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# Gaming

BUSINESS PLAN 2006-09

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## ACCOUNTABILITY STATEMENT

The business plan for the three years commencing April 1, 2006 was prepared under my direction in accordance with the *Government Accountability Act* and the government's accounting policies. All of the government's policy decisions as of February 23, 2006 with material economic or fiscal implications of which I am aware have been considered in preparing the business plan.

The Ministry's priorities outlined in the business plan were developed in the context of the government's business and fiscal plans. I am committed to achieving the planned results laid out in this business plan.

*[Original Signed]*

Gordon Graydon, *Minister of Gaming*  
March 1, 2006

## THE MINISTRY

The Ministry of Gaming includes the Department of Gaming, the Alberta Gaming and Liquor Commission (AGLC), the Alberta Lottery Fund, the Racing Appeal Tribunal and responsibility for the *Gaming and Liquor Act* and the *Horse Racing Alberta Act*. The Ministry is responsible for ensuring that the gaming and liquor industries in Alberta operate with integrity, accountability, and in a socially responsible manner while maximizing benefits to Albertans.

Gaming activities contribute to Albertans' quality of life by providing opportunities for charitable groups to raise funds directly for their valuable work, by providing entertainment options to adults in Alberta, and by providing funding used by government to support community and volunteer initiatives. In 2004-2005, charitable and religious organizations raised approximately \$238 million through licensed gaming activities under Alberta's unique charitable gaming model. In addition, over \$1 billion of gaming proceeds is provided annually to volunteer groups and public and community-based initiatives through the Alberta Lottery Fund.

Alberta's unique privatized liquor industry has more than 1,000 stores and over 12,000 different liquor products available. The private sector operates the retailing, warehousing, and distribution of liquor in Alberta and the Alberta Gaming and Liquor Commission licenses and regulates the industry. The province receives more than \$550 million annually through the mark-up on liquor products sold in Alberta.

**DEPARTMENT OF GAMING**

The Department's primary responsibilities are strategic services, communications, and administration of various lottery funding programs, including the Community Facility Enhancement Program and the Community Initiatives Program. The Department benefits from services provided by the Alberta Gaming and Liquor Commission in the areas of human resources and information technology and from other administrative services provided through the Alberta Corporate Service Centre.

**ALBERTA GAMING AND LIQUOR COMMISSION (AGLC)**

The AGLC, a commercial enterprise within the Government of Alberta, consists of a Board and an administrative arm. The Board is responsible for policy and regulatory matters and the administrative arm manages the ongoing operations of the organization. The AGLC ensures that gaming and liquor activities in Alberta are conducted honestly, openly, and with the highest level of integrity. The AGLC also endeavours to maximize the economic benefits of gaming and liquor activities in the province to the benefit of Albertans.

**ALBERTA LOTTERY FUND**

The Alberta Lottery Fund, established in 1989, comprises the government's portion of revenues from provincial lotteries (ticket lotteries, slot machines, video lottery terminals, electronic Bingo, and Keno). Expenditures from the fund are approved by the Legislature annually and support programs, projects and foundations administered by various ministries. The AGLC administers the Alberta Lottery Fund and the Department of Gaming delivers various lottery funding programs.

**GAMING AND LIQUOR ACT**

The Ministry of Gaming is responsible for the *Gaming and Liquor Act*. The legislation sets out the framework for the provision and regulation of gaming and liquor in Alberta, including the roles and responsibilities of the Alberta Gaming and Liquor Commission. It also establishes the Alberta Lottery Fund.

**HORSE RACING ALBERTA ACT**

The Minister of Gaming is responsible for the *Horse Racing Alberta Act*. The legislation places responsibility for management and regulation of the horse racing industry in Alberta on a private, not-for-profit organization – Horse Racing Alberta.

**RACING APPEAL TRIBUNAL**

The Minister appoints members to the Racing Appeal Tribunal, as prescribed in the *Horse Racing Alberta Act*, to hear appeals arising from rulings or directions of horse racing officials. The Tribunal's costs are borne by Horse Racing Alberta.

## VISION

*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.*

## MISSION

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.

## GUIDING PRINCIPLES

The Ministry has adopted the following guiding principles for gaming and liquor in Alberta. These guiding principles are subject to ongoing review to ensure they continue to reflect Albertans' values.

1. The integrity of gaming and liquor activities will be ensured.
2. Gaming and liquor policies will reflect a commitment to social responsibility.
3. Gaming and liquor policies will be supported by sound research and consultation with the public and stakeholders.
4. The collection and use of gaming and liquor revenue will be open and accountable.
5. Gaming activities will meet standards of quality to protect the integrity of gaming activities, provide gaming entertainment value to consumers and help to keep gaming dollars in Alberta.
6. Alberta's liquor industry will continue to be among the most progressive and competitive in the country and continue to lead the nation in terms of supply, distribution, pricing and customer service.
7. The financial return to eligible groups from charitable gaming and from provincial lotteries is to be maximized for the benefit of Albertans.

## LINK TO THE GOVERNMENT OF ALBERTA STRATEGIC BUSINESS PLAN

The Ministry contributes to the attainment of the 20-year Government of Alberta Strategic Business Plan through two of its Strategic Opportunities as summarized below:

### **Strategic Opportunity 1: Unleashing Innovation**

#### **Goal 1: Alberta will have a diversified and prosperous economy**

- The Ministry will continue to work with the liquor industry to ensure that Alberta's unique privatized liquor industry remains progressive and competitive.
- The Ministry is committed to maintaining the integrity of Alberta's liquor and gaming industries and achieve a balance between choice, social responsibility and economic benefit to Albertans.
- The Ministry will continue to contribute to the development of vibrant rural communities by maintaining a progressive liquor industry, providing opportunities for participation in the charitable gaming model, managing the growth of gaming, and providing Lottery Fund grants to specific volunteer groups, and public and community-based initiatives, including sport, recreational, cultural and other facilities.

### **Strategic Opportunity 4: Making Alberta the Best Place to Live, Work and Visit**

#### **Goal 7: The well-being and self-reliance of Aboriginal communities and people will be improved**

- The Ministry will continue to work with First Nations to implement the First Nations Gaming Policy.
- The Ministry will provide grants from the First Nations Development Fund Grant Program to assist First Nations with economic, social and community development projects, education, health and infrastructure.

#### **Goal 12: Albertans will have the opportunity to participate in community and cultural activities and enjoy the province's historical resources and parks and protected areas**

- Through the Alberta Lottery Fund, the Ministry will continue to provide grants to specific volunteer groups, and public and community-based initiatives.

## SIGNIFICANT OPPORTUNITIES AND CHALLENGES

The Ministry continues to address challenges related to achieving its vision. The most significant challenges are ensuring the ongoing integrity of gaming and liquor activities, achieving a balance between consumer choice and the responsible provision of alcohol and gaming entertainment, and managing the ongoing evolution of the gaming and liquor industries, including the anticipated growth in the gaming industry.

The integrity of gaming and liquor activities requires constant vigilance. To meet this challenge, the Ministry continues to establish rigorous processes to ensure only eligible applicants are licensed. The Ministry also devotes considerable resources to monitoring ongoing operations and investigating all potential threats to the integrity of gaming and liquor activities.

The cornerstone of Alberta's approach to its gaming and liquor industries is that all activities are conducted in a socially responsible manner. The Ministry continues to identify opportunities to work closely with stakeholders to develop appropriate policies and innovative programs to promote the responsible use of gaming and liquor products. The Ministry will meet the government's commitments to review gaming policies, which include the First Nations Gaming Policy, and a review of the *Gaming and Liquor Act* and Regulation.

## STRATEGIC PRIORITIES 2006-09

The strategic priorities described below have been identified by the Ministry. These priorities are in addition to the important ongoing core activities of the Ministry.

- 1. Integrity** **Maintain the highest level of integrity for gaming and liquor activities.**  
  
**Linkage: Goal 1** Alberta's liquor industry operates with integrity and remains progressive.  
**Goal 3** Alberta's gaming industry operates with integrity and benefits Albertans.
- 2. Socially responsible gaming and liquor industries** **Review policies and programs to ensure that the gaming and liquor industries continue to operate in a socially responsible manner.**  
  
**Linkage: Goal 2** Alberta's liquor industry operates in a socially responsible manner.  
**Goal 4** Alberta's gaming industry operates in a socially responsible manner.
- 3. Progressive Liquor Industry** **Ensure that Alberta's liquor industry remains among the most progressive and competitive in the country and that the interests of Alberta consumers are protected.**  
  
**Linkage: Goal 1** Alberta's liquor industry operates with integrity and remains progressive.
- 4. Maturing Gaming Industry** **Ensure the effective management of the evolving gaming model in Alberta.**  
  
**Linkage: Goal 3** Alberta's gaming industry operates with integrity and benefits Albertans.

**5. Community Capacity Building**      **Manage the implementation of the First Nations Gaming Policy to provide opportunities for gaming facilities on First Nations land for the benefit of First Nations communities.**

**Linkage: Goal 3**      Alberta's gaming industry operates with integrity and benefits Albertans.  
**Goal 5**      Lottery Funds support volunteer, public and community-based initiatives.

**6. Benefiting Albertans**      **Increase awareness of the benefits flowing to Alberta's communities from the Alberta Lottery Fund.**

**Linkage: Goal 5**      Lottery Funds support volunteer, public and community-based initiatives.

## CORE BUSINESSES, GOALS, STRATEGIES & PERFORMANCE MEASURES

**Core Business One: Alberta's liquor industry operates with integrity and in a socially responsible manner**

### GOAL ONE **1** **Alberta's liquor industry operates with integrity and remains progressive**

**What it means**      The Ministry is committed to ensuring Alberta's liquor industry will continue to be among the most progressive and competitive in the country and lead the nation in terms of supply, distribution, pricing and customer service. The Ministry ensures the regulation of the liquor industry through the provisions of the *Gaming and Liquor Act* and Regulation.

#### Strategies

- 1.1 Conduct a review of liquor policies, legislation and regulation.
- 1.2 Ensure the liquor industry operates in compliance with legislation and policy.
- 1.3 Work with the liquor industry to ensure Alberta's unique privatized liquor industry remains progressive and competitive.
- 1.4 Consult with Albertans on major policy initiatives and ensure liquor policies protect the interests of Albertans and benefit Alberta's consumers.
- 1.5 Enhance customer service through the implementation of electronic service delivery initiatives.

Performance Measure	Last Actual (2004-05)	Target 2006-07	Target 2007-08	Target 2008-09
1.a Percentage of Albertans surveyed who are satisfied with the conduct of the liquor business in Alberta.	78%	80%	80%	80%

## 2

**Alberta's liquor industry operates in a socially responsible manner**

**What it means** The Ministry is committed to ensuring that Alberta's liquor industry operates in a socially responsible manner. The Ministry partners with AADAC and other government ministries, industry and other stakeholders to promote the responsible sale and consumption of liquor and to reduce alcohol-related harms to Albertans.

**Strategies**

- 2.1 Monitor emerging issues and trends and, where necessary, develop policies to address the social and economic implications of these issues.
- 2.2 Partner with AADAC and the liquor industry to develop and deliver programs related to the responsible sale and consumption of liquor.
- 2.3 In partnership with the Solicitor General and Public Security, industry and community stakeholders, develop strategies to address violence in and around licensed premises.
- 2.4 Support research and education related to the responsible use of alcohol in areas such as Fetal Alcohol Spectrum Disorder.
- 2.5 In partnership with AADAC and the liquor industry, ensure consumers of alcohol are aware of prevention and treatment programs for alcohol abuse.

Performance Measure	Last Actual (2004-05)	Target 2006-07	Target 2007-08	Target 2008-09
2.a Percentage of Albertans surveyed who are aware of prevention and treatment programs for alcohol abuse.	86%	85%	87%	90%

**Core Business Two: Alberta's gaming industry operates with integrity and in a socially responsible manner**

## 3

**Alberta's gaming industry operates with integrity and benefits Albertans**

**What it means** The Ministry is committed to ensuring that Alberta's gaming industry operates with integrity while offering quality gaming entertainment choices to Albertans and providing economic benefits to charities. The Ministry ensures the regulation of the gaming industry through the provisions of the *Gaming and Liquor Act* and Regulation.

**Strategies**

- 3.1 Conduct a review of gaming policies, legislation and regulation.
- 3.2 Ensure Albertans are consulted with respect to major policy initiatives.
- 3.3 Ensure Alberta's charitable gaming model continues to provide maximum benefit to charities.
- 3.4 Ensure the gaming industry operates in compliance with legislation and policy.
- 3.5 Work with First Nations to continue to implement the First Nations Gaming Policy and ensure consistency with the charitable gaming model and the government's *Aboriginal Policy Framework*.
- 3.6 Ensure the accountability of Horse Racing Alberta for its legislated responsibilities and the funding provided to it under the Horse Racing and Breeding Renewal Grant Program.

Performance Measure	Last Actual (2004-05)	Target 2006-07	Target 2007-08	Target 2008-09
3.a Percentage of Albertans surveyed who are satisfied with the conduct of legal gaming in Alberta.	74%	70%	70%	70%

GOAL FOUR **4** **Alberta's gaming industry operates in a socially responsible manner**

**What it means** The Ministry is committed to ensuring the gaming industry operates in a socially responsible manner. The Ministry partners with AADAC and other stakeholders to develop, implement and evaluate initiatives that promote responsible gaming and increase awareness of problem gambling treatment programs. The Ministry is also committed to funding research into various aspects of gaming to assist policy development.

**Strategies**

- 4.1 Monitor emerging issues and trends, and where necessary, develop policies to address the social and economic implications of these issues.
- 4.2 Partner with AADAC and the gaming industry to develop and deliver responsible gaming programs.
- 4.3 In partnership with AADAC and the gaming industry, ensure Albertans are aware of prevention and treatment programs for problem gambling.
- 4.4 Work with post-secondary institutions, the gaming industry, stakeholders and other jurisdictions to identify research priorities related to gaming.
- 4.5 Conduct research into various aspects of gaming including player attitudes and behaviours, responsible gaming programs, and socio-economic analysis.

Performance Measure	Last Actual (2004-05)	Target 2006-07	Target 2007-08	Target 2008-09
4.a Percentage of Albertans surveyed who are aware of prevention and treatment programs for problem gambling.	83%	85%	87%	90%

## Core Business Three: The Alberta Lottery Fund benefits Alberta communities

GOAL FIVE

# 5

### Lottery Funds support volunteer, public and community-based initiatives

**What it means** Revenues from provincial lotteries are directed to the Alberta Lottery Fund and identified for use by specific volunteer groups, and for public and community-based initiatives. The AGLC is responsible for administration of the Alberta Lottery Fund and the Department of Gaming delivers various lottery funding programs.

#### Strategies

- 5.1 Allocate Alberta Lottery Fund proceeds according to government policy.
- 5.2 Provide Community Facility Enhancement Program matching grants to improve Alberta's community public-use facilities.
- 5.3 Support project-based initiatives through the Community Initiatives Program.
- 5.4 Provide grants from the First Nations Development Fund Grant Program to First Nations for economic, social and community development projects, education, health and infrastructure.
- 5.5 Fulfill government commitments to allocate gaming revenue to specific initiatives such as the Horse Racing and Breeding Renewal and Bingo Association grant programs.
- 5.6 Inform Albertans about the Alberta Lottery Fund and its support of volunteer groups, and public and community-based initiatives within their communities.

Performance Measures	Last Actual (2004-05)	Target 2006-07	Target 2007-08	Target 2008-09
5.a Percentage of Alberta Lottery Fund disbursements committed to supporting volunteer groups, and public and community-based initiatives.	100%	100%	100%	100%
5.b Percentage of Albertans who are satisfied with how the Alberta Lottery Fund is used.	70%	73%	75%	75%

## EXPENSE BY CORE BUSINESS

(thousands of dollars)

	Comparable					
	2004-05 Actual	2005-06 Budget	2005-06 Forecast	2006-07 Estimate	2007-08 Target	2008-09 Target
Alberta's liquor industry operates with integrity and in a socially responsible manner	377	531	532	546	546	546
Alberta's gaming industry operates with integrity and in a socially responsible manner	2,305	2,663	2,667	2,693	2,693	2,693
The Alberta Lottery Fund benefits Alberta communities	1,267,319	1,208,322	1,367,509	1,306,995	1,322,211	1,243,154
<b>MINISTRY EXPENSE</b>	<b>1,270,001</b>	<b>1,211,516</b>	<b>1,370,708</b>	<b>1,310,234</b>	<b>1,325,450</b>	<b>1,246,393</b>



## MINISTRY STATEMENT OF OPERATIONS

(thousands of dollars)

	Comparable			2006-07 Estimate	2007-08 Target	2008-09 Target
	2004-05 Actual	2005-06 Budget	2005-06 Forecast			
<b>REVENUE</b>						
<b>Net Income from Commercial Operations</b>						
Net Gaming and Lottery Revenue	1,259,692	1,201,533	1,290,719	1,300,155	1,315,371	1,236,314
Net Liquor and Related Revenue	566,691	559,961	569,961	570,752	581,217	592,325
<b>Investment Income</b>						
Lottery Fund Interest Revenue	6,485	6,000	6,000	6,000	6,000	6,000
<b>Other Revenue</b>						
Various	2,980	-	-	-	-	-
<b>MINISTRY REVENUE</b>	<b>1,835,848</b>	<b>1,767,494</b>	<b>1,866,680</b>	<b>1,876,907</b>	<b>1,902,588</b>	<b>1,834,639</b>
<b>EXPENSE</b>						
<b>Program</b>						
Ministry Support Services	1,508	2,126	2,132	2,186	2,186	2,186
Gaming Research	1,551	1,600	1,600	1,600	1,600	1,600
Lottery Funding Programs	192,552	165,390	239,390	197,841	242,841	242,841
Lottery Fund Payments to Other Ministries	1,074,390	1,042,400	1,127,586	1,108,607	1,078,823	999,766
<b>MINISTRY EXPENSE</b>	<b>1,270,001</b>	<b>1,211,516</b>	<b>1,370,708</b>	<b>1,310,234</b>	<b>1,325,450</b>	<b>1,246,393</b>
Gain (Loss) on Disposal of Capital Assets	-	-	-	-	-	-
<b>NET OPERATING RESULT</b>	<b>565,847</b>	<b>555,978</b>	<b>495,972</b>	<b>566,673</b>	<b>577,138</b>	<b>588,246</b>

## CONSOLIDATED NET OPERATING RESULT

(thousands of dollars)

	Comparable			2006-07 Estimate	2007-08 Target	2008-09 Target
	2004-05 Actual	2005-06 Budget	2005-06 Forecast			
Ministry Revenue	1,835,848	1,767,494	1,866,680	1,876,907	1,902,588	1,834,639
<i>Inter-ministry consolidation adjustments</i>	-	-	-	-	-	-
<b>Consolidated Revenue</b>	<b>1,835,848</b>	<b>1,767,494</b>	<b>1,866,680</b>	<b>1,876,907</b>	<b>1,902,588</b>	<b>1,834,639</b>
Ministry Expense	1,270,001	1,211,516	1,370,708	1,310,234	1,325,450	1,246,393
<i>Inter-ministry consolidation adjustments</i>	(1,074,390)	(1,042,400)	(1,127,586)	(1,108,607)	(1,078,823)	(999,766)
<b>Consolidated Expense</b>	<b>195,611</b>	<b>169,116</b>	<b>243,122</b>	<b>201,627</b>	<b>246,627</b>	<b>246,627</b>
Gain (Loss) on Disposal of Capital Assets	-	-	-	-	-	-
<b>CONSOLIDATED NET OPERATING RESULT</b>	<b>1,640,237</b>	<b>1,598,378</b>	<b>1,623,558</b>	<b>1,675,280</b>	<b>1,655,961</b>	<b>1,588,012</b>

