

Title: Wednesday, May 10, 2006 Public Accounts Committee

Date: 06/05/10

Time: 8:30 a.m.

[Mr. MacDonald in the chair]

The Chair: Good morning, everyone. I'd like to call this Standing Committee on Public Accounts to order, please. On behalf of all members of the committee I would like to welcome everyone in attendance. Please feel free to go to the back here if you would like. There's coffee there, and Corinne again has provided muffins for the entire committee.

Now, perhaps we should go around quickly and introduce ourselves, starting with Mr. Johnston, please.

[The following members introduced themselves: Rev. Abbott, Ms Blakeman, Mr. Bonko, Mr. Chase, Mr. Johnston, Mr. MacDonald, Mr. Prins, Mr. Rodney, and Mr. Webber]

[The following staff of the Auditor General's office introduced themselves: Mr. Dunn, Mr. Rajoo, and Mr. Saher]

[The following departmental support staff introduced themselves: Mrs. Carlyle-Helms, Mr. Crosby, Mrs. Hammond, Ms Loughheed, and Mr. Peterson]

Mr. Graydon: Gord Graydon, Grande Prairie-Wapiti, Minister of Gaming.

Mrs. Dacyshyn: Corinne Dacyshyn, committee clerk.

The Chair: The agenda packages were sent out on Monday. If members have had a chance to have a look at them, may I have approval of the agenda? Thank you. Moved by Mr. Webber that the agenda for the May 10, 2006, meeting be approved as distributed. All in favour? Opposed? Seeing none, thank you.

Today, of course, we're having our meeting with the hon. Mr. Graydon, Minister of Gaming. The staff from his department have all been introduced, and at this point I would ask the hon. minister to please proceed with a brief overview of his department. If you could keep it within a 10-minute period because we already have a long list of members who have indicated that they have questions.

Mr. Graydon: Okay. Thanks.

Well, good morning, everyone. Before we get started, it's my very first appearance at Public Accounts. I've never been here as a presenter or around the table or an observer or anything else, so I have only heard about this committee, good things, of course. I'm happy to be here today to talk about the Ministry of Gaming's 2004-05 annual report. It's an opportunity for me to highlight some of the ministry's key achievements during this, my first term as Gaming minister.

It's been a busy and exciting year and a year that continued to see a number of improvements in the delivery of our core businesses, which are liquor, gaming, and the Alberta lottery fund. It's a year that saw significant integration of social responsibility within all three of those businesses.

I have some staff people with me, who you've met. They didn't really give their titles. Norm Peterson is the Deputy Minister of Gaming and the CEO of the Alberta Gaming and Liquor Commission; Ann Hammond, Assistant Deputy Minister of Gaming; Ron Crosby, executive director, finance and administration of AGLC; Lana Loughheed, director of strategic services of Gaming; Marilyn Carlyle-Helms, communications director of Gaming; and Chris Brookes, behind me, my executive assistant.

The Ministry of Gaming is responsible for several entities, and their activities are reflected in the '04-05 annual report. One of those entities is the Department of Gaming. Its areas of responsibility include the strategic direction for the province's gaming and liquor policies, the administration of certain lottery-funded programs, including the community facility enhancement program and the community initiatives program and communications. The Alberta Gaming and Liquor Commission is the operational arm of the organization, regulating gaming and liquor activities and establishing operational policy for those activities within a provincially approved framework. The Alberta Gaming Research Council is a broad-based advisory group that helps direct the research activities of the Alberta Gaming Research Institute and the Alberta lottery fund, which is used to support thousands of volunteers, public and community-based initiatives annually. As well, Gaming is responsible for the Racing Appeal Tribunal, the Horse Racing Alberta Act, and the Gaming and Liquor Act.

Our vision guides the work of all these entities. Our vision reads:

A province that strives to balance choice and responsibility in its gaming and liquor industries, uses revenue derived from these activities for the benefit of Albertans, and provides opportunity for competition and enhanced service in its gaming and liquor industries.

Our employees put these words to work everyday through our mission, which is "to ensure integrity and accountability in Alberta's gaming and liquor industries, and to achieve the maximum benefit for Albertans from gaming and liquor activities."

Our core business overview. Integrity, accountability, and financial benefit for all Albertans are assured through the ministry's three core businesses. One core business is to "ensure that Alberta's liquor industry operates with integrity and accountability and in a socially responsible manner." As in our liquor business, the same commitment is true for gaming. Our second core business is to "ensure that Alberta's gaming industry operates with integrity and accountability and in a socially responsible manner." My ministry remains committed to providing Albertans with choice and convenience when it comes to gaming entertainment and liquor products. We also have the responsibility to ensure responsible provision of alcohol and gaming products and services.

Finally, to "ensure the Alberta Lottery Fund benefits Alberta communities." As I'm sure you're aware, the government's share of revenues from VLTs, slot machines, ticket lotteries, and other electronic gaming is placed into the Alberta lottery fund. From there lottery dollars are allocated to 13 different ministries, including five foundations and Gaming's two key grant programs, CFEP and CIP. Last year over \$1.2 billion from the Alberta lottery fund benefited thousands of volunteer groups, public and community-based initiatives, and complemented core government programs. We mean it when we say: the Alberta lottery fund, "Benefiting your community right now."

We've had some key achievements. Alberta has always been very progressive in the way we manage liquor and gaming, and that continued into the 2004-05 fiscal year.

Our core business liquor policy. As I mentioned, our first core business focuses on liquor. In Alberta the liquor industry is run for Albertans and by Albertans. This privatized model, now in its 13th successful year, is still one of the most progressive and competitive in the country. To ensure this continued success, our ministry recognizes the importance of ongoing consultation with the industry. In fact, consultation led to the creation of the cottage winery policy, which was introduced on February 1, 2005. This new policy allows fruit farmers to manufacture, store, and sell, and conduct public wine tasting on their farms. It's anticipated that these wineries will

encourage farm diversification and food tourism throughout the province. The first cottage winery opened in Strathmore in July of 2005, and recently the commission has approved a second winery in Brosseau.

Social responsibility. As the regulator of the liquor industry the province has the duty to promote the responsible provision and use of liquor policies. Gaming in co-operation with AADAC and industry stakeholders has developed and implemented a number of key programs to promote responsible drinking. One of these key programs is the Alberta server intervention program, or ASIP, which was launched last November. This province-wide certification program better ensures that those involved in the sale and service of liquor are trained under a uniform system with the highest standards. To date over 3,500 individuals have completed training and received certification. At the request of industry the ministry recently assumed management of ASIP to ensure the long-term strategic delivery of the program.

Another key initiative to promote responsible drinking is the under-25 policy. During 2004-2005 the ministry continued to enforce this policy requiring all liquor licensees to ask for proof of age from anyone who appears to be under the age of 25. The result from the summer audit showed an 83 per cent compliance, which was up from 67 per cent the year prior, a dramatic improvement and a contributing factor to our under-25 project team receiving a gold Premier's award of excellence last year.

The ministry is equally committed to addressing other emerging issues, such as violence in and around licensed premises. As part of this commitment we co-hosted two round-tables with the Solicitor General and Public Security this year. As a result of the most recent round-table, which was held March 31 in Calgary, a number of key priorities were determined, such as improved education and training, potentially higher licensing standards, and more research to help curb violence. A final report based on the discussions and outcomes of both round-tables will be released later this spring.

8:40

Performance measures. Overall our performance measures show that 78 per cent of Albertans are satisfied with government's management of liquor businesses. This percentage remained steady from last year, with a slight drop of 1 per cent. However, the percentage of Albertans aware of prevention and treatment programs for alcohol abuse decreased by 6 per cent, from 92 to 86 per cent. We're working to find out why this statistic dropped this year and find ways to improve the awareness over the next year.

We'll turn now to Gaming. The ministry's second core business focuses on the gaming industry, which includes both charitable gaming and provincial gaming activities. Like with the liquor industry, the ministry strives to ensure that gaming activities are delivered with integrity and in a socially responsible manner and that the funds benefit Albertans.

Over the '04-05 year we continued to implement a number of recommended changes to gaming policies. This included recommendations arising from the gaming licensing policy review. That was a comprehensive 20-month review and consultation of gaming policies, which was completed in October of 2001. Today 59 out of the 61 recommendations have been successfully implemented. Key among those implemented are an eight-step licensing process for approving new casinos and a reduction in the number of VLT locations.

Casinos. New casino terms and conditions were developed to manage future gaming in the province, including a strict, comprehensive eight-step casino licensing process for gaming expansion. Growth in gaming is carefully managed and controlled by the

AGLC. All requests for gaming expansion must be approved by the board of AGLC. A key step is the opportunity for Alberta municipalities to express their support or lack of support for a casino development in their community. The AGLC evaluates the applicants' proposed business and marketing plans for key elements, like the effect on local policing, economic impact, and measures to address problem gambling.

To date the AGLC board has approved the construction of eight new casinos: five First Nation casinos and three traditional casinos. Combined, these new casinos will create approximately 1,600 full- and part-time jobs and generate additional funding for the Alberta lottery fund. As well, once the three traditional casinos are operating, there will be an additional 540 opportunities for charities to fund raise each year. The last casino opened was the new Deerfoot casino, which opened in Calgary last November. We are expecting the first ever First Nation casino, on the Enoch Cree First Nation, to open this fall.

Specific to VLTs the AGLC has continued to build on our commitment to Albertans to reduce the number of VLT locations. The goal was to reduce the number of locations between 10 and 15 per cent in three years and keep the number of VLTs capped at 6,000. The AGLC's VLT policies respond to what Albertans told us during that licensing policy review. They want to see VLTs in destination gaming facilities. By the end of March 2005 the total number of VLT locations was reduced by 13 per cent to just over 1,100 locations. The cap of 6,000 also remains firm.

Just a little more, Mr. Chairman, on social responsibility, which is an extremely important part of the department. Like with the liquor industry the ministry also continues to emphasize the importance of responsibility in the gaming industry. In co-operation with key stakeholders, like AADAC, Gaming continually promotes initiatives like the responsible gaming program. This year staff dedicated additional time and resources to educate VLT retailers about the importance of the program. This hard work has paid off, and over 300 retailers participated in the program, which was our best year ever.

Related to that program is the responsible gaming features on VLTs. These features include reality checks, like a visible clock and a scrolling problem-gambling message to target the at-risk problem gambler. A recent study that we conducted showed that VLT players are aware of those responsible features that we've added to the machines. The second phase of the study will continue this year and help determine the long-term effectiveness of those features in helping problem gamblers.

The ministry also continues to help charitable groups understand the roles and responsibilities of holding a gaming licence. In 2004-05 over 9,700 charities conducted and managed their own gaming events and raised \$238 million for a variety of initiatives. That's a great deal of money, and as a result the charities have a responsibility to their communities to ensure that those funds are collected and used properly. The gaming information for charitable groups, or GAIN as we call it, was developed to help ensure that these responsibilities are fulfilled. To date almost 13,000 individuals across the province have received GAIN training. The GAIN unit was awarded a bronze Premier's award of excellence in June of 2005 for their initiatives.

Our performance measures show that 74 per cent of Albertans are satisfied with our conduct of legal gaming, an increase of 4 per cent from 2003 to 2004. This improvement is due to AGLC's tough stance on criminal activity and its resulting regulations, investigations, and audits. However, the percentage of Albertans aware of prevention and treatment programs for problem gambling decreased by 6 per cent from 89 to 83 per cent. Strong awareness about

programs to treat problem gambling as well as alcohol abuse is important. We're working to find out why gaming as well as liquor statistics in this key area decreased and find ways to improve awareness.

Our final core business is the Alberta lottery fund. Pivotal to this core business is ensuring that Albertans benefit from the proceeds of gaming. Over the past year two Alberta Gaming lottery-funded grant programs helped foster and improve the unique characteristic of Alberta's many communities by providing \$69.5 million in grants in fiscal year 2004-05. The \$39.5 million community facility enhancement program provided matching grants of up to \$125,000 to municipalities, nonprofit organizations, and First Nations. The town of Coaldale received \$65,000 to develop a recreational park for the community. Over \$30 million in community initiative programs provided over 1,200 grants to a variety of communities throughout the province. An example of a community initiative is the Aboriginal Youth & Family Well-Being and Education Society. They received a one-time grant of \$75,000 to develop an outreach program.

We continue to place a high value on our commitment to be open and accountable to Albertans. Research shows that Albertans expect to know how gaming revenue is spent and how to access those funds. The ministry continued to provide information to the public about the lottery fund using the theme Benefiting Albertans. A searchable database on the Alberta lottery fund website continues to allow Albertans to see what organizations, initiatives, and communities have received funding and for what purpose.

The ministry also administered a variety of other lottery-funded programs. It included a grant of \$40 million to the province's seven major fairs and exhibitions. These fairs and exhibitions are often the only opportunity for agricultural and trade exhibits in the province's rural regions. In addition, the first of 10 annual grants of \$250,000 was made to Edmonton Northlands to help them retain the Canadian Finals Rodeo. A similar grant went to the Calgary Exhibition and Stampede.

Over the year the ministry also administered funding for a variety of flow-through funding programs, including the racing industry renewal initiative, bingo associations, and the NHL ticket lottery initiative. The ministry also provided funding to other initiatives that do not fit within the parameters of other government programs, such as funding to the Canadian Red Cross to assist with the relief of the Southeast Asia tsunami.

I'd like to point out that when the First Nations casinos are up and running, the First Nations development fund grant program will also receive funding through the Alberta lottery fund. We have worked with the First Nations on the development of the First Nations development fund grant program to ensure that it complies with the First Nations gaming policy. That will include the sharing of gaming proceeds among all First Nations, for which we took direction from those First Nations.

8:50

The Chair: Thank you.

Mr. Graydon: We have some performance measures, but I'm sure we'll get into those over the course of the questions.

Thank you.

The Chair: Yes. Thank you very much.

Mr. Dunn.

Mr. Dunn: I'll be very brief, Mr. Chairman. Thank you. Our report starts on page 201 in our last year's annual report. Last year we

focused on the systems for managing grants that the minister was referring to, and we have three unnumbered recommendations on pages 203 and 205. Briefly, the department should improve the awareness of its grants programs by ensuring that the published information towards grant programs is complete, the department should improve the timeliness of its grants monitoring, and the department should develop guidelines for assessing what is called the other initiative programs grants. I'll briefly speak about that.

For the other initiatives program we found that the department made 32 grants totalling \$16.7 million. Unlike the CFEP and CIP programs, the department does not publish nor does it establish guidelines that explain the purpose of the program, the form and size of grants available, the eligibility criteria, and how to apply and seek approval for those grants. As a result, we were unable to assess if all potential grant applicants were aware of the program, had an equal opportunity to apply and receive grants, or were assessed on a consistent basis.

The department's management told us that criteria were not established or published because of this program's unique nature. We found that requests for funding are received by the Minister of Gaming either directly or through another Member of the Legislative Assembly. These grants were awarded at the minister's discretion. For example, an award of \$65,000 was made to the Culinary Arts Foundation, another \$1.65 million was awarded to the Calgary Centre for Performing Arts.

In addition, we also followed up three prior-year audit recommendations for the gaming worker registration, integrity of gaming activities, and the use of gaming proceeds at the AGLC. On pages 206 and 208 we report that all three of these recommendations were implemented.

Those are my brief comments, Mr. Chairman. I and my staff will answer any questions directed to us.

The Chair: Thank you very much, Mr. Dunn.

I would like to also welcome this morning Mr. Danyluk, Dr. Morton, Mr. Groeneveld, and Mr. Griffiths as well, who have joined us.

Now we will get directly to questions with Mr. Chase, but I would remind all members to please be as brief as possible. There is a long list of members indicating that they would like to ask questions. If you could reference the fiscal year 2004-05 either from the annual report, the government of Alberta's annual report, or the Auditor General's report, the chair would be grateful. Thank you.

Please proceed, Mr. Chase.

Mr. Chase: Thank you. During the 2006-07 Gaming estimates the minister stated: I guess the other initiative program is "basically designed as, if you will, an emergency fund to be called on, to be accessed for something unexpected." How does the minister define an emergency?

Mr. Graydon: Yes. The very title "other initiatives" to me is a perfect title for that fund because certainly not every one would be classed as an emergency, although it is a very good place to go, as exemplified by the tsunami. That was an excellent place to access some funds that were set aside for that. But it's a hard program. Not every request fits into a neat little box. CFEP is a neat little box, CIP is a neat little box, but not every request fits into that box.

You look at the wide variety of grants that have been given: Ronald McDonald house in Calgary, the YMCA in downtown Edmonton, the Viking arena, that I've talked about, that burned down. I guess the Viking arena could be an emergency. Those others are just very large community projects that are outside the

boundaries, if you will, of a standard CFEP or CIP grant but ones that the government feels deserve to be supported because of their importance to the community.

Mr. Chase: Thank you. My supplemental: why does the Alberta Junior "A" Hockey League receive annual funding, thousands and thousands of dollars, from the other initiatives program if the OIP is for emergencies, et cetera. In 2004 they received \$313,500. That was in the 2004-2005 year, on page 26 of the blue book.

Mr. Graydon: Those teams are spread across the province, as you've noted, so I think it was deemed to be more appropriate to take them out of a provincial fund, as opposed to kind of dividing them up, and to handle it as one request, although specific amounts go to each team and then the league itself for running the league. But they are not-for-profit hockey teams providing quite a high level of competition in those communities, and we felt that from a recreation point of view it was a worthwhile cause to support.

The Chair: Thank you.

We will now proceed to Mr. Johnston, followed by Ms Blakeman.

Mr. Graydon, if you would like, if any of your staff would like to supplement an answer, they are quite free and welcome to do so. Thank you.

Mr. Johnston: Thank you, Mr. Chair. My questions will take us to page 21 of your annual report, and it's regulatory activities. Under the integrity of the liquor industry, how much money was spent to enforce the under-25 policy?

Mr. Graydon: Yeah. If someone knows the specific dollar amount – I know about the policy, but I don't know the dollar amount.

Mr. Peterson: I don't have a specific dollar amount in front of me as it relates to the under-25. What we do with the under-25 initiative is hire six young inspectors for the summer months. They are students, three of them out of Grant MacEwan, three out of Mount Royal College, the law enforcement programs there. We send them around the province along with an experienced inspector, so the costs of the program are really the wages for the six young people for the summer months and the two inspectors for the summer months together with their travel costs to take them around the province. That's in essence the dollar value. The program would cost us about \$100,000 a year.

Mr. Johnston: Okay. Thank you. I just want to give kudos for the 16 per cent increase in the compliance with the audited licensees. I think that's significant.

My second question has been covered. It was measurements of the program, and you covered that in the preamble.

Thank you.

The Chair: Thank you very much.

Ms Blakeman, followed by Reverend Abbott, please.

Ms Blakeman: Thank you very much. Before I begin, I would like to offer my compliments to the minister for the staff that he has brought to the table. This is the first time that we've had three women accompanying the minister at the table, so my compliments to you for recognizing that incredible resource we have in Alberta called women.

Now, my questions are around the sorority grant that was allocated during this fiscal year. The reference for it, obviously, is

outlining the program itself, which appears in your annual report on page 11. My question is that the minister has indicated that on some occasions the CIP guidelines allow that the matching component can be waived, but it's not clear why that happened in this particular instance. So there's either a lack of consistency in the way this grant is being administered, or there's unclear application of the criteria of the special circumstances. Here we have a group – and if you look at their application, clearly the numbers were changed on it, whether they were whited out or I don't know what – that applied for \$10,000, which would not require matching funds. They received \$18,000 and change and still no requirement for matching funds. I would like a more-to-the-point answer than we were able to receive in question period.

Mr. Graydon: Okay. The matching component can be waived, and there were many applications over the year where it was waived for various reasons. I think they're looked at individually, why a group would come in and say we can't provide the matching funds. In this case it's my understanding that while the group at one point had the matching funds and had raised money through fundraisers, et cetera, they had in turn donated the money that they had raised to a juvenile diabetes program, I think it was. So they in turn had donated to another worthwhile cause the money that they had raised that would have been their matching funds. So the administration, in reviewing their application, felt that because that was a noble thing for them to do, the matching component would be waived.

9:00

Ms Blakeman: My supplemental. Well, we FOIPed this, and none of that information is forthcoming in the documents that we were able to receive. My question to the minister today is: if this application came forward again, would the ministry treat it exactly the same way, or would there be a different way of looking at it?

Mr. Graydon: I suspect it would be treated the same way. Number one, they're an eligible group, so there's no question about that. They're a registered society, whatever the case may be. The use of the proceeds was an eligible use of proceeds. You may not like the fact that it was a sorority, but it could be a seniors' group applying for furniture for the seniors' recreation centre.

Ms Blakeman: I think it's 11 bar stools.

Mr. Graydon: They would be an eligible group as well. So they were an eligible group, and the use of the proceeds was an approved use of proceeds. When a group receives a grant, we don't dictate what brand of furniture they buy if it's furniture. We don't tell them what kind of roofing material they buy if they're getting the community hall reroofed. We don't get into micromanaging the grant from that point of view. At the end of the program we certainly do an audit and make sure that it was spent on appropriate products, if you will. If they say that they are going to buy furniture, then it's audited to make sure they bought furniture and didn't buy something else. You know, it is audited. There's a time period. I'm not sure when the time period is up on that.

Mr. Peterson: Two years.

Mr. Graydon: It's two years, so the audit probably hasn't . . .

Mrs. Hammond: It hasn't.

Mr. Graydon: The final audit on that one hasn't been completed because the two years isn't up.

The Chair: Thank you.

Reverend Abbott, followed by Mr. Bonko, please.

Rev. Abbott: Thank you, Mr. Chairman. Mr. Minister, you mentioned in your opening comments, and it's also recorded here on page 72 of the ministry's '04-05 annual report, that about \$1.2 billion was distributed through the Alberta lottery fund to support charitable, nonprofit, public- and community-based initiatives. I guess I'm wondering about the application process. It was touched on for some of the dollars, but I guess I'm wondering: where can I find how those dollars were distributed as far as the full \$1.2 billion? That's my first question. I guess I'm wondering how many applications came in for that money? In other words, were there more requests than there were dollars? Where can we see those dollars being distributed out?

Mr. Graydon: Certainly there are always more requests than there are dollars, but the government's share of the proceeds from, as mentioned, VLTs, slot machines, and ticket lotteries go into the Alberta lottery fund. Other departments – I believe it said that there were 13 departments – applied through Treasury Board for some funding from the Alberta lottery fund. For example, Health and Wellness applies for funding through Treasury Board for AADAC. So they received over \$60 million. It's from lottery funds, but Health applies for it, and then it ends up in AADAC's budget. So that's one example. Municipalities: I think unconditional municipal grants are funded from the Alberta lottery fund.

So that information is certainly available on the website. We actually have a printed brochure that's available that we hand out to people showing them what other departments access the lottery fund, how much they get, and what the program was that they used to fund. Wild Rose is another one through Community Development, and it goes on and on.

Rev. Abbott: Okay. So that list is available somewhere.

Mr. Graydon: Oh, yes.

Rev. Abbott: My supplemental is on the same page 72. If you follow along the line that says gross profit. It seems that you budgeted or projected about \$2.2 billion, and you ended up with about \$2.3 billion. So I'm wondering: where does that \$100 million surplus go? Does it just go into the fund as well, and then it gets distributed out? Where does that extra hundred million bucks go?

Mr. Graydon: I'd like to say that it came to me, but it didn't.

Mr. Peterson: It goes to the contingency in the sustainability fund.

Mr. Graydon: So page 102. There's a contingency allowance of the province's sustainability fund. So it's just treated like other surplus monies from the province.

Rev. Abbott: Okay. Great. I was just wondering. Maybe the committee would be interested in having that list of the different departments, how the dollars were distributed.

Mr. Graydon: It is available. It's on page 102 of the annual report.

Rev. Abbott: Oh, great.

Mr. Graydon: It shows every department: Advanced Education, Economic Development, Education, Gaming, et cetera, the complete list, what the budget was and their action.

Rev. Abbott: You said 102?

Mr. Graydon: Page 102.

Rev. Abbott: It only goes up to 83.

Mr. Dunn: You have to be in the right annual report. You want to look at the Alberta Gaming annual report.

Rev. Abbott: Okay. Thank you. Can I just have a peek at it?

Mr. Graydon: Right. Not AGLC's annual report, but Alberta Gaming's annual report.

Rev. Abbott: Oh. I see. Thank you.

The Chair: Thank you very much.

We will proceed now to Mr. Bonko, followed by Mr. Webber, please.

Mr. Bonko: Thank you, Mr. Chairman. On page 203 of the Auditor General's report the Alberta Auditor General tells us that the other initiatives program projects do not fall within the criteria or the parameters of the government programs. "Grants are awarded at the Minister's discretion." Now, we've already gone over this particular piece. I just would like to ask for maybe a little bit more clarification from the Auditor General: what risks are created by the decision of the department not to establish or publish criteria under this other initiatives program?

Mr. Dunn: I mentioned in my opening comments that without established criteria, which you have in the other programs, of course, you get uncertainty around whether every application is treated uniformly and what thoughts go into the decision to grant certain ones and not grant others. So with that, call it, flexibility you may not get consistency within the year or between years.

Mr. Bonko: Okay. To the minister: how many of these other initiatives program grant requests were maybe brought forward by government MLAs, kind of giving into the play that it's a slush fund?

Mr. Graydon: They came from a variety of places. Some come from opposition MLAs. The one I would think of: I suspect that the Edmonton YMCA is not in a Conservative constituency.

Ms Blakeman: No, but it was brought forward by the previous Minister of Justice.

Mr. Graydon: They come from a variety of places. I don't pay attention to whether it's the MLA or where it comes from. It comes across my desk because there's a request under other initiatives grant because it doesn't fit into a standard program somewhere. Usually it's too big. That's usually why they end up coming in there. It's too large a request to be accommodated anywhere else.

The Chair: Thank you.

Mr. Webber, please, followed by Mr. Chase.

Mr. Webber: Thank you, Mr. Chair. Hon. minister, you had mentioned in your opening comments that policies were introduced in 2005 to allow small farm-based wineries to be established and operated on fruit farms in the province, and you had mentioned one

in Strathmore. Now, were there any other farms that took advantage of this, and is there any revenue generated for the government from this?

Mr. Graydon: Okay. It's been successful. It's not a money-maker, and that wasn't the intent of it. It's an agricultural initiative, as far as I'm concerned. It was a request brought forward by fruit farmers who are in the business of having U-grows or whatever in a lot of cases, so the commission developed a new policy. It's a lower markup than a commercial operator, if you will. So one grower has taken up the challenge, and I visited the farm. There is a second application, I know, being reviewed at the moment. As well, I understand that honey producers are now wondering if they could be included in there to produce mead, I believe it's called. So it's getting some interest, and it's generating limited tax revenue, but that wasn't the real purpose. It was to encourage this agriculture-based business, if you will.

Mr. Webber: So on that note, back on February 2, 2005, in a press release, hon. Mr. Graydon, and I quote: "Wine tasting and tours are an important aspect of wine culture and this new licence will allow this type of activity to take place." Do you deny saying this, hon. minister?

Mr. Graydon: Oh, no. It would be nice to have the Napa valley of the north. I guess that would be our goal. Maybe we've got the Napa valley of the Strathmore area or something. But there's potential. A little known fact is that there are cherries growing in Alberta, and they can produce pretty good wine – cherries, saskatoons, blueberries, several crops that are being grown on fruit farms right now. Talking of the one that's up and running, I was at a trade show put on by the Alberta Liquor Store Association a few weeks ago. That particular on-farm winery had a booth there promoting his product to liquor store owners across the province, and he was quite happy. He said it was going very well. His only lobby to me was that he wished they could sell his product through farmers' markets.

9:10

Mr. Webber: Great. That's one heck of a quote, hon. minister.

The Chair: Mr. Chase, please, followed by Ray Prins.

Mr. Chase: Thank you very much, Mr. Chair. On page 48 of the 2004-05 annual report Horse Racing Alberta received \$39.7 million from slot machines. This ministry obviously supports George Orwell's *Animal Farm* theme of four legs good, two legs bad. To the minister: how do you justify funding the sport of kings, horse racing, instead of a school nutrition program and senior supports, PDD, et cetera?

The Chair: Please proceed.

Mr. Graydon: Well, as we've said many, many times, as far as I'm concerned, it's an agricultural industry. It's part of the agricultural industry. Horses reside on farms, and they eat hay and oats and bed down on straw and take up land. So it's an agricultural industry.

It's a flow-through program. A percentage of that money that is played, if you will, or earned, whatever term you want to use, at a racetrack flows through to the industry, and they use that money to supplement purses, to encourage Alberta farm breeders to purchase better stock. They have guidelines of what they can use their funds for.

There are four racing entertainment centres in the province: Grande Prairie, Edmonton, Calgary, and Lethbridge. The slot machines in those locations, obviously, a percentage of the money that's played and lost at those locations ends up, some of it, with the operators. So Edmonton Northlands, as the local example, gets 15 per cent. The operator gets a percentage. Horse Racing Alberta gets a percentage, and the Alberta lottery fund gets a percentage of that money as well. Then, that just goes into the lottery fund and gets disbursed across the province to other worthwhile causes. It's an arrangement made.

Certainly, the horse-racing industry was in serious decline. People weren't going to the track and betting as much money as they had previously because there's competition now from casinos and other forms of gambling that weren't present a few years ago. So the handle, the amount of bet, was going down, and the government felt that the industry should be given the opportunity to help themselves by having slot machines and taking a percentage of those proceeds.

The Chair: Thank you.

Your second question, please.

Mr. Chase: Yes. To the minister: can the government demonstrate that the original objectives of the program were accomplished? I'm wondering specifically how long the subsidies for these tracks have to continue. It seems to me that they're doing extremely well now. Shouldn't we be more concerned about other areas of support?

Mr. Graydon: The annual report from Horse Racing Alberta, which I know I circulated to some people, has an awful lot of measurements in it, performance measurements, if you will. They have a ton of things that they measure. How many Alberta-bred horses are winning stakes races? What purse value is being earned by Alberta-bred horses as opposed to horses that are brought in from somewhere else? How much are breeders spending on purchasing higher quality animals than they were before? Then the basic number that they always look at is: how much are people betting both on-track and off-track at the teletheatres? I think that if I'm correct, Alberta is one of the only, if not the only, jurisdictions in North America where the handle went up last year. In every other jurisdiction it's going down.

Certainly, the concept of using slot machine revenue to supplement purse revenue is not unique to Alberta. It is North America-wide for sure. They call them 'racinos' in other jurisdictions. But I'm not sure that there's a state in the United States that doesn't have 'racinos' and a similar way of getting money into the horse-raising industry from slot machine proceeds.

The Chair: Thank you.

Mr. Prins, please, followed by Ms Blakeman.

Mr. Prins: Thank you, Mr. Chairman. To the minister: on page 22 you talk about violence. One of the unintended consequences of consuming liquor in licensed premises is the violence that occurs from time to time. On page 22 of your report it indicates that your ministry has initiated research into whether or not "violence in and around licensed premises is increasing." So my question is: what did it cost to reduce this violence, and what is the cost of doing this research?

Mr. Graydon: Okay. The whole issue of violence: as I mentioned, we've conducted two round-table sessions, one in Edmonton, one in Calgary. I will get the costs, but our costs – we paid for people to attend those round-tables. People from the industry, police forces,

municipal governments, that sort of thing, came to the round-table and shared their ideas. I think the concern is not that there are more incidents of violence; it's the level of violence. As opposed to someone getting a black eye, now they're getting a knife wound, and that's the concern.

I guess we don't have any costs specifically for the violence round-tables, but, as I mentioned, it's the standard cost of renting a meeting room and getting people to the meeting and moving on with that. Any initiatives that we take will come forward and have to be, you know, budgeted and accounted for in other years.

We do have a cost for the ASIP program, the Alberta server intervention program, which really is a side benefit, I guess, to the violence business. I mean, when you take that training, you take training about, number one, the responsible serving of alcohol, to not overserve and how to identify young people. But we also are developing a part of the ASIP training to deal with security staff at licensed premises, teaching them how to talk people down, if you will, from getting too upset about things, how to handle people who seem to be getting agitated.

My impression is that the violence is happening outside of the licensed premises. It's not happening inside. You review the things you've been reading about in the papers over the last little while: it's out in the street, which to me indicates that the licencees and the staff are probably doing a pretty good job of keeping it under control in-house. It's when they get out on the street and there's a kind of mob mentality that gets going that we start having the problems.

I'm expecting some good things from the second round-table, at the end of the day.

Mr. Prins: Thank you. I suppose the biggest cost, of course, would be to society and to the health care system.

My second question is: do you have any kind of a way of measuring how effective reducing violence was in that year, '04-05, if you have actually reduced it?

Mr. Graydon: No. The first round-table session was held last November, so that would be late '05. The second one was just in March of this year, of '06, so I guess that between us and the Solicitor General, we may be able to gather up some statistics a few months from now, but at this point in time I don't think we can measure. We probably haven't had any effect yet because we haven't implemented any of the . . .

Mr. Prins: Okay. Thank you.

The Chair: Thank you.

Ms Blakeman, followed by Dr. Morton, please.

Ms Blakeman: Thank you very much. I'd like to follow up on an earlier question that was asked and answered, if I may. This is referring, I believe, to the exchange between the Member for Calgary-Varsity, Harry Chase, and yourself about the Alberta Junior "A" Hockey League. Now, the minister indicated that the grant through other initiatives of \$314,000 was to support this particular hockey league, but there is another lottery fund that exactly exists to support that. That's the Alberta Sport, Recreation, Parks & Wildlife Foundation, which exists to fund amateur sports and recreation groups and does for many groups and does not have a limit on how much it can fund them for.

9:20

Again, given that there's an organization there to fund them, what special circumstances were in play that they were getting this

ongoing funding repeatedly? There's no emergency about this. It's annual. Year after year after year they're getting money from the other initiatives program to fund them for activities which are eligible under another lottery grant and – I wasn't able to check fast enough – may well be receiving money under another lottery program, Alberta Sport, Recreation, Parks & Wildlife, Wild Rose, any number of other ones. So what are the special circumstances that are in play here?

The Chair: Thank you.

Mr. Graydon: Let me ask the deputy, or Ann may know better because I wasn't here when it started out.

Sorry. We'll have to respond in writing to that one, what special circumstances were in place at the time that it initially started up.

Ms Blakeman: Well, it's a repeating grant. So what's still in play?

Okay. My supplemental question is also a follow-up on an earlier exchange with the minister. This is around the performance measurements on the racing initiatives. When this grant was first brought into place, we were told that this was to rejuvenate a dying activity. At that time there was no mention made of: we will judge this based on how much money people bet on it. It was all about, you know, more racers participating, more race days, more people involved and gaining their income from it. You know, the muckers out of the barn.

The Chair: Question, please, Ms Blakeman.

Ms Blakeman: Thank you. Can you give me more realistic and more direct performance measurements about how this is in fact measured aside from how much gaming is done, how much people gamble on it? How did this program work?

Mr. Graydon: The amount of how much people bet. If I were to get the annual report from Horse Racing Alberta – you have it there – it's probably 20 different things that are measured. So it's one measurement of how many people are showing up and how much they're betting.

Some of the numbers that we have. A recent economic study commissioned by Horse Racing Alberta estimates that the "contribution of the horse racing and breeding industry to the Alberta economy in 2004 was \$355 million, a 118% increase in the annual economic contribution . . . since 1999." The study also reports that over 50 per cent of the economic benefits are related to the basic agricultural economy in Alberta. That refers back, as I mentioned, you know: more animals equates to more feed, equates to more farms.

A couple weeks ago I spoke to a horse breeder from the Olds area who was building a new \$400,000-plus stable for his horses. He stated emphatically to me that he would not even be in the business any more – he'd have left the business – had it not been for the racing renewal initiatives. He talked about the number of staff he had employed, the trainers, the backstretch people, the people that clean the stalls, et cetera at his farm and the investment in this building. So it's those kinds of things that we're seeing and that Horse Racing Alberta, I think, has a good handle on because they talk to their members and keep track of what new facilities are being built and what new staff are being hired.

The Chair: Thank you very much. Just a reminder to the minister and his staff: any written responses are through the committee clerk to all members, please.

Also, just for the record, in the general revenue fund for the year ended March 31, 2005, details of grants, supplies, and services, there is only one item for the Alberta Junior "A" Hockey League listed, and that's under Gaming. That's, again, for \$313,500. So there is no other amount listed in this blue book.

Thank you.

Ms Blakeman: Right. I apologize.

The Chair: Dr. Morton, please, followed by Mr. Bonko.

Dr. Morton: Thank you, Chair. Thank you, Minister, for being here today. My question arises from some information on page 38 of the annual report for Alberta Gaming. It starts with your observation that the number of VLTs has been capped at 6,000 since 1995 and that there's been a reduction in the number of locations of VLTs. My question flows from that. The question is: do you know how many people played VLTs in '04-05, and is that number increasing or decreasing from where you started, say, in 1995?

Mr. Graydon: Okay. We would know the dollar volume but not numbers of people, and that number continues to increase. Surprising to some people, not all gaming revenue is going up every year. For example, the revenue from ticket lotteries seems to be decreasing. People aren't as excited anymore about those kinds of lotteries. It used to be the only game in town – well, it was the Irish sweepstakes first, and then it was 6/49, those kinds of things – but now there are other options for gaming, so the revenues from ticket lotteries are going down, but VLT revenues continue to increase.

The initiative was to reduce the number of locations, the number of spots where you could go and play the game, and the intent was that if you went, it would be to more of a place dedicated to gaming. So they've been moved. The 6,000 machines are still out there. It's just that there are some locations called VGERs, video gaming entertainment rooms. You find them in hotels generally. It's a more upscale room, and they're allowed to have more machines in those VGERs. They also have darts and pool tables, and it's a destination, if you will.

Dr. Morton: But the fact that the number of machines is capped and the fact that there's an effort to reduce the number of locations seems to imply that there's a concern of some of the hazards or dangers that accompany VLT playing. So it seems to me that it would be of some relevance to the government and to the Auditor General to know not just what the revenues are but the number of people that are playing and whether that's increasing or decreasing. That's an idea for maybe future research.

My second question. I note and I'm happy to see that quite a bit of the money goes to fund research on gaming and particularly, again, on problem gamblers. Does any of that research provide a socioeconomic profile of who plays VLTs? There's a perception out there that the people that play tend to be with lower income and lower education. Is there any research to substantiate that or not?

Mr. Graydon: Okay. Just to give you a better answer on your first question about the number of people playing and revenues et cetera. On pages 34 and 35 there are the results of "Participated in Gaming Products or Activities," and VLTs, specifically, went down from 16 per cent to 15 per cent over 2004 to 2005 and the same with those who purchased or participated in different gaming products. On page 35, VLTs, that little graph shows that there are fewer people playing VLTs, participation slightly decreased over the previous year there. So that's pages 34 and 35.

Dr. Morton: That's in response to a survey though, right? That's not actual counting in the field. That's a telephone survey, self-identification.

Mr. Graydon: Yes. Right.

The Alberta Gaming Research Institute, which we fund to the tune of \$1.5 million a year – it's research conducted out of the University of Alberta, Calgary, and Lethbridge – are the ones that do our research for us.

The question about the socioeconomic profile of the people gaming, Norm would know whether . . .

Mr. Peterson: Well, there has been some research done, but it hasn't certainly been conclusive research on the number of people that game and how much money they do in fact spend. It's one of the areas that we're attempting to push the Alberta Gaming Research Institute into doing some good, solid research on. It's nothing that they've accomplished yet.

Dr. Morton: My question was about the socioeconomic profile . . .

9:30

The Chair: Excuse me, please.

Dr. Morton: He didn't answer my question.

The Chair: No, I realize that, and that's important. Welcome to the club.

Bill Bonko, please, followed by Mr. Griffiths.

Mr. Bonko: Thank you, Mr. Chairman. This ministry talks about a certain responsibility to the public. In 2004-2005 there's obviously an increase in revenues in gaming as well as alcohol. There's also an increase in addicts for gaming and alcohol consumption. How does this ministry, then, define itself as being responsible when you see an increase in both addictions?

Mr. Graydon: Well, I think that would be the natural force here. By research we know that I believe it's about 86 per cent – I'll talk about gaming. For example, 85, 86 per cent of Albertans engage in gaming of one form or another, whether that's buying a lottery ticket, going to the racetrack, or playing a VLT or slot machine. Of that percentage 5 per cent are at risk of developing a gaming problem. One per cent of the 85 per cent – between 1 and 2 per cent, closer to 1 per cent than 2 – are the people that, unfortunately, you read about that have stolen from their employer, have lost the family home. So we know those percentages. They're measured. I guess it's just a numerical equation that you are going to have that percentage of people who experience those problems.

That's what we concentrate on. That's why we've opened responsible gaming centres in two casinos in Alberta in the last little while: to educate people on the true odds of these games and convince them that they can't win – at the end of the day you're going to lose your money – tell them that all these myths about, you know, hitting the slot machine on the top twice and on the side once is going to bring on a winning number. We show them very graphically on a computer that it's just a random number generator, that there's absolutely no way you can influence whether you're going to win or lose.

We have a social responsibility division. We have employees that work full-time trying to help and, if you will, reduce those percentages. We take it very seriously.

Mr. Bonko: Okay. I appreciate that. Then to follow up, Mr. Chairman, based on it being serious, why isn't more money for AADAC and addictions treatment tied as a percentage to the amount that comes in from gambling and/or alcohol revenues?

Mr. Graydon: Yeah. We've never tied it to a percentage of revenues, that I know of. AADAC makes a request. They submit their budget to Alberta Health, and Alberta Health submits their budget to Treasury Board, and they say yea or nay, and the money comes from the Alberta lottery fund. Your statement is true: it's not a fixed percentage of income.

I believe the chair of AADAC is . . .

Mr. Bonko: He's left.

Mr. Graydon: He left, did he? Okay.

I think they are satisfied with the amount of money that they're getting. We continually work with them to make sure that they use it for treatment. In our case we want it being used for treatment of alcoholic addiction and gaming addiction. Hopefully, they get their money for other addictions from somewhere else.

The Chair: Thank you.

At this time the chair would like to welcome Dr. Brown, who had a previous engagement as the chair of another committee. Welcome, and good morning.

Mr. Griffiths, please, followed by Harry Chase.

Mr. Griffiths: Thank you. Mr. Minister, there are deeper and deeper types of performance measures that are available. The most superficial, I always say, are the satisfaction surveys. Deeper are the input and output measurements, and then finally there are the outcome measurements to really see outcomes in society of the programs that government runs.

On page 28 of your report you have a performance measure on the percentage of the population aware of the prevention and treatment programs that are run by your department. I'm wondering if one of your staff members that you brought could explain to us how much money is spent on those programs.

Mr. Graydon: On the awareness programs?

Mr. Griffiths: Prevention and treatment.

Mr. Peterson: It's not just the Alberta Gaming and Liquor Commission. These prevention and treatment programs are in large part provided by AADAC. We work with AADAC in helping to get the information out to the liquor retailers, licensees, gaming operators, and the like. It's more of a cross-ministry type of initiative that we take care of with AADAC. So it's really more of an AADAC program than anything else that we support and work with AADAC on.

Mr. Griffiths: I might have missed it. Is there a measurement by your department from that year to measure the tangible benefits of running the programs, of how much money was put in and then what the outcome of spending that money is, whether or not you actually treated somebody, whether or not they stayed off gambling, that sort of thing?

Mr. Peterson: Well, that would come out of the AADAC results.

The Chair: Thank you.

Mr. Chase, please, followed by Mr. Danyluk.

Mr. Chase: Thank you, Mr. Chair. Repeatedly in the rural newspapers in the 2004-2005 year we saw a smiling Conservative MLA holding a huge prop cheque with their personal signature on it presenting gaming grant money to their constituents. My question is to both the Auditor General and the minister. Is this photo op practice ethical when the money, in fact, was generated by Albertans and not out of the member's personal bank account?

Mr. Dunn: First to you, Mr. Minister.

Mr. Graydon: I was just made aware of that through some tablings that were tabled in the Legislature over the last month or so. I wasn't aware that that practice was going on, and it will not be going on any further.

Mr. Chase: Thank you.

Mr. Dunn: I believe you have your answer.

Mr. Chase: Thank you. I appreciate the fact that you recognize the unethical practice.

In the 2004-2005 year did the ministry consider restoring local community lottery boards and giving them back the authority to apply for and distribute grants; in other words, take politics out of the process?

Mr. Graydon: No, it hasn't been raised as a serious concern. I think the one advantage, if you will, of the system that we have now is the efficiency and the low overhead that's involved. To run the program before with boards across the province in every little community cost much more money than to run it the way we do now. This way the money is ending up back at the charity for charitable purposes and not being used for administration. It hasn't been raised. No contemplation of going back to the community lottery board system.

The Chair: Thank you.

Mr. Danyluk: Well, Mr. Minister, first of all, I'd very much like to compliment you on the complement of staff that you do have. I want to say that they have been very helpful in a lot of situations that I have had, whether they be male or female, both of them. Thank you.

Mr. Minister, there was a subject that was brought forward in regard to the under-25 policy on page 22 in the annual report. Now, what happens is that when we go into an establishment, we do see the signage about the under-25. I hear from a question that you answered that you hire six students for the summertime. So I guess my question is: is that the only time that we're doing inspections, and how many establishments were checked in '04-05?

Mr. Peterson: Well, it's not the only time. We have a significant complement of inspectors that are going around the province and doing licensing checks of all sorts and visiting licensed premises. I believe the number of inspections that we did in 2004-05 was about 25,000, 26,000 individual inspections of licensed premises.

There are obviously some premises that we only visit on a once-a-year type of basis. There are other premises that are clearly identified as potential problem areas, and we may visit them several times a year. Our inspectors go into these premises. They have a checklist. They're not only checking for minors. They're checking for overservice. They're checking that the liquor is being served based upon a set serving ratio; for example, that when you pour a

drink, if the bar says that there's going to be a half an ounce of alcohol in it, in fact half an ounce is being poured. Things along that nature. So there's a whole long list of inspection activities that occur when our inspectors go out.

The under-25 is very specific because the folks that we hire are kids. We hire really, really young folks, and if you take a look at the Alberta Gaming and Liquor Commission website, these kids are over 18 years old, rarely over 19, but they look 16, so they should be asked for identification. Most of our inspectors don't look 18. Most of them are looking like the 30, 40 type of age group, so they're never going to be challenged for IDs. That's why we have that specific under-25 program.

9:40

The Chair: Would you like to supplement, Mr. Dunn or Mr. Saher?

Mr. Saher: Yes, if I could, through the chair. The question was asked about how many inspections were done. If the member would like to use the Alberta Gaming and Liquor Commission annual report, which is the other report that members were invited to have with them today, there's a page in there, page 50, which talks about the liquor licensee compliance with legislation. I'm just reading from this just to confirm the deputy minister's answer that AGLC staff conducted 25,198 liquor inspections in 2004-2005. That's 6 per cent more than the previous year.

The Chair: Thank you.

Mr. Danyluk: Can I rebut?

Mr. Graydon: He's mad because he hasn't been checked.

Mr. Danyluk: I think what happens is that those accounts were generalities, and I wanted specifically for the under-25. That's all I was saying. Okay.

I guess my comment is that you have done numerous inspections. Could you tell me how much revenue was generated through fines from the establishments breaking this policy, and maybe how many people were charged?

An Hon. Member: Those are two questions.

The Chair: That's okay.

Mr. Peterson: I'm not sure exactly how many people were charged, but the revenue in 2004-05 from fines for this particular program was \$16,500. It is not a revenue-generating exercise. What we are trying to do is educate licensees that if they see somebody that looks to be underage, they should be asking for identification. We want to make sure that underage kids are not being served alcohol and are not being allowed access to premises. This is one of the issues that AADAC raises at various points in time in terms of underage drinking, and we want to reinforce that with our licensees.

This program is very much supported by the industry. When I talk about the industry, I'm talking about the Alberta Liquor Store Association, the Alberta Hotel & Lodging Association, and the Alberta Restaurant and Foodservices Association. These industry organizations are very strong supporters of this particular program and strongly encourage their members to work with the Gaming and Liquor Commission and comply with the rules.

The Chair: Thank you.

Ms Blakeman, please, followed by Dr. Brown.

Ms Blakeman: Thank you very much. We had done an access to information request on Rod Love Consulting, which does show a verbal contract but unclear on what area he was working in with this department in the year previous to what we're examining. I'm wondering: in the year that we're examining, did the department tighten up any of its contracting policies? Maybe you can give me some information on that, whether you require written contracts in all cases or if verbal ones, as with Mr. Love, is still accepted in this fiscal year?

Mr. Graydon: The contract with Mr. Love was a written contract, and it was of a minor amount. But that's beside the point, I guess. I believe it was under \$3,000 for a specific period of time. A written contract. So at the moment we would follow government policies about having written contracts or not.

Ms Blakeman: Okay.

Mr. Graydon: We don't have a whole bunch of consultants running around. I can assure you of that.

Ms Blakeman: Yeah. I can see that.

Can you tell us how his advice or his work in the department affected the department's operations in this year?

Mr. Peterson: Mr. Love provided advice in a number of different areas. One of the examples that I will use is that – and I believe it was in this particular year – he assisted us in meeting with the horse-racing industry and going through a number of issues that we have with the Alberta horse-racing industry.

The Chair: Thank you.

Dr. Brown, please, followed by Mr. Bonko.

Dr. Brown: Thank you, Mr. Chairman. The concern that I have and the question that I want to ask is with respect to First Nations' casinos and the policy with respect to smoking on those. As I understand it, there are now seven applications that are pending for First Nations' casinos. Obviously, these individuals, according to your report, are going through the same eight-step process as every other casino, so presumably we can assume that these First Nations have a turn to the jurisdiction. They recognize the capability of the province to regulate and manage this industry. So given the fact that they have a turn to the jurisdiction, I want to know whether or not there will be the same restrictions on tobacco use as there will be in the rest of the province. If there is a province-wide smoking ban in public places as there probably will be at some point, will they be required to conform to existing provincial legislation at that time? It seems to me that otherwise there's going to be an unlevel playing field and that people addicted to tobacco are going to flock into those casinos. We're going to have health problems for the people that do work in those casinos. I'd like to know whether or not the provisions of those contracts will specify that they have to conform to provincial health and safety laws.

Mr. Graydon: I can't look into the future, but the issue of smoking is a municipal issue controlled by the municipality right now. That's very obviously where Edmonton has absolutely no smoking, and casinos comply with that or bingo halls or whatever the case may be. Other municipalities are following the provincial legislation, which says that if there are children around, you can't have smoking. So those two rules are kind of in place at the moment. The First Nation, Enoch is the only one that I'm familiar with because they're the only

ones under construction right now on the edge of Edmonton. Certainly, there's a concern that that will be a smoking casino because the reserve will dictate their own policies as far as smoking or nonsmoking goes. So for the time being, that would be a smoking casino. If the province eventually goes a hundred per cent nonsmoking, I'm not sure that we can force them to follow provincial legislation.

The Chair: Thank you.

Please proceed with your second question, Dr. Brown.

Dr. Brown: I would like to ask a supplemental question. I'm not really asking as to what the present status quo is because I understand what the provincial legislation is. My point is that if they are in fact under the jurisdiction of the province of Alberta, then surely there should be some provision in there as far as health and safety regulations that they would conform with the regulations as they exist from time to time. What I would like to ask is whether or not there is a term in the contract or in the licence, the casino licence operation, that would specify that they have to conform with those laws from time to time as they exist.

Mr. Peterson: All casinos, for example, have to comply with all provincial, federal, and municipal laws and bylaws. So whatever the case will be, that's what they have to comply with. That's part of the casino terms and operating conditions.

The Chair: Thank you very much.

Mr. Bonko has deferred his question order to Maurice Tougas. Welcome.

Mr. Tougas: Thank you.

The Chair: Please proceed.

Mr. Tougas: Thank you. Just briefly, we've had some discussion about the voluntary self-exclusion program, and I had some suggestions about changing it so that it could come into effect immediately instead of the, I think it was, 48-hour waiting period. Have you considered that any further? Can you report on that?

Mr. Graydon: Certainly. Your suggestion is actively being considered. The commission is looking into it. That policy was put in place, and the wording was on the advice of AADAC, who I would say are the professionals when it comes to addiction treatment and programs such as the voluntary exclusion program. That was their suggested wording. We've gone back to them with your suggestion that you can waive that 48 hours. You can; it just doesn't say that on the form. We're checking with AADAC, and if they feel that that won't cause any issues, then we'll make the change. But you raised the issue, and I appreciate you bringing it forward. We'll check up on it.

9:50

The Chair: Thank you.

At this time the chair would like to interrupt briefly and remind all members that this is not a policy committee. This is a committee that's to deal with the money that has been spent in the fiscal year 2004-05 in the Department of Gaming.

Please proceed.

Some Hon. Members: We knew that.

The Chair: Thank you.

Mr. Griffiths, please.

Mr. Griffiths: Thank you. Mr. Minister, you mentioned in your opening remarks the Alberta server intervention program. I'm wondering if someone from your staff can tell me exactly how much it costs the department to run that program and if you have any measures on how much it cost communities when that program came into effect?

Mr. Graydon: Okay.

Mr. Peterson: When we initiated the program, we committed a million dollars over three years to that particular program, and the industry also committed a certain sum of money of which they've contributed \$100,000 to the development of that program. As well, we took some of their existing programs – for example, the Alberta Hotel Association had the program called It's Good Business; the Alberta Liquor Store Association had a program called Techniques of Alcohol Management – and we rolled all of those programs into this Alberta server intervention program.

Our initial commitment in terms of developing the program was a million dollars over three years. We have now recently taken over that program. We have, I believe, three staff that help us administer the requirements of that program, and there are a number of trainers out around the province that are primarily from groups like the Alberta Liquor Store Association, Alberta Hotel Association that offer the program on a for-fee basis. So it doesn't cost us anything in terms of, you know, actually delivering that particular program to communities and charity groups. There are community and other groups – licensees and bar owners and that sort of thing – that obviously incur costs to send staff to these programs, but that's not part of our expenditures.

Mr. Graydon: We've changed the program recently to waive the fee for volunteer groups, that sort of thing who wish to take it online. We still want them and require them to take the training, but there's no cost for them if they're a member of the local Kinsmen or Lions Club or whatever the case may be. It's a free service to them.

Mr. Griffiths: Thank you.

My second question. I don't believe any program should be run without doing a full cost-benefit analysis to make sure that you're getting more benefit than it is drawing costs, so I'm wondering if the department has – I couldn't see them in there – performance measures that indicate the benefit to communities or to organizations to show that there is a worthwhile cost-benefit analysis being done and the program is beneficial.

Mr. Graydon: Not really. One of the reasons for having a program to start with is the whole liability issue. Interestingly, there was a Supreme Court case just last week where the Supreme Court ruled that as a homeowner if you have guests over to your house, you're not liable if they get into an accident on the way home, but in their ruling they made a very specific reference that if you were in the business of selling or serving alcohol, you were very much liable for the actions of the people when they leave your premise.

So part of the whole initiative behind this server intervention is to train staff and train people that are serving alcohol to recognize signs of impairment and to make damn sure you're following the rules about overservice, those kinds of rules, ID'ing people. If you serve someone that's 16 years old and they get into a crash on the way home, you'd better have a big insurance policy.

Mr. Griffiths: Thank you very much.

The Chair: Thank you.

There are two members still indicating that they have questions. We'll proceed quickly. Mr. Chase, followed by Mr. Danyluk.

Mr. Chase: Thank you very much, Mr. Chair. With regard to the OIP, other initiatives program, to the minister: given that the OIP program is at the minister's discretion, how can Alberta taxpayers be confident that gaming wasn't doling out or targeting grants to government MLA constituencies prior to the November, 2004, election?

Mr. Graydon: Oh, I would just have to look at the list of grants that were given. They would be spread across the province. You know, I have another book that lists all the grants that were given in opposition member constituencies. I talk about one to the YMCA in downtown Edmonton, certainly not a Conservative, not a government constituency, and Ronald McDonald house in Calgary. I don't even have a clue as to whose constituency that is. I know where it is. Is that your constituency, Mr. Chase?

Mr. Chase: I think we're talking about the 2004-2005 year.

Mr. Graydon: Sorry. Bad example.

Mr. Chase: My supplemental to the minister: given that in the 2004-2005 fiscal year the government allocated nearly \$17 million to other initiatives and only \$11 million in a nonelection year, can the minister account for the significant increase and, just to add to the theme, potentially in the 2005-2006 year puts more money towards the Calgary-Varsity constituency?

Mr. Graydon: There's no accounting for the actions of Treasury Board, and they're the ones that allocate the funds into that account. I would have liked to have seen more this year than they've put in there, but unfortunately they cut us back.

The Chair: Thank you.

Mr. Danyluk: Mr. Minister, on page 50, just to carry on with the questioning in the direction that I was so that I don't have to do a preamble, can you tell me, then, if you had 25,000, 26,000 investigations and you had \$16,000 in fines, would you suggest that through the province most people comply with the regulations?

Mr. Graydon: They do, but I think the whole, if you will, operations of our inspectors are that we don't want to be punitive. You would find that of those 25,000 inspections there were probably many, many verbal warnings given, advice given, or even some written warnings given. But to take the extra step and have them fined is a last resort. We want to educate people on how to follow the rules, as opposed to beating them over the head with a fine.

There are fines, and there are substantial fines, and businesses get closed for two or three days if they're being ignorant about it and just ignoring the rules and saying, "We don't care; We're going to overserve," or whatever the case may be. They have hearings, and they're treated very severely if they refuse to co-operate.

The Chair: Thank you.

Mr. Danyluk, your second question.

Mr. Peterson: To supplement on that, the \$16,500 that you referred to were fines dealing with the under-25 initiative specifically.

Mr. Danyluk: Oh, okay. Thank you.

Mr. Peterson: The 25,000 or so inspections: I don't have the exact fine number, but if you want to see all the fines or all the penalties that were put in place or imposed on licensees, go to our website. We have a searchable database. You can search by licensee. You can search by location. It will show you all of the penalties that were put in place in that particular year.

Mr. Graydon: Our target for compliance with legislation, regulations, and policies was 95 per cent. We found 93.5 per cent of our licensees were complying with the regulations.

Mr. Danyluk: Okay. Thank you very much.

The Chair: Thank you.

That concludes this portion of our meeting. On behalf of all members I would like to thank the minister and his staff for their time and attention this morning. I would also like to thank the Auditor General for his advice and his remarks and those of his staff. Thank you as well. Please feel free to go if you'd like. I know that you've got a schedule that's probably quite full. Thank you again.

Now, is there any other business?

Mr. Webber: Absolutely there's some other business here, Mr. Chair. I understand that Art Johnston and our co-chair, Doug Griffiths, were at a conference a couple days ago in Victoria with regard to Public Accounts. I hope it was a productive conference for you, and I look forward to your report, whether it's a verbal report or a written report.

Mr. Griffiths: Both. We'll both do it in triplicate.

10:00

Mr. Webber: I also understand that the Auditor General had written a letter, CCed to basically everybody on the committee, encouraging the chair to attend this meeting in Victoria, but once again, Mr. Chair, you refused to attend this conference even though it would strongly help in your role as chairman of this Public Accounts Committee. From there, I understand that there is a conference this summer out in Prince Edward Island. I understand that you have decided that you now will attend this conference out in Prince Edward Island, and I would just like to ask you: why the change of heart? All these years you've refused to go to any conferences with regard to public accounts. Now there's a conference so conveniently out in Prince Edward. I think that's where quite a number of the MacDonald clan hang out, don't they? Are they from the island of P.E.I.? Is that the reason why you're attending this conference in Prince Edward Island? Maybe you can just explain to the committee.

The Chair: No. That's fine. You've implied that I come from P.E.I. I'm very proud to say that I was born and raised there, and there are lots of MacDonalds there, certainly. That, ironically enough, is where the next Public Accounts Committees meeting will be held.

I have refused to go to any Public Accounts Committees meeting and use the budget that's been allocated for travel myself. It is my view that that money should be used so that you can come from Calgary to attend Public Accounts Committee meetings outside session. Since I have been chair of this committee, I have not travelled to any Public Accounts Committees national meetings. Now that this committee has decided to hold meetings outside of

session, I have decided that perhaps it would be best if I attend those conferences.

Mr. Webber: Back home. Sure. Okay.

The Chair: So that's why I decided to go.

Mr. Webber: Thank you, Mr. Chair.

The Chair: Thank you. I hope that satisfies the member.

Mr. Webber: It does not satisfy this member, Mr. Chair. I don't understand why all of a sudden. Sure, it's out of session. I won't go any further. I just want on record to note that I have a problem with the fact that you have decided now to attend a conference after all these years of refusing to.

The Chair: Would you like to go in my place, Mr. Webber?

Mr. Webber: I would. I would certainly volunteer as I'm sure everybody else would.

The Chair: Okay. Certainly. Mr. Webber, I have the right as chair. I am now delegating you as my designate to attend that conference. I have better things to do in September.

Mr. Webber: I don't know if you have that right as the chair, Mr. Chair.

The Chair: No. That's fine. Let us know next week. You have a week to make up your mind, but certainly you are welcome to go in my place.

Mr. Webber: Mr. Chair, for past conferences we have pulled names out of hats in order to choose the delegates to attend conferences. I don't see why that has to change now, with you as the chair delegating.

The Chair: No, that's fine. You indicated your wish to go, and I can designate a member of this committee to go in my place. I've got all kinds of things to do in September.

Mr. Webber: I wish to put my name in a hat along with any others who have an interest in attending.

The Chair: Okay. Yeah. That's fine.

Mr. Dunn: May I just help out here for a moment, please? As I mentioned, these meetings are held by different jurisdictions. It just so happens that the jurisdictions that are coming up in the future are P.E.I., British Columbia, Canada, Alberta. I believe that the letter you were referring to, Mr. Webber, was from the Speaker, and the Speaker was talking about leadership on the committee, et cetera. It's important that this committee, through both the chair and the vice-chair, have access to other committees. In fact, when we were in Victoria on Monday and Tuesday, we did meet with the Public Accounts of British Columbia. So it's important to have those opportunities.

However, we must remember that Alberta will be hosting this in 2009. Thus, if the committee remains with the present composition, it would be very important for the chair and the vice-chair to be able to interact with their respective colleagues at both the federal and the provincial levels. It just so happens in the way of the geography that

last year it was Ontario. This year it's P.E.I. Those are already set out by way of calendar in advance. For the Canadian one the rumour is that it may be in Whitehorse.

Mr. Griffiths: Also, if I could add, it was at my endless persuasion to try and get the chair to go. Other committee members from both parties had really pushed to have Mr. MacDonald go. Because of the increasing perspective that this committee's having, the out-of-session meetings, we felt it critical that we have more professional development, and it has to start with the chair and the vice-chair and grow. So it was at my endless persuasion that Mr. MacDonald go, and I am still very encouraged.

Mr. Webber: I would hope, then, that the chair would continue to attend conferences in the future and not be selective on the ones that are maybe conveniently in a vacation spot location.

Mr. Griffiths: Well, Mr. MacDonald had expressed concern that the location seemed fortuitous. But, quite frankly, Mr. MacDonald has expressed interest in going, interest in further developing the committee and what its potential is in meeting outside of session. It just happens to be that the location was there. It did take a great deal of persuasion from the vice-chair to get Mr. MacDonald to agree to go, and I'm very encouraged by the notion. I do anticipate that he will go to all the meetings from here forward.

Mr. Webber: Good. I would hope so, and I look forward to your report from the conference this summer. Thank you.

The Chair: Mr. Webber, just for the record. Last year did you travel on behalf of this committee?

Mr. Webber: Yes, I did.

The Chair: I don't recall you presenting a report to this committee.

Mr. Webber: The report was sent as a group. There was a report that was written, yes.

The Chair: But it was not presented to this committee. It was to the Speaker's office?

Mrs. Dacyshyn: I can respond to that. I believe the letter from Mr. VanderBurg was copied to the entire committee, but I'd have to check on that. I did excerpt part of his letter and include it in the Public Accounts Committee report last year.

The Chair: Mr. Danyluk, do you have anything to add at this time?

Mr. Danyluk: I just want to add and to comment. Regardless if you have someone else going with you or not, I really believe that the chair should go, and I stand by that. I have tried to bring that point forward. In fact, I spoke to the chair directly and said that if it was a problem with his caucus, I would be very glad to approach his caucus and state the importance for Public Accounts to have the chair go. I would even go as far as to say that if the media asked me a question, I would also say that it's important to go. From my perspective, I really don't care where it's at. The chair should be at all of them, and I really encourage you to go.

The Chair: But for the record, the chair is certainly not going to this. The chair has been smeared by this member indicating that I'm going there on a vacation.

Mr. Danyluk: I don't think that's right.

The Chair: I will designate someone, or you can put your names in the hat, or whatever.

Mr. Danyluk: Do I still have the floor?

The Chair: Yes.

Mr. Danyluk: So what happens is that I think this is a democratic group, and we have input. I don't think the comments from one member that may be comments heartfelt about the situation should be something that guides your direction. You are a leader here, and we look at you as the leader of Public Accounts. That is why we want you to go, as a leader and to represent Alberta and also to have the experience when it comes back here as well. So I would really hope you reconsider that.

The Chair: Well, I appreciate that.

Mr. Griffiths: The Speaker did approve your attendance and did encourage you to go, so I do hope you go.

The Chair: Yes. That is true.

So if there are no other items to discuss, we can conclude if we could have a motion to adjourn. Before that, I would remind you that the meeting next Wednesday is with the Hon. Ty Lund, the Minister of Infrastructure and Transportation, same time, same location.

A motion to adjourn.

Rev. Abbott: So moved.

The Chair: Thank you. Moved by Reverend Abbott that the meeting be adjourned. All in favour? Seeing none opposed, thank you very much. We'll see you next week.

[The committee adjourned at 10:09 a.m.]