



Beaumont and District Agricultural Society

5010A - 52 Avenue, Beaumont, Alberta T4X 1E5

November 18, 2009

MLA Review Committee
Distribution of Casino Proceeds
50 Corriveau Avenue
St. Albert, AB T8N 3T5

Dear Sirs:

Re: Consultation on Casino Proceeds and Licensed Charities in Alberta

The Beaumont and District Agricultural Society is pleased to provide the following written submissions to the Honourable Members of the MLA Review Committee. As a licensed charity that operates in close proximity to the City of Edmonton, we believe that our society suffers a significant adverse effect from the current boundaries and distribution regime applied by the Alberta Gaming and Liquor Commission ("AGLC"). We believe strongly that the current organization of casinos and distribution of casino proceeds in Alberta needs to be changed to ensure greater fairness for all citizens of the province. Statistics provided by the AGLC to participants in the consultation process clearly show that there are currently great inequities, particularly between charities in the cities of Edmonton and Calgary and those located in other areas of the province. While we understand that no system adopted by the AGLC can ensure perfect equality, we believe that changes can be adopted that will result in more fairness for the great majority of Alberta charities.

Our specific submissions regarding the consultation questions provided to charities by the AGLC are as follows:

Question # 1 – Wait Time

- a) Should some boundaries be moved to help equalize wait times across the province? Please explain.

Yes, we believe that some boundaries should be moved to help equalize wait times. In particular, the current boundaries fail to recognize the unique population distribution within the metro Edmonton area and should be changed to reflect the fact that the City of Edmonton and all of the adjoining communities represent a discrete metropolitan area.

Currently only charities located within the municipal limits of the City of Edmonton have access to casinos located within that city. Municipalities such as St. Albert, Sherwood Park, Beaumont, Spruce Grove and Stony Plain represent

approximately one quarter of the population of metro Edmonton and charities located in these areas also provide services to the citizens of the greater metro Edmonton area. The population of these communities (approximately 300,000 individuals and numerous charities) is equivalent to the population of a medium sized city. Because the numerous charities located in these communities are currently forced to work at casinos outside of Edmonton, they disproportionately increase the demand and wait times for the smaller rural casinos located in Camrose and St. Albert.

We propose that all charities within a defined distance of the City of Edmonton (which is sufficient to capture the entirety of the area considered as metro Edmonton) be granted access to the casinos located in Edmonton. Such a change would recognize the unique nature of the Edmonton area and the fact that there is extensive intermingling of the populations of these communities. Most of the citizens of the outlying towns and cities in the immediate vicinity of Edmonton work, shop, gamble or do business in that city. Services provided by charities in the outlying communities are provided to the citizens of Edmonton as well. Our society, by way of example, provides services and facilities used by Edmonton residents and residents of adjoining communities, as well as residents of other areas of Alberta. Allowing charities from communities in near proximity to Edmonton to access Edmonton casinos will equalize wait times for access to casinos, particularly in the rural areas around Edmonton. Although the City of Calgary and its adjoining areas are not in exactly the same situation as Edmonton and its adjoining communities, we believe that this solution could also be adopted for that region of the province with much the same result.

b) Should casinos within Edmonton and Calgary be accessible only to charities within these regions as well as provincial charities? Please explain.

Yes, subject to our submissions on question a) above. As a general principle, we believe that charities should be given access to casinos that are closest geographically to them, within reason. As such, charities near Edmonton should have access to Edmonton casinos. We do not believe that charities should be forced to travel extensive distances to work at a casino, as this creates logistical difficulties and results in additional costs that make finding volunteers to work at the casino more difficult. While conceptually it might be nice to offer Ft. McMurray charities an opportunity to work at Edmonton or Calgary casinos, we do not believe that such a solution would be workable from a practical perspective. Similarly, forcing charities in the immediate vicinity of Edmonton to drive to Camrose to host a Casino is also both impractical and unfair.

c) What are some factors that should be considered in the moving of boundaries?

We would suggest that geographic proximity and the organization of metropolitan urban areas be considered as noted above. Such an organization should recognize that cities are comprised of the more than the citizens residing within

the corporate boundaries of the city proper, but also include the citizens of nearby outlying areas and communities.

d) Can you suggest a better alternative?

Please see the answers to the questions a) and b) above.

e) What would your alternative look like and why is it better?

Please see the answers to the questions a) and b) above.

Question #2 – Proceeds per event

a) Should proceeds from casino events be distributed back to the communities or regions from which they came? Please explain.

In general, we have no difficulty with the concept that proceeds of casinos should be distributed back to the communities from which they came, in part. The key in properly applying this concept is properly identifying the regions used for distribution in relation to the casinos generating the proceeds. The difficulty is that the regions as currently described bear little resemblance to the gambling habits of the citizens living within those regions. As an example of this fact, our society is required to work at the Camrose casino, although our charity is located on the boundary of the City of Edmonton and serves both Edmonton and Edmonton area residents. Individuals from the area where our charity operates do not attend the Camrose casino to gamble, they invariably attend one of the Edmonton casinos. Individuals attending the Camrose casino (to the extent that anyone actually attends that facility) are from Camrose. As such, from a practical perspective, requiring charities from the Edmonton area to work at the Camrose casino results in a net transfer of funds from Camrose to Edmonton.

We believe, however, that this principle should be only one factor considered in distributing casino proceeds. Slot proceeds are already pooled and distributed on a wider basis than this and we believe that there is merit in also following this approach to some extent for other casino proceeds. Partial pooling of all gaming proceeds would appropriately reflect the fact that the vast majority of gaming within Alberta takes place in the cities of Edmonton and Calgary and that the people attending the casinos in these cities are from the entire province. The reality is that Edmonton and Calgary offer amenities that make them desirable destinations for citizens from the remainder of the province. The casinos in these cities are also larger and offer greater amenities than other casinos in the province. They therefore attract a disproportionate amount of Alberta's total gaming.

Albertans tend to travel to Edmonton and Calgary from areas throughout the province for shopping, business, recreation and gambling. The converse is not

true. Residents of Edmonton and Calgary do not typically attend the smaller communities in the province for the purpose of gambling. A failure to at least partially pool all gaming proceeds from the Edmonton and Calgary casinos results in a net transfer of funds from rural areas and smaller communities to Edmonton and Calgary charities. Partial pooling would alleviate, to some extent, the large disparity between the amount of proceeds paid to charities in the large cities and proceeds paid to charities situated in the rural areas or smaller communities. Pooling would also recognize that Edmonton and Calgary casinos attract a significant portion of their gamblers from other regions of the province.

- b) Should charities holding casino events within a quarter and having the same volunteer requirement receive the same proceeds within the region? Please explain.

We suggest that volunteer requirement, if used at all, should not be the sole criterion used in distributing casino proceeds, and should be only a minor consideration. "Rural" charities are required to work at small rural casinos with smaller volunteer requirements irrespective of whether they are able to provide a larger contingent of volunteers. As such, they are, in effect, penalized because of their location. These charities cannot choose to provide a greater volunteer contingent than is required at the casino where they are required to work and they should therefore not derive proceeds on this basis. From a practical perspective large and small charities in the large cities are given the opportunity to work at larger casinos and are therefore required to provide larger numbers of volunteers, even when their membership is too small to do so. These charities have been offered the opportunity to obtain additional volunteers to allow them to remedy these problems and are therefore rewarded solely on the basis of their location. This state of affairs is inherently unfair.

- c) Can you suggest a better alternative?

Please see the answers to the questions a) and b) above. In addition to the suggestions contained in the above answers, we propose that the Provincial Government allocate a relatively small portion of the 70% of casino proceeds it currently retains as an equalization fund. This fund could be used to offset the current disparity between rural and large city casinos. As it currently stands, rural casinos are doubly penalized. Not only do charities outside of Edmonton and Calgary wait a significantly greater time between casinos, the proceeds they derive through their volunteer efforts at casinos are much smaller than those derived by charities in Edmonton and Calgary, irrespective of the volunteer effort provided. There is no reasonable justification for this state of affairs. Edmonton charities are, based on the submissions made at the focus group attended by our organization, unwilling to tolerate any reduction in the proceeds they currently enjoy from casinos in that city, notwithstanding any inequities in the current distribution scheme. We suspect that the same attitude prevails among Calgary charities as well. A relatively small contribution by the Provincial Government

could alleviate the disparity between charities in different areas of the province while preserving the proceeds received by charities in the large cities.

d) What would your alternative look like and why is it better?

Please see the answers to the questions a) and b) and c) above.

Question #3 - Volunteers

a) Should the number of volunteers required to conduct and manage a casino event be decreased/remain the same? Please explain.

We suggest that volunteer requirements for casinos remain the same. Any decrease in volunteer requirements will be followed immediately by demands for a greater percentage of casino proceeds by the casino operators, likely at the expense of the portion currently paid to charities. This would not be acceptable as it would exacerbate the current difficulties being experienced by charities in the distribution of casino proceeds.

b) Can you suggest a better alternative?

No alternative to the current requirements is suggested.

c) What would your alternative look like and why is it better?

See answers a) and b) above.

Thank you for your consideration.

Sincerely,

William Ostapek
Vice – President
Beaumont and District Agricultural Society