring to section 28, but I'm wondering what the "pay for" part of it is about. Could this also be around a delisting of services that somebody would have to pay for something? What's being contemplated there?

There's a section that's being deleted here, and that's the requirement that if information is disclosed by a custodian – and again this is individually identifying diagnostic treatment and care information. So a custodian is disclosing this to a health professional body for purposes of an investigation or a discipline hearing, a practice review, or an inspection. Right? There were clauses that required that the information be destroyed and at the earliest possible opportunity if the complaint doesn't go forward. Now, I think I'm remembering a discussion that they wanted to be able to hang onto that information for a period of time because sometimes the complaint is not resolved or it comes around again in a slightly different form, and they didn't want to have already dumped the information. That might be what's being contemplated here, so let me know if that's the case. If not, why are we dropping or deleting the requirement that the health information – and this is individually identifiable information – be destroyed?

11:10

We're adding in a unique identifier number, which again there was a great deal of controversy about. My colleague from Edmonton-Gold Bar – well, I'm sure he'll want to get in on this discussion because he really did not like that concept. But I see it's coming in here.

I'm wondering about section 7 – I believe it's reflecting recommendation 34 from the committee – how it affects a fee-for-service or a contract provider. Does it limit investigation of fraud or abuse of the system for a private provider? The way this is laid out now, it looks to me like you couldn't investigate a private provider based on what we have in Bill 31 here, so I'd like some additional information on that.

Oh, my time is going to run out before I am anywhere near finished. On the section appearing on page 6, which again is amending section 37 in the main act talking about a custodian disclosing health services provider information, how does this affect a private provider? I'm sure the member is well aware that 30 per cent of our health services are currently provided out of the private sector. It's very important for us that we know how they're supposed to handle information and how we're able to investigate them. So questions about that as well.

There's an entirely new section in here that's adding a new section after section 37. It is around the limiting of fraud and abuse of the health services, and it's looking for information about individuals, but it also gets into being able to provide or collect information on the health service provider. Now, I'm wondering here if we don't have a back-door provision being added. Another very controversial aspect of the committee was the health service providers, which for the most part are doctors – right? – and pharmacists, I suppose. They did not want individually identifying information out there, and right now the act basically protects that. There's tombstone information and very little else. I'm wondering what's possible under this new section appearing on pages 6 and 7 and 8, I think. Is that going to allow more information to be released or demanded about health service providers through that section?

I'm assuming that section 8 is corresponding with recommendation 43. You can get back to me on that one.

I think my time is almost out, and I know that there are others that want to speak. I'm hesitating on supporting this in second reading until I get some answers back about exactly what's being anticipated.

Thank you.

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

**Mr. Magnus:** Thank you, Mr. Speaker. I'd move that we adjourn debate on this bill.

[Motion to adjourn debate carried]

head: **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 15  
International Interests in  
Mobile Aircraft Equipment Act**

**The Deputy Chair:** Are there any comments, questions, or amendments to be offered with respect to this bill? The hon. Minister of International and Intergovernmental Relations.

**Mr. Mar:** Thank you, Mr. Chairman. I'm pleased to bring Bill 15 to the Committee of the Whole. This bill is motivated by Canada's signature on two international agreements, the first one being the convention on international interests in mobile equipment, also known as the Cape Town convention, and secondly, the protocol on aircraft equipment. These two agreements create a registry of financial interests in aircraft equipment. The registry will give banks more confidence in the security of their airline loans. Bill 15 creates legislation that will link Alberta to this international registry once Canada ratifies.

Canada has already said that it will not ratify the agreements until a critical mass of provinces indicate support. With Bill 15 Alberta would become the third province, after Ontario and Nova Scotia, to pass legislation that links us to this international registry. Ratification is likely to happen over the next 12 to 18 months.

Mr. Chairman, Bill 15 does not amend Alberta's Personal Property Security Act, nor does a new registry on aircraft equipment affect registries for Albertans' cars, trucks, and homes. Bill 15 does allow Alberta to exercise our jurisdiction in an area where the federal government has reached an international agreement. This will help companies like WestJet take advantage of future lower financing costs on new equipment.

Speaking of costs, Mr. Chairman, debate during second reading raised the issue of associated costs to the government of Alberta. The international registry is designed as a self-financing entity and, accordingly, will not be an expense for the Alberta government. Also, when the time comes for our government, we will work through my ministry with our colleague provinces and the federal government to ensure that the convention and the protocol are implemented consistently across Canada.

I conclude only by saying, Mr. Chairman, that I encourage all members to support the International Interests in Mobile Aircraft Equipment Act at this stage of reading. Thank you.

**The Deputy Chair:** The hon. Member for Lethbridge-East.

**Ms Pastoor:** Thank you, Mr. Chair. I would rise to support this bill. I had a fairly thorough briefing with the former Minister of International and Intergovernmental Relations and feel that in a way it really is just global housekeeping at this point in time. It's sort of a small step on our part if we're only number 3, which I understand.

The one thing that I would like to think and dream is that if we're making it easier for WestJet, it might be cheaper to fly. I know that that also is pie in the sky. However, that isn't really what I think the point of it is. It also would actually help not just the aircraft but also the parts that would be going across the different international borders. So I would support this bill.

**The Deputy Chair:** Are you ready for the question?

**Hon. Members:** Question.

[The clauses of Bill 15 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 27

#### Vegetable Sales (Alberta) Act Repeal Act

**The Deputy Chair:** Are there any comments, questions, or amendments to be offered with respect to this bill? The hon. Minister for Infrastructure and Transportation on behalf of the Minister for Agriculture, Food and Rural Development.

**Mr. Lund:** Mr. Chairman, I'm extremely pleased to have the opportunity to talk to this extremely important bill that has outlived its usefulness. This bill eliminates the Vegetable Sales (Alberta) Act and the two associated regulations, the vegetables sales regulation and the grades, packages, and fees regulation. This act was enacted some 50 years ago to define grades, package sizes, and inspection protocol for major vegetables that were grown in Alberta.

Times have changed since this act was originally introduced, and federal grades and standards are being utilized across the entire industry to create consistency and to make interprovincial and international export as simple as possible: one consistent standard simplifying exports. Industry is very supportive of the elimination of this unnecessary and unused act.

11:20

**Ms Blakeman:** Oh, the glorious vegetable. I've been very impressed with the passion that this particular repeal act has raised, particularly with my colleague for Edmonton-Rutherford, who in second reading gave an impassioned speech supporting market gardeners.

Interestingly, I have a great respect for vegetables, and I have to eat a lot of them because I can't eat meat. So, boy, am I a fan of vegetables. But I've got to admit to you that I am more than willing to repeal the Vegetable Sales (Alberta) Act, which stands before us in Committee of the Whole as Bill 27. I would like to wish it all good sailing down the channel of repeal. At this point I think we could call the question.

**The Deputy Chair:** Are there any others?

**Mr. Chase:** I heard the cries of the vegetables.

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

**Mr. Chase:** Thank you very much. Vegetables are a maligned outfit. They're quite often confused; for example, tomato, to-mah-to. Is tomato a fruit, or is tomato a vegetable? Any act that clearly defines and distinguishes between fruits and vegetables is especially important, and I'm glad this government saw fit to repeal the act because that clarification is now ever present.

Thank you very much.

**The Deputy Chair:** Any others? Are you ready for the vote?

**Hon. Members:** Question.

[The clauses of Bill 27 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.

The hon. Deputy Government House Leader.

**Mr. Renner:** Thank you, Mr. Chairman. I move that the committee rise and report Bills 15 and 27.

[Motion carried]

[Mr. Shariff in the chair]

**The Acting Speaker:** The hon. Member for Peace River.

**Mr. Oberle:** Thank you, Mr. Speaker. The Committee of the Whole has had under consideration certain bills. The committee reports the following bills: Bill 15 and Bill 27.

Thank you, Mr. Speaker.

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

**Hon. Members:** Concur.

**The Acting Speaker:** Opposed? So ordered.

The hon. Deputy Government House Leader.

**Mr. Renner:** Thank you, Mr. Speaker. Given the hour and the considerable progress made this evening, I move that we now adjourn until 1:30 tomorrow afternoon.

[Motion carried; at 11:25 p.m. the Assembly adjourned to Wednesday at 1:30 p.m.]

