Native Gaming Committee Report and Recommendations on

Native Gaming

April 1996

Alberta
GOVERNMENT OF ALBERTA

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April, 1996

Honourable Ralph Klein
Premier
307 Legislature Building
Edmonton, Alberta T5K 2B6

Dear Premier Klein:

It is our pleasure to present the Native Gaming Report with recommendations on a Native Gaming Policy for Alberta.

Judy Gordon, Chair
MLA Lacombe-Stettler

Roy Brassard, MLA
Olds-Didsbury

David Coutts, MLA
Pincher Creek-Macleod

Bonnie Laing, MLA
Calgary Bow

Dr. Lyle Oberg, MLA
Bow Valley

cc. Dr. Stephen C. West
Minister Responsible for the
Alberta Gaming and Liquor Commission

Native Gaming Report

The Context

In March 1995, a five member MLA Committee was asked to look at the issue of native gaming and make a recommendation to government on the future direction. The MLA Committee on Native Gaming is made up of the five MLAs from the Lotteries Review Committee -- Judy Gordon (Lacombe-Stettler), Chair; Roy Brassard (Olds-Didsbury); David Coutts (Pincher Creek-Macleod); Bonnie Laing (Calgary Bow); and Dr. Lyle Oberg (Bow Valley). This report is independent of the Lotteries Review Committee report.

Currently, the First Nations participate in the charitable gaming model that operates in this province. Pull ticket, bingo, raffle, and casino licences are available to both native and non-native charities and volunteer organizations to raise money.

Revenues from other gaming sources, ticket lotteries and video lottery terminals (VLTs), are deposited into the Lottery Fund. Grants from the Lottery Fund are also provided to communities, including the First Nations, through the traditional distribution agencies (including the Alberta Foundation for the Arts, the Alberta Historical Resources Foundation, the Alberta Multiculturalism Commission, the Alberta Sport, Recreation, Parks and Wildlife Foundation, and the Wild Rose Foundation). A number of First Nations community initiatives have also received financial support from the Community Facility Enhancement Program (CFEP I and II).

In addition, studies on aboriginal gaming trends have been completed with financial assistance from the Alberta Alcohol and Drug Abuse Commission (AADAC), through lottery funds allocated to support problem gambling initiatives throughout the province.

Objectives

The objectives of the Committee's recommendations are to maintain a well-regulated and streamlined system of lotteries and gaming in Alberta; to return benefits from gaming to both native and non-native communities; to develop a provincial policy on native casinos; to respond to concerns about the accessibility of VLTs and gambling addictions amongst natives; and to ensure that lotteries and gaming revenues continue to be used for the benefit of all Albertans.

"...while casino gambling can bring some benefits to Canadian communities, it is no economic messiah. Careful reflection is needed by Canadians and First Nations alike, before proliferation of casinos is permitted to proceed further. The current fiscal challenges facing governments can be met by developing realistic policy objectives, together with revenue-raising mechanisms that do not generate more problems than they solve."

Lennart Henriksson, Ph.D. - *Hardly a Quick Fix: Casino Gambling in Canada*

Summary of Presentations

The MLA Committee on Native Gaming met with First Nations Representatives on April 3, and 12, 1995. A list of presenters is outlined in Appendix A.

Generally, most First Nations claim an inherent right to regulate gaming and do not recognize provincial jurisdiction over native gaming on reserves. They claim that authority over gaming was transferred to the province without their consent. Native leaders emphasized jurisdictional, self-government and sovereignty issues, however, they did indicate a willingness to work in cooperation with the Government of Alberta to establish a native gaming policy. The First Nations consider gaming as an opportunity to create employment and a means to economic self-sufficiency.

During these meetings, First Nations leaders made note that they had looked at several Indian gaming models in the United States and were particularly impressed with Mystic Lake, in Minnesota.

As a result, the Committee visited two unique gaming projects in the United States on June 12 and 13, 1995. A summary of the Indian gaming projects visited, Mystic Lake and the Coeur d'Alene Tribal Bingo Association, are outlined in Appendix B.

Although these venues provided gaming opportunities within these jurisdictions, the Committee feels that these market areas are not comparable to Alberta. For instance, Alberta has an adult population of 1.9 million province-wide; whereas the casino at Mystic Lake in Minnesota, draws three million people within a 100 mile radius to support the casino operation. Only native casinos operate in Minnesota, whereas Alberta has 14 charitable casino facilities, some of which have operated since the late 1970s, returning casino revenues back to charitable organizations.

Jurisdictional Responsibility

"As a police agency we believe everyone's best interests would best be served through an arrangement whereby the First Nations could realize a financial benefit from gaming and the provincial government could be assured the integrity of the activity was maintained and appropriate regulation and monitoring standards were implemented."

Sgt. R.H. (Bob) McDonald
Royal Canadian Mounted Police - K Division.

The Government of Alberta has taken the position that the establishment of lawful aboriginal gambling is under provincial jurisdiction as delegated by Section 207 of the *Criminal Code of Canada*. The Federal Department of Justice would endorse this position in that the *Criminal Code* delegates authority to the provinces to make regulations with regard to gaming and the *Criminal Code*, as a federal statute, applies to all citizens on and off reserve lands.

A recent Ontario Court of Appeal (R. v. PAMAJEWON), ruled that the gambling prohibitions and licensing schemes in the *Criminal Code* apply on aboriginal reserves just as they do everywhere else in the country. Some provinces have entered into agreements with aboriginal groups to be considered agents of the province for the purposes of video lottery terminals (VLTs) and slot machine gambling, pursuant to Section 207(1)(a) of the *Criminal Code of Canada*, without renouncing claims to self-government.

Alberta Justice is currently reviewing a recent Supreme Court of Canada decision to determine its potential impact on Alberta and an Alberta native gaming policy. In late February 1996, the Supreme Court dismissed arguments by the First Nations that they have the constitutional right to manage gaming facilities such as casinos on their lands, for the purposes of economic

development. The joint appeal was launched by the Eagle Lake Band (near Dryden, Ontario) and the Shawanaga Band (near Parry Sound, Ontario).

The Committee spent considerable time studying the First Nations gaming models and policies in other jurisdictions, including British Columbia, Saskatchewan, Manitoba, Ontario and New Brunswick. A summary of the Committee's findings is outlined in Appendix C.

Charitable Gaming in Alberta

The Lotteries Review Committee studied at length how casinos should operate. The Committee's recommendations, which were accepted by Government in December 1995, confirmed that well-regulated casinos should be the primary locations for gambling in Alberta, not bars and lounges.

In their review, the Lotteries Review Committee, found that the majority of Albertans felt that large-scale, Vegas style casinos should not be allowed in Alberta. Generally, most Albertans feel this is not the way we want to stimulate economic growth in our province. They repeatedly stated that the primary beneficiaries of regulated gambling in Alberta should continue to be charitable organizations.

As a result of this extensive review, the Lotteries Review Committee recommendations dealing with charitable gaming have been accepted by Government and will be implemented over the next year.

Alberta's charitable gaming model is a well-regulated, streamlined system that provides significant financial returns to charities and a source of recreational entertainment for thousands of Albertans.

It is the non-profit charity, not the Government, that benefits from charitable gaming activities. Currently, charitable gaming activities in Alberta support the work of more than 8,000 charitable and religious organizations.

Last year, Alberta's non-profit charities derived over $711 million in gross revenues from charitable gaming activities, including bingos, casinos, pull-tickets, and raffles. After payout of winnings and operating expenses, which includes casino management companies, total net revenues of $97.3 million were returned to charitable and religious organizations in the 1994/95 fiscal year. Clearly, Alberta is one of the leaders in ensuring that revenues to charities remain constant through its charitable gaming model.

Casinos are a major fund-raising vehicle for non-profit groups. Under the charitable casino model, casino licences are issued to non-profit charities for a two-day casino. Last year, the average net profit from a two day casino was $19,167 in Calgary; and $27,921 in Edmonton.

At the present time, nine licences are issued per week in both Calgary and Edmonton, however, effective July 1, 1996, 12 licences per week will be issued in these two cities.

Casinos in Fort McMurray, Grande Prairie, Lethbridge (2), Medicine Hat, Red Deer (2), and St. Albert generally operate between four to six days a week, depending on the number of non-profit charities applying for casino licences in each community.

The non-profit charity contracts with a casino operator/casino management company to provide the facility and services such as staffing, equipment and supplies for the casino. At this time, there are 14 casino facilities operating throughout Alberta, however, a number of new operators/casino management companies have received approval-in principle to begin operations on July 1, 1996 in Edmonton (4) and Calgary (2).

With the capital investment into new casino facilities and carefully controlled operational costs, competition will be created within this industry. Over the long term this will ensure that the non-profit charitable organizations and religious groups are the ones that will ultimately benefit from charitable gaming activities in Alberta.

Highlights of the charitable casino model currently available in Alberta include:

- Hours of operation - 12:00 Noon to 12:00 Midnight, Monday to Saturday. Effective July 1, 1996, casinos will be permitted to operate Monday thru Saturday, for 13 consecutive hours, closing no later than 2:00 a.m.

- All players at casino games must be 18 years of age or older.

- Casino games in Alberta approved by the Alberta Gaming and Liquor Commission include: Blackjack; Mini-Baccarat; Poker: Seven Card Stud, Texas Hold'Em, Omaha Hold'Em High/Low Split; Pai Gow poker; Red Dog; Super Pan Nine; Roulette; Sic Bo; and Wheels of Fortune.

- Up to 50 casino gaming terminals (CGTs/slot machines) are allocated to charitable casinos, depending on the geographic location, hours of operation and number of table games.

- Betting limits vary between games; the maximum betting limit is $200.

- Maximum number of table games per site is 30; in addition a maximum of 6 poker tables can be open.

- Alcohol can not be served or consumed in the gaming area.

- Revenue after player payout (win) and casino management company expenses is retained by the non-profit charity. Some changes to revenue allocation that will be introduced July 1, 1996 include:

    - Mandatory pooling will be implemented where all non-profit charities with a casino licence at an individual facility will pool and share equally all revenues from that facility during a three month period.

    - Fixed fees for the facility and services provided to the licenced charity. The total fixed fees and charges of the casino management company can not exceed 50% of the

net proceeds in Calgary and Edmonton casinos; 65% of the net proceeds at the St. Albert casino; and 75% of the net proceeds at casinos outside Calgary, Edmonton and St. Albert.

Only charities and religious groups are licenced for bingo, casino, pull-ticket and raffle events. Profits must be used for charitable or religious activities. Conducting a gaming event without a licence is a Criminal Code offence.

A "charity" provides a public service or community benefit. Membership in the group must be voluntary. The executive is chosen from its volunteer base. Members, directors, and officers must not be paid. Programs must benefit the community, not the members' self-interest.

The group must be not-for-profit and have a broad based volunteer membership. The volunteers establish, maintain and deliver the group's programs.

Groups applying for a casino licence must be incorporated for at least 24 months. Acceptable forms include:

- Societies Act;
- Part 9, Companies Act;
- Part II, Canada Corporations Act;
- other Alberta Statutes; or
- charter from a recognized international governing body (e.g. service club charter).

A Band Council Resolution recognizing a native group and supporting its community program is an alternative to registration under the Societies Act. A member of any First Nation can work as a volunteer worker at any licenced gaming event.

Programs are reviewed to determine if they provide the following:

- *Relief of the aged and disadvantaged*: relief to the poor; programs for the elderly so they stay active in society; or social services and educational programs for the emotionally or physically distressed.
- *Advanced education and learning*: student scholarships, aid to schools, libraries, museums and the arts; or preservation of cultural heritage. Student groups must submit written approval from the Board of Governors of a University; President of post-secondary schools; School board for high schools; or Principal for junior high or elementary schools.
- *Other programs to help the community:* making improvements to the quality of health; supporting medical research; aiding medical treatment programs; providing a facility for the community's use; supporting competitive amateur athletics; or providing places for public worship and other religious programs.

A group is eligible for only one casino licence at a time, and groups outside of Calgary and Edmonton can have two casino licences per year. Groups affiliated with a charity are considered related to the charity. Only one of either the principal group or an affiliate may be licenced for a casino at a time. Each case is considered on its own merit.

First Nations and First Nation Councils are not charitable or religious organizations by nature. Both entities are statutory creations as set out in the Indian Act.

"Extreme caution must be exercised before proceeding on signing a gaming agreement as legal, social, political and economic complexities continue to unfold. A major concern to First Nations leadership is that the ramifications of jurisdictional issues must be addressed in order to safeguard the rights of First Nations."

Native Youth Business Ventures

First Nations Casinos

The MLA Committee on Native Gaming considered the extensive review of gaming in Alberta undertaken by the Lotteries Review Committee in developing recommendations on a Native Gaming policy. Albertans felt that for profit (Vegas-style) casinos should not be allowed in Alberta. Although there may be economic benefits, the Committee shared the views of the majority of people who said, "this is not the way we want to stimulate economic growth in our province". The primary beneficiaries of regulated gambling in Alberta should continue to be charitable organizations.

The Committee felt that the extensive review and the input received from Albertans could not be ignored. When Albertans were asked if the province should licence large-scale, privately-owned casinos, 89% of respondents objected to privately-owned casinos anywhere in Alberta, especially in national parks. People said that large scale, private casinos would have a detrimental effect on non-profit organizations and have the potential for increased crime, gambling addiction, family deterioration and high social costs. Overall, people said this was not a positive way to add to the quality of life in Alberta.

Government's response to the Lotteries Review Committee recommendation was a key factor in confirming that all casinos in Alberta, including First Nations casinos, must be government regulated and retain their non-profit status.

The expansion of casino gaming in Alberta must ensure that any additional casinos, including First Nations casinos, be subject to the same perameters (such as betting limits, games offered, number of tables, revenue allocation, etc.) and operated no differently than non-profit casinos in this province.

The proposed Alberta Gaming and Liquor Act contains provisions to limit the number of licensed casino facilities in the province. Currently casino operators or casino management companies must be approved by the Alberta Gaming and Liquor

Commission and secure contracts with non-profit charities with a casino licence in order to operate.

Whether, the applicant is a company, or a First Nation, the Alberta Gaming and Liquor Commission will licence new operators, based on the current criteria.

Licenced operators undergo extensive security and financial checks and must provide detailed documentation, and demonstrate financial viability before they are approved.

A First Nation may choose to be their own casino management company, or they may choose to contract to a private company to provide these services and/or the facility. All casino operations can be operated as an enhanced entertainment centre, offering entertainment and other gaming and non-gaming activities (such as bowling, bingo, live entertainment, museum, aboriginal displays, etc.)

There are over 50,000 adult natives living on-reserve and off-reserve throughout Alberta. Treaty 6 - 16 bands, Treaty 7 - 7 bands, and Treaty 8 - 22 bands (see Appendix D).

A variety of First Nations non-profit organizations are now operating in areas such as arts and crafts, education, elders groups, housing, community associations, social/health services, women's groups, sports teams, etc. Casino licences are available to these native non-profit organizations, as well as to all non-native organizations throughout Alberta.

The non-profit organization that is approved for a casino licence contracts a casino management company to provide the facility and services for their casino. The non-profit organization could contract with the First Nations facility, or any other licenced facility in their community, as their casino management company. Charitable organizations outside of Calgary and Edmonton can apply for a casino licence at any casino in the province, excluding Calgary and Edmonton.

This policy will ensure that the casino model in Alberta will continue to thrive, while maintaining the wishes of the majority of Albertans to maintain the integrity of gaming in this province, and at the same time will allow First Nations to participate in and benefit from charitable gaming activities.

Distribution of revenues

Effective July 1, 1996, fixed fees for the facility and services provided to the licenced charity will be introduced for all casino management companies in Alberta. The total fixed fees and charges of the casino management company can not exceed 50% of the net proceeds at Calgary and Edmonton casinos; 65% of the net proceeds at the St. Albert casino; and 75% of the net proceeds at casinos outside Calgary, Edmonton and St. Albert.

This policy for the distribution of revenues will ensure that it is the non-profit charity, not the casino management company, that ultimately benefits from casino revenues.

At a First Nations casino, the amount paid to a casino management company after prize payout would depend on whether the management company is providing full or partial gaming services.

The Committee studied the British Columbia model for a First Nations casino and recommends that an Alberta formula be developed for distribution of revenues from a First Nations Charitable Casino.

In British Columbia, at a First Nations casino, the distribution of revenues after prize payout earmarks 40% for the casino management company to provide gaming services (which may be the First Nation itself) and 10% for the provincial government as licence fees. The remaining 50% is divided between the host First Nation and a First Nation fund, as follows: In the first million of remaining revenues, the host First Nation would receive 80% and the First Nation Fund 20%; in the second million the host First Nation would receive 50% and the First

"I think it is sad when native leaders across the country have such a narrow imagination when it comes to economic development. ("Gambling their right, say native leaders," Journal March 23.) We as native peoples have high rates of alcoholism and drug addiction. We also have high rates of sexual abuse and suicide. We are faced with enough problems. We don't need another one to harm our future generations."

John Goodleaf, Kahnawake Mohawk Nation

Nation Fund 50%; and over the second million the host First Nation would receive 20% and the First Nation Fund 80%.

The only variance is that in Alberta, the provincial government does not share in charitable gaming revenues, however, the Government does collect a licence fee from the non-profit organization, for the casino licence. (Licence fees for charitable gaming -- bingos, casinos, pull-tickets and raffles total about $3.7 million annually, which cover the Alberta Gaming and Liquor Commission's administrative costs.)

The opportunity to derive revenue from and participate in other forms of charitable gaming (bingos, pull-tickets, and raffles) will continue to be available to First Nations, under the same terms and conditions of licence and regulations as specified by the Alberta Gaming and Liquor Commission.

Problem Gambling

"The total monthly expenditure on gambling was significantly correlated with problem severity. The greater the expenditure, the more severe the problem.

"Spirit of Bingoland", Nechi Institute, 1994.

It is estimated that each adult Albertan could be spending on average $1,427 per year on gambling. It has been suggested that on average, aboriginal Albertans could be spending up to $6,000 per year on gambling; however, this estimate has not been verified. A 1994 study conducted by the Nechi Institute, entitled *"Spirit of Bingoland"*, suggests that some participants total monthly expenditure on gambling could be up to $1,036 per month.

Further, in a recent study, *"Firewatch"*, undertaken by the Nechi Institute last year, it was suggested that prevalence of gambling among Aboriginal youth is no higher than non-aboriginal youth, but that gambling among all young people may have increased over the last few years.

During their presentations to the Committee, First Nations representatives acknowledged that problems created as a direct result of gaming will exist, regardless of where the gaming facility is located.

"... the First Nations have an obligation to ensure reserve gaming is appropriately regulated and crime is shut out. They must realize, like other communities there are criminals within their midst and that undesirable element will use political issues and whatever means are available to them to disguise their true criminal intentions which are to realize personal gain and to victimize the citizens of communities. Organized crime will attempt to gain a foothold in Canadian gaming through First Nation gaming venues if the opportunity is provided. The general populace of the First Nations and the integrity of the activity itself must be protected through appropriate regulation, security measures and follow-up enforcement."

Sgt. R.H. Bob McDonald, RCMP

In some instances, the First Nations indicated that they would be prepared to establish programs to treat problem gambling among the aboriginal population.

The policy of the Alberta Alcohol and Drug Abuse Commission (AADAC) is to work with key parties to prevent or minimize the harm associated with problem gambling activities. Their focus is on prevention, treatment and service delivery through partnerships and community agencies, appropriate legislation and ongoing research.

The Government of Alberta has endorsed the Lotteries Review Committee recommendation that problem gambling continue to be a first priority for government. The MLA Committee on Native Gaming acknowledges the work done by AADAC and its funded agencies concerning problem gambling among the aboriginal population.

Conclusion

The basic principles used by the Lotteries Review Committee in preparing its recommendations were also considered by the MLA Committee on Native Gaming in developing their recommendations on native gaming:

> *"The Lotteries Review Committee sought to find a balance -- a balance between maintaining lotteries as a source of revenues for charitable organizations and becoming overly dependent on lotteries and gaming; a balance between lotteries and gaming as a source of entertainment for some and a problem for others; a balance between government's responsibility to regulate the lotteries and gaming system and each individual's responsibility for their own behavior; and a balance between the desire to prohibit VLTs with the very real possibility that has occurred in other provinces where illegal machines simply take their place."*

The MLA Committee on Native Gaming feel that these

recommendations also strike that balance. The recommendations will maintain a well-regulated and streamlined system while ensuring that benefits go to native communities; they establish a level playing field between native and non-native casinos; they respond to issues regarding the use of CGTs/VLTs by native people and the placement of CGTs/VLTs in First Nations casinos; they provide individuals with a source of entertainment while ensuring that problem gambling concerns are addressed; and they meet the overall objective, to ensure that lottery revenues continue to be used for the benefit of all Albertans.

These recommendations will preserve the charitable gaming model endorsed by Albertans through an extensive consultation process and provide a level playing field for native and non-native charitable gaming activities throughout Alberta.

Recommendations

Gaming Regulation and Enforcement

1. To ensure consistency of all gaming operations, regulation and enforcement of all gaming should remain the responsibility of the province.

2. All native gaming initiatives should be on an "equal playing field" and subject to the same rules, regulations, and legislation of other charitable gaming initiatives.

3. Enforcement is a provincial responsibility, therefore, full access to the facility and disclosure of gaming operations must be provided to the Alberta Gaming and Liquor Commission.

Native Casinos

4. All casinos in Alberta, including First Nations casinos, must be government regulated and retain their non-profit, charitable status.

5. First Nations Gaming Casino(s) will continue to be allowed in Alberta, under the current charitable gaming model. A maximum of three, two-day casino licences would be available per week, at a First Nations facility.

6. In order to assure the viability of casinos as a source of revenue for non-profit organizations, we would recommend that initially, a maximum of four facilities be licenced on-reserve, or contiguous to the reserve.

7. All First Nations in the Province of Alberta should realize some benefit from the revenues. The Committee recommends the following percentage split: 50% to the casino operator/casino management company; 40% to the non-profit charity; and 10% to a First Nations trust fund to be pooled and shared by all First Nations in Alberta.

8. The First Nations Gaming Casino should have community support and address the impact on adjacent and surrounding communities, such as roadways and highways, policing, etc.

9. Agreement should be negotiated to provide ownership of the casino (except for VLTs/CGTs) to the individual First Nation and authority to regulate and enforce compliance to the province. The First Nation can be both the owner and operator of the First Nation casino.

   Further, it is strongly recommended that some key elements of the agreement should include:

   - To ensure all First Nations benefit, 10% of casino revenues should be pooled to benefit all First Nations in the Province of Alberta.
   - All revenues must be accountable, based on current accounting practices and go toward the First Nation as a whole.
   - All management fees must be approved by the province.
   - The Casino Management Company must be approved by and registered with the Alberta Gaming and Liquor Commission.
   - Site location must reflect and respond to concerns of the First Nations residents, as well as the community where the facility is to be located.
   - Impact on adjacent and surrounding communities must be considered and continuously assessed.
   - First Nations casinos must be operated at the current scale and scope established by the Alberta Gaming and Liquor Commission. All casinos in Alberta must be government regulated and retain their non-profit status.
   - All relevant municipal, provincial, federal and First Nation laws and bylaws must be complied with.

- First Nations gaming must comply with the Alberta Gaming and Liquor legislation and all relevant policies and procedures of the Alberta Gaming and Liquor Commission and the provincial government, including such matters as distribution of revenues.

- If any illegal or illicit activity is detected, the licence will be revoked immediately, pending full investigation by the Alberta Gaming and Liquor Commission.

- As outlined in the Casino Terms and Conditions, liquor is not allowed on the gaming floor of the casino facility. Other components of the operation can be licensed, such as a lounge within the facility.

10. The number of video lottery terminals/casino gaming terminals (VLT/CGT) per First Nations casino should be based on a sliding scale related to geographic location, hours of operation and the number of table games in the casino, to a maximum of 50 terminals. This maintains a level playing field with both charitable and First Nations casinos.

11. Guidelines should be set on the share of First Nations casino VLT/CGT revenues going to non-profit native organizations.

    - Revenues from each First Nations casino should be pooled over a three month period so that non-profit native and non-native groups with casino licences can share in the revenues.

    - 15 percent of net revenues from VLTs/CGTs in casinos should also be pooled and shared by the non-profit organizations and the casino operator/casino management company. That amount should be split, two-thirds (2/3) to native and non-native groups with casino licences, and one-third (1/3) to the operator/ casino management company as a management fee.

Allocation and Disbursement of Lottery Fund revenues

12. The Lotteries Review Committee recommendations that one umbrella Foundation and community lottery boards be formed to distribute lottery funding at a local level received agreement in principle, however, guidelines and policies are now being developed for implementation on April 1, 1997.

    It has been recommended that all Alberta communities receive a portion of lottery funds to support local priorities and initiatives on a community and regional basis. We would recommend that the same funding formula be applied to First Nations within Alberta. Through community lottery boards, First Nations would also share in Lottery Fund revenues and local projects, initiatives, community groups and individuals would receive support.

13. In addition to funding potential through the Community Lottery Boards, lottery funding for First Nations programs and initiatives should also continue to be available through other lottery-funded programs, such as the Community Facility Enhancement Program (CFEP III), and through Agricultural initiatives.

Addressing Problem Gambling

14. Problem gambling should continue to be a first priority for Government, providing a solid research base and effective treatment programs for those who need them. Funding for aboriginal problem gambling programs and initiatives should continue to be provided through AADAC and AADAC approved community agencies and individuals. The funding for all problem gambling initiatives should be allocated as the "first draw" from the Lottery Fund.

Follow-up and Evaluation

15. During the implementation of these recommendations, the Committee would recommend that the Alberta Gaming and Liquor Commission work with the First Nations to ensure they have the information and guidance they need to become a successful competitor under the charitable gaming model in Alberta.

    Further, it is important that a continued open dialogue be maintained with all First Nations in Alberta and that the impact of this native gaming policy be monitored on an ongoing basis and **evaluated in three years** to assess whether further changes are needed.

APPENDIX A

Native Gaming Presentations

Government House, Edmonton
April 3, 1995

- Richard Arcand, Alexander Band
- Chief Howard Peacock and Len Crate, Enoch Band
- Chief Bernard Meneen, Tallcree First Nation
- Willie Littlechild, Samson / Ermineskin
- Chief Charlie Chalifoux, Swan River First Nation
- Chief Eddie Tallman and Albert Quinn, Whitefish First Nation
- Grand Chief Halcrow and Sarah Thomas, Grand Council Treaty 8
- Chief Jonathan Bull, Louis Bull First Nation
- Tony Punko, Athabasca Tribal Council
- Mike Beaver, Assembly of First Nations
- Greg Sparklingeyes and Myron Sparklingeyes, Whitefish Lake Band #128

Tsuu T'ina First Nation
April 12, 1995

- Chief Straitor Crowfoot, Siksika Nation
- Chief Roy Whitney Jr., Tsuu T'ina Nation
- Dorothy Firstrider, Blood Tribe
- Chief Ken Soldier, Ray Greenwood and Bruce Labelle, Stoney Band / Chiniki Tribe

APPENDIX B

Native Gaming Tour
June 12 and 13, 1995

Mystic Lake
- Prior Lake, Minnesota

Mystic Lake is one of 17 tribal casinos operating in the State of Minnesota. It is located approximately 35 minutes from the Minneapolis/St. Paul airport. Mystic Lake is owned by the Shakopee Mdewakanton Dakota community. It has about 250 tribal members.

The 340,000 square foot facility houses 4,000 slot machines, 110 blackjack tables, a 1,100 seat bingo palace, five restaurants, a small retail mall (11 stores) , and meeting/banquet rooms. A hotel will open in 1996; construction was scheduled to begin in the Fall of 1995. The casino operation employs 4,000 of which 20 percent (800) are native; 442 staff are responsible for casino security. Mystic Lake is open 24 hours a day, 7 days a week. No alcohol is available. The casino is an attraction for more than three million people within a 100 mile radius.

The compact (agreement) with the State of Minnesota, does not require the tribe to share any revenues with the State; does not limit the number of slot machines or blackjack tables in the facility; and has no sunset clause. Profits are used to pay for infrastructure (roads, houses, sewer and water systems, etc.), and to establish education and social service programs (scholarship funds and health clinics for tribe members). Proceeds are also used to divest in other businesses (light equipment manufacturer, gaming products, etc.).

It is estimated that last year, each tribe members received between $400,000 to $500,000 from casino profits.

Fire and police services are secured from the local community, Scott County. In addition, the tribe recently constructed a state of the art daycare centre and full-scale recreation centre for use by tribal members and the local community. Local residents pay a fee; tribe members do not pay. The facility is available to staff who work at the casino, as well as to customers who frequent it.

Coeur d'Alene Tribal Bingo Association - Coeur d'Alene, Idaho

The Coeur d'Alene Tribal Bingo Association is located at Worley, Idaho, approximately 255 miles south of Coeur d'Alene. The facility is one of four native gaming facilities in the State of Idaho. It is operated by the Coeur d'Alene Tribe; the tribe is also looking at establishing a National Indian Gaming Lottery.

The facility houses a 1,000 seat bingo hall and 170 pull-tab video machines. The bingo operates Thursday, Friday and Saturday only. It draws about 400 for bingo, including patrons bused in from Coeur d'Alene and Spokane, Washington by the tribe. Game prizes start at $1,000/game with one game for $5,000. They also have a Pick 8 where the prize at the time of the visit was $8,000; and a Bonanza with a prize of $24,000.

The facility employs 70 people, all native. It is open 24 hours a day, 7 days a week. No alcohol is available. Local residents and some tourists are the main draw for video machines. Last year, the tribe made about $1 million from the video machines alone. The profits are used mostly to buy back tribal lands and to fund social programs and loans for tribal members.

The compact with the State of Idaho requires the tribe to return 10 percent of all profits toward education. The local and reserve schools benefit from these profits. The compact does not set a limit on the number of video machines within the facility; although it was not confirmed, it was evident that more video terminals would be added to an expansion under construction.

APPENDIX C

First Nations Gaming

British Columbia

The government currently licences 17 small-stake casinos in the province that have a betting limit of $25 for table games (Blackjack, Multiple Action Blackjack, Red Dog, Caribbean Stud, Seven Card Stud and Texas Hold'Em poker) and $100 for wheel games (Roulette and Sic Bo); hours of operation are limited to 6:00 p.m. to 2:00 a.m. Revenues after player payout are distributed 50% to the licenced charitable or religious organization; 40% to the casino management company; and 10% to the province as a licence fee.

In October 1994, the provincial government announced a new gaming policy that lifted a 1987 moratorium on charitable casinos and rejected Las Vegas-style casinos. Video lottery terminals were rejected by the provincial government, in May 1995. Limited expansion to casino gaming in B.C., through a Casino Prequalification Process, was announced in June 1995. The expansion is designed to keep B.C., on a moderate gaming path and, where possible, enable First Nations to participate in gaming. With a successful history of credibility, respectability and accountability, the made-in-B.C. casino-gaming model places public acceptability and community benefit above the pursuit of commercial profit maximization.

Saskatchewan

The Saskatchewan Government entered into an Agreement with the Federation of Saskatchewan Indian Nations (FSIN) in February 1995, to develop a Las Vegas style casino in Regina. Up to 500 slot machines and 40 table games will be included in the Regina casino. Separate legislation allows for up to 3,500 VLTs in licenced establishments throughout Saskatchewan.

In addition, four community-scale casinos are in the process of being established. These community casinos can share a maximum of 500 VLTs and/or slot machines, and can be established on or off reserve.

The revenue-sharing formula for on-reserve casinos is 50% to the First Nations, 25% to the provincial government an 25% to First Nations charities. For off-reserve casinos, the 25% charity component will go to off-reserve charitable and non-profit organizations.

Initial revenue projections predicted profit at $20 million annually, based on 324,000 annual visitors. Revised revenue projections now estimate the Regina casino to net $7 million per year. The four smaller regional casinos are expected to generate more than $2 million per year.

Manitoba

The province of Manitoba allows First Nations in that province to establish their own aboriginal gaming commissions. These commissions regulate gaming activities such as bingos and pull-tickets on their reserves.

In addition, Manitoba First Nations can obtain a maximum of 40 VLTs through a licensing agreement with the Manitoba Lotteries Foundation (MLF). The First Nations has the option of two plans of revenue sharing: the First Nation keeps 90% of the net revenue and the MLF keeps 10% of net revenue, however, the First Nation must put up an "administration fee" of $5,650 per VLT; or the First Nation keeps 20% of net revenue and the MLF keeps 80% of the net revenue, with no administrative fee per VLT. The MLF retains ownership of all VLTs, as required under the *Criminal Code of Canada*. The Manitoba government has remained steadfast in refusing to allow First Nations casinos.

Ontario

In 1991, the Ontario First Nations and the Government of Ontario established a new way of dealing with one another - formalized by the signing of the Statement of Political Relationship (a key feature of this agreement is the emphasis of mutual trust and respect and a departure from a relationship too often based on dominance and control).

In December 1994, the Ontario Government announced that Ontario's first native casino would be established on the Chippewas of Rama First Nation land. The casino proposal calls for a casino complex on a 15.5 hectare waterfront site on Lake Couchiching (near Orillia, Ontario). Revenues from the casino will be distributed among all First Nations in Ontario: the province of Ontario will collect 20% of the gross revenues; the net profit, after expenses is deposited to a Trust Fund and shared by the 131 First Nations in Ontario.

New Brunswick

In May 1994, the provincial government announced an agreement to permit high stakes bingo and other forms of gambling on the Woodstock Indian Reserve. The agreement provides for a limited number of high stakes bingos and Monte Carlo nights, but does not permit casino-type gambling. The province has agreed to forgo most of its share of VLT earnings from machines operated on the reserve.

The Woodstock Band plans to develop a gaming and entertainment facility with a 1200 seat bingo hall; as well as a break-open ticket (pull-ticket) for use on the reserve. This agreement is viewed as a model for other similar negotiations with other First Nations in New Brunswick.

APPENDIX D

Treaty 6

Alexander
Alexis
Beaver Lake
Cold Lake
Enoch
Ermineskin
Frog Lake
Heart Lake
Long Lake Cree
Louis Bull
Montana
O'Chiese
Paul
Saddle Lake
Samson
Sunchild

Treaty 7

Blood
Peigan
Siksika
Stoney-Bearspaw
Stoney-Chiniki
Stoney-Wesley
Tsuu T'ina Nation

Treaty 8

Athabasca Chipewyan
Beaver
Bigstone Cree
Chipewyan Prairie (Janvier)
Dene Tha'
Driftpile
Duncan's
Fort McKay
Fort McMurray
Horse Lake
Kapawe'No
Little River Red
Loon River
Lubicon
Mikisew Cree
Sawridge
Sturgeon Lake
Sucker Creek
Swan River
Tallcree
Whitefish Lake
Woodland Cree

Alberta
GOVERNMENT OF ALBERTA

News Release

April 18, 1996
For immediate release

Native Gaming Report released recommending Government policy on native gaming

Edmonton - The Native Gaming Report outlining recommendations for an Alberta Native Gaming Policy was released today by the MLA Committee on Native Gaming. The First Nations and other key stakeholders will have an opportunity to provide further input before Government responds to the Committee's recommendations.

"The Native Gaming Policy will maintain the integrity of charitable gaming in this province," said Dr. Stephen C. West, Minister Responsible for the Alberta Gaming and Liquor Commission. "At the same time, it establishes and maintains an equal playing field, allowing First Nations in Alberta to participate in and benefit from charitable gaming activities."

"In developing the Native Gaming Policy, we researched and watched with interest what has been happening in other jurisdictions throughout Canada," said Judy Gordon, MLA (Lacombe-Stettler) and Chair of the MLA Committee on Native Gaming. "The Committee felt that the extensive review and input received from Albertans could not be ignored. This policy reflects the direction endorsed by Albertans through the Lotteries Review consultation process, maintains a level playing field, and responds to employment and economic concerns expressed by the First Nations."

Highlights of the Native Gaming Report recommendations include:

- To ensure consistency of all gaming operations, regulation and enforcement should remain the responsibility of the province.
- All native gaming initiatives should be on an "equal playing field" and subject to the same rules, regulations, and legislation of other charitable gaming initiatives.
- All casinos in Alberta, including First Nations casinos, must be government regulated and retain their non-profit, charitable status.
- First Nations gaming casino(s) will continue to be allowed in Alberta, under the current charitable gaming model. A maximum of three, two-day casino licences would be available per week, at a First Nations casino facility.

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- In order to assure the viability of casinos as a source of revenue for non-profit organizations, a maximum of four First Nations casinos would be licensed on reserves, or contiguous to the reserve.

- Up to a maximum of 50 video lottery terminals/casino gaming terminals will be allocated to a First Nations casino, based on geographic location, number of table games, and hours of operation.

- All First Nations in the Province of Alberta should realize some benefit from the revenues. It is recommended that 10% be directed to a First Nations trust fund to be pooled and shared by all First Nations in Alberta.

- Any First Nations Gaming Casino should have community support and address the impact on adjacent and surrounding communities.

- It has been recommended that all communities receive a portion of lottery funds and a funding formula is now being developed for implementation in the 1997/98 fiscal year. This funding formula would also be applied to the First Nations. In addition, lottery funds should continue to be made available to First Nations through programs and initiatives such as the Community Facilities Enhancement Program (CFEP III).

- Funding for aboriginal problem gambling programs and initiatives should continue to be provided to approved community agencies and individuals through AADAC. Problem gambling will continue to be a first priority for government, providing a solid research base and effective treatment programs for those who need them.

In March 1995, a five member MLA Committee was asked to look at the issue of native gaming and make a recommendation to Government on the future direction. The MLA Committee on Native Gaming includes Judy Gordon (Lacombe-Stettler) as Chair; Roy Brassard (Olds-Didsbury); David Coutts (Pincher Creek-Macleod); Bonnie Laing (Calgary Bow) and Dr. Lyle Oberg (Bow Valley).

Copies of the Native Gaming Report can be obtained by calling (403) 447-8738.

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For further information, contact:

Judy Gordon, MLA (Lacombe-Stettler)
Chair, MLA Committee on Native Gaming
(403) 427-1807

Jim Kiss
Minister's Office
(403) 427-2080

Darlene Dickinson
Alberta Gaming and Liquor Commission
(403) 447-8737