

Responsible Management, Responsible Play in a Responsible Environment

*A Responsible Approach
to Gaming in
New Brunswick*

Department of Finance

Lotteries Commission of New Brunswick

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in a Responsible Environment**

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Responsible Management, Responsible Play in a Responsible Environment

Introduction

The Government of New Brunswick is bringing a new strategic approach to gaming in the Province with a focus on *Responsible Management, Responsible Play in a Responsible Environment*.

There have been no major changes in the type of gaming activities offered in New Brunswick since the video lottery program was introduced in the early 1990s. It is time for government to take action to offer other types of gaming activities, help ensure that New Brunswickers participate in a more responsible, controlled, secure gaming environment and help them make informed gaming choices by providing information and help when needed.

The new responsible gaming policy will focus on improving New Brunswick's gaming environment in order to protect the integrity of provincial and charitable gaming activities. It will lead to a more controlled, secure gaming environment for operating gaming activities. It will help New Brunswickers understand their chances of winning when they gamble and provide information and raise awareness of the signs that lead to problem gambling. This will help them make more informed gaming choices. In cases where there is a problem, this new policy will help ensure services are available to assist problem gamblers.

The new responsible approach will ensure the best interests of all New Brunswickers are kept in the forefront. Public trust is vital. It will help ensure those who choose to participate in gaming activities are protected. It will ensure the integrity of gaming activities is protected.

The gaming industry has seen phenomenal global growth in the last two decades. The global and national gaming marketplace has changed and continues to change quickly to adapt to trends and consumer preferences. Governments face the challenge of developing provincial gaming strategies and policies that reflect changing consumer preferences, public attitudes, and the marketplace. Governments also face global challenges, such as the increase of unregulated online gaming.

Responsible Management, Responsible Play in a Responsible Environment, Continued

Introduction (continued)

The new responsible approach to gaming in New Brunswick will include a reformed video lottery program, enhanced responsible gaming initiatives with new programs for those at risk of developing or already have a gambling problem; a strengthened charitable gaming policy; and one provincially authorized destination casino as part of the Province's tourism development strategy.

Given the government's commitment to a new era in Aboriginal-provincial relations, New Brunswick First Nations have been engaged and involved in a dialogue regarding their concerns and interests in gaming in the context of the government's new focus on *Responsible Management, Responsible Play in a Responsible Environment*.

A Responsible Approach: Guiding Principles

Introduction

Six guiding principles are the basis for New Brunswick's new strategic approach for gaming in our province. These principles focus on responsible management of gaming activities and promoting responsible play in a socially responsible gaming environment. These principles will be integrated into all gaming activities conducted in the province.

Protection of public interest and confidence

The public should have confidence in the delivery of provincial gaming programs and charitable gaming activities. They should also be confident that games are conducted fairly, responsibly, and with appropriate accountability.

Where an activity does not in accordance with the regulatory framework, steps will be taken to correct activities, address issues and take appropriate action to protect the public interest.

Integrity of gaming activities

A new regulatory framework will set criteria and rules for the responsible conduct and management of all gaming activities. This is to protect the integrity of provincial gaming programs and of all gaming activities licensed by the government.

The legal framework for gaming activities in New Brunswick will clearly set out the governance and regulation of gaming activities and provide for the appropriate checks, balances, tools and resources to administer the regulatory framework. At the same time, this regulatory framework will incorporate flexibility to ensure responsive action when needed.

A Responsible Approach: Guiding Principles, Continued

***Balancing
social
responsibility
and responsible
fiscal
management***

The Province is committed to embracing its social responsibilities and will take steps to provide the tools and resources to ensure that its gaming programs are delivered in a socially responsible manner. To this end, a focus on prevention, awareness, treatment and research of gambling addictions are incorporated in all aspects of gaming in the province.

This social responsibility will be balanced with government's commitment to manage the finances in a way that is fiscally responsible. Stringent financial controls will be incorporated into all gaming programs. In some instances, it will be applied through regulatory framework while in others, within contractual agreements with gaming service provider.

***Clarity,
Fairness and
Consistency***

It is important that we are clear on what we are doing, who is doing it and how it is being done. We will clearly articulate policies regarding criteria and eligibility for the conduct, management, operation, and the participation in provincial gaming activities. This is to ensure policies, decisions and actions the Province takes are fairly, responsibly and consistently applied.

***Openness,
Transparency
and
Accountability***

All gaming programs and related activities will be implemented and administered in an open, transparent and accountable manner. The management and operation of gaming activities in the province will be regularly reported to uphold the public's trust that gaming is being conducted and managed in the best interest of the people of New Brunswick.

***Enhancement of
Strategic
Partnerships***

We will all share in the success of a responsible approach to gaming in New Brunswick. The Province will enhance strategic partnerships between communities, First Nations, industry, interested agencies and individuals to support responsible gaming in New Brunswick.

Reformed Video Lottery Program

Action As part of the New Brunswick's new responsible approach to gaming, **the Province will reform the video lottery program by April 2010.**

Background The video lottery program was introduced to New Brunswick in 1991. Originally, video lottery terminals (VLTs) were permitted in a variety of locations, but by 2000, only sites with a liquor licence were eligible to have VLTs.

In 2001, a referendum on VLTs was held in which a majority of New Brunswickers who voted favoured a government-run, regulated video lottery program.

In 2002, the Atlantic Lottery Corporation (ALC) became the sole operator of the provincial video lottery program on behalf of the New Brunswick government.

In order to host VLTs, a siteholder must be a licensee under the *Liquor Control Act*. The siteholder then enters into a contract, referred to as a Siteholder Agreement, with the ALC for the placement of VLTs. Currently, if the siteholder is a restaurant, it can have up to two VLTs; if the siteholder is a bar, it may have up to five VLTs placed in its establishment. There is no licence, other than the liquor licence, nor fee requirement for the siteholder.

Reforming Program Changes The New Brunswick government is making changes to reform the video lottery program. These changes are to help ensure the video lottery program operates in line with the Province's new focus on *Responsible Management, Responsible Play in a Responsible Environment*. The new model will provide video lottery gaming in a more controlled, secure environment, with a focus on responsible gaming. For the New Brunswicker who chooses to play, the opportunity to do so will remain. The new program will provide for reasonable access across the province.

Reformed Video Lottery Program, Continued

Reforming Program Changes (continued)

All VLTs will be hosted in age-controlled environments. This means VLTs will not be permitted in restaurants. Restaurants are currently allowed up to two VLTs. The removal of VLTs will be done in two stages; one terminal per establishment will be removed by Oct. 1, 2008 and the remaining terminals will be removed by April 1, 2009.

The number of video lottery sites will be reduced across New Brunswick by more than 50 per cent. The total number of sites at any given time will be capped at a maximum of 300. This is a significant decrease as there are about 625 sites now in the province.

The number of VLTs will be reduced across New Brunswick by almost 25 per cent. A maximum of 2,000 VLTs will be available for play at any given time. There are about 2,650 VLTs in New Brunswick today.

A moratorium will be placed on the approval of new video lottery sites, effectively immediately, until the transition to the new responsible video lottery program is complete.

Limits on the number of VLTs allowed in one establishment will be adjusted. There will be two classes of video lottery establishments. One class will allow for up to 10 terminals to be in operation in the approved site while the other class will permit 15 to 25 VLTs. Up to 20 sites province-wide will be permitted to host 15 to 25 terminals.

Commission to siteholders will be reduced. The new levels will see a lower commission rate for those hosting a higher number of terminals. A commission rate for those siteholders hosting 15 to 25 VLTs will be set at 15 per cent while those hosting 10 or less VLTs will receive a 20 per cent commission rate. The current commission rate paid to all siteholders is 22 per cent of net revenues.

An annual registration fee will be incorporated in to the video lottery program. Siteholders will pay a registration fee of \$200 per terminal per year. There is currently no fee requirement for the siteholder.

Reformed Video Lottery Program, Continued

Reforming Program Changes (continued)

Responsible gaming requirements will be incorporated into the video lottery program. Mandatory staffing requirements, staff training on the signs of problem gambling and appropriate ensuing course of action, and the presence of responsible gaming messaging, materials and standards are examples of requirements that will be incorporated into responsible gaming policies for the video lottery program.

New Brunswick branches of the Royal Canadian Legion that currently host VLTs will be able to continue to do so under the new model. Legions will retain their current number of VLTs. These locations will not be phased out.

Business and performance standards will be developed and incorporated into the video lottery program. Standards with respect to such matters as minimum square footage of a host site, acceptable seating capacity, and upkeep of facility expectations will be incorporated into Siteholder Agreements. Business volume benchmarks will be set as well. Siteholders will be required to continue to meet these standards in order to retain terminals.

Multiple site limitations will be put in place. Multi-licence sites are sites within a single location that have been subdivided into smaller units for the sole purpose of obtaining multiple liquor licences and, subsequently, more VLTs. The new model will impose limitations on the number of licensed host sites allowed in one physical structure such as a shopping centre or hotel.

Who is Responsible

The Government of New Brunswick will continue to regulate the video lottery program through the legislative and regulatory framework while the Atlantic Lottery Corporation will be charged with implementing the reforms as efficiently and effectively as is reasonably possible.

Reformed Video Lottery Program, Continued

Milestones

Reforming the video lottery program will be done in phases to allow for legislative amendments and the regulatory framework to be implemented in full force. It will also allow those who are now participating in the video lottery program to adapt to changes being implemented.

Immediately

- Place a moratorium on the approval of new sites is effective immediately. No new video lottery sites will be approved until the new reformed video lottery program is implemented.

Within Six Months

- Complete the development of business standards and establish performance benchmarks.

Within Year One

- Remove one VLT from restaurants by Oct. 1, 2008.
- Implement business standards and performance requirements.

Within Year Two

- Remove remaining terminals from restaurants by April 1, 2009.
- Incorporate responsible gaming initiatives and responsibilities into the reformed video lottery program through enhanced Siteholder Agreements.

Within Year Three

- Complete reform of the video lottery program by April 1, 2010.
-

Enhanced Responsible Gaming Initiatives

Action **New responsible gaming initiatives will be developed and incorporated into all aspects of gaming in New Brunswick.**

Background Enhancements to current programs along with several new initiatives will form the cornerstone of the Province’s new responsible approach to gaming in New Brunswick.

Currently, New Brunswick does not have a stand-alone responsible gaming policy. The Atlantic Lottery Corporation (ALC) incorporates a responsible gaming program with respect to its product offerings in the four Atlantic provinces. The Department of Health delivers public awareness campaigns and addiction services in the area of treatment of problem gambling. At this time the Lotteries Commission provides \$757,000 in annual funding to the Department of Health for this program.

Responsible gaming programs have become an integral part of gaming strategies introduced by other jurisdictions over the past decade. Critics of New Brunswick’s provincial gaming policies have focused on the social responsibilities of government and say the province must dedicate more resources to responsible gaming initiatives and addiction treatments. Everyone, government included, agrees that additional resources must be dedicated to enhance responsible gaming initiatives.

Our new responsible approach to gaming has a strong focus on social responsibility. The provincial government recognizes not only its own responsibility as a regulator but also the responsibility of those involved in offering gaming to the public. Whether it is the owner of a business where VLTs are located or the charitable organization holding a fundraiser, everyone must participate in fostering a responsible gaming environment. It cannot be done alone; it takes industry, government, outside agencies, communities, First Nation leaders and individuals to ensure gaming takes place in a safe and responsible manner.

Enhanced Responsible Gaming Initiatives, Continued

Background (continued)

Government is able to facilitate social responsibility through the regulatory framework. But that responsibility is balanced with the need to have resources dedicated to a responsible gaming program. People need to be dedicated to the development and delivery of this program. Most importantly, adequate funding must be available to deliver such activities as targeted prevention initiatives, awareness campaigns, public education programs and addiction treatment services. The responsible gaming initiatives are pivotal in the Province's new approach to *Responsible Management, Responsible Play in a Responsible Environment*.

New Responsible Gaming Resources

Efforts in gambling addiction prevention, education and awareness are important and need to be targeted not only to those who are actively playing, but also to the general public. Knowing the signs associated with problem gambling is vital. Through targeted awareness campaigns, family members, friends, co-workers and gaming industry workers can become familiar with those signs to be able to intervene early. Those with a gambling problem or at risk of developing a problem need to be aware of treatment options so they can get appropriate help when they need it. Well-developed and delivered initiatives in responsible gaming are key components of our approach.

Addiction and Mental Health Services in the Department of Health will receive an increase of \$250,000 in annual funding. This will be used to continue and expand prevention, treatment and rehabilitation supports already in place to help problem gamblers and their families. This increases total funding to \$1 million annually beginning in fiscal year 2008-2009.

In the next budget, the Province will provide an additional \$500,000 for research into gambling addiction and related social problems, promoting public awareness and providing educational materials on responsible gaming. A responsible gaming program is aimed at ensuring an integrated and coordinated approach to responsible gaming province-wide.

With these measures, overall funding for prevention and treatment of problem gambling and addiction services will be doubled to \$1.5 million annually. The \$1.5 million earmarked for responsible gaming initiatives will come directly from all sources of provincial gaming revenues (e.g. VLTs, destination casino, etc.).

Enhanced Responsible Gaming Initiatives, Continued

Enhanced Responsible Gaming Initiatives Focus

The following four focus areas form the cornerstone of the Province's enhanced responsible gaming initiatives.

Prevention and Awareness

The Province will use education programs in addition to general and targeted awareness campaigns to promote responsible play and help people recognize signs associated with problem gambling. Individuals should be aware of the risks associated with gambling and the impact it has on themselves, their families, co-workers and their community. People who choose to gamble should have enough information available to make informed decisions on where they are going to play, the odds of winning and how to set personal limits when playing. This type of information will be delivered via gaming sites, through the general media and through avenues that will target specific at-risk populations.

Enhancement of Problem Gambling and Addiction Treatment

Treatment needs to be accessible, meet the individual client's needs and, most importantly, effective. The government will enhance existing problem gambling/addiction services, expand outreach programs and enable further counsellor training to treat individuals with gambling addictions. New treatment methods may be required. Treatment is not only required when a gambling problem or addiction exists; early intervention treatment options need to be available to prevent aggravating potential problems.

Research

Research is a key element in supporting responsible gaming initiatives. We need to know what is working and what isn't and what changes can be made to offer better programs and services. Prevalence studies and needs assessments are necessary to ensure appropriate resources are being dedicated where they are needed most. Effective methods of preventing and treating gambling addictions will be researched and the impact of gambling activities will be monitored.

Enhanced Responsible Gaming Initiatives, Continued

**Enhanced
Responsible
Gaming
Initiatives
Focus
(continued)**

Corporate social responsibility

According to the World Business Council for Sustainable Development:
"Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large."

Corporate social responsibility is about businesses doing what they do while at the same time, having an overall positive impact on society.

Gaming service providers will be required to incorporate responsible gaming initiatives and corporate social responsibility standards into their regular operations. Corporate social responsibility standards will include on-site business standards and practices, staff training programs and responsible advertising standards and practices. Government will take measures to make this happen through regulations, agreements and contracts.

**Who is
Responsible**

The Lotteries Commission of New Brunswick will be responsible for leading the development and implementation of the responsible gaming initiatives. The commission will coordinate and liaise with groups such as gaming facility operators, VLT hosts, charitable organizations, First Nation communities, health and social agencies, the Atlantic Lottery Corporation, relevant government departments and local communities. Although government will be responsible for implementing regulatory changes, everyone involved in the gaming industry needs to work together to provide the best environment for responsible gaming.

Enhanced Responsible Gaming Initiatives, Continued

Milestones

Within Six Months

- Designate the Lotteries Commission of New Brunswick as the organization responsible for leading the responsible gaming initiatives.
- Increase funding to Addiction and Mental Health Services in the Department of Health.
- Develop goals, objectives and policies for the responsible gaming program.
- Engage experts to provide advice and recommendations on developing a responsible gaming program for New Brunswick.
- Collaborate with First Nations on developing programs and initiatives geared specifically towards awareness programs and problem gambling issues in First Nations communities.

Within Year One

- Undertake a comprehensive needs assessment of prevention programs, treatment and rehabilitation services to identify opportunities for enhancements.
 - Commission a problem gambling prevalence study.
 - Identify approaches and tools to develop and implement an education and public awareness building campaign that will inform the public about the risks of gambling and the importance of responsible play, the signs of problem gambling and how to get help.
 - Develop corporate social responsibility standards which will include the on-site business standards and practices of service providers, retailers and staff training programs (such as at all VLT sites and other gaming venues) and develop and implement responsible advertising standards and practices.
 - Actively participate in national organizations, such as the Canadian Partnership for Responsible Gambling, that partner on responsible gaming initiatives and research.
 - Collaborate with other jurisdictions on responsible gaming activities, research and strategies.
-

Enhanced Responsible Gaming Initiatives, Continued

Milestones (continued)

- Develop an integrated approach to responsible gaming, which will cover all forms of gaming in New Brunswick and will complement the programs and services offered by Addiction and Mental Health Services in the Department of Health and Atlantic Lottery Corporation initiatives.
- Develop proposals for regulatory requirements in consultation with appropriate government departments.
- Incorporate legislative and regulatory responsible gaming requirements within the legal framework.

Within Year Two

- Release prevalence study and needs assessment results.
- Implement the integrated responsible gaming program
- Work with gaming service providers to facilitate the fulfillment of corporate social responsibility commitments.

Within Year Three

- Evaluate program and services menu and make adaptations to fill identified gaps.
 - Release research reports and results of program and services evaluations.
-

Strengthened Charitable Gaming Policy

Actions

The regulatory framework for charitable gaming will be strengthened to make policies governing the charitable gaming sector more effective.

A program for the licensing of charitable Texas Hold'em tournaments will be launched.

Licence and permit holders will be surveyed for input on program improvements.

Overview of Charitable Gaming in New Brunswick

Licensed charitable gaming is an important source of revenue for many of New Brunswick's charities and not-for-profit organizations. Eligible organizations or charities in New Brunswick can obtain a licence or permit to conduct events such as bingos, raffles, Monte Carlo events and breakopen ticket sales. In 2006-2007, close to 830 licences were issued to charities to conduct gaming activities. These gaming activities generated about \$13.7 million in net profit for New Brunswick charities. There were over 1,200 permits issued to charities. Permits are issued for games with a prize value of \$500 or less. Generally, the government has maintained a community-based focus when it comes to charitable gaming in the province.

Licensed charitable gaming across the country has experienced many challenges in recent years. These include increased competition for the entertainment dollar, declining volunteer participation, the emergence of professional service providers and new technologies. Many organizations that rely on charitable gaming for revenues to fund their activities are concerned about the future of this activity. The reliance of many non-profit groups on lotteries, bingos, etc., for funding was reiterated in the recently released report of the Premier's Task Force on the Community Non-Profit Sector.

Strengthened Charitable Gaming Policy, Continued

Overview of Charitable Gaming in New Brunswick (continued)

Government has been asked to license charitable organizations to conduct new forms of gaming, such as Texas Hold'em poker tournaments. Texas Hold'em poker is a popular form of poker in which players make their best 5-card hand from any combination of their two hole cards and five community cards. Texas Hold'em is often played tournament style in which players continue until one player remains with all the chips and is therefore the winner.

New Brunswick, unlike most provinces, does not have gaming legislation that governs issues in charitable gaming such as introducing new gaming activities, eligibility, use of funds, terms and conditions for operation, restrictions on service providers and age restrictions. Regulations need to provide a more controlled environment where charitable gaming is conducted responsibly.

Change Implementation

Legislation will be introduced to provide for regulation-making authority with respect to charitable gaming activities. A more rigorous regulatory framework is required to deal with emerging issues and challenges.

New regulations for the charitable gaming sector can address several issues. These include eligibility of organizations, eligible use of proceeds raised from gaming activities, use of media and new technologies, approval of new types of games and events, and involvement of professional service providers (including the registration of suppliers). Regulations can also address enhanced enforcement and compliance procedures, stricter reporting requirements, an improved appeal process, and the introduction of charitable Texas Hold'em poker tournaments. Regulation will provide the commission with the necessary authority to properly and responsibly provide oversight to charitable gaming activities in New Brunswick. A formal regulatory regime will also provide greater transparency for charities and not-for-profit organizations and the public at large.

Strengthened Charitable Gaming Policy, Continued

Program Review

By involving those who conduct charity bingo, raffles or host a Monte Carlo Night, we can gain a better understanding of what enhancements might be made. One idea that was brought forward through Premier's Task Force on the Community Non-Profit Sector was to reduce red tape and costs of obtaining a lottery licence. The government is interested in hearing what other ideas are out there to help make the program work the best it can. A program review will be undertaken to gather information and feedback.

As for a Texas Hold'em program, a separate evaluation will be conducted with those charities that choose to participate in the program. The Province wants to hear suggestions on what improvements could be made.

Milestones

Within Six Months

- Launch a program for the licensing of charitable Texas Hold'em tournaments early in 2008.

Within Year One

- Undertake a review of proposed charitable gaming policies which will seek feedback from charitable gaming licensees.

Within Year Two

- Evaluate the first year of the Texas Hold'em Program.
 - Introduce amendments to legislative and regulatory framework.
-

Destination Casino

Action

One destination casino will be authorized in New Brunswick.

Background

Casinos are facilities where various forms of gambling entertainment are offered to patrons. Poker tables, table games, and slot machines are commonly found. New Brunswick and Newfoundland and Labrador are currently the only provinces that have neither a casino nor a harness racing entertainment centre, commonly known as “racinos.” There has been some interest expressed in including gaming centres in development plans for some communities. In recent years, interested stakeholders have pressed government for the establishment of one or more casinos or gaming centres at racetracks. Various locations across the province have been suggested as well suited sites for these facilities.

The Government of New Brunswick is committed to continue to support the Standardbred industry through programs such as the Atlantic Sire Stakes and purse-pools. In June 2007, government announced it would inject over \$1 million over a three-year period to support the harness racing industry. It will continue to work with industry stakeholders to explore additional development opportunities.

Request for Proposals

The Province, through the Lotteries Commission of New Brunswick, will issue a Request for Proposals for the establishment of a destination casino in the province. The successful bidder will be selected through a rigorous and fair evaluation process monitored by KPMG LLP, an international accounting and consulting firm. The successful bidder will be authorized to operate the facility in a regulated regime that will be established by the Province. The service provider will be contracted for a 20-year period.

Destination Casino, Continued

Request for Proposals Highlights

The Request for Proposals (RFP) will call for the design, construction, equipping, operation and financing of one destination casino gaming facility in New Brunswick. There will be no government funding in the destination casino. The RFP does not specify a location for the casino complex. Proponents will be required to propose a location based on their own sound market analysis.

Interested parties will also be required to propose ancillary facilities that will provide a range of development, entertainment and/or hospitality opportunities in and around the proposed location. Casino complexes in other parts of the country include specialty restaurants, special event venues, meeting and convention space and retail facilities. While integrated harness racing facilities may be incorporated into a proposal, the inclusion of a Standardbred track is not mandatory in the casino bid.

This RFP signals the Province's intent regarding its new responsible approach to gaming in New Brunswick by including further restrictions on the distribution of video lottery terminals in the casino market area. A maximum of 20 per cent of the VLTs in the video lottery program will be permitted within the casino market area. It is anticipated that the range will be between 80 and 100 kilometres of the community in which the casino complex is located.

Most importantly, proponents will be required to demonstrate how they intend to incorporate a responsible approach to gaming in the casino complex. This is to ensure corporate social responsibility is inherent in delivering casino gaming. Furthermore, it will ensure the government's commitment to *Responsible Management, Responsible Play in a Responsible Environment* is respected.

The evaluation process used to select a winning proposal must be clear, fair and applied consistently. New Brunswick residents must have confidence that the selection is made in a fair and transparent manner, one without undue influence. All proposals will be evaluated against pre-set criteria by evaluation teams made up of gaming industry experts and experienced government officials.

KPMG LLP has been engaged as the process consultants and to act as a fairness monitor throughout the entire evaluation process.

Destination Casino, Continued

Legislative Framework

The Province will have to make amendments to the existing legislative framework governing gaming to accommodate the operation of a destination casino. Detailed regulatory proposals will be brought forward according to established processes.

Who is Responsible

The Lotteries Commission of New Brunswick on behalf of the Government of New Brunswick will issue the RFP for the design, construction, equipping, operation and financing of one destination casino gaming facility.

Milestones

Immediately

- The Lotteries Commission of New Brunswick will issue a Request for Proposals on Nov. 8, 2007

Within Six Months

- The Request for Proposals will close March 11, 2008.

Within Year One

- The evaluation of submitted bids will be completed by May 2008.
- Preferred proponent will be selected and announced in May 2008. It is expected the finalization of the Service Provider Agreement will occur early July 2008.

It is anticipated the destination casino will be operational by May 1, 2010.

Engagement with New Brunswick First Nations

Action Through the bilateral process, engage and involve New Brunswick's First Nations in the Province's new responsible approach to gaming.

Background In New Brunswick, aboriginal gaming is a relatively recent phenomenon. First Nations who establish gaming activities in their communities do so as a means of providing money for financing projects and initiatives as part of a general effort to promote the economic self-sufficiency of their communities.

First Nations communities in New Brunswick have some of the highest rates of poverty, unemployment, welfare dependency, school dropout, alcoholism, and other indicators of poverty and social distress of any communities in the country. Many are located in remote areas with little indigenous economic activity. Revenue from gaming has been seized upon by many First Nations communities as one of the few proven and available means of generating income.

In New Brunswick, a number of First Nations communities have tax and gaming revenue sharing agreements with the provincial government. In 2006-2007, the provincial government returned about \$7.5 million from gaming revenues generated on reserves to eight First Nations communities.

The First Nations communities with gaming agreements are: Saint Mary's; Kingsclear; Oromocto; Woodstock; Madawaska; Burnt Church; Eel River Bar; and Elsipogtog. The First Nation community of Fort Folly also has a gaming agreement but does not have any gaming activities in place.

Engagement with New Brunswick First Nations, Continued

Bilateral Process

On Feb. 6, 2007 in the Speech from the Throne, the government committed “...to work with First Nations partners to establish a Bilateral Forum in which issues of mutual concern may be discussed and fair and equitable solutions developed.”

On Feb. 8, 2007 the Chiefs of the Maliseet and Mi’kmaq Peoples of New Brunswick met in Assembly at Metepenagiag and unanimously resolved to work in partnership and good faith with the Province so as “...to invigorate the Treaty relationship and develop an equitable and meaningful Bilateral Process that will address issues of mutual concern for the betterment of the First Nations Peoples in New Brunswick and for the betterment of the people of New Brunswick and Canada.”

As a result, on June 22, 2007, all 15 First Nations and the Province signed the *Mi’kmaq, Maliseet, Province of New Brunswick Relationship Building Bilateral Agreement*. This agreement provides a framework for the Province and First Nations to work together to reconcile First Nations and Crown issues and jurisdictions.

To ensure all Aboriginal people are actively included in the government’s agenda, and to resolve through negotiation and discussion issues of concern, a structured bilateral process has been established. This bilateral process is managed by the Technical Negotiating Committee (TNC). The committee receives issues from First Nations and the Province and sets up roundtables to work on priority issue areas. One priority area is aboriginal gaming.

Engagement with New Brunswick First Nations, Continued

Dialogue with First Nations

To involve First Nations in a proactive dialogue on gaming issues, the Province contracted consultants to engage First Nations in a dialogue regarding aboriginal gaming concerns and interests. They are soliciting First Nations' perspectives on a new responsible gaming framework for the province.

The dialogue is to gain a better understanding of Aboriginal views on gaming and to determine a viable alternative gaming revenue-sharing model which meets objectives of the new responsible gaming approach and respects the self-sufficiency goals of First Nations communities.

The continuing dialogue on gaming will be one-on-one discussions with a cross section of Aboriginal leaders, gaming administrators, professionals, entrepreneurs and community activists.

Milestones

Immediately

- Continue dialogue with First Nations Chiefs, councils and organizations.

Within Six Months

- The final dialogue report will be submitted by late November.

Within Year One

- A Bilateral Roundtable will analyze the report and information from the dialogue process, report monthly to the Technical Negotiating Committee, and submit their final recommendations to the TNC.

Within Year Two

- Support First Nations economic development, housing and health priorities and needs through alignment with the government's new focus on *Responsible Management, Responsible Play in a Responsible Environment*.
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Legislative Overview

The Provincial Framework for Gaming

The regulation of gaming in Canada originates with the *Criminal Code* (Canada). Part VII of the *Criminal Code* defines the conditions under which gaming is lawful: Section 207 (1) provides that gaming is lawful if it is either: conducted and managed by a government of a province; or if a charitable or religious organization is licensed by a province to conduct and manage a lottery scheme under prescribed terms and conditions.

The *Lotteries Act* (1976) established the Lotteries Commission of New Brunswick. The Minister of Finance chairs the Lotteries Commission of New Brunswick, the deputy minister of Finance is the vice-chair and another deputy minister serves as the third commissioner.

Under Orders-in-Council 80-807, 81-18 & 83-925, the Lotteries Commission of New Brunswick is authorized to issue licences to charitable or religious organizations to conduct charitable gaming activities where proceeds will be used for charitable purposes. The Lotteries Commission of New Brunswick sets regulatory policy relating to the conduct and management of charitable gaming activities such as raffles and bingos under the [Terms and Conditions for Lottery Licencing](#).

The Lotteries Commission of New Brunswick is also responsible for developing and implementing policy regarding provincial lottery schemes. In 1976, the Lotteries Commission of New Brunswick, on behalf of the Province, entered into an agreement with the three other Atlantic Provinces to establish the Atlantic Lottery Corporation (ALC), which operates provincial gaming programs such as video lottery, Atlantic 6/49, and various scratch and win games. In addition, the Lotteries Commission of New Brunswick is a shareholder in the Interprovincial Lottery Corporation, which conducts two national online lotteries, 6/49 and Super 7.

The *Lotteries Act* also provides for revenue sharing with First Nations and statutory payments to the Sport and Arts Development Funds. Regulation 83-170 and Regulation 90-142 under the *Act* (the Atlantic Lottery Regulation and the Video Lottery Regulation respectively), provide for the operation of the video lottery program and other lottery schemes conducted by the ALC.

The government intends to introduce legislation to implement its new responsible gaming policy: *Responsible Management, Responsible Play in a Responsible Environment*.
