Annual Gaming Report
1998-1999
Volume I
Alcohol and Gaming Authority

Prepared for: The Honourable John Chataway

Minister Responsible for the
Administration of Part II of the
Gaming Control Act
December, 1999.

Honourable John Chataway
Minister Responsible for the Administration of
Part II of the Gaming Control Act

Dear Minister:

On behalf of the Alcohol and Gaming Authority, I am pleased to submit the Annual Gaming Report for the year ended March 31, 1999, respecting the study of gaming activities in Nova Scotia, as required pursuant to Section 56 of the Gaming Control Act.

Yours very truly

Elwin J. MacNeil, Q.C.
Chair
ACKNOWLEDGMENTS

This annual report is submitted by the Nova Scotia Alcohol and Gaming Authority (the Authority) to the Minister as required under Section 56 of the Gaming Control Act. The members of the Authority are:

Elwin J. MacNeil, Q.C. Chair
G. Wayne Beaton, Q.C., Member
M. Patricia Connelly, Ph.D., Member
Louis A. d’Entremont, Member
William M. MacDonald, Member

The Authority wishes to acknowledge and thank Margaret A.M. Shears, Vice-Chair, for her contributions to the Alcohol and Gaming Authority. Ms. Shears joined the Board at its inception and left in 1998.

The Authority continues to be indebted to the many staff members who have worked on this annual report. Individuals at outside organizations who agreed to be interviewed for the purposes of this report deserve special recognition for their co-operation and assistance. Their names can be found in the appendices.

We also note that external consultants were retained for specific aspects of this work. Their reports are included in the appendices contained in Volumes I and II of this year’s Annual Report.
Chapter 1
< Nova Scotia has witnessed many changes to the gambling industry during the past year. Most noteworthy: a moratorium on the number of VLTs in the Province; changes to federal laws affecting dice games and gambling on cruise ships; an announced intention by the government to withdraw from the Atlantic Lottery Corporation; and public controversy in relation to the casinos and the Nova Scotia Gaming Corporation.

Chapter 2
< Gaming neared the $1 billion mark in Nova Scotia in 1998/99 with $988.4 million wagered on video lottery terminals, casinos, lotteries, bingo games and charitable games.

< Video lottery terminals continue to account for the largest share (43 per cent) of the wager, even after a moratorium was placed on the number of machines. In all, $419.7 million was wagered on VLTs in 1998/99, nearly $15 million more than the $404.7 million wagered in 1997/98.

< More than $666.3 million of the $988.4 million total wager was returned to players in the form of prizes.

< The Province’s share of the revenue came to $153.4 million, a $14.1 million increase over 1997/98’s provincial revenue of $139.2 million.

< Charitable groups received $25.8 million from wagering in 1998/99.

< Annual provincial revenues from Nova Scotia’s two casinos surpassed by $1.7 million the $25 million guaranteed by the operator, partly because the Halifax interim casino’s development costs were fully amortized early in the fiscal year.
If current financial trends continue, the Province could reimburse the casino operator approximately $3 million or more in the so-called clawback year (1999/2000) of its income guarantee agreement.

Atlantic Lotteries accounted for $187.8 million in Nova Scotia wagers in 1998/99. The share of that wager distributed to the Province continues to decline: Nova Scotia sells $22.2 million more in lottery tickets than it did in 1996, but earns $2.5 million less in Provincial revenue from the Atlantic Lotteries Corporation.

A small number of large bingos earn the lion’s share of that sector’s revenue.

Bingo regulations that require non-commercial bingo operators to apportion a minimum of 15 per cent to a charitable or religious purpose resulted in $14.3 million being made available to minor sports leagues, volunteer fire departments and other charitable or religious organizations.

In 1998/99 $14.1 million was wagered on charitable lotteries such as 50/50 tickets, raffles and the like.

Chapter 3

Rates of participation in gaming activities have remained stable since 1996, according to surveys conducted for the Authority. The same surveys suggest attendance at the Sydney casino may be waning, and that a decline in participation in raffle tickets noted in 1998 was found again in 1999. However, wagers across gaming activities have increased.

Eleven per cent of surveyed households reported having a child who had participated in some form of gambling, with lotteries (6 per cent) and bingo (5 per cent) cited most frequently. These results may imply that lottery tickets and bingo may have a high level of social acceptance compared with other gaming activities.

VLTs continue to garner the highest disapproval (66 per cent) among Nova Scotians of any gaming activity, compared to casinos (43 per cent), bingo (18 per cent), and lotteries (17 per cent).
Survey findings suggest that Nova Scotians want mechanisms in place that assist people to control their gambling, including regulations on automated banking machines in gaming establishments, and restricting bill acceptors on video lottery machines.

More than half of the respondents were very interested in the amount of money generated by gambling (55 per cent) and how it is used (80 per cent), and the impact of gambling on children (56 per cent). Forty-three per cent of the sample was also very interested in the impact of gambling on seniors.

Seventy per cent of survey respondents felt that gambling takes advantage of those who can least afford to play, and 55 per cent agreed they would prefer to see VLTs reduced in number or removed from the province, even if it meant increases in their personal taxes. Among the 55 per cent who preferred to have VLTs removed, 49 per cent (27 per cent of the sample) thought if VLTs were banned the players would spend their monies on other gambling activities.

The Authority has prepared a *Gambling Addiction Help Directory* containing a provincial listing of all government front-line service providers, clinical agencies, organizations and help groups, and other qualified individuals known to offer information or professional assistance concerning problem gambling.

*Chapter 4*

MPM Gaming Research, under contract to the Authority, developed a model of social impacts of convenience gambling. The model suggests a larger proportion of problem players for VLTs than other gaming activities. These players contribute to a disproportionately large number of negative social impacts (including family, education, workplace, community, and governance impacts).

In a further study commissioned by the Authority, MPM Gaming Research found that gambling expenditures generally do not negatively affect spending on the basic necessities of food and shelter in Nova Scotia. Gambling, however, does negatively affect households’ ability to save and plan for their financial futures.
< Focus group research conducted by the Authority suggested that gambling advertising and promotions may be sending youth misleading messages or crossing the age barrier in targeting youth as potential consumers.

< The 1997/98 Nova Scotia Video Lottery Players’ Survey, completed in October 1998 by Focal Research for the Department of Health, indicated that, “it is reasonable to conclude that the vast majority of Regular Players derive benefits from the entertainment value of the game without suffering any lasting ill effects.” However, the study also notes that less than one per cent (.92 per cent) of adults in Nova Scotia were considered to have a problem with video lottery play.

< Focus group research conducted by Sterling Research on behalf of the Authority suggested that alterations to VLTs (e.g., modifications to bonus play, lights and sounds, and the stop button), and tracking of player time and expenditures, may be useful measures in combatting problem play behaviours.

< The number of new gambling profiles completed by Drug Dependency Services remained flat between 1998 and 1997, at about 465 cases; while the number of first-time callers to the Problem Gambling Help Line increased 40 per cent over the same time period. For both services, clients reported most frequently playing VLTs compared to other gambling activities.

< Focal Research, in a study of VLT expenditures conducted for the Authority, suggested that an increase in other gambling expenditures would be expected in the absence of VLTs, but it is highly unlikely that diverted expenditures would reach the levels noted for video lottery.

Chapter 5
< Gaming is becoming ever-more global in nature, thanks to on-line advances and to a continued trend toward large-scale mergers in the casino and lottery industries.

< Many of the recommendations in the U.S. National Gambling Impact Study Commission Final Report and in Australia’s Gambling
Industries Draft Report are already adequately covered by the Nova Scotia Gaming Control Act and associated regulations. The Authority notes cross-jurisdictional support in these reports for:
< creation and implementation of advertising standards;
< the need for gaming providers to develop policies regarding problem gambling, including measures that allow players to engage in voluntary self-exclusion;
< the need for further study and regulatory development regarding the use and location of credit card and cash machines and of Internet wagering;
< the need for better publication of odds and probabilities of winning;
< the need for independent handling of funding aimed at research and treatment programs at problem gambling and for a central body to be responsible for research into gambling.

Chapter 6
< The Alcohol and Gaming Authority respectfully recommends that:
< Government require all new video lottery to display actual money spent/played and that all new machines be equipped for use of an Authority-approved tracking device that allows voluntary use of equipment capable of alerting a player of the time and money spent during play;
< The Province adopt standards for the control of advertising and marketing of government-operated gaming activities;
< Regulations under the Gaming Control Act affecting the Voluntary Self Exclusion Program be amended to include: a time limit on the exclusion and the elimination of the appeal process, and that provisions be added to state that all persons engaging in the process waive rights to any prize winnings should they breach their undertaking and place wagers while excluded;
< All government departments and agencies be required to provide a full annual accounting for revenues and expenditures related to problem gambling treatment and research;
< Research projects be better co-ordinated;
< First Nations Bands be encouraged to publish and release audited financial statements annually;
< The Province consider the introduction of measures aimed at better regulating Internet gaming within its borders.
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FOREWORD

Gambling is not new. For centuries humans have wagered on everything from the odds of a tomorrow to the outcome of a sporting event. In Canada, such activities are regulated first and foremost by the Criminal Code of Canada. Although the Code outlaws gambling in general, it does permit the Provinces to conduct and manage certain types of gaming (see synopsis below).

In Nova Scotia, as elsewhere, the business of betting has grown dramatically in the past decade. In the mid-1990s, as the Province prepared to introduce casinos to the area, Government decided it was time to rewrite the provincial rules and regulations affecting games of chance. The Gaming Control Act, which became law in February 1995, established for the first time two distinct and separate organizations to handle the responsibility of gambling: one agency to operate, one to regulate.

The Nova Scotia Gaming Corporation (the Gaming Corporation) was created to continue the work of previous government departments by operating the gaming business and its financial dealings. Essentially a business vehicle for the Provincial Government, this Crown corporation is responsible for the conduct and management of Government’s gaming activities, including the activities of its approved operators, the Metropolitan Entertainment Group (MEG) and the Atlantic Lottery Corporation (ALC).

Government also realized, however, that an operator should not police itself and that a matter such as gambling should not be left vulnerable to political whims or outside influences. So the Gaming Control Act also established a completely separate and distinct body, a regulator to be operated at arm’s length from government: the Alcohol and Gaming Authority (previously known as the Nova Scotia Gaming Control Commission).1
Under terms of the *Gaming Control Act*, the Alcohol and Gaming Authority (the Authority) has two mandates:
1. To license and regulate gaming activities in Nova Scotia; and
2. To study and report on certain aspects of gaming and its consequence in Nova Scotia.

The first mandate requires the Authority to ensure that all aspects of gaming are conducted with honesty and integrity and that they comply with the *Criminal Code*, the *Gaming Control Act* and its regulations. Additionally, this mandate requires the Authority to study and report on the health, justice, economic, social and environmental impacts such gaming is having on Nova Scotians.

Like the licensing and regulatory provisions, the research mandate, by necessity, focuses heavily on public protection. It commits the Authority to impartial study of, and reporting on, all gaming activity and to the clear and transparent presentation of its research and findings.

The Authority continues to believe that careful scrutiny and analysis of the impacts of gaming, the extent of the public’s participation in it, and the sources and distributions of gambling revenues is required. It attempts to shed light on such issues in its annual statutory reports to the Minister.

**CRIMINAL CODE OF CANADA**

Generally speaking, the *Criminal Code of Canada* makes it illegal to gamble or conduct “lottery schemes” in Canada. In laymen’s terms, the word “lottery” may suggest a very specific sort of gambling. The *Criminal Code*, however, uses the term in a more universal sense. It, in effect, defines a lottery scheme as any plan or proposal that involves:
1. the disposition of property (a prize);
2. any mode of chance involved in obtaining the prize; and
3. consideration exchanged for a chance to win the prize (i.e. some sort of payment for the chance to win a prize).²

Although gambling at large is outlawed, the *Code* includes exceptions to this...
general rule by authorizing the Provincial Government to conduct and manage lottery schemes alone, or in conjunction with other provinces, pursuant to applicable legislation by the Province. (This has allowed Nova Scotia, for example, to open casinos and to participate with other Atlantic Provinces in the activities of the ALC.) The Criminal Code also allows the Lieutenant-Governor-In-Council to appoint provincial authorities, like the Gaming Authority, to license others to conduct and manage lottery schemes. (This gives charitable and religious organizations, fairs and exhibitions, and small scale commercial operators the ability to conduct and manage lottery schemes, provided they hold a provincial gaming licence.)

This year, Royal Assent was given to Bill C-51, an omnibus, criminal law amendment bill that included changes to portions of the Criminal Code of Canada (see synopsis in this report, Chapter 1). None of the changes, however, affects the Authority powers as outlined above.

THE NOVA SCOTIA GAMING CONTROL ACT

The Nova Scotia Gaming Control Act was created to:

“2(a) establish a framework for conducting, managing, controlling and regulating casinos and other lottery schemes so as to increase the level of sustainable economic activity within the Province and increase the net revenue of the Province;

2(b) ensure that casinos and other lottery schemes are conducted in a socially responsible manner; and

2(c) ensure that any measures taken with respect to casinos and other lottery schemes are undertaken for the public good and in the best interests of the public and, without limiting the generality of the foregoing, to minimize the opportunities that give rise to problem gambling and other illnesses, crime and social disruption.”

Section 42 of the Gaming Control Act says the Authority “is to regulate and control casinos and other lottery schemes and to administer this part in the
public interest and in accordance with the principles of honesty and integrity.” The Act also includes the following express directions, requiring the Authority to:

“56(1)(b) ensure that casinos and other lottery schemes conducted and managed by the Corporation are conducted and managed in accordance with this Act and the regulations and the Criminal Code (Canada);

56(1)(c) carry on a continuous study of the operation and administration of casinos, other lottery schemes and gaming control laws in effect in other jurisdictions, including the Criminal Code (Canada), that may affect the operation and administration of casinos or other lottery schemes in the Province;

56(1)(d) carry on a continuous study of the public interest and reaction of residents of the Province to existing and potential features of casinos, other lottery schemes and games of chance;

56(1)(e) carry on a continuous study of the social, health, justice, economic and environmental impact of casinos and other lottery schemes;

56(1)(f) make recommendations to the Minister for changes to this Act and the regulations to correct any defect, abuse, illegality or criminal activity in relation to casinos and other lottery schemes; and

56(1)(g) submit annually to the Minister a report respecting the matters referred to in clauses (b) to (f).”

It is with respect to the Authority’s legislative responsibility that this report is issued.

THE ALCOHOL AND GAMING AUTHORITY
As legislatively ordered, the Authority regulates all legal gaming activity conducted in the Province, with two exceptions. Harness racing and related pari-mutuel activities, and the Province’s Native Gaming Agreements, fall outside of the Authority’s parameters.

To ensure that lottery schemes managed by the Gaming Corporation and its contracted operators, MEG and ALC, are conducted in accordance with the Criminal Code of Canada and the Gaming Control Act, the Authority’s Investigation and Enforcement Division conducts routine inspections. The inspections include interviews with Gaming Corporation staff and reviews of the audit procedures. In addition, the Gaming Corporation regularly submits reports to the Director of the Investigation and Enforcement Division concerning its gaming operations.

Authority compliance officers, based in Sydney and Halifax, are trained in the many areas of casino operations, bingos and VLTs and with respect to other compliance matters under the Authority’s jurisdiction. Among other duties, these officers routinely engage in surveillance of the two casinos established by the Gaming Corporation in conjunction with its operator MEG. To further ensure that casino operations comply with the Gaming Control Act and its regulations, the Authority uses the help of independent, outside police services. Since the Authority’s inception, the Royal Canadian Mounted Police (RCMP) has provided, in conjunction with the Authority’s compliance staff, casino surveillance within the casinos in Halifax and Sydney. The RCMP and compliance staff have developed a professional and complementary working relationship that protects the interests of the Province, assets of the casino operator and the safety of the public, as well as the honesty and integrity of the casinos and the games played. The Authority is committed to continuously improving its capacity to ensure compliance at the casinos and has been generally satisfied with the level of compliance over the past year at the casinos.

As of this reporting, ALC was still the Gaming Corporation’s agent for ticket and video lotteries in Nova Scotia. Although changes to the relationship were being considered this year3 (see Chapter 1), ALC has remained responsible for the day-to-day operation of VLTs within liquor licensed premises in the Province and for the break-open, scratch and win, and on-line ticket lotteries sold at designated retail outlets which are under contract to it.
While ALC and MEG undertake the daily operations, the Gaming Corporation is required to oversee and report on the administration, operation and management of casinos or other lottery schemes managed either by it or in its behalf. Section 24(1)(e) of the *Gaming Control Act* requires the Gaming Corporation to report forthwith to the Minister and the Authority any defect, abuse, illegality or criminal activity in relation to casinos and other lottery schemes.

**A WORD ABOUT THE ANNUAL REPORT**

As in previous years, this report is divided into six chapters. In the Introduction (Chapter 1), the reader is provided with an overview of the past year, information about the Province’s gaming industry and about the Authority. This chapter also includes a progress report on the status of recommendations included in the Authority’s 1997/98 Annual Report. Chapter 2 provides a financial breakdown of the business of gaming, including an analysis of each type of legal activity in Nova Scotia. In Chapters 3 and 4, the Authority gets to the heart of its research mandate; presenting an analysis of studies assessing the public’s interests, attitudes and reactions to gaming activities in the Province and assessments of the social, health, justice, economic and environmental effects of gaming in Nova Scotia, respectively. Chapter 5 contains an overview of gaming trends in other jurisdictions and of issues impacting on the industry. Chapter 6 sets out the recommendations resulting from the Authority’s observations this year.

The Annual Report draws heavily from the daily operational activities of the Authority and its staff. The Authority has also been assisted by studies conducted on its behalf by outside entities and has built upon its existing understanding of the gaming industry by remaining abreast of the research and trends in other jurisdictions. When external studies have been commissioned, they have been obtained in accordance with the Government of Nova Scotia’s purchasing and tendering guidelines. The Authority is grateful to, and acknowledges the assistance of, other government departments and agencies in providing the data for this report.

It is important to remember that not every data gathering method or analytical technique used in the accumulated research is capable of...
generating firm conclusions. Qualitative methods show trends without producing results that allow the ability to generalize with any mathematical precision. As such, they must be deemed exploratory until similar qualitative studies or random quantitative studies uncover similar findings. That being said, results of such studies are helpful in understanding the impacts of gambling and can be vital in helping to focus further avenues of research. Summaries of the studies that have been conducted accompany this report in a second volume as an appendix. To help clarify understanding, however, the Authority has attempted to indicate the sources of its supporting evidence throughout the report, alerting readers to the methods used to make observations or reach conclusions.
NOTES FOR FORWARD

1 Gaming Control Act, Part II.

2 Criminal Code of Canada, Section 206.

CHAPTER

PROVINCIAL GAMING INDUSTRY

THE YEAR IN REVIEW

In recent years the gambling industry has seemed to be in the perpetual throes of change. Whether those changes have been precipitated by regulatory or societal pressures or by the simple yet effective powers of supply and demand, the business of betting has been ever-adapting and evolving. The past year was no exception. In Nova Scotia, as elsewhere, this evolution has meant changes to laws, to arrangements and deals with operators and to the manner in which gaming providers and society interact. In an ongoing effort to keep pace with the rapid changes in the industry in general and with the important issues and developments in Nova Scotia in particular, the Nova Scotia Alcohol and Gaming Authority (the Authority) begins this Annual Report with a short review of the main events of concern to Nova Scotians. The Authority’s intent is not to present opinions, but rather to simply and objectively make note of the markers set over the past year.

BILL C-51

Changes to the Criminal Code of Canada were introduced by the Federal Government as an omnibus, criminal law amendment bill, Bill C-51, on June 12, 1998. The bill was passed by the House of Commons in November 1998 and given Royal Assent on March 11, 1999. Bill C-51 amended gambling provisions in the Criminal Code affecting dice games and cruise ships.

Dice Games
The first change amended 207(4) of the Code to remove dice games from the list of lottery schemes still prohibited in Canada. As a direct result of this
amendment, the operator of the Province’s two casinos has begun the process of formally applying to the Authority for permission to add dice games to its existing gaming rosters.

**International Cruise Ships**

The second gaming-related amendment altered the rules to allow gaming on international cruise ships travelling in Canadian waters. Bill C-51 set out specific conditions that must be met if operators of ships are to be exempted from the general ban on gaming. According to the amendments, ship operators must insure: that all people participating in games are on the ship; that the lottery scheme is not linked “by any means of communication” with any off-board gaming operation or system; and that games are not operated within five nautical miles of any Canadian port at which the ship calls or is schedule to call. According to 207.1(1)(d) the ship must:

(i) be registered in Canada and its entire voyage be scheduled to be outside Canada, or

(ii) be registered anywhere, including Canada, and its voyage include travel within Canada and its voyage must be (a) at least 48 hours duration and include travel in international waters and at least one non-Canadian port of call, and (b) it must not be scheduled to disembark any passengers at a Canadian port who have embarked at another Canadian port, without first calling on at least one other non-Canadian port.

Given Nova Scotia’s popularity as a summer cruise ship destination and the existence in this jurisdiction of several international ferry routes, this regulation may be of future interest from an enforcement perspective.

**ATLANTIC LOTTERY CORPORATION**

On March 29, 1999 Nova Scotia’s Finance Minister announced that the Province would officially withdraw from the Atlantic Lottery Corporation (ALC) and establish a new provincial lottery operation. ALC had been acting as the agent for the Nova Scotia Gaming Corporation (the Gaming Corporation) with regards to break-open, scratch and win, and on-line ticket lotteries through its designated and contracted retail outlets and has been
operating the Gaming Corporation’s video lottery terminals within liquor licensed establishments. The announcement was not surprising. The Province had been pressing since 1997 for changes to ALC’s profit distribution system which a shareholder’s audit, conducted by Nova Scotia Auditor General Roy Salmon, had said needed review. The Gaming Corporation has said a new profit distribution system was required because the existing formula forced the Province to subsidize other stakeholder provinces, essentially forfeiting $4 million to $4.5 million each year in profit. The Gaming Corporation has also said the ALC required structural changes in order to allow the Gaming Corporation better and swifter response to regulatory issues raised by the Alcohol and Gaming Authority (the Authority). Despite protracted debate and an agreement in principle on revenue redistribution, the ALC board, which includes representatives from each of the four stakeholder Atlantic Provinces, could not reach the unanimous consent required to alter the system.

The Gaming Corporation has promised that its games and products list will be similar if not identical to the one offered by ALC. The Province’s new lottery operations are to be phased into offices in Halifax and Sydney over the upcoming year. VLTs are expected to be brought under Nova Scotia control, or “repatriated” as the Gaming Corporation calls it, by November 1999 and traditional lotteries in March of 2000. Still there remain unresolved issues regarding Nova Scotia’s attempts to break away. After a Provincial election in July, the Premier announced that a full review of the plans would be undertaken.

In early 1999, several separate instances of controversy involving ALC promotions and products arose. ALC withdrew its break-open tickets in January after it was discovered that manufacturing deficiencies allowed some players to identify winning tickets. After defects were addressed, the tickets were re-introduced in Newfoundland and subsequently in Nova Scotia. In February controversy centred on ALC’s operation of the Pro-Line sports tickets after a single bettor netted $1.7 million in winnings. The ticket buyer is alleged to have noticed that the sports lottery had based its mid-February week’s wager on team lineups prior to a National Basketball Association strike. Since overall winnings for the draw exceeded ALC’s $2.5-million liability cap, payouts were reduced by five per cent that week and wagering on three other games was suspended. To protect against similar problems in future ALC reviewed and made revisions to its loss prevention cap plan.
Each of these issues is undoubtedly linked to revenue losses for the province in this fiscal year. March also saw the ALC cut short a co-promotion scratch ticket venture involving a billiard club chain. The cross-promotion involved a secondary scratch ticket game called “Rack 'Em Up.” The secondary winnings, involving such prizes as free table time at the select chain, were withdrawn at the request of the Authority in response to complaints.

VIDEO LOTTERY TERMINAL (VLT) OPERATIONS

Although video lottery game play has been legal in Nova Scotia since the early 1990s, the Province’s operation of these terminals continued to be the focus of debate and controversy in the 1998/99 fiscal year.

On June 27, 1998, the Nova Scotia House of Assembly passed Bill 17, An Act to Impose a Moratorium on Additional Video Lottery Terminals and to Provide for a Study of VLTs. As the title suggests, the legislation had two facets, the first being to impose a moratorium on the introduction of any new video lottery terminals in the province. At the time of the legislation’s introduction, an independent audit showed that ALC operated 3,234 VLTs (not including machines separately operated under agreements with First Nations) on behalf of the Gaming Corporation. The second part of the legislation called for a study of the Socioeconomic Impact of Video Lottery Terminals to be conducted and presented to the Legislature’s Standing Committee on Community Services. That report, undertaken by Porter Dillon Limited in association with Sterling Research Incorporated, was presented to the Committee on April 23, 1999 (discussed further in Chapter 4).

December 8, 1998, marked the release of the 1997/98 Nova Scotia Video Lottery Players’ Survey. Conducted by Focal Research on behalf of the Department of Health’s Problem Gambling Services division, the report determined that less than one per cent of adults in Nova Scotia could be categorized as problem VLT gamblers. The Focal Research report was not a prevalence study, rather it was designed to help identify risk factors associated with varying levels of VLT play. Such studies begin by defining
the various types of VLT players and therefore helping to assess the potential for success of varying treatment and prevention programs.

On the same day the Focal Research report was released, the Gaming Corporation released its own VLT-related project, a request for proposals aimed at replacing aging video lottery machines. As part of the bidding process, the Gaming Corporation asked VLT manufacturers to include relevant data on how the Province might better adapt its terminals to help preclude problem gambling while insuring its revenue flow. On March 15, 1999, the Gaming Corporation said the responses of three firms (Spieleo Gaming International of New Brunswick; Powerhouse Technologies Inc. of Montana; and High Tech Gaming Ltd. of New Brunswick, a distributor of International Gaming Technology of Reno, Nev.) were being assessed by its independent consultants, Dr. Howard Shaffer of Harvard Medical School in Boston, and Dr. Harold Wynne, President of Wynne Resources in Edmonton.

In addition to its request that manufacturers help used technology to mitigate problem gambling, the Gaming Corporation says in its 1999/2000 Business Plan that it has begun development of a retailer education and training program that it hopes to implement in the upcoming year.

CASINOS

For a period of the 1998/99 fiscal year, much attention was focused on the administration and operation, past and future, of the Province’s two casinos.

On the first day of the new fiscal year, the Gaming Corporation announced it planned to release sections of the so-called McGhie report, a consultant’s report that had been previously kept confidential. The Province’s Freedom of Information review officer had earlier recommended that the Gaming Corporation release an edited version of the report in order to satisfy the conflicting needs of public interest and of corporate confidentiality. The report was McGhie Consulting Limited’s evaluation of a 1996 proposal by ITT Sheraton, the majority partner in Metropolitan Entertainment Group (MEG), to build a smaller, hotel-bound casino instead of a stand-alone project on Halifax’s waterfront. On May 1, 1998, the Gaming Corporation released the sections of the report recommended by the review officer as well as some additional portions.
On June 17, 1998, the Standing Committee on Public Accounts of the Legislature (PAC) called the former Chairman of the Nova Scotia Gaming Corporation, Ralph Fiske, to testify as to matters that arose during his tenure at the organization and the reasons for his resignation in September of 1997. (Mr. Fiske filed a notice of intended action, launching a civil suit against the Province and the Gaming Corporation in February of 1998, arguing that he was forced to resign. That action is still pending.) As a direct result of Mr. Fiske’s testimony in June and at another PAC meeting in July, the committee held a series of sessions in which it interviewed 12 witnesses to probe allegations that the Province and the Gaming Corporation had ineffectually and/or inappropriately managed casino construction contracts involving MEG and its majority business influence, ITT Sheraton. After a total of 14 meetings relating to the subject, the PAC agreed that a subcommittee would draft a summary report of recommendations on procedure and conduct regarding Government leadership and entities like the Gaming Corporation. That document had not been released as of the writing of this report. The NDP caucus, however, did present the Committee with its own review of the proceedings.

Concurrent with the PAC hearings, controversy continued over MEG’s ongoing plans for the permanent Halifax casino. In July, the issue reached a head when Caesar’s World, the gaming affiliate of ITT Sheraton, ordered a work stoppage at the Halifax casino’s waterfront construction site. Officials from the Gaming Corporation said Caesar’s World, ITT Sheraton and their parent company, Starwood Hotels and Resorts Worldwide Inc., were reassessing plans at least partly because of delays in regulatory changes on which the plans had been presupposed. Public speculation also centered on the fact that Starwood officials had made it known they were interested in divesting the firm’s gambling division. Although work at the Halifax site resumed in October of 1998 (after regulatory changes outlined below were approved), by early 1999 press reports indicated neither the Gaming Corporation nor casino management believed the September 1999 construction deadline could be met. Indeed, casino officials and the Gaming Corporation have estimated the permanent Halifax casino will not open until some time in the year 2000.² The contract between the Province and the casino operator dictates that MEG must pay $10,000 per day in late fees if the September 15, 1999 targeted opening is delayed.
Regulatory changes recommended by the Gaming Corporation in 1997 affecting casino operations were passed by Government in October 1998. The changes allowed: out-of-province players to obtain credit; 24-hour-7-day operations except for Good Friday, Easter Sunday, Remembrance Day and Christmas Day; the serving of complimentary alcohol in high-limit playing areas; and the operator to apply to the Authority for permission to include new games in its roster.

Late this fiscal year, MEG prepared for another internal restructuring when Park Place Entertainment Corp., a spinoff company of Hilton Hotels Corp., agreed to acquire the gaming division of Starwood Hotels and Resorts. Starwood had become partnered with Purdy’s Wharf Development Limited in MEG when it acquired ITT Corp. and ITT Sheraton Canada Ltd.

HARNESS RACING

There are three racetracks in Nova Scotia and five teletheatres that simulcast harness races from tracks inside and outside the Maritimes. In June of 1998, ALC assumed responsibility for marketing and promotion of harness racing in the Maritime Provinces; in Nova Scotia this duty was conducted on behalf of the Gaming Corporation.

On March 1, 1999, Nova Scotia Harness Racing Incorporated (NSHRI) was officially incorporated under the Companies Act. On April 7, 1999, it was designated a Crown corporation responsible for managing and administering the Nova Scotia Harness Racing Fund, a special fund created by the Nova Scotia Harness Racing Incorporated regulations, and for overseeing Nova Scotia’s involvement in the harness racing industry. Nova Scotia Harness Racing Incorporated owns one share, and therefore a 33.33 per cent interest, in ALC Harness Racing Corporation, an entity incorporated under the Canada Business Corporation Act on May 7, 1998 to provide marketing and promotional assistance to the harness racing industry in the Maritime Provinces. ALC owns the remaining 66.67 per cent of ALC Harness Racing Corporation on behalf of the Province of New Brunswick and the Province of Prince Edward Island.³

As of the year that ends March 31, 2000, the Gaming Corporation will provide management and administrative support to Nova Scotia Harness
Racing Incorporated on a cost recovery basis and will contribute to the Harness Racing Fund in amounts authorized and directed by the Minister of Finance.4

**REVIEW AND UPDATE:**
**LAST YEAR’S RECOMMENDATIONS**

One of the responsibilities of the Alcohol and Gaming Authority (Authority) under the study and reporting provisions of the *Gaming Control Act* is to provide recommendations to the Minister, in the Annual Report, concerning any changes which should be made to the Act or the regulations to correct any defect, abuse, illegality, or criminal activity in relation to the casino or other lottery schemes. In this section, recommendations included in the 1997/98 Annual Report (in italics at the start of each section) are reviewed, and an update is provided as to the action taken during the past reporting year.

1. ATLANTIC LOTTERY CORPORATION

*The Authority continues to be concerned with the direction and activities of the Atlantic Lottery Corporation (ALC) in a number of areas. ALC, as the agent for the Nova Scotia Gaming Corporation, carries out the majority of gambling in this province. The Authority recommends that all avenues be pursued to ensure that ALC is more sensitive and accountable to Nova Scotian issues and concerns, particularly in the areas of financial management and reporting, profit sharing, sales and marketing, security, and promotions and advertising. To this end, the Authority is in the process of reviewing the regulations relating to ALC’s activity in Nova Scotia. Upon completion of this review, the Authority will present to government any recommendations for regulatory change which would improve control over certain of ALC’s activities in the Province.*

**Response**

On March 29, 1999, Nova Scotia’s Finance Minister announced that the Province would officially withdraw its ticket and video lottery business from ALC and would establish its own provincial lottery operation. In July of
1999, the Premier announced a full review of that decision. Whether Nova Scotia’s lottery business is administered by the Province or by ALC, the review of lottery operations brings with it an opportunity for fundamental changes not only in revenue and profit ratios but in the approach to sales, marketing, security and advertising issues. The Authority continues to work with the Nova Scotia Gaming Corporation and to review regulatory standards with an eye toward recommendations that would make improved accountability possible through better regulation.

2. FOCAL RESEARCH PROJECT

The Authority supported a special gambling research project commissioned by the Department of Health, which focuses in particular on video lottery terminal (VLT) players. This research project was the subject of a public tender dated April 16, 1997, and was subsequently awarded to Focal Research Consultants Limited. This report was designed to be very comprehensive research which would provide accurate and reliable data concerning video lottery gambling, and problem video lottery gambling. At the time of this writing, the Department of Health has advised the Authority that the results of this research project are not yet complete. Accordingly, the Authority is unable to include the results of the research in this report, and does not have the benefit of the research in formulating recommendations. The Authority believes that this type of research is extremely important and adds to the provincial body of research into gambling. Clearly, an analysis of its findings may well result in the Authority making additional recommendations and/or policy concerning VLTs.

Response

Focal Research’s 1997/98 Nova Scotia Video Lottery Players’ Survey was released by the Department of Health on December 8, 1998. In addition to its initial findings, the data provided a wealth of information that may help identify risk factors associated with problem players. As expected, the recommendations and the findings included in the Video Lottery Players’ Survey has already lead to supplementary research (see further detail Chapter 4).
The Authority continues to see information in this report that can be of use to researchers, treatment practitioners and others in this field. The release of the survey in December of 1998, after the Authority had completed its 1997/98 Annual Report, reinforces the need for the timely sharing of data by agencies involved in gaming research.

3. BINGO INITIATIVES

The Authority intends to continue to play a role to assist charitable bingo operations to increase their net profits. Since the implementation of the new Bingo Regulations, which mandated a minimum return to the charity of 15 per cent of gross revenue, profits raised for charity have increased from $4.7 million in 1995/96 to $13.5 million in 1997/98. This is even more significant in view of the fact that gross charitable bingo revenues have actually declined slightly over that same period – from $88 million in 1995/96 to $86 million in 1997/98.

The willingness and hard work of community groups to meet the challenges of a new regulatory regime has created a success story across the Province. The team of Authority staff members, acting as a resource to these groups by providing advice and assistance, was also important to their success.

The Authority believes that there are still improvements which can be made, and considers this effort to be very important since every increase in dollars available for charitable purposes can impact communities all over Nova Scotia in a positive way.

One tangible way to provide assistance to these groups is for the Authority to create a bingo guidebook. The concept is to organize the financial and operational information currently filed with the Authority by every bingo licensee, and compile this information in a generic format. In effect, the guidebook would serve to disclose to all bingo operators in the Province the standard costs of running bingo, and the methods used by successful operators to control costs and increase the funds raised for charity.

Often, organizations run bingo in isolation from other bingo operators, using methods that have not changed for many years. No doubt as a result of the volunteer nature of the organizations, there has historically been
limited opportunity for an industry-wide exchange of information, or training and education as to how to effectively manage bingo operations. While bingo is run by charities, in order for these charities to maximize profits, bingo operations need to be recognized for the high volume cash businesses that they are; and, be controlled and managed like well run businesses. The guidebook is a step on this path, and could be used as a communication tool to connect bingo operations with useful provincial information.

This information could then be used by community organizations to compare their experience with provincial averages in such areas as prize board strategies, cost of prizes, supplies, wagers, rent and other expenses as a percentage of gross revenue, as well as information about successful formulas for maximum returns.

Response
Licensing staff at the Authority provide individual licensees with comparative data that can help identify what factors help make for a successful event. They can, for example, use information accrued to determine if a particular venue or type of event may prove more successful in one region than in another. They are in the process of compiling such information and guidelines to complete a guidebook for bingo operators.

4. PROCESS IMPROVEMENTS

The Authority also intends to continue to streamline the licensing process for bingo, lottery and raffle ticket applications to make the process easier for applicants, and improve customer service by speeding up the turn-around time on standard applications. This effort is in line with other government initiatives to cut “red tape,” and also reflects the fact that Authority licensing staff now have considerable experience and training in this area; licensees have been co-operative in adjusting to filing requirements and process changes; and that policies have been developed to assist with these types of applications. The Authority will also be making the licensing process more accessible to organizations in North Eastern Nova Scotia and Cape Breton by providing more licensing services from its Sydney office.
Response
In the 1998/99 fiscal year, the Authority undertook several initiatives to meet this goal. Using the input and experience of licensing staff, a new in-house computer licensing system has been adapted and is now being phased into operation. By addressing areas of concern for enforcement and ensuring that all filing requirements are properly and promptly met, the program should expedite application processing, easing the way for licensing staff and licensees. The Authority also continued to share its expertise in a regular newsletter to licensees and by developing bingo guidelines that should help underperforming charitable bingo operators to better meet their revenue and distribution objectives.

5. GAMING CORPORATION

Subsection 30(2) of the Act requires the Gaming Corporation to submit quarterly financial reports to the Minister. Subsection 31(3) requires the Corporation to submit to the Minister an annual report on the accounts of the Corporation, audited by the Auditor General, within 90 days of the end of the Corporation’s fiscal year. The Gaming Corporation’s practice of providing detailed quarterly and cumulative financial reports is clearly directed towards meeting these statutory obligations.

In addition to financial reporting requirements, however, subsection 24(1)(f) of the Act obliges the Corporation to submit annually to the Minister a report respecting the administration, operation and management of casinos and other lottery schemes in the Province. At present, the Corporation’s current practice is to comment on administrative, operational and managerial matters in notes to the financial statements. While these notes are fairly extensive, it is questionable, in the Authority’s opinion, whether they fully satisfy the purpose and intent of the reporting requirement set forth in subsection 24(1)(f).

In the Authority’s view, this requirement would be better discharged if the Corporation submitted a separate report to the Minister on the administration, operation and management of casinos and other lottery schemes.
Response
On July 13, 1999, the Nova Scotia Gaming Corporation released its year-end documentation for the 1998/99 fiscal year. This year’s documentation included not only fourth quarter financial statements with detailed annotations, but a separate report on the administration, operational and management of lottery schemes within the province and a third document relating to harness racing results in the Province.

6. GAMING RESEARCH--INITIATIVE TO CO-ORDINATE

In the 1996/97 report, the Authority presented the concept of a Gaming Institute. Originally the idea was to establish a gaming research body which would operate independently, focus on problem gambling issues and offer its services to government and regulatory agencies. The Authority is concerned with the lack of co-ordination with respect to gambling research in Nova Scotia which currently exists. A number of departments and agencies of government, including the Authority, are involved in gaming research. While some of these projects are joint ventures, most are not. In order to avoid duplication of effort, and to get maximum value for money, it is advisable, in the Authority’s view, for provincial gambling research to be co-ordinated and co-operative. In this way, broad research goals and strategies could be developed and available research funds maximized. All of the parties currently conducting this type of research share a common interest. The research, fundamentally, is geared to learn more about gambling, and the various ways that gambling impacts society. The Authority believes that this common interest and concern could form the basis of a productive and efficient research partnership.

The Authority believes it is incumbent on all parties engaged in publicly funded gaming research to recognize that there is only one pool of taxpayers’ dollars to pay for gambling research. The Authority continues to believe that the concept of a Gaming Institute as the centre for gaming research by the Province should be pursued. As a goal for the next year, the Authority intends to contact other gambling research participants in the Province to explore the need to co-ordinate and share gambling research information and projects.
Response
The Authority continues to believe in the value of a central repository for all gambling-related research and expertise. Nova Scotia took a leading edge approach in gambling legislation with the creation of its Gaming Control Act and accompanying regulations. This province remains one of only a few jurisdictions in which research into the social and economic impacts of gaming has not only been mandated for several years but is matched by some measure of required funding. As such, Nova Scotia has had an opportunity to develop expertise and data that have already earned it some notice on the international scene. Full advantage has not always been taken of this research despite ongoing attempts by some of the disparate groups and agencies (including the Authority) to co-ordinate and co-operate on projects.

7. RESOURCE HANDBOOK -- PROBLEM GAMBLING

That the Authority publish and make available a booklet containing a provincial listing of all government front-line service providers, clinical outlets, organizations, help groups, and other qualified individuals who are known to offer information or professional assistance concerning problem gambling.

The Authority has noted in its research, particularly the Tri-County Pilot Project, that people in various agencies and organizations do not have ready access to a comprehensive listing of provincial resources and assistance in the problem gambling area. For this reason, it would be helpful to compile a reference booklet which identifies where service providers can either obtain information or assistance about gambling, or direct individuals seeking assistance when they or family members feel a gambling problem may exist. The cost of assembling and the publishing of such a directory could be funded by the Gaming Foundation.

Response
The Authority acknowledges at the outset that there is no known “cure” for problem gambling, that treatment programs can vary in style, effect and success and that different people may face different degrees of difficulty associated with wagering. Nonetheless it also recognizes that something must be done to help those individuals whose lives are inarguably altered by problem gambling. As a first step, Authority staff have canvassed the
Province to identify agencies and resource groups providing front-line assistance to problem gamblers and their families. Available in booklet form, the resource guide provides a directory of available services as well as a listing of some of the gambling behaviours identified by stakeholders as possible cause for concern.

8. RESEARCH FUNDING

The Gaming Foundation is an organization set up under the auspices of the Gaming Corporation to administer the problem gambling fund. This fund is comprised of equal contributions of a percentage of VLT revenue from the Gaming Corporation and siteholders. At present, the balance of the fund at March 31, 1998 is $2,031,536. The Foundation’s Board of Directors consist of the members of the Gaming Corporation.

The Authority questions the potential for the perception of a conflict of interest in the composition of the Foundation’s Board. The Authority believes that research into problem gambling is a necessary prelude to the development of effective treatment. It is quite possible that independent research may from time to time reflect adversely on current gambling practices and policies. The Corporation is in an awkward position at best to endorse or reject such research proposals, and the Authority believes it would be preferable to administer the Fund with a Board of Directors operating without a vested interest and with broader representation from the community.

Additionally the Authority believes a portion of the fund should be dedicated for gambling research and be transferred, on an annual basis to fund the Authority’s studies required under the Act.

Response
The Authority notes that the Gaming Corporation has listed its plans to transfer responsibility for the Gaming Foundation to another government entity as a priority for the 1999/2000 fiscal year. The Authority maintains that agencies or departments with vested concerns in the revenues garnered from gambling or in the actual provision of treatment programs for problem gamblers may find themselves vulnerable to potential (and unnecessary) conflict when financing of research projects target those areas. It also
continues to believe that taxpayers need to know that money apportioned to
gaming research and to problem gambling treatment and prevention
programs is being used for well-developed, impartial data, information and
programs.
## NOTES FOR CHAPTER 1


PROVINCIAL GAMING ACTIVITY

OVERVIEW

This chapter presents financial information for each form of legalized gaming under the jurisdiction of the Nova Scotia Alcohol and Gaming Authority (the Authority). These gaming activities include: video lottery terminals (VLTs), casinos, Atlantic Lottery Corporation (ALC) products, bingos, and charitable tickets, lotteries and raffles.

The five gaming activities do not account for all the legal wagering in this Province, simply those under the Authority’s jurisdiction. As mentioned in Chapter 1, harness racing falls under the control of Nova Scotia Harness Racing Incorporation (NSHRI), its agent ALC Harness Racing Corporation and the Canadian Pari-mutuel Agency. First Nations gaming is subject to gaming agreements between the individual bands and the Nova Scotia Gaming Corporation (the Gaming Corporation), acting on behalf of the Province. These agreements provide for the creation of independent gaming commissions that have jurisdiction and regulate gaming on Native lands. The Authority recommended in its 1996/97 Annual Gaming Report, and recommends again this year, that these independent gaming commissions publicly report gaming activity within their jurisdictions. The Authority continues to believe this would provide a more complete accounting of provincial gaming activities, particularly with regard to VLTs and bingos.

DEFINING THE WAGER

In the business of gaming, meaningful debate may be muddied if terms of measurement are not clearly defined. In order to ensure that year-to-year gaming activity comparisons are meaningful, the Authority continues, as it
has since 1995/96, to use the “wager” as its base unit of gaming volume measurement. This figure is the amount of money actually wagered on each gaming activity before prizes are awarded, operating expenses deducted and so on.

The wager can simply be defined as: the cash deposited when referring to VLTs; the cash deposited into casino slot machines plus the chips purchased for casino table games when referring to casinos;¹ the cost of bingo cards, when referring to bingo; and the cost of tickets when referring to lotteries, raffles and other such ticket games.

PROVINCIAL WAGER BY GAMING ACTIVITY

In Nova Scotia, $988.4 million was wagered on VLTs, casinos, lotteries, bings and charitable games in the fiscal year that ended March 31, 1999.

As Item 2.1 shows, VLTs accounted for the largest share of the wager at 43

¹
per cent of the total, the same share of the wager as in 1998. This is of particular interest since legislation implemented early in the fiscal year placed a cap on the number of machines available. Casinos, meanwhile, accounted for 28 per cent of the total provincial wager, up one per cent from last year’s total of 27 per cent; ALC lotteries for a 19 per cent share of the total wager, the same as last year and; bingo for 9 per cent of the total wager, down one per cent from 10 per cent of the 1998 fiscal year’s total wager. Charitable tickets, lotteries and raffles, meanwhile, accounted for the same one per cent share of the total wager as last year.

**Item 2.2**

<table>
<thead>
<tr>
<th>Total Wager By Gaming Activity</th>
<th>1999</th>
<th>1998</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>VLTs</td>
<td>$419,711,544</td>
<td>$404,746,203</td>
<td>3.7%</td>
</tr>
<tr>
<td>Casinos</td>
<td>274,222,612</td>
<td>250,935,822</td>
<td>9.3%</td>
</tr>
<tr>
<td>ALC Lotteries</td>
<td>187,833,194</td>
<td>182,311,128</td>
<td>3.0%</td>
</tr>
<tr>
<td>Bingo</td>
<td>92,543,580</td>
<td>90,642,126</td>
<td>2.1%</td>
</tr>
<tr>
<td>Charitable Lotteries</td>
<td>14,066,926</td>
<td>11,649,296</td>
<td>20.8%</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td><strong>$988,377,856</strong></td>
<td><strong>$940,284,575</strong></td>
<td><strong>5.1%</strong></td>
</tr>
</tbody>
</table>

Importantly, while shares of the total wager may have shifted and altered somewhat, the amount of money being wagered was up in each activity.

As the detailed VLT section later in this chapter notes, an increase to $419.7 million in 1998/99 VLT wagers, despite the moratorium, may be attributed in part to an increase in the number of machines before the moratorium but also may reflect an increase in the volume of play. The Province’s two casinos, meanwhile, accounted for another $274.2 million in wagers and lottery games overseen by ALC accounted for $187.8 million in wagers. Bingos, with wagers of $92.5 million, saw an increase of nearly $2.0 million in wagers when compared with 1997/98 wagers, while charitable lotteries, tickets and raffles accounted for the final $14.1 million of the total wager.
While each of these activities is discussed in further detail later in this Chapter, it is worth noting that $48.1 million more was wagered in 1998/99 than the $940.3 million total in 1997/98.

PROVINCIAL WAGER – FINANCIAL DISTRIBUTION

Of the $988.4 million wagered in the Province in fiscal 1999, more than $666.3 million was returned to gaming participants in the form of prizes. That is $35 million more than the $626.2 million that went to players’ prizes in 1998 but still represents about 67 per cent of the total wager.

Once the $666.3 million in prizes was subtracted from the total wager, $327.1 million remained to be divided among the Province, retailers and charitable groups for profits and expenses. In all, $153.4 million went to the Province this year. That marked an increase of 10 per cent or $14.1
million over last year’s revenues of $139.0 million and meant an increase in the provincial portion of the total wager from 15 to 16 per cent.

The increase may be temporary in nature, however, having been stimulated in part by Metropolitan Entertainment Group (MEG), the operator of the Province’s two casinos, having finished amortizing development costs for construction of the Halifax interim casino in the first quarter of the year. This not only increased provincial revenues, but helps account for an unusually large decrease of 8 per cent in the operating expenses portion of the wager to $95.0 million in fiscal year 1999 from $103.0 million in fiscal year 1998. Operating expenses at the casino can be expected to again increase when development costs for a new permanent casino on the Halifax waterfront begin to take effect.

### Item 2.4

<table>
<thead>
<tr>
<th>Total Wager Distribution</th>
<th>1999</th>
<th>1998</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Expenses</td>
<td>$94,996,550</td>
<td>$102,964,109</td>
<td>-7.7%</td>
</tr>
<tr>
<td>Commercial Revenue</td>
<td>52,839,357</td>
<td>21,870,844</td>
<td>n/a</td>
</tr>
<tr>
<td>Charitable Revenue</td>
<td>25,828,269</td>
<td>18,637,684</td>
<td>n/a</td>
</tr>
<tr>
<td>VLT Retailer Revenue</td>
<td>*</td>
<td>31,335,691</td>
<td>n/a</td>
</tr>
<tr>
<td>Provincial Revenue</td>
<td>153,395,015</td>
<td>139,247,603</td>
<td>10.2%</td>
</tr>
<tr>
<td>Prizes</td>
<td>661,318,665</td>
<td>626,228,644</td>
<td>5.6%</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td><strong>$988,377,856</strong></td>
<td><strong>$940,284,575</strong></td>
<td><strong>5.1%</strong></td>
</tr>
</tbody>
</table>

* VLT Retailer Revenue is being restated effective 1999 as Commercial and Charitable Revenues.

Revenue to video lottery retailers, which includes revenues returned to both commercial and charitable operators of licensed establishments with VLTs, increased by nearly 5 per cent to $32.8 million this year from $31.3 million last year, but still represented only three per cent of the total gaming wager. This year, the Alcohol and Gaming Authority’s presentation of the annual figures further distributes that revenue, apportioning it among the charitable and commercial sectors that the retailers represent. This restated representation gives a more accurate overall view of the effects of gaming
revenue and should, in future years, allow for more detailed and thorough assessments of the gambling-related revenues being apportioned specifically to commercial businesses and to charitable groups.

The restated revenues shown in Item 2.4 make comparisons of commercial and charitable revenues with 1997/98 figures difficult, however, because they do not include the VLT retailers. It is worth noting, then, that the portion of the wager devoted to charitable revenue, but which does not include VLT retailers, is $20.9 million. This marks a 12 per cent increase over 1997/98's charitable revenues of $18.6 million. Commercial revenue for 1998/99 excluding VLT siteholders, meanwhile, is $24.9 million, a 14 per cent increase over 1997/98 commercial revenues of $21.9 million.

When the proceeds of VLTs from commercial bar and lounge operators are appropriately apportioned to the revenues earned by other commercial interests involved in casinos, bingos and other lottery forms, as they are in Item 2.4 for 1999, it can be seen that commercial revenues in 1998/99 actually totalled some $52.9 million and that charitable and religious organizations received $25.8 million for the furtherance of their works thanks to VLT proceeds, charitable bingos and other lottery games.

This calculation of the charitable revenue also includes proceeds calculated under terms of the agreement between MEG and the Gaming Corporation. That agreement states that the Gaming Corporation is entitled to an amount equal to 100 per cent of the profits from the Sydney casino. The Province has agreed to distribute 50 per cent of this amount to First Nations Bands that have signed its gaming agreements. (This amount is reported, therefore, under Revenue to Province even though it will eventually be redistributed.) The remaining 50 per cent of the Sydney amount was to be made available for distribution to charities, although no distribution had taken place by fiscal year end. In October of 1999, the Province announced in its budget speech that the 50 per cent not apportioned to First Nations Bands has been transferred to general provincial revenues and the charitable apportioning program cancelled.
PROBLEM GAMBLING RESEARCH TREATMENT FUNDING

The casino operators, video lottery terminal retailers and the Nova Scotia Gaming Corporation all help finance programs aimed at curbing problem gambling in Nova Scotia. Each year, as per their operating contract, the casino operators forward $1 million to the Nova Scotia Department of Health to be used for problem gambling programs. VLT retailers, meanwhile, are contractually obliged to contribute one per cent of their VLT commissions to the Nova Scotia Gaming Foundation which was created in March of 1998 to replace and expand upon the former VLT Problem Gaming Fund. The Gaming Corporation matches the VLT retailers’ contributions to the Foundation from its VLT revenues and also oversees the fund’s disbursement for research or education in respect of gambling, treatment and remediation of the effects of gambling or similar initiatives. On March 11, 1998, funding was transferred from the VLT Problem Gaming Fund to the Nova Scotia Gaming Foundation (the Gaming Foundation). This fund included the contributions of both VLT siteholders and the Gaming Corporation since April 1, 1995. In fiscal year 1999, another $761,328 was contributed and interest income of $109,879 earned. As of the end of the year, the Nova Scotia Gaming Foundation had contributions and earnings totalling $2,621,822.

At March 31, 1999, the Gaming Foundation had approved four grants totalling $875,223. It had disbursed funds for three initiatives at a total cost of $244,383:

- start up costs for an outreach centre for the Compulsive and Problem Gamblers Society in Metro Halifax, $134,654;
- VLT harm reduction study at Dalhousie University, $89,013; and

It had also approved in principle another $380,200 grant to the Nova Scotia Department of Education and Culture; $169,186 to Dalhousie University for a second phase of the research study on factors affecting video lottery play by social and pathological gamblers; and $81,454 in further funding for the...
Compulsive and Problem Gamblers Society outreach centre. As well, the Gaming Foundation had approved a grant of $304,820 to the Self-Help Connection, which later withdrew its application for funding.  

Given the pro-rated $1-million contributions forwarded by Metropolitan Entertainment Group, the Sydney Casino start-up date of August 1, 1995 and the interim Halifax casino opening date of June 1, 1995, there has been some $3.83 million forwarded to the Nova Scotia Department of Health for its use in problem gambling initiatives since the casinos’ inception. During those years the Department of Health has operated a 1-888 telephone help line, has prepared educational pamphlets, videos and a Web site, and financed a Focal Research Consultants report.

A detailed accounting of the $1-million-per-year contribution – including breakdowns of monies spent on staff training, program details etc. – would ensure that taxpayers are getting good value from money that is apportioned, according to the casinos’ operating contract, for “programs related to problem gambling.”

The Alcohol and Gaming Authority continues to believe that the best possible use should be made of the money devoted to problem gambling research, education, treatment and prevention and that clear accounting can help guard against potential duplications of programming and might also better quantify for all involved the measure of problem gambling as well as targeting the costs of possible treatments.
VIDEO LOTTERY TERMINALS

THE FINANCIAL YEAR IN REVIEW

As explained in the Foreword of this report, Nova Scotia’s Video Lottery Terminal (VLT) program is operated by the Atlantic Lottery Corporation (ALC) acting as an agent of the Nova Scotia Gaming Corporation (Gaming Corporation), the Province’s gambling operator. This year, video lottery play in the Province was impacted by Bill 17, An Act to Impose a Moratorium on Additional Video Lottery Terminals and to Provide for a Study of VLTs (The Moratorium Act). Introduced in June of 1998, the moratorium froze the number of ALC operated VLTs at 3,234 (not including machines separately operated under agreements with First Nations groups) effective 11:59 p.m. on June 30, 1998.

Item 2.5

VLT Wager Distribution

$419,711,544

- Prizes (70%) 59%
- Commercial Revenue (8%) 7%
- Charitable Revenue (2%) 1%
- Operating Expenses (2%) 2%
- Provincial Revenue (20%) 21%

(1998 proportions in brackets)
Although the maximum number of machines did not change, and at some times throughout the year there were fewer than the allowable number in active circulation, more money continued to be wagered on video lottery play than on any other form of legal gambling in the Province. A total of $419.7 million was wagered in provincial VLTs, an increase of nearly 4 per cent over 1997/98 wagers of $404.7 million that may be attributed to not only increase in volume of play but an increase in the number of machines before the moratorium was put in place.  

### Item 2.6

<table>
<thead>
<tr>
<th>VLT Wager Distribution</th>
<th>1999</th>
<th>1998</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Expenses</td>
<td>$8,591,388</td>
<td>$9,308,798</td>
<td>-7.7%</td>
</tr>
<tr>
<td>Commercial Revenue</td>
<td>27,920,610</td>
<td>*</td>
<td>n/a</td>
</tr>
<tr>
<td>Charitable Revenue</td>
<td>4,914,979</td>
<td>*</td>
<td>n/a</td>
</tr>
<tr>
<td>VLT Retailer Revenue</td>
<td>*</td>
<td>31,335,691</td>
<td>4.8%</td>
</tr>
<tr>
<td>Provincial Revenue</td>
<td>87,675,797</td>
<td>80,351,012</td>
<td>9.1%</td>
</tr>
<tr>
<td>Prizes</td>
<td>290,608,770</td>
<td>283,750,702</td>
<td>2.4%</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td><strong>$419,711,544</strong></td>
<td><strong>$404,746,203</strong></td>
<td><strong>3.7%</strong></td>
</tr>
</tbody>
</table>

* VLT Retailer Revenue is being restated effective 1999 as Commercial and Charitable Revenues. VLT Retailer Revenue change is determined by comparing 1999 Commercial and Charitable revenues with 1998 VLT Retailer total.

Of that $419.7 million, $290.6 million was distributed in prizes, an increase of 2 per cent over last year’s total of $283.7 million. Indeed, prizes account for 69 per cent of the wager’s distribution. That is still the largest portion of the total wager, although it does mark a decrease of 1 per cent from 1998’s prizes’ share, which was 70 per cent of the VLT wager. The 1 per cent difference can be found in revenues to the Province which increased to 21 per cent of the wager with a hike of $7.3 million in 1998/99 to $87.7 million from $80.4 million in 1997/98.

The portion of the wager devoted to operating expenses was constant at 2 per cent of the total wager, even though year-over-year operating costs were down 8 per cent to $8.6 million in 1998/99 from $9.3 million in 1997/98.
The decline in actual costs may be partly attributed to plans for software upgrades that were cancelled after the Gaming Corporation issued a Request for Proposals for new machines in December 1998.\textsuperscript{8} The year-over-year decrease is also of interest, however, when considered in relation to overall ALC operating costs. As noted in fuller detail in the section of this chapter dealing with ALC’s traditional lotteries, overall ALC operating costs are calculated using a formula that has been the subject of controversy in Nova Scotia. Based on traditional ticket and VLT sales, that formula has resulted in steady increases in Nova Scotia’s share of ALC operating costs. It is worth noting, then, that operating costs for Nova Scotia-based VLTs have actually decreased by $8.6 million while ALC’s traditional lotteries’ operating costs have increased marginally.

The overall revenue from VLTs paid to the 575 charities and businesses that act as retailers, meanwhile, increased nearly 5 per cent to a total of $32.8 million in 1998/99 from $31.3 million in 1997/98. Beginning this year, those revenues are being restated as commercial and charitable revenues to better reflect their real distribution and to bring the VLT wager distribution in line with that of other gaming activities included in this Annual Report. The new distribution also makes possible more detailed analysis of any revenue changes that may reflect shifts in the distribution. As Item 2.6 indicates, commercial siteholders received $27.9 million in revenues in 1998/99 and charitable organizations with VLTs received $4.9 million.

In 1998/99, new retailer agreements dictated each video lottery terminal must meet a minimum net income of $275 per week. Some charitable siteholders worried they would lose machines critical to their charitable causes because other, non-charitable sites could produce higher revenues.\textsuperscript{9} The agreement in December of 1998, also reduced the retailers’ commission rate to 25 per cent from 30 per cent. The reduction only became effective March 1, 1999.\textsuperscript{10}

**OTHER VIDEO LOTTERY PLAY**

The $419.7 million wager does not represent the entire stake of the video lottery market in Nova Scotia. In 1998/99, the Province also received net revenues of $67,234 as its share from video lottery terminals aboard interprovincial ferries. The Gaming Corporation has also entered into contractual agreements with 10 First Nations regarding gaming. As per the
terms of those agreements, a recent consultant’s report notes there were 397 video lottery terminals in operation at First Nations’ sites on February 29, 1999, with the potential for these bands to legally add 409 more. These VLT machines are administered and regulated, as per the gaming agreements, by a National Gaming Commission on each Reserve, are not subject to the provisions of the Moratorium Act and do not come under the regulatory aegis of the Authority.

Although these machines do not fall under the responsibility of the Authority, they certainly provide residents of and visitors to this Province with further access to wagering. Although legal agreements between the Province and the Native Gaming Commissions administering these machines contemplate the need for each Native Gaming Commission to provide to the Province annual independent audits and records, including financial reports, of licensed operators, no public accounting is available. If one assumes, however, that the Provincial VLT wager of $419.7 million was evenly distributed among each of its 3,234 machines, the average wager per machine would be about $129,781. If each of the First Nations’ 397 reportedly active machines earned that average and those wagers were added on to the Provincial totals, the VLT wager would actually increase by $51.5 million to $471.2 million. Even if each machine earned only $100,000, the amount wagered on VLTs in this Province would be increased by a substantial $39.7 million or 10 per cent.

PRIZES AND PAYOUT PERCENTAGES

Sometimes talk of VLTs is confused by people comparing apples and oranges. It is important to remember, for example, that the prizes actually paid out are only a part of the process; credits are also winnings which some players choose to re-wager with continued play.

If, for example, a person puts $10 in a machine and plays for several hours, the actual wager is much more than $10. This is because the player has bet the original $10 plus all the credits he or she has won along the way.
The concept of what the industry calls payout percentage is also often misunderstood. Simply put, the payout percentage is a measure that can be arrived at by dividing the prizes by the number of plays over an extended period of time. In Nova Scotia, regulations made pursuant to the Gaming Control Act stipulate that this payout must not go below 80 per cent. In 1998/99, as Item 2.7 shows, a total of 2,339 million credits were won in Nova Scotia VLTs and 2,468 million credits were played. The average prize payout, therefore, is 95 per cent, 15 per cent above the legislated minimum.

That does not mean each machine is required to pay 95 cents on the dollar each time it is played. The payout percentage is the payout on each machine over a prolonged period of use and is carefully monitored by the Authority.

**VLTS IN OTHER CANADIAN JURISDICTIONS**

Currently, Manitoba and Saskatchewan are the only two other jurisdictions in Canada publicly reporting their VLT activity in a manner similar to that in Nova Scotia; other provinces report only net VLT figures or offer otherwise differing data. At the time of this writing, the three provinces’ annual reports were not available for the 1998/99 fiscal year, however, data for 1997/98 indicates that Nova Scotians had an average payout of 95 per cent while Saskatchewan and Manitoba averaged at 93 per cent. According to those statistics, too, Nova Scotians deposited $404 million in VLTs while residents of Saskatchewan deposited $609 million and Manitobans deposited $692 million in 1998.
### Provincial VLT Statistics, March 31, 1998

<table>
<thead>
<tr>
<th>Province</th>
<th>Population*</th>
<th>VLTs</th>
<th>VLTs/1000 Adults</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Brunswick</td>
<td>581,596</td>
<td>3,719</td>
<td>6.39</td>
<td>1</td>
</tr>
<tr>
<td>Newfoundland</td>
<td>418,515</td>
<td>2,373</td>
<td>5.67</td>
<td>2</td>
</tr>
<tr>
<td>Manitoba**</td>
<td>846,093</td>
<td>4,418</td>
<td>5.22</td>
<td>3</td>
</tr>
<tr>
<td>Saskatchewan</td>
<td>748,879</td>
<td>3,578</td>
<td>4.78</td>
<td>4</td>
</tr>
<tr>
<td>Nova Scotia**</td>
<td>719,162</td>
<td>3,130</td>
<td>4.35</td>
<td>5</td>
</tr>
<tr>
<td>Prince Edward Island</td>
<td>101,910</td>
<td>339</td>
<td>3.33</td>
<td>6</td>
</tr>
<tr>
<td>Alberta***</td>
<td>2,151,176</td>
<td>5,852</td>
<td>2.72</td>
<td>7</td>
</tr>
<tr>
<td>Quebec</td>
<td>5,685,447</td>
<td>15,256</td>
<td>2.68</td>
<td>8</td>
</tr>
<tr>
<td>Ontario</td>
<td>8,675,210</td>
<td>0</td>
<td>0</td>
<td>9</td>
</tr>
<tr>
<td>British Columbia</td>
<td>3,092,539</td>
<td>0</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td>Yukon</td>
<td>23,109</td>
<td>0</td>
<td>0</td>
<td>11</td>
</tr>
<tr>
<td>Northwest Territories</td>
<td>42,743</td>
<td>0</td>
<td>0</td>
<td>12</td>
</tr>
</tbody>
</table>


** VLTs on First Nations Lands not included.

*** There is a government cap of 6,000 terminals but it has not yet been reached.

Sources: Respective 1998 Annual Reports.

As Item 2.8 shows, Manitoba and Saskatchewan also rank higher than Nova Scotia in the number of VLTs per thousand adults of population. With 4.35 VLTs per thousand adults, Nova Scotia sits at fifth place, also below Newfoundland and New Brunswick. First place New Brunswick, with 6.39 VLTs per 1,000 adults, may see changes in the next fiscal year after recently pulling the gaming devices from its corner stores. (Nova Scotia has restricted its VLTs to liquor-licensed, and therefore age restricted, establishments since 1993.) Upcoming changes in VLT play may also be anticipated in coming years in Alberta, which placed seventh in 1999 on a nationwide scale of VLTs per thousand adults, after a court ruled this year that Alberta Gaming and Liquor Commission had exceeded its jurisdiction in trying to remove VLTs from communities that had voted in plebiscites for such action.\(^2\) (A fuller discussion of this decision can be found in the Video.
VLTS AND RESPONSIBLE GAMING INITIATIVES

In 1999, the Gaming Corporation began implementing a plan it had developed to try to encourage responsible play and mitigate harmful video lottery gambling. The four components of the program include: upgrading of the actual machines’ hardware and software; development of a retailer training and education program; implementation of a new VLT retailer agreement, and; development of a voluntary exclusion program for players.13

The portions of this plan aimed at voluntary exclusion and retailer training are not unique. As part of its plan aimed at responsible gaming, Manitoba recently passed legislation which requires each owner/operator of a VLT supplied liquor-licensed establishment to have at least one person on staff at all times who is fully trained in a government-approved harm minimization, responsible play VLT program. That program trains staff to recognize and deal with behaviours that might signal problem play and teaches them how to guide players who wish help. Operators who do not meet the obligation of having employees trained in the VLT program risk sanctions, including loss of VLT revenues and one-year suspension cancellation of siteholder agreements that allow operation of the machines.

As part of its long-term responsible play plan, the Gaming Corporation issued a request for proposals in December of 1998 for new video lottery machines. In that request for proposals, the Gaming Corporation asked VLT manufacturers and suppliers to include relevant data on how the Province might better adapt its terminals to help preclude problem gambling while insuring its revenue flow. Independent consultants, Dr. Howard Shaffer of Harvard Medical School in Boston and Dr. Harold Wynne, President of Wynne Resources in Edmonton, were retained to help guide the Gaming Corporation’s initiative. By March 15, 1999, the Gaming Corporation had narrowed its search to the responses of three firms: Spielo Gaming International of New Brunswick; Powerhouse Technologies Incorporated of Montana; and High Tech Gaming Limited of New Brunswick, a distributor of International Gaming Technology of Reno, Nevada. The Gaming Corporation also began development of a retailer education and training program that it will implement in the upcoming year.14
As the Australian Productivity Commission noted in its draft report on Australia’s Gambling Industries: “There are a wide range of possible changes to the design of poker machines which should be investigated to reduce their hazards for problem gambling, without affecting recreational gamblers.” That being said, the Productivity Commission also cites the need for probity regulations across all gambling types and venues. Indeed, software and hardware advances that can make it easier, for example, to discourage problem play also require high levels of technological scrutiny. Only when regulations and testing is adequately put in place to ensure the integrity and continuum of all technical, hardware, software and behavioural facets of video lottery play can responsible play become a reality.
CASINOS

THE FINANCIAL YEAR IN REVIEW

The convention within the casino industry is that revenues are often reported as the net win from gaming activities. This net win is the difference between the amounts wagered and the amounts paid out as winnings.

For consistency sake when comparing casino data with other gambling activities, however, the Alcohol and Gaming Authority (Authority) has chosen to report the total amount wagered, not just the net win. For clarification, when measuring the “amounts wagered” and the “amounts paid as prizes,” the Authority has not included slot machine game credits won and played. In addition, it should be noted that when comparing the casino operations with other forms of gaming, only the Province’s actual revenue from casino gaming activity is used, not the sums needed to ensure the $25.0 million income guaranteed by the operator for its first four years of operation in Halifax.

Item 2.9

Casino Wager Distribution

$274,222,812

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provincial Revenue</td>
<td>9%</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>17%</td>
</tr>
<tr>
<td>Charitable Revenue</td>
<td>1%</td>
</tr>
<tr>
<td>Commercial Revenue</td>
<td>2%</td>
</tr>
<tr>
<td>Prizes (68%)</td>
<td>71%</td>
</tr>
</tbody>
</table>

(1998 proportions in brackets)
With that information in hand, it can be reported that Nova Scotians wagered $274.2 million in the Province’s two casinos in 1999. That marks an increase of $23.3 million, or 9 per cent, over the total amount wagered in 1998. The Province’s share of that amount increased by $6.6 million, up 35 per cent over last year’s share of the casino wager.

<table>
<thead>
<tr>
<th>Item 2.10</th>
<th>Casino Wager Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1999</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>$45,774,150</td>
</tr>
<tr>
<td>Commercial Revenue</td>
<td>6,609,575</td>
</tr>
<tr>
<td>Charitable Revenue</td>
<td>1,141,640</td>
</tr>
<tr>
<td>Provincial Revenue</td>
<td>25,420,887</td>
</tr>
<tr>
<td>Prizes</td>
<td>195,276,360</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td>$274,222,612</td>
</tr>
</tbody>
</table>

Under terms of an operating contract between the Nova Scotia Gaming Corporation (Gaming Corporation), and its operator, Metropolitan Entertainment Group (MEG), the Gaming Corporation is entitled to an amount equal to 100 per cent of the cash available for distribution from the Sydney casino. The Province of Nova Scotia had, in turn, agreed to distribute 50 per cent of this profit to First Nation Bands that have signed gaming agreements with the Province and to make the remaining 50 per cent available to qualified Nova Scotia charities. (In Item 2.10, revenue to be assigned to the First Nation Bands is therefore included in provincial revenue even though it will eventually be forwarded on.)

For the year ending March 31, 1999, the amount available for distribution to the charities, then, was $1.1 million. This amount is up 95 per cent from the 1998 revenue that was available to charities, $615,046, but still amounts to less than 1 per cent of the total casino wager. In October 1999, the Province announced that this money would be redirected to general revenues.
Also under terms of its agreement with the Gaming Corporation, the operator agreed that the Province’s share of the casino revenues would not dip below $25.0 million for the first four years of business, beginning in July 1995. Last year, for example, MEG added $5.5 million to help bring the Province’s share of the earnings to its required amount. This year, the Province’s share of the earnings from casino operations increased by 35 per cent over last year. In fact, the Province’s share surpassed the $25.0 million minimum by nearly $1.7 million, an amount that applies against the operator’s previous guarantee payments.

Much of the change in the net operating income shown in Item 2.11 can be attributed to a 15 per cent decrease in operating expenses that is clearly shown in Items 2.9 and 2.10. This dip to $45.7 million in 1999 from over $54.0 million in 1998, is largely due to the fact that development costs of $24.1 million for construction of the Halifax interim casino were fully amortized in the first quarter of this year.

Prizes, meanwhile, increased by 12 per cent to account for 71 per cent of the total casino wager, up from 69 per cent in 1998, while the share that went to the operator by way of fees increased by 95 per cent to account for about 2 per cent of the total casino wager. This increase in fees can also be attributed to construction costs of the interim casino being fully amortized. Under terms of the operating agreement with MEG, appropriate operator fees
include: an amount equal to 3 per cent of casino revenue in Sydney as a base fee; 10 per cent of casino revenue less casino win taxes, the base fee and defined operating expenses as an incentive fee in Sydney, and; an amount equal to 35 per cent of cash available for distribution from the interim Halifax casino.\textsuperscript{17}

The Gaming Corporation has reported that the number of daily admissions at the interim Halifax casino actually fell but that an increase in volume still accounted for an increase in profits.\textsuperscript{18} Still, the Gaming Corporation believes that regulatory changes passed in the fall of 1998 will appeal to new markets once the permanent casino is opened on the Halifax waterfront. The past fiscal year was the first full year of operation for a new high-limit room in the interim casino. Called the Crown Club, the private area accounted for 28 per cent of the total table game revenues and 15 per cent of the total slot machine revenues for the period ending December 31, 1998.\textsuperscript{19}

The Sydney casino has also opened a high-limit room called the Crown Club effective March of 1999. In comparison to the 1998 fiscal year, however, revenues in total at the Cape Breton casino were slightly down. The Gaming Corporation has reported that slot revenues were 2 per cent higher and volume was significantly ahead of 1998, despite a reduction in daily admissions. Table games’ revenues were significantly below last year’s levels, but operations overall were slightly profitable for the first time, something the Gaming Corporation attributes in large part to the elimination of a day shift in June.\textsuperscript{20}

\textbf{THE LONG-TERM PICTURE}

On May 31, 1995, the Gaming Corporation entered into an operating contract with Metropolitan Entertainment Group (MEG), a partnership between ITT Sheraton Canada Ltd. and Purdy’s Wharf Development. The contract gave MEG, acting as an agent on behalf of the Gaming Corporation, the exclusive right to operate casinos in Halifax and Sydney for a period that ends on December 31, 2015.

In 1998, Starwood Hotels & Resorts Worldwide Inc., acquired ITT Sheraton Corporation and ITT Sheraton Canada Ltd., thereby becoming the majority business influence in MEG. Late this year, Starwood agreed to sell its
casino holdings to Park Place Entertainment Corp. The purchase was expected to be finalized by November 1999. Regardless of these changes in majority partners, MEG remains contractually obliged, as per its operating contract with the Gaming Corporation, to develop, finance and construct first a temporary then permanent casino facility in Halifax, as well as a permanent casino in Sydney.

In Sydney, MEG built a permanent casino that opened on August 1, 1995. As of March 31, 1999, the Sydney Casino featured 14 table games and 353 slot machines. In Halifax, meanwhile, a temporary facility was opened in the Sheraton Halifax Hotel on June 1, 1995. As of March 31, 1999, it held 30 table games (down from the previous year’s 37) and 565 slot machines.

Among other things, as mentioned above, MEG’s operating contract provides that provincial revenues from the casinos will not dip below $25.0 million in each of the agreement’s first four years of operation. While MEG is responsible for topping up revenues in any years in which they do not hit $25.0 million, the contract also says that if the defined provincial revenues exceed $25.0 million in any year, the operator may retain the excess amount, up to a maximum of the total income guarantee supplements it has already paid.

The income guarantee commenced on June 1, 1995, with the opening of the Halifax interim casino. The fourth and final year of the guarantee ended July 31, 1999. However, the operating contract includes a shadow fifth year. Also called the clawback year, it began on August 1, 1999, and will end July 31, 2000. In that clawback year, MEG is still entitled to recover any amount exceeding the $25.0 million provincial revenue limit “up to a maximum of the aggregate amount” it paid out to the Gaming Corporation during the four-year guarantee period.

As of July 31, 1998, the Gaming Corporation had calculated that it had earned about $20.9 million in income guarantee payments for the first three years of the four-year deal. In the fourth year, 1999, the Province’s revenues exceeded the $25.0 million mark by about $1.7 million, an amount the operator retains.

DEVELOPMENT OF THE HALIFAX PERMANENT CASINO
As per its contract, MEG continued work this fiscal year on a permanent Halifax waterfront casino. With about 130,000 square feet of space (33,000 of which will be dedicated to gaming space), the facility is to include an amphitheatre, a licensed restaurant, a food court, and an entertainment lounge as well as 790 slot machines, and 40 games tables and is expected to cost about $97.0 million, plus or minus 12 per cent.\(^{25}\)

In July, however, construction came to a full halt at the order of executives in Caesar’s World -- the gaming division of MEG’s primary partner, Starwood Resorts. The Gaming Corporation, which had not authorized the work stoppage, was told the operator needed to reassess the casino’s pre-approved design which had been at least partly premised on regulatory changes that had not been passed by Government.\(^{26}\) The regulatory changes at issue had been agreed to by the Gaming Corporation and MEG in 1997. Designed to attract high rollers from out of province and to level the playing field with other casinos in Ontario, Quebec and New England, the changes recommended to Government by the Gaming Corporation allowed: the serving of complimentary alcoholic drinks in the high limit room; 24-hour, seven-day operation except for Good Friday, Easter Sunday, Remembrance Day and Christmas Day; liquor service during all hours the casino is lawfully open, and; credit for out-of-province players.\(^{27}\)

The proposed changes were ratified by Government in October 1998. Construction at the permanent casino site resumed that same month, but the unscheduled construction delay may have contributed to a postponement of the permanent casino’s scheduled September 1999 completion date. The Gaming Corporation has now said it does not expect the structure to be opened until April of 2000.\(^{28}\) According to the construction contract between MEG and the Gaming Corporation, MEG is required to pay a $10,000 fee for each day after September 15, 1999 that the casino is not completed.\(^{29}\)

**The Financial Implications**

Under terms of the agreements between MEG and the Gaming Corporation, the cost of developing the Sydney and Halifax casinos is amortized over specific periods of time. In May of 1998, the approved development costs of $24.1 million for construction of the Halifax interim casino had been fully amortized.\(^{30}\) This helped result in the substantial increase in the Halifax net operating income illustrated in Items 2.9, 2.10 and 2.11.
Payments to the operator can be expected to resume, and net operating income to register a commensurate decrease, when approved development costs for the permanent casino begin to be charged. Delays in construction, however, mean that the new charges are not expected to appear until the 2000/2001 fiscal year, after the scheduled April 2000 opening of the permanent casino. In the interim, there will be an anomaly period when there will be no amortization charges for either the interim or the permanent casinos in Halifax.

This extended hiatus from amortization payments (which might be considered akin to a one-year suspension of mortgage payments for the average homeowner) should lead to improved casino revenues for 1999/2000 even if basic income remains the same. If, for example, profitability and activity levels at the casinos in 1999/2000 remained exactly the same as in 1998/99, the Province’s revenues would still increase because the $1.4 million in final amortization costs deducted in 1998/99 for the interim casino\textsuperscript{31} would not be necessary and could be added instead to the revenue stream.

The period of amortization free activity is also of note with relation to the shadow or clawback year included in the income guarantee provisions. As mentioned earlier in this section, the agreement between MEG and the Gaming Corporation allows for a clawback year, beginning August 1, 1999. During this clawback year, MEG may retain any casino revenues that exceed $25.0 million, up to the total it had previously paid in income guarantee supplements. Since the contracts between MEG and the Gaming Corporation were not amended to account for the construction delay, this extended period of amortization-free operation is likely to coincide with much of that clawback year.

If one continues to assume that profitability and activity levels remained exactly the same in the casinos in 1999/2000 as in 1998/99, the operator might be able to claw back $3.1 million in 1999/2000: the same $1.7 million it was due in 1998/99 plus the additional $1.4 million it had deducted for final interim casino amortization costs. In that case, the clawback might be enough to compensate for about 300 days (or until July 2000) of $10,000 per day fees due for the construction delay.
In the final analysis, it is not possible to determine the exact financial implications of the combined circumstances involving the coinciding clawback year, the postponed opening of the permanent casino and the amortization-free anomaly period. It is certainly possible that defined provincial revenues would have exceeded $25.0 million in 1999/2000 even without the decreased costs expected from the anomaly period. The operator and the Gaming Corporation should both want the improved returns anticipated from a new permanent casino, since an earlier opening might have also resulted in changes to attendance figures and/or revenues.

The postponed opening date does, however, mean that the 1999/2000 fiscal year is expected to be complete before new Halifax amortization costs kick in. Given past financial performance of the casinos, it seems likely that this will also mean a greater chance the casinos will exceed the $25.0 million provincial revenue limit during the crucial clawback year.

CASINO REGULATION

The Gaming Control Act and Section 53 of the Casino Regulations govern the types of games permitted in Nova Scotia’s two casinos. The casinos operate under a system of internal control procedures which are approved by the Authority and which govern all aspects of their operations. The Authority’s compliance staff monitor casino operations to ensure adherence to the regulations. RCMP officers hired by the Authority supplement the casino surveillance, investigate incidences of cheat-at-play and conduct security clearance investigations for all gaming employees and suppliers. Slot machines in the casinos are subjected to rigorous testing and inspections by casino staff as well as by staff from the Authority’s Investigation and Enforcement Division. All slot machines are tested to verify that they adhere to regulated payout percentages.

The Authority has established and approved detailed Rules of Play in regard to table games offered at the casinos to ensure that they are consistent with generally accepted industry standards. The play at table games is subject to various levels of internal and external scrutiny. Pit bosses monitor dealers and players, and otherwise supervise the activity at several tables concurrently. The games are also subject to constant surveillance by both casino staff and casino surveillance personnel. Table games with a
mechanical component, such as roulette, are subject to physical examination by casino and Authority staff. Unlike slot machines, however, there is no computer-generated coin deposit record to keep track of these wagers. For purposes of estimating the total wager, therefore, the Alcohol and Gaming Authority uses the amount of chips purchased from the casino operation, since only chips can be used to wager at table games. Approved table games being played in Nova Scotia at the end of this fiscal year included: blackjack, roulette, Let it Ride® baccarat, poker and mini-baccarat. The casino operator is in the process of evaluating and/or seeking Authority permission for several new games for casino play, including nickel slot machines, craps, sic bo, Spanish 21 and Red Dog.
**ALC LOTTERIES**

**THE FINANCIAL YEAR IN REVIEW**

Although changes to the arrangement were being discussed during much of 1998/99, the Atlantic Lottery Corporation (ALC) continued this year to conduct and manage most ticket lotteries in Nova Scotia. Some of these lotteries are operated in conjunction with the Interprovincial Lottery Corporation, an organization incorporated in 1976 under the *Canada Business Corporations Act* which administers nationwide lottery games on behalf of Canada’s 10 provinces.  

![ALC Lotteries Wager Distribution Chart](chart.png)

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prizes (53%)</td>
<td>54%</td>
</tr>
<tr>
<td>Charitable Revenue (&lt;1%)</td>
<td>0%</td>
</tr>
<tr>
<td>Commercial Revenue (10%)</td>
<td>9%</td>
</tr>
<tr>
<td>Operating Expenses (16%)</td>
<td>16%</td>
</tr>
<tr>
<td>Provincial Revenue (21%)</td>
<td>21%</td>
</tr>
</tbody>
</table>

(1998 proportions in brackets)

ALC is responsible for two basic types of lottery schemes: on-line ticket sales and retail ticket sales. On-line tickets refer to items that are sold and validated by computer terminals operated by ALC and the Interprovincial Lottery Corporation, such as Lotto 6/49, Super 7, Pik 4, TAG, Atlantic...
Choice, ($1, $2 and $5) Instant, Special Event and Sport Select. Retail tickets, meanwhile, are the lottery tickets often found in glassed display cases at store check-out counters. They are sometimes referred to as “Instant” tickets, “Scratch’n Wins” or “Breakopens.”

**Item 2.13**

<table>
<thead>
<tr>
<th></th>
<th>1999</th>
<th>1998</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Expenses</td>
<td>$30,045,977</td>
<td>$29,254,285*</td>
<td>2.7%</td>
</tr>
<tr>
<td>Commercial Revenue</td>
<td>17,920,967</td>
<td>17,919,003*</td>
<td>0.0%</td>
</tr>
<tr>
<td>Charitable Revenue</td>
<td>51,240</td>
<td>87,010</td>
<td>-41.1%</td>
</tr>
<tr>
<td>Provincial Revenue</td>
<td>38,690,855</td>
<td>38,416,269</td>
<td>0.7%</td>
</tr>
<tr>
<td>Prizes</td>
<td>101,124,155</td>
<td>96,634,561</td>
<td>4.6%</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td><strong>$187,833,194</strong></td>
<td><strong>$182,311,128</strong></td>
<td><strong>3.0%</strong></td>
</tr>
</tbody>
</table>


In Nova Scotia in 1998/99, $187.8 million was wagered on these traditional lottery products. That marks an increase of $5.5 million or 3 per cent over 1997/98’s total wager of $182.3 million. Still, commercial revenue was $17.9 million, the same as last year, and revenue to charities (through charitable breakopen tickets) actually dropped to $51,240 in 1998/99 from $87,010 in 1997/98. Only operating expenses and prizes increased in 1998/99, by $791,692 and $4.5 million respectively, over 1997/98 totals. Indeed, prizes accounted for 54 per cent of the lotteries’ distributions in 1998/99, up from 53 per cent in 1997/98. Operating expenses and commercial revenue remained at 16 per cent and 10 per cent of the wager while revenues to charities continued this year to absorb less than one per cent of the wager. The only portion of the wager distribution that has decreased is the revenue paid to the Province, which went down to 20 per cent of the total wager in 1999 from 21 per cent in 1998.

The distribution of the wager is also worth observing in the context of a number of years.
Item 2.14

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Expenses</td>
<td>16%</td>
<td>16%</td>
<td>15%</td>
<td>14%</td>
</tr>
<tr>
<td>Commercial Revenue</td>
<td>10%</td>
<td>10%</td>
<td>9%</td>
<td>9%</td>
</tr>
<tr>
<td>Provincial Revenue</td>
<td>20%</td>
<td>21%</td>
<td>24%</td>
<td>25%</td>
</tr>
<tr>
<td>Prizes</td>
<td>54%</td>
<td>53%</td>
<td>52%</td>
<td>52%</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

As Item 2.14 shows, the revenue apportioned to the Province as a share of the wager has declined consistently while the shares for operating expenses, revenue to commercial entities and prizes paid have increased marginally. This hints at the concerns that prompted the Province, through the Nova Scotia Gaming Corporation (the Gaming Corporation), to consider assuming control of its own section of the Atlantic lottery market. The Gaming Corporation has chosen to call this option “repatriation.”

**REPATRIATION**

Revenues from traditional lotteries’ sales in Nova Scotia this year, as mentioned above, were $187.8 million with a net profit to the Province of $38.7 million. In 1996, the first year the Nova Scotia Alcohol and Gaming Authority (then the Nova Scotia Gaming Control Commission) prepared an Annual Report, the Province earned $41.1 million profits on $164.8 million in sales. In short, Nova Scotia now sells $22.2 million more in tickets, but earns $2.5 million less for the effort.

Incorporated in 1976 under the *Canada Business Corporations Act*, ALC is jointly and equally owned by the four Atlantic provinces. Its operations have been administered by corporate bylaws. The methodology for dividing profits between the shareholders was last reviewed in 1991. In a nutshell, under the formula, each of the four Atlantic Provinces contributes jointly to ALC’s operating costs, based on that province’s percentage of total sales, including those for video lottery terminals. The cost of delivering services to that region are not a factor.
After an audit by the Nova Scotia Auditor General in 1996 confirmed anomalies in the profit sharing formula, the Province’s representative on the ALC board proposed an amendment that would require each province to bear the costs associated with sales generated in its own province. The Gaming Corporation said the new profit distribution system was required because Nova Scotia was essentially losing $4.0 million to $4.5 million each year under the existing formula.

There was more than money at stake, however. The Gaming Corporation was also requesting structural changes at ALC. The only member province to separate the administrative and regulatory aspects of gaming, Nova Scotia was in a difficult position when it came to accountability. As Nova Scotia’s representative on ALC, the Gaming Corporation needed to be allowed better and swifter ability to respond to questions raised by the Alcohol and Gaming Authority regarding critical matters of concern, such as game integrity.

Despite protracted debate and an agreement in principle on revenue redistribution, the ALC board, which includes representatives from each of the four stakeholder Atlantic Provinces, could not reach the unanimous consent required to alter the system. On March 9, 1999, the Gaming Corporation announced it would withdraw from ALC unless the outstanding issues could be resolved. On March 29, 1999, the Minister of Finance made it official, announcing that the Gaming Corporation would take over the Province’s share of video lottery operations by November 30, 1999 and traditional ticket sales by March 31, 2000.

Plans began for the repatriation, and sites were selected for some of the 110 estimated new jobs just before a provincial election campaign got under way. During that campaign, questions relating to ownership of existing video lottery terminals and to the viability of the repatriation were discussed. Shortly after being elected to the post in the summer of 1999, the Premier said that, given his commitment to regional co-operation, his Government would review the Gaming Corporation plan to repatriate.

**Reviewing The Financial Consequences**

Under the disputed ALC profit sharing plan, each province pays a share of the overall operating costs. This share is based on net sales for that province, but, as mentioned above, does not take into consideration the actual
cost of delivery of those services. In 1999, for example, Nova Scotia paid 39 per cent of ALC’s operating expenses of $18.9 million relating to regular lottery business. However, there was no accounting that could demonstrate that $18.9 million was the cost of delivery of ALC programs in Nova Scotia. In this age of computerized services, it should not be difficult to better apportion the actual costs of delivery of services.

It is not good enough, however, to look simply at the share of profits when discussing a partnership such as the one that formed ALC. After all, sound partnerships are premised on the notion of mutual benefit for all involved. From a global perspective, more than just direct employment for each province must also be considered. With this in mind, the Auditor General’s report of 1996 looked also at an assessment of the combined wages and purchasing power allotted each of the provinces.

<table>
<thead>
<tr>
<th></th>
<th>Total $ Value Purchases &amp; Salaries</th>
<th>% Of ALC Purchases &amp; Salaries</th>
<th>Jurisdiction’s % Of ALC’s Net Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Newfoundland</td>
<td>$6,861,342</td>
<td>11.88%</td>
<td>28.90%</td>
</tr>
<tr>
<td>Prince Edward Island</td>
<td>618,066</td>
<td>1.07%</td>
<td>5.30%</td>
</tr>
<tr>
<td>New Brunswick</td>
<td>15,446,876</td>
<td>26.75%</td>
<td>26.60%</td>
</tr>
<tr>
<td>Nova Scotia</td>
<td>11,089,013</td>
<td>19.20%</td>
<td>39.20%</td>
</tr>
<tr>
<td>Other</td>
<td>23,731,278</td>
<td>41.10%</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td><strong>$57,746,575</strong></td>
<td><strong>100.00%</strong></td>
<td><strong>100.00%</strong></td>
</tr>
</tbody>
</table>


As Item 2.15 shows, 1995 data given by ALC to its shareholders shows that New Brunswick received 45 per cent of the wage and purchasing activity of ALC while accounting for only 27 per cent of sales. Nova Scotia received 33 per cent of the economic activity but was responsible for 39 per cent of the sales.
That information can, however, be restated to make the comparisons between the four Atlantic Provinces clearer by excluding the purchases and wages made outside the Atlantic Provinces, as in Item 2.16.

| Summary Of ALC Economic Benefits Study 1994/95 Excluding Other Jurisdictions |
|--------------------------|-----------------|----------------|-----------------|
|                          | Total $ Value   | % Of ALC       | Jurisdiction’s Variance |
|                          |     | % Of ALC’s Net Revenue |               |               |
|                          | Purchases & Salaries | Total Purchases & Salaries |               |               |
| Newfoundland            | $6,861,342 | 20.17% | 28.90% | -8.73% |
| Prince Edward Island    | 618,066   | 1.82% | 5.30%  | -3.48% |
| New Brunswick           | 15,446,876 | 45.41% | 26.60% | 18.81% |
| Nova Scotia             | 11,089,013 | 32.60% | 39.20% | -6.60% |
| TOTALS                  | $34,015,297 | 100.00% | 100.00% |               |


This simple analysis shows that, in 1995, New Brunswick received an estimated 19 per cent (or $6.5 million) economic advantage over its provincial partners through direct economic activity and that the lost economic value to Nova Scotia because of inequitable spending was nearly 7 per cent of the total spending, or about $2.2 million.

ALC’s full economic impact on Nova Scotia or any other stakeholder province, however, could only be more accurately estimated if detailed data allowed assessment of wages and purchasing shares over a period of at least five years and only if the different economic values of, for example, wages versus purchases are carefully assessed for their value as economic generators. That information, however, has not been made available to the public.

That being said, the Gaming Corporation completed its own assessments and decided that repatriation made sense. In addition, the Gaming Corporation commissioned external studies from Ernst & Young and Transformation...
Consulting to determine if it made financial sense for lotteries to be operated by the Province. The consultants apparently confirmed that a provincially operated lottery corporation would be economically viable. Concerns arose about a possible dispute over the ownership of the video lottery terminals currently in Nova Scotia. These concerns appear, however, to miss the facts that plans are already afoot to replace many of the dated video lottery terminals and that each of the provincial shareholders has the right to compensation for assets, as stated in their shareholder agreements, upon any dissolution.

In the end, then, the final analysis is better left to those more familiar with the detailed financial intricacies. Nova Scotia’s options, however, are clear: It can opt for the status quo; renegotiate the ALC profit-sharing deal and pertinent regulations; repatriate lottery operations; or establish some sort of affiliation with other lottery operators. Each of these options must be weighed carefully for its full financial effects and its ability to ensure fairness and accountability as well as any other pertinent implications.

THE GAMES PEOPLE PLAY

One thing remains clear no matter what decision is ultimately made regarding repatriation: Nova Scotians like to wager on lotteries. In 1999, Lotto 6/49 remained the most popular game on the interprovincial roster, accounting for the second year in a row for about 30 per cent of the lotteries’ wager in Nova Scotia. In all, $56.6 million was wagered on that one game alone in 1999, up from $53.8 million in 1998.

As Item 2.17 shows, the selection of preferred games continues to change. Some new games, like the TAG or Super 7, were added and others, like the $5 Instant ticket, were eliminated. Certain products, like the $2 Instant and $1 Instant games saw substantial growth in sales in 1999 (17 and 18 per cent over 1998 sales), while others, like Auto Plus which saw sales dip to $5.8 million in 1999 from $8.8 million, declined dramatically.
In January 1999, ALC withdrew its breakopen tickets from the market after manufacturing irregularities were identified that might allow some players to identify winning tickets. The products were reintroduced first in Newfoundland and later in Nova Scotia. The absence of these breakopen tickets cost the Gaming Corporation about $100,000 in net profit per week. It also cost ticket retailers approximately $60,000 in net sales per week, and may account for much of an overall decrease of 24 per cent in sales of breakopens in 1999 when compared with 1998 rates.

ALC also experienced difficulties this fiscal year with its Pro-Line game. A single bettor netted $1.7 million in winnings after allegedly noticing that the sports lottery had based its mid-February week’s wager on team lineups that were in place prior to a National Basketball Association strike. All Atlantic area Pro-Line payouts were reduced by 5 per cent when the $1.7 million pot pushed winnings above ALC’s $2.5 million liability cap. Wagering on some other games was also suspended. As a result of this case, ALC reassessed its policies and took additional steps aimed at curbing block betting.
Also of concern in this case, was the apparent perception by some members of the public that use of the liability cap itself was somehow irregular.\textsuperscript{46} In fact, while the process is properly included in ALC legal disclaimers, it became apparent during this incident that many players did not understand that the use of a cap is a standard practice in gaming that relies on shared-pot prizes.\textsuperscript{47} This could be because details about the cap can be sought in rules available upon request but are not routinely printed on the back of tickets.

**REGULATORY CONCERNS**

In addition to issues relating to game integrity, the Alcohol and Gaming Authority also continued in the past year to monitor, among other things, the advertising of ALC lotteries. In the 1998/99 fiscal year, as in previous years, ALC was responsible for overseeing the production, distribution, marketing and promotion of retail tickets.

The Alcohol and Gaming Authority continues, however, to see a need for improved regulatory accountability. As noted in the 1997/98 Annual Report, the Authority questions the markets being targeted by offerings such as a Father’s Day promotion card that was electronically enhanced with music and featured both cartoon depictions and scratch tickets. Teenagers in recent focus groups conducted by the Authority also noted that some marketing attempts appeared to be aimed at attracting younger players. Tickets that feature popular traditional games (like Crossword and Bingo) were popular with those teens who played scratch tickets (see fuller report Chapter 4). Although there is currently no law banning minors from purchasing tickets, ALC agreements with retailers forbid the practice and permit removal of machines from retailers who breach that clause repeatedly.\textsuperscript{48}

ALC assures the Authority it abides by the Canadian Advertising Code of Ethics. The North American Association of State and Provincial Lotteries, meanwhile, developed in March of 1999 a list of advertising standards for its member lotteries.

Still, the Authority believes that more specific standards on advertising are in order. It is not alone. The National Gambling Impact Study Commission Final Report in the United States and the Australia Productivity Commission’s draft report on Australia’s Gambling Industries each favour
regulations that forbid aggressive advertising strategies targeting either youth or other vulnerable audiences. Appropriate regulations might also deal more forcefully with matters affecting public education, including the odds of winning.
**BINGO**

**THE FINANCIAL YEAR IN REVIEW**

At 9 per cent of the total provincial wager, bingo represents one of the smaller portions of Nova Scotia’s gaming industry. Still, combined figures for charitable and commercial bingos show that the game is a popular way for charities to raise funds and for Nova Scotians to spend their time and money. In fact, $92.5 million was wagered on bingos in 1998/99, an increase of $1.9 million over the total 1997/98 bingo wager.

![Total Bingo Wager Distribution](chart.png)

Importantly, 15 per cent of that total wager goes directly into the coffers of charitable causes. That means that $14.3 million was available for minor sports leagues, volunteer firefighters, religious or community service organizations to pump back into their respective communities. Commercial operators, meanwhile, received revenues accounting for less than one per...
cent of the total wager and the Province itself only received revenue of two per cent, decreasing its actual take to $1.5 million in 1998/99 from $1.6 million in 1997/98. That is all part of the plan set out when the Province approved Bingo Regulations in 1995 that focussed the charitable bingo sector on earning bigger profits for their charitable purposes. Among other things, those regulations continue a policy implemented in the 1980s that forbids the creation of any new commercial bingos, thereby limiting all new bingo proceeds to charitable purposes. The regulations also have required that charitable or religious organizations return at least 15 per cent of their events’ revenues to that charity or religious group for its work in the community.

<table>
<thead>
<tr>
<th>Category</th>
<th>Licensees</th>
<th>%</th>
<th>Wager</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0-50,000</td>
<td>191</td>
<td>33.8%</td>
<td>$2,142,460</td>
<td>2.3%</td>
</tr>
<tr>
<td>50,000-100,000</td>
<td>97</td>
<td>17.2%</td>
<td>7,013,385</td>
<td>7.6%</td>
</tr>
<tr>
<td>100,000-150,000</td>
<td>76</td>
<td>13.5%</td>
<td>9,485,478</td>
<td>10.3%</td>
</tr>
<tr>
<td>150,000-200,000</td>
<td>64</td>
<td>11.3%</td>
<td>11,136,778</td>
<td>12.0%</td>
</tr>
<tr>
<td>200,000-250,000</td>
<td>41</td>
<td>7.3%</td>
<td>9,109,417</td>
<td>9.8%</td>
</tr>
<tr>
<td>250,000-300,000</td>
<td>29</td>
<td>5.1%</td>
<td>7,930,092</td>
<td>8.6%</td>
</tr>
<tr>
<td>300,000-500,000</td>
<td>26</td>
<td>4.6%</td>
<td>9,979,011</td>
<td>10.8%</td>
</tr>
<tr>
<td>500,000-1,000,000</td>
<td>32</td>
<td>5.7%</td>
<td>21,653,092</td>
<td>23.4%</td>
</tr>
<tr>
<td>$1,000,000+</td>
<td>9</td>
<td>1.6%</td>
<td>14,093,867</td>
<td>15.2%</td>
</tr>
<tr>
<td>TOTALS</td>
<td>565</td>
<td>100.0%</td>
<td>$92,543,580</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Of course, not all bingos are created equal. Most events are small in scale: local events that, for example, may help an elementary school earn a few hundred dollars for a class trip. Others, are larger productions, aimed at earning their charities millions of dollars. In fact, that small number of large bingos earns the lion’s share of the money.
As Item 2.19 shows, more than 50 per cent of bingo licenses are issued for bingos with gross receipts of $100,000 or less. The remaining 50 per cent of licensees, however, are responsible for almost $83.4 million of the wager, the largest share (90 per cent) of the total $92.5 million total wager recorded. In fact, bingos in just two categories, those with gross receipts of $500,000 to more than $1.0 million, account for only 7 per cent of all licensees. Still, they are responsible for $35.7 million in revenues or 39 per cent of the total wager.

In all, the Alcohol and Gaming Authority issued 473 series and 229 single bingo licenses in 1998/99. As the names suggest, bingo series licenses allow the operation of a number of bingo events over a period of time while single licenses are issued for isolated events.

To further clarify issues relating to bingos, the financial information on this activity is presented in two further sections, one detailing charitable bingos, the other commercial enterprises.

**CHARITABLE BINGO**

Charitable Bingo is the term used in this report to describe bingos operated by organizations which have met Criminal Code and regulatory standards, and have been given bingo licenses by the Authority. In order to receive a series or single license, these organizations must have a charitable or religious purpose, provide benefit to the community, and wish to use funds raised at the bingo to finance their activities and support their causes. The idea is that volunteer fire departments, churches, schools, minor league sports teams, legions or similar groups may use licensed bingos to raise funds within their own communities, potentially avoiding greater dependence upon philanthropy or government funding.

This year, $90.3 million was wagered at charitable bingos. That marked an increase of $4.1 million over last year’s total of $86.2 million. Some of that increase may be attributed to simple bookkeeping; bingo licensees having brought monthly reports up to date. Another part of the hike could be the result of some clients switching to charitable events after the closure in 1997/98 of one commercial outlet. An increase in the profitability of TV bingos across the Province may also have played a part in the hike. In
1998/99, the 33 licensees with televised bingo games accounted for only 6 per cent of the total number of charitable licensees. But those licensees were responsible for events with a total wager of more than $4.5 million in 1998/99, up $776,000 from 1997/98’s total of $3.8 million. They also managed to bring in $1.9 million for their respective charities, making that small yet profitable part of the charitable bingo wager responsible for 13 per cent of the total sector’s net return.

Overall, $66.2 million, or 73 per cent of the total $90.3 million wagered at Nova Scotia’s charitable bingos, was used for prizes. Operating expenses totalled another $8.4 million or 9 per cent of the wager. After revenues to the Province of $1.3 million (2 per cent of the wager) were paid, the licensed charities themselves were left with $14.3 million in revenues or 16 per cent of the amount wagered on charitable bingos.
Item 2.21

Charitable Bingo Wager Distribution

<table>
<thead>
<tr>
<th></th>
<th>1999</th>
<th>1998</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Expenses</td>
<td>$8,388,510</td>
<td>$8,282,369</td>
<td>1.3%</td>
</tr>
<tr>
<td>Charitable Revenue</td>
<td>14,303,015</td>
<td>13,522,025</td>
<td>5.8%</td>
</tr>
<tr>
<td>Provincial Revenue</td>
<td>1,324,814</td>
<td>1,261,782</td>
<td>5.0%</td>
</tr>
<tr>
<td>Prizes</td>
<td>66,240,676</td>
<td>63,089,109</td>
<td>5.0%</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td><strong>$90,257,015</strong></td>
<td><strong>$86,155,285</strong></td>
<td><strong>4.8%</strong></td>
</tr>
</tbody>
</table>

That $14.3 million means that charities and religious groups had nearly $1 million more for themselves in 1998/99 than they did in 1997/98. Only a few years ago, there was no real way of knowing how much of the money being raised in bingos was actually going to the event’s stated cause. Data collection was sketchy and regulations did not require charities to account in detail for their financial dealings.

As mentioned earlier, Bingo Regulations, put in place in 1995, changed all that. One of the new regulations, for example, insisted that at least 15 per cent of all revenues from each bingo event be dedicated to the charitable or religious cause named in the fundraiser. Introduction of the new regulations caused some concern in an industry that previously had not been constrained by such reporting demands.

The concerted efforts of bingo operators and Authority licensing staff, however, have helped ensure the kind of accountability necessary to protect licensees and players while helping charities get the most value from their events.

For the past two years, most charities have been able to meet the legislated requirement that they get 15 per cent return from their bingos. This year, for example, 288 of the 562 licensees (51 per cent) exceeded the legislated minimum and only 51 (9 per cent) reported losing money. That left, however, 223 of the charitable and religious licensees (40 per cent) having earned some profits from their events, but not yet having reached the 15 per cent return. Authority licensing staff continue to work with these groups, studying such factors as geographic location, prizes, administrative costs and...
the like to help licensees earn better returns for their charitable causes. With such scrutiny, licensees can better understand why results from these events can vary so widely. Participants whose events have gross receipts under $150,000, for example, accounted collectively for 90 per cent of the licensees that lost money at charitable bingos in 1998/99. Eight licensees in those categories, however, also managed to get net returns of higher than 60 per cent, helping to stabilize the group and keeping the net revenues to charities this year at 16 per cent overall, the same as last year.

<table>
<thead>
<tr>
<th>Item 2.22</th>
<th>Charitable Bingo Licensees Net Profits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category</td>
<td>Licenses By Net Profit</td>
</tr>
<tr>
<td></td>
<td>&lt;0%</td>
</tr>
<tr>
<td>$0-50,000</td>
<td>191</td>
</tr>
<tr>
<td>50,000-100,000</td>
<td>96</td>
</tr>
<tr>
<td>100,000-150,000</td>
<td>76</td>
</tr>
<tr>
<td>150,000-200,000</td>
<td>64</td>
</tr>
<tr>
<td>200,000-250,000</td>
<td>41</td>
</tr>
<tr>
<td>250,000-300,000</td>
<td>28</td>
</tr>
<tr>
<td>300,000-500,000</td>
<td>26</td>
</tr>
<tr>
<td>500,000-1,000,000</td>
<td>32</td>
</tr>
<tr>
<td>$1,000,000+</td>
<td>8</td>
</tr>
<tr>
<td>TOTALS</td>
<td>562</td>
</tr>
</tbody>
</table>

The part of the wager dedicated to charitable purposes was not the only portion of the wager to remain consistent. The portion reserved for the Province in 1998/99 remained the same as in 1997/98, at less than two per cent of the charitable bingo wager. Operating expenses were reduced marginally from 1997/98 levels but still accounted for about 9 per cent of the total, and prizes increased marginally but still accounted for about 73 per cent of the money wagered. Still, the total value of prizes adds up: only 21 per cent of the 562 charitable bingo licensees in 1998/99 had total prize packages valued at under $5,000 and a total of $66.2 million in prizes was paid to players of charitable bingos.
COMMERCIAL BINGO

When Nova Scotia introduced comprehensive Bingo Regulations in 1995, it included a rule that forbids establishing any new commercial licensing. The regulations did allow existing or “grandfathered” commercial bingos to continue their operations. By 1998/99, three privately-owned bingos continued to do business in the Province.

Prohibited by regulation from having prizes in excess of $100 per game, those three operators nonetheless had a total of $1.5 million in prizes for the year. This accounts for 66 per cent of the total commercial wager, less than the charitable bingo prize portion of 73 per cent and down from last year when prizes amounted to 70 per cent of the commercial bingo wager. As required, the bingo operators forwarded 10 per cent of the value of those prizes to the Province. In 1998/99, that meant revenues to the Province of $152,324 or less than 7 per cent of the commercial bingo category’s wager. The operators tallied $388,205, or 17 per cent of the wager, in net profit and recorded $222,792, or 10 per cent of the wager, in expenses. These amounts
mark another shift in financial activity when compared with 1997/98 results, when operating expenses accounted for 11 per cent but revenue to the commercial operators only garnered 13 per cent.

<table>
<thead>
<tr>
<th>Item 2.24</th>
<th>Commercial Bingo Wager Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1999</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>$222,792</td>
</tr>
<tr>
<td>Commercial Revenue</td>
<td>388,205</td>
</tr>
<tr>
<td>Provincial Revenue</td>
<td>152,324</td>
</tr>
<tr>
<td>Prizes</td>
<td>1,523,244</td>
</tr>
<tr>
<td>TOTALS</td>
<td>$2,286,565</td>
</tr>
</tbody>
</table>

Accounting for less than 3 per cent of the total bingo wager, the three commercial properties had total wagers of nearly $2.3 million, a decrease of 49 per cent over the 1997/98 commercial bingo total of $4.5 million wagered. This decrease was mirrored by drops of 54 per cent in operating expenses, 31 per cent in revenues to operators, 51 per cent to the Province and in prizes. Those discrepancies, however, can be readily explained by the fact that four commercial licensees were still in operation for a portion of the 1997/98 fiscal year.
CHARITABLE LOTTERIES

THE FINANCIAL YEAR IN REVIEW

Like bingos, charitable lotteries continue to be a common way for community groups to raise much-needed revenues. Indeed, this type of wagering registered the largest increase in activity in the provincial gaming industry when compared with last year’s results. In 1999, $14.1 million was wagered on charitable lotteries. That marks a 21 per cent increase over 1998’s charitable lotteries’ wager of $11.6 million.

Still charitable lotteries – the 50/50 draws at hockey games, the church raffles, the lotteries that can feature prizes as varied in value as a sports bag and a home – account for only 1 per cent of all the wagering done in the Province. The premise of this type of gambling is, of course, simple: supporters buy a ticket from a charitable or religious group for a chance to
win either merchandise or cash prizes. To help ensure that as much money as possible goes directly toward the charitable or religious cause, organizers of these lotteries are encouraged to curtail their administrative expenses. Licensees are also encouraged to spend their lottery profits directly in the Province.

In 1998/99, the Province’s portion of the charitable ticket and lotteries wager remained constant with last year’s level, coming in at about 1 per cent of the total wager. Operating expenses took about 14 per cent of the wager, and prizes accounted for another 46 per cent. That left 39 per cent of the charitable ticket and lotteries wager for distribution among charitable causes.

Indeed, while charitable tickets and lottery sales represent the smallest portion of the Province’s gaming activity, they can mean big money for the charities involved.

<table>
<thead>
<tr>
<th>Item 2.26</th>
<th>Charitable Lotteries Wager Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1999</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>$1,973,733</td>
</tr>
<tr>
<td>Charitable Revenue</td>
<td>5,417,395</td>
</tr>
<tr>
<td>Provincial Revenue</td>
<td>130,338</td>
</tr>
<tr>
<td>Prizes</td>
<td>6,545,460</td>
</tr>
<tr>
<td>TOTALS</td>
<td>$14,066,926</td>
</tr>
</tbody>
</table>

Charitable groups got $5.4 million for their works from lotteries, raffles and other games in 1998/99, an increase of 23 per cent over the $4.4 million total in 1997/98. The actual amount given out in prizes was up, too, to $6.5 million from $5.5 million, an increase of nearly 18 per cent, while the Province’s share increased to $130,338 from $122,149, a hike of 7 per cent over 1997/98’s total. Operating expenses, meanwhile, saw a year over year increase of almost 27 per cent to nearly $2.0 million from $1.6 million in 1997/98.
The overall increase of $2.4 million in the charitable tickets and lotteries’ wager may also be an offshoot of an increasing number of larger ticket lotteries. Indeed, it has not been difficult to notice in recent years the increasing number of charitable groups holding draws for homes, cottages, cars or other big-ticket prizes. As previous editions of this Annual Report have indicated, these big-prize events can be risky. Charitable groups in the past have had to extend their contest time frames in order to sell enough tickets to cover the costs associated with large prizes.

Most of the charitable ticket lotteries sold in the Province are still of the small variety. More than $5.1 million was wagered on a total of 757 community, religious or other charitable events with gross receipts totalling less than $50,000. A large and increasing portion of the wager, however, can be found in categories in which licensees have more than $250,000 in gross receipts.

<table>
<thead>
<tr>
<th>Category</th>
<th>Licensees</th>
<th>%</th>
<th>Wager</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0-50,000</td>
<td>757</td>
<td>94.0%</td>
<td>$5,140,988</td>
<td>36.5%</td>
</tr>
<tr>
<td>50,000-100,000</td>
<td>24</td>
<td>3.0%</td>
<td>1,662,531</td>
<td>11.8%</td>
</tr>
<tr>
<td>100,000-150,000</td>
<td>8</td>
<td>1.0%</td>
<td>940,303</td>
<td>6.7%</td>
</tr>
<tr>
<td>150,000-200,000</td>
<td>2</td>
<td>0.2%</td>
<td>340,540</td>
<td>2.4%</td>
</tr>
<tr>
<td>200,000-250,000</td>
<td>2</td>
<td>0.2%</td>
<td>447,306</td>
<td>3.2%</td>
</tr>
<tr>
<td>250,000-300,000</td>
<td>1</td>
<td>0.1%</td>
<td>292,947</td>
<td>2.1%</td>
</tr>
<tr>
<td>300,000-500,000</td>
<td>7</td>
<td>0.9%</td>
<td>2,839,667</td>
<td>20.2%</td>
</tr>
<tr>
<td>500,000-1,000,000</td>
<td>4</td>
<td>0.5%</td>
<td>2,402,644</td>
<td>17.1%</td>
</tr>
<tr>
<td>$1,000,000+</td>
<td>0</td>
<td>0.0%</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td><strong>805</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>$14,066,926</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

In 1998/99, as Item 2.27 shows, the 7 licensees in a category that had gross receipts of between $300,000 and $500,000 brought in more than $2.8 million in gross wagers, or 20 per cent of the charitable ticket and lotteries full total, yet represented less than 1 per cent of the total number of licensees.
Conversely the number of licensees with gross receipts in the $0 to $50,000 range—the vast majority of which have prizes valued at under $10,000—decreased dramatically in 1998/99, to 757 from 871 in 1997/98, although the total gross wager for this category remained almost constant at about $5.0 million.

In 1998/99, the Alcohol and Gaming Authority continued its implementation of a new, computerized licensing system. This system should help expedite renewals for the hockey teams, fire department auxiliaries and other groups that have charitable ticket games and/or lotteries annually. That may represent a good number of participants in this sector. In 1998/99, a total of 990 licenses were issued to 805 licensees for these events. That marked a slight increase in the number of licenses (from 966 in 1997/98), but a decrease of 108 in the number of licensees. In all, charities and religious groups were licensed for 401 ticket single licenses (a single draw offering a prize valued at more than $500) and 589 ticket series licenses (authorization for a series of draws during a specified period of time that does not exceed 12 months). Again, the licensing numbers contrast last year’s totals when ticket singles registered a higher 568 and ticket series a lower 398.

In addition, the Alcohol and Gaming Authority issued licenses for 78 breakopen ticket games (down from 101 in 1997/98) and 124 games of chance (down from 176 in 1997/98).
NOTES FOR CHAPTER 2

1. Food and beverage revenue from the casinos are included in the numbers presented for the casinos, however, expenses relating to food and beverage are also included.


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28 Daily News (September 9, 1999). *Casino faces $2.2 m fine*, Halifax, N.S.


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Chapter 2, Page 50 Alcohol & Gaming Authority Annual Report 1998/99


41 The Telegram (February 19, 1999). Atlantic Lotto pulls ticket contract, St. John’s, Nfld.


46 Sunday Daily News (February 21, 1999). Thumbs up, thumbs down, Halifax, N.S.


48 The Chronicle-Herald (September 23, 1999). Gambling Execs Discuss How to Stem Addiction, Halifax, N.S.

CHAPTER

PUBLIC INTEREST AND REACTION

INTRODUCTION

Pursuant to section 56(1) of the Gaming Control Act, the Alcohol and Gaming Authority (the Authority) is mandated to:

(d) carry on a continuous study of the public interest and reaction of residents of the Province to existing and potential features of casinos, and other lottery schemes and games of chance.

The Authority continues to monitor participation, perceptions, attitudes, and reactions to gaming in the province through studies and consultation with stakeholders, problem gambling service providers, and other interested parties. As in past years, the Authority identified research activities that would explore topical issues in a fiscally responsible manner. The tasks undertaken during the previous year to examine the public interests and reactions to gaming are:

1. a survey to measure the public’s participation, general attitudes and specific opinions about gaming related issues, and awareness of problem gambling in Nova Scotia;

2. production of a problem gambling resource guidebook to assist people who feel they have a gambling related problem;

3. interviews with various service agencies and organizations to develop a better understanding of how to help problem gamblers at the community level.
Additionally, as previously noted, the government of Nova Scotia proclaimed a moratorium on VLTs, and ordered a socioeconomic study of video lottery play.

This chapter is a summary and synthesis of the research findings, and a discussion of continuing developments in gaming in the province.

**PREVALENCE AND PERCEPTIONS OF GAMING**

In 1999, the Authority contracted Focal Research Consultants to carry out a province-wide survey to monitor public participation, attitudes, knowledge, and awareness of gaming in Nova Scotia (Appendix A). A randomly selected sample of 600 adults participated in the survey, providing results deemed accurate within ± 4 per cent, 19 times out of 20. Where possible, Focal Research compared the results with three surveys previously conducted for the Authority (Omnifacts Research, 1996; Corporate Research Associates, 1997; Sterling Research, 1998).¹

**PARTICIPATION IN GAMING ACTIVITIES**

Item 3.1 presents the participation in various gaming activities for 1999, as found in the survey. On-line tickets, raffles, and instant tickets continue to be the most widely engaged in form of gaming. Participation in on-line and instant lottery tickets remained relatively stable between 1996 and 1999.²

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<table>
<thead>
<tr>
<th>Item 3.1 Participation And Frequency Of Play</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chapter 3, Page 2</td>
</tr>
</tbody>
</table>
Since 1997, participation at the Halifax casino has continued at 26 per cent. Still, weekly play has dropped from 3 per cent of the sample in 1998 to none of the 1999 sample reporting weekly play at the Halifax casino. The Sydney casino seems to be attracting fewer players overall, with a high of 24 per cent in 1997, dropping to 10 per cent in 1999. Weekly play also appears to have decreased since 1997 at the Sydney casino, from approximately 5 per cent to less than 1 per cent in 1999.

As in other years, some of the survey respondents reported engaging in activities that either do not fall within the jurisdiction of the Alcohol and Gaming Authority or are illegal. Participation in sports pools has been constant at .7 per cent to 1.11 per cent. Eighteen per cent of respondents reported playing card games for money outside of a casino in 1999. This is consistent with 1997 numbers, however, questions in both surveys included card games at a residence. When card games at a residence and casino are excluded, the participation rates drop to roughly 5 per cent. Horse betting (3 per cent) and Internet gambling (<1 per cent) have remained constant since 1996. The remaining activities regulated by the Authority are discussed at length below.

<table>
<thead>
<tr>
<th>Frequency Participation &gt;=once/week</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Halifax casino</td>
<td>26%</td>
</tr>
<tr>
<td>Sydney casino</td>
<td>10% &lt; 1%</td>
</tr>
<tr>
<td>VLT</td>
<td>20% 14%</td>
</tr>
<tr>
<td>Bingo</td>
<td>17% 14%</td>
</tr>
<tr>
<td>On-line tickets</td>
<td>77% 33%</td>
</tr>
<tr>
<td>Instant tickets</td>
<td>57% 12%</td>
</tr>
<tr>
<td>Pro-Line tickets</td>
<td>6% 22%</td>
</tr>
<tr>
<td>Charity raffles</td>
<td>64% 2%</td>
</tr>
</tbody>
</table>

Lotteries

According to the survey, lotteries (including Lotto 649, Super 7, Scratch-N-Win, Breakopens, and Pro-Line) continue to garner the highest gaming participation in the province. In this year’s survey, eighty-five per cent of respondents reported purchasing lottery tickets in the previous year. On-line tickets remain the most widely purchased lottery tickets, with 77 per cent having participated in these lotteries (Item 3.2).

Per purchase expenditures on these tickets remains unchanged from 1998 with the mean expenditure on on-line tickets at $3 and a median expenditure of $2. Fifty-seven per cent of the sample stated they had played instant tickets, however, they did not purchase these tickets as frequently as on-line tickets. The mean and median expenditure on instant tickets, per purchase, was $3 and $1. Nineteen per cent of the sample reported playing breakopen
tickets, with a mean and median expenditure of $2. While 6 per cent of the sample reported engaging in Pro-Line (an on-line sports lottery), the mean and median expenditures were higher at $6 and $5 respectively. This suggests that Pro-Line sports lottery players are wagering higher amounts of money than on other lottery tickets.

Casinos

The reported attendance at the Nova Scotia casinos has declined from between 38 per cent and 40 per cent in the previous three years to 33 per cent in 1999. Although not statistically significant, play at slot machines appears to have returned to near 1997 levels (from 25 per cent in 1998 to 30 per cent in 1999). Participation at table games in 1999 seems constant at 6 per cent to 9 per cent over the past four years. Attendance at the Halifax casino also remains unchanged in 1999, at 26 per cent, whereas 10 per cent of the

Item 3.3

![Attendance at Casinos](image)

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respondents had played casino games at the Sydney casino in 1999, down from 18 per cent in 1998.\textsuperscript{6}

The majority of casino players continue to come from among adults living in or near the Halifax and Cape Breton regional municipalities (approximately 44 per cent in HRM and CBRM versus 25 per cent rural). Age and income were, once again, associated with casino gaming. As age within the sample increased, the likelihood of playing casino games decreased. Also, increased levels of income is positively correlated with participation at the casinos.

The frequency of attendance at casinos in 1999 was low. Among those reporting playing casino games at the Halifax casino, 97 per cent had done so less than once per month, compared with 90 per cent of respondents who had participated at the Sydney casino at the same rate. Weekly play also seems to have declined from approximately 5 per cent across both locations to less than 1 per cent.

Mean duration of play per visit to the Halifax casino was 63 minutes for slots and 69 minutes for table games. The mean expenditure per visit for slots at the Halifax casino was $35, with a median of $20, and a range of $1 to $400. Per visit expenditures on table games at the Halifax casino averaged $59, with a median of $28 and a range of $5 to $600. The bottom 25 per cent of respondents who played slots or table games at the Halifax casino spent between $10 and $20 per visit, while the top 10 per cent expended $75 to $600.

Mean duration of play on slots per visit at the Sydney casino was 53 minutes, and table games garnered a mean time of 45 minutes. Slots at the Sydney casino had a mean expenditure of $29, a median value of $20, and a range of $2 to $450 per visit. Table games may be garnering higher overall expenditures from the Sydney casino, with a mean of $77, a median of $40, and a range of $20 to $200 per visit. The bottom 25 per cent of respondents who played slots or table games at the Sydney casino reported spending between $10 and $20 per visit, while the top 10 per cent expended $40 to $450.
Bingo

As shown in Item 3.4, reported participation in bingo has remained stable since 1997. Seventeen per cent of the sample reported playing bingo in 1999, consistent with 1997 and 1998 figures.

In 1999, 68 per cent of the bingo players did so in bingo halls, 17 per cent played television bingo, and 14 per cent played both forms. As previously noted by the Authority, bingo is engaged in quite regularly. Nearly one-quarter of the bingo players in the 1999 survey had played in the previous month, and 14 per cent reported weekly play. Bingo was found inversely related to levels of income, with those in the lowest income brackets more predisposed to participate. Women were approximately five times more
likely than men to report playing bingo (24 per cent versus 5 per cent), and adults under 35 years of age comprise just over half of those who played bingo in the last year (55 per cent). Focal Research observes, “despite the popular misconception that bingo is largely played by older adults, in terms of play over the last year, the opposite is true in Nova Scotia.” Moreover, regular play was found to be similar across age categories.

The mean duration for play at bingo was 128 minutes. The mean expenditure per visit was $23, with a median of $20, and a range of $3 to $60. The bottom 25 per cent of bingo players spent between $3 and $15, while the top 10 per cent of players played $35 to $60 per visit.

**Video Lottery**

Video gaming activity has remained relatively constant during the past four years, with roughly 15 per cent to 20 per cent of the samples reporting annual VLT play. While participation rates for video lottery terminals are among the lowest for gaming activities in the province, they continue to account for the largest proportion of wagers in the province.

**Item 3.5**

**Participation in VLTs (1996 - 1999)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Participation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>18%</td>
</tr>
<tr>
<td>1997</td>
<td>20%</td>
</tr>
<tr>
<td>1998</td>
<td>15%</td>
</tr>
<tr>
<td>1999</td>
<td>20%</td>
</tr>
</tbody>
</table>
In 1999, participation on VLTs was similar to that of bingo, followed by casino table games (9 per cent), horse betting (3 per cent), and Internet gaming (< 1 per cent). Nevertheless, weekly play of VLTs was second only to instant and On-line lottery tickets, and expenditures on these tickets are much lower.

Male respondents and those under thirty-five years of age comprise the majority of VLT players in the sample. Per visit duration of play was 38 minutes. The mean expenditure per visit was $17, with a median of $5, and a range of $1 to $150. Roughly three-quarters of the respondents who had played video lottery in the previous year spent $10 or less per session. The top 10 per cent of players spent between $50 and $150 per visit.

Reported Participation By Children

The 1999 survey asked all respondents who indicated they had children whether, to the best of their knowledge, any of their children had participated in lotteries, bingo, cards for money, or other gambling activities. Eleven per cent of the sample reported having a child in their household who had participated in some form of gambling. Participation in lotteries and bingo were cited most frequently at 6 per cent and 5 per cent respectively, and 2 per cent stated their children had played cards for money or some other form of gambling. The researchers from Focal Research estimate that one-quarter of the Nova Scotian’ households with children are aware of participation by a child in lotteries or bingo.

Participation Summary

Rates of participation in gaming activities have remained stable since 1996. Still, attendance at the Sydney casino may be waning, and both casinos may be experiencing declines in weekly participation. A decline in participation in raffle tickets noted in 1998 was found again in 1999. This suggests that participation in raffles has dropped. However, wagers across gaming activities have increased. Thus, while fewer people may be engaging in some activities like raffles, those who do, are placing higher wagers overall.

As noted in previous years, the duration of play varies by activity. Mean
averages for sessional play at the casinos were between 45 minutes and 69 minutes, while bingo players engage in that activity for approximately 128 minutes, and video lottery players spent 38 minutes on average. However, the reader is cautioned that the frequency of sessions and amount wagered per session, not time spent, determined the overall wager for each activity.

The reported participation of children in lotteries and bingo is supported by prevalence studies and a focus group study conducted by researchers from the Alcohol and Gaming Authority. The results imply that lottery tickets and bingo have a high level of overall social acceptance compared with other gaming activities.

ATTITUDES AND AWARENESS OF GAMING

Focal Research designed the survey questionnaire, in conjunction with Authority researchers, to elicit opinions regarding gaming and determine awareness of gaming related issues in the province. The following sections present the survey responses regarding:

< opposition to gaming and levels of approval for different gaming activities;

< particular issues related to specific gaming activities;

< awareness of, and attitudes toward programs, and services designed to mitigate problem gambling, or assist problem gamblers;

< and, desired information about various aspects involving gaming in the province.

Levels Of Opposition Toward Gambling

Since 1996, Nova Scotians have displayed mixed opposition to gambling. Twenty-nine per cent of the respondents in the 1999 survey reported being opposed to all or most types of gambling, compared with 37 per cent opposed to some types, and 32 per cent not opposed to any forms of gambling.
Still, opposition to gambling appears to be growing. In the 1997 survey, 38 per cent showed no opposition to any form of gambling, but this declined to 31 per cent in 1998, and has remained static in the 1999 survey results. Moreover, the trend has shifted towards opposition to most types of gambling, up to 20 per cent in 1999, from 12 per cent in 1997.

Opposition to gambling remains unchanged by region of the province. The 1999 survey also found that age is associated with opposition to gambling. More than other age groups, respondents above 55 years of age oppose some or all types of gambling in the province.

**Approval/disapproval Of Gaming By Activity**

There appears to have been a decline in approval for the provincial casinos, to 30 per cent in 1999, from 40 per cent in 1998. Disapproval also
dropped to 43 per cent in 1999, from 48 per cent in 1998. Twenty-eight per cent stated they were neutral, which is approximately a 14 per cent increase from 1997 and 1998. Approval for casinos is highest in Halifax County at 35 per cent (down from 47 per cent in 1998). Approval for casinos is now similar in Cape Breton County and the remainder of the province at 26 per cent respectively (down from 38 per cent and 35 per cent in 1998). Men are still most likely to approve of casinos, and disapproval increases with age.

VLTs continue to garner the highest disapproval among Nova Scotians of any gaming activity. Sixty-six per cent of survey respondents disapproved of VLTs in 1999, unchanged from the previous year. Approval levels have also remained relatively constant since 1996, at approximately 18 per cent to 22 per cent. Acceptance of VLTs is still highest among men (23 per cent
men versus 12 per cent women), and those under the age of 54 ( 20 per cent versus 9 per cent).

Disapproval of bingo has remained constant since 1996 at roughly 18 per cent. Still, approval levels appear to be shifting slightly to neutral. Approval rates have declined to 57 per cent this year from 61 per cent in 1997.9 Conversely, since 1997, the percentage of people who are neutral toward bingo has increased to 25 per cent from 21 per cent. Age was negatively associated with approval for bingo. Additionally, a majority of those who approve of bingo have never played the game. Focal Research observes that, “this underscores bingo’s ‘social acceptance’ throughout the province.”

Approval for lottery tickets appears to have decreased in the past year, to 65 per cent from 69 per cent. The apparent shift is to the neutral category, which increased by 4 per cent. Opposition to lottery tickets has remained fairly stable since 1996, at between 16 per cent and 18 per cent. Halifax county respondents are more inclined to approve of lotteries than the remainder of the province, men approve more often than women, and as age increases, approval for lotteries decreases.

**Issues Related to Specific Gaming Activities**

The survey inquired into the respondents’ opinions about specific issues related to gaming in the province. These include views concerning automated banking machines where gambling is present, bill acceptors on VLTs, a player tracking mechanism for VLTs, awareness of the voluntary exclusion process in Nova Scotia casinos, and approval of voluntary exclusion options for other gaming activities.

The survey asked respondents for their level of approval about the availability of automated bank machines (ABMs) in provincial gaming establishments, such as casinos, VLT sites, and bingo halls. As shown in Item 3.8, while variation exists by activity, opposition to ABMs in gaming establishments is strong. Seventy-eight per cent and 79 per cent of respondents disapproved of the availability of automated banking in casinos and VLT sites respectively, and 69 per cent did not approve of ABMs at bingsos. No differences were observed by participation in gambling.
Respondents from the Halifax region were least opposed and those from the Cape Breton region most opposed to ABMs in gaming establishments. Women were also more inclined to disapprove than men (83 per cent versus 72 per cent). While approval is similar between men and women for casino and video gaming, women are also less likely to approve of ABMs in bingos than men. As with opposition to gaming overall, approval significantly declines as age increases.

At present, video lottery machines in Nova Scotia do not have the capability to accept currency in bills. While some other jurisdictions have video lottery machines with “bill validators,” the findings suggest this is not something a majority of Nova Scotians would like to see introduced in the province. Sixty-two per cent of respondents disapproved of having VLTs accept both bills and coins rather than just coins, while 13 per cent approved. Disapproval of bill validators is associated with gender and age. Fifty-six per
cent of men disapproved versus 69 per cent of women. Respondents above the age of 55 are also more likely to disapprove. VLT players were equally split on the issue, with 33 per cent of those who play VLTs approving, and 35 per cent disapproving of bill validators.

In January 1999, the Authority found support for a VLT player tracking process among two focus groups of self-reported problem VLT players. Through on-line tracking, video lottery terminals could give players information about their own play habits, and aggregate tracking of play would provide a wealth of information for policy makers and health providers. The Focal Research survey asked respondents to indicate their level of approval for a “swipe” card that would be mandatory for VLT play. Fifty per cent approved of the idea, while 29 per cent were opposed, and 20 per cent were neutral. Respondents above 55 years of age were more neutral to the idea than those below this age category. Those respondents who had played VLTs in the past were equally likely to approve of the idea, but they were more likely to disapprove (42 per cent of players disapproved versus 28 per cent of non-players). Given the relatively high level of approval from some players, further examination could identify concerns other players may have.

Both casinos in Nova Scotia operate a voluntary exclusion program. The program allows people to formally seek assistance to ensure they do not enter a casino. When casino staff identifies a person who has excluded themselves, they immediately escort the person from the premises. The survey measured both unaided and aided awareness of the voluntary exclusion program at the casinos.

As shown in Item 3.9, 15 per cent of the respondents were aware, without prompting, of the voluntary exclusion program at the two casinos. However, 13 per cent of the sample were aware and at least somewhat knowledgeable of the program. Top of mind awareness was highest among respondents in Halifax and Cape Breton counties, and also among people with higher than average annual incomes. The survey prompted the respondents who could not recall the program with a brief description. This increased the level of awareness by 11 per cent overall. In total, 26 per cent of the respondents were aware of the program. No statistically significant differences exist by participation in casino gaming. These findings suggest
Item 3.9

A need for increased communications about the voluntary exclusion program at the casinos.

![Graph showing awareness of the casino voluntary exclusion program]

The survey also measured levels of approval for voluntary exclusion programs for casinos, video lotteries, and bingo.

A majority of the sample reported being in favour of voluntary exclusion programs for all three gaming options (Item 3.10). Still, approval for voluntary exclusion programs for bingo was less than for casino and VLT sites. No differences were found by participation in the three activities or levels of awareness of the voluntary exclusion programs already in existence. Respondents above 55 years of age are most likely to be neutral and less likely to favour voluntary exclusion programs for bingo. Level of income also specified the results in that respondents who reported higher than average annual incomes were more favourable than those with lower annual incomes.
Item 3.10

Examined together, the overall findings from this section suggest that Nova Scotians want mechanisms in place that assist people to control their gambling. This includes controls on automated banking machines where gaming is taking place, and restricting bill acceptors on video lottery machines. Additionally, moderate to strong support for a VLT player tracking device and voluntary exclusion programs exists. However, awareness of the present voluntary exclusion programs is modest, and communications informing players is warranted.

Interest And Knowledge Of Specific Gaming Issues

All of the respondents were questioned about their perceived level of knowledge, and level of interest, in specific gaming related issues. Overall, low to moderate levels of perceived knowledge was observed. Generally, the respondents thought of themselves as more knowledgeable in areas of responsible gambling and problem gambling than with impacts of gambling.
on youth and seniors, and how games of chance are operated. Twenty-three per cent felt they were “very” knowledgeable about how to gamble responsibly, and between 44 per cent and 50 per cent were “somewhat” knowledgeable about early warning signs of problem gambling, services available for problem gamblers, and the impact of problem gambling in Nova Scotia. Fifty-nine per cent to 70 per cent of the sample did not feel at all knowledgeable about the odds of winning games of chance or the way the games are operated, the amount of money generated by gambling, and the impact of gambling on youths and seniors.

Examining levels of interest in gaming related issues, it was determined that more than half of the respondents were very interested in the amount of money generated by gambling (55 per cent) and how it is used (80 per cent), and the impact of gambling on children (56 per cent). Forty-three per cent of the sample was also very interested in the impact of gambling on seniors.

Issues Generally Related To Gaming

The survey asked each respondent for their level of agreement with nineteen attitudinal statements, and the researchers at Focal Research identified five separate categories: problem gambling education, information, and assistance; benefits from gambling; restricted access and advertising; gambling as a high risk behaviour; and, ‘other.’

The respondents endorsed easy access to support services for people experiencing problems with their gambling (90 per cent), and felt that the government should provide programs and services (80 per cent). They also felt that people generally need more information about how to manage their gambling (83 per cent), but fewer felt the government should be offering this type of service (68 per cent). Fourteen per cent considered that too much attention was given to problem gambling, and 14 per cent were neutral on this issue.

A significant proportion of the respondents felt that gaming generally provides benefits to the province. Specifically, 62 per cent considered games of chance as a good way for charities to raise money, and 54 per cent thought of gaming as a good way for government to generate revenue. About one-third (32 per cent) of the sample do not seem to think of gambling as a form
of entertainment, while 48 per cent agreed that gambling is fun and entertaining, and 19 per cent were neutral. Also, 62 per cent of respondents also did not feel games of chance offer people a reasonable chance to win.

Regarding advertising and restrictions, respondents agreed: that there should be restrictions on gambling advertising similar to those imposed on tobacco and alcohol (76 per cent); that gambling advertising encourages youth to gamble, and people to gamble too much (61 per cent); and, that too much advertising and promotion for gambling are present in Nova Scotia (48 per cent). Additionally, 70 per cent felt that gambling takes advantage of those who can least afford to play, and 55 per cent agreed they would prefer to see VLTs reduced in number or removed from the province, even if it meant increases in their personal taxes. Among the 55 per cent who preferred to have VLTs removed, 49 per cent (27 per cent of the sample) thought if VLTs were banned the players would spend their monies on other gambling activities.

Looking at gambling as “high-risk” behaviour, 86 per cent of the respondents agreed that “everyone who gambles, will, on occasion, spend more money than they intended to.” Forty-two per cent disagreed with the statement that, “the majority of people who gamble do not have any problems with their gambling.”

Lastly, 65 per cent of the sample agreed they had enough information about problem gambling to tell if someone in their household developed a problem with their gambling. Nevertheless, 30 per cent of those who agreed (20 per cent of the sample) stated that they were not at all knowledgeable about the early warning signs of problem gambling.

**Awareness Of Problem Gambling**

The last prevalence study carried out in Nova Scotia (Baseline Market Research, 1996) provided an estimate of 3.9 per cent ‘current’ (in the previous year) problem and possible pathological gamblers among adults of Nova Scotia. In the AGA’s 1998 annual report, Sterling Research reported that 81 per cent of the respondents in a province-wide survey did not know the rate of problem gambling. Moreover, just 5 per cent thought the rate was between 1 per cent and 5 per cent. The Focal Research survey also
asked respondents whether they were knowledgeable about the rate of problem gamblers in the province. In 1999, 93 per cent of the sample reported they did not know, and only 2 per cent gave a top of mind response of between 1 per cent and 5 per cent. After probing those who could not provide an answer unaided, 12 per cent of the respondents ventured an answer that was within the provincial estimates, bringing the total to 17 per cent. Approximately 50 per cent of the sample did not know, but surmised the problem gambling rate was above 20 per cent. Differences in awareness were found by demographics. Respondents from Halifax County, men, and those with higher incomes are more likely to provide lower estimates of problem gambling, and significantly more likely to cite rates of 5 per cent or less. It is not known why a disparity exists in the perceived rates of problem gamblers; however, the general population is clearly unaware and unknowledgeable of the estimated prevalence of problem gamblers in Nova Scotia.

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The respondents were asked whether they personally knew of anyone who has, or has had, a problem with their gambling in Nova Scotia, and 49 per cent responded affirmatively. Five per cent indicated it was a family member in the household, similar to the 6 per cent found in 1998. Nine per cent stated it was a family member outside the household, and 43 per cent claimed to know someone with a gambling problem who was not a family member and did not live in their household. It should be noted that the survey was not a prevalence study, and it is not known what constitutes a problem for the respondents. Thus, the figures are the perceived rates of problem gamblers as defined by the participants.

Those participants who felt they knew of a problem gambler were asked to describe the gambling activities of that gambler. Eighty-one per cent indicated video lottery gaming was a source of problems, with 21 per cent stating slot machines. Bingo, instant lottery tickets, casino table games, and card games outside of a casino were associated with problem gambling to a much lesser extent. Still, caution is warranted in interpreting these results. The perceived problems with video lottery gaming correspond well with prevalence and treatment statistics. However, instant and on-line lottery tickets are also moderately associated with the prevalence of problem gambling (Baseline Market Research, 1996) in Nova Scotia, and are the second most frequently mentioned activities among people who seek treatment for gambling problems through the Department of Health (NSAGA, 1997).

Demographic differences in perceptions of problem gambling were found by region and age. Respondents living outside of Halifax and Cape Breton counties were significantly more likely to report knowing a problem gambler. This is plausible since smaller communities are typically more socially integrated, and people are often more aware of what is happening in their communities. Respondents from Cape Breton County reported slot machines as problematic twice as often as those in Halifax County, where the other casino can be found. Cape Breton County respondents were also less inclined to mention VLTs, and more likely to report card games outside of a casino as a source of problem gambling. The survey also found that people under the age of 35 reported knowing a problem gambler twice more frequently than other age groups. This fits with prevalence data that shows almost half of the people designated as having a problem with their gambling...
are between 18 and 34 years of age (Baseline Market Research, 1996). However, video lotteries were mentioned most often by these respondents as the source of the problem, yet a profile of problem VLT players found few significant differences by age (Focal Research Consultants, 1998).

In sum, a substantial proportion of the public does not appear knowledgeable of the estimated rates of problem gambling in Nova Scotia. In fact, a majority of those surveyed felt the rate of problem gamblers was above 20 per cent. This perception may be correct depending on what people define as problematic gambling behaviour. Still, it is improbable that 20 per cent of the population fall within the clinically accepted definition. Therefore, assessing impacts using perceptions from the population is difficult.

Awareness And Use Of Problem Gambling Services

Awareness of assistance for problem gamblers appears to be increasing, from 52 per cent in 1998, to 58 per cent in 1999. However, only 40 per cent are aware and knowledgeable of services. Furthermore, 49 per cent of those who reported knowing a problem gambler were aware of services in place, and the number increases to 60 per cent among those who claimed to have a problem gambler in the household. Younger respondents (19 - 34) were most likely to know of specific services.

Among those aware of assistance for problem gambling, the most frequently cited sources of assistance included: “Gamblers Anonymous” (72 per cent), “Problem Gambling Help Line,” (23 per cent), “Drug Dependency Services” (7 per cent), and “other” resources (4 per cent).

PROBLEM GAMBLING HELP DIRECTORY

In its 1997/98 Annual Report, the Authority recommended that a reference booklet be compiled that would contain a provincial listing of all government front-line service providers, clinical agencies, organizations and help groups, and other qualified individuals known to offer information or professional assistance concerning problem gambling.

In 1999, Authority staff engaged in development of a gambling addiction Help Directory. Through the use of the 1998 Directory of Addictions
Services in Nova Scotia and the 1999 Directory of Self-Help Groups in Nova Scotia, the Authority identified potential problem gambling treatment, counselling and referral services. An information request was sent out in early August asking each agency and individual to provide the Authority with information pertaining to their objectives, activities, hours of operation, location, and contact information (e.g., phone, fax number and so forth.). Each was also asked to supply the Authority with the names of other contacts they were aware of.

The Authority experienced difficulties in identifying and collecting information on some problem gambling services. A few individuals and agencies do not dedicate their efforts solely to gambling-related problems. Others provide awareness programs or other support services, but did not think these should be associated with treatment. These varied levels of services made it difficult to decide who should be included in the listings. In addition, it was challenging to decide site-specific as opposed to program-specific information for some service providers. Despite these limitations, the Authority has made every effort to make the directory as complete and accurate as possible.

As of November 1999, 52 service providers had been identified as providing problem gambling treatment, counselling, or referral services in Nova Scotia. Information on these 52 service providers has been organized in a pocket size booklet that divides the province into four regions. Each region is represented in a chart that lists the providers and services they offer. The government-sponsored, toll free, Problem Gambling Help Line is also displayed.

It is anticipated that the directory will be distributed to the following: organizations and individuals included in the Help Directory, Help Line callers, front-line service providers, correctional facilities, religious organizations, municipalities, medical clinics, drop-in centres, self-help groups, Atlantic Lottery Corporation kiosks, MLA constituency offices, school boards, public libraries, the justice system, drug and alcohol abuse centres, policing authorities, and registered addiction centres. It is also envisioned that the directory will be available to VLT licensees and casinos through the new Responsible Gaming Program. The Help Directory will be
published and distributed by the Authority free of charge to recipients. At present, the Help Directory is in the final production stages.

**PROBLEM GAMBLING COUNSELLOR CRITERIA**

Within the province of Nova Scotia there is no set criteria used for certifying problem gambling counsellors. However, as identified by the Department of Health all Addiction Service and Problem Gambling Help Line employees operate under a set of guiding principles. These principles include the following:

- Clients have the right to self-determination, autonomy, privacy and equality, and the expectation of confidentiality. They have equal access to quality services and are not discriminated against based upon race, ethnicity, religion, marital status, gender, sexual orientation, age, abilities, economic status, or political affiliation.

- A biopsychosocial model of service delivery is employed based upon a holistic, client-centred community-based approach.

- Staff adhere to the Nova Scotia Addiction Services Code of Ethics and believe in the intrinsic worth and dignity of all persons.

- Community partnerships incorporating a community development approach in collaboration with key stakeholders are the cornerstones of service delivery.

Although Nova Scotia does not have a set criteria for certifying problem gambling counsellors, any resident of Canada who wishes to receive certification as a Canadian problem gambling counsellor can do so by meeting the Standards Criteria set by the Canadian Problem Gambling Certification Board. In order to receive certification an applicant must complete a total of 3,500 counselling hours, a minimum of 800 supervised evaluated hours, and 150 hours of approved gambling specific education (as defined by a core curriculum) within 5 years prior to application. All applicants are expected to abide by the Certified Gambling Counsellor's Code of Ethics. Every two years after certification counsellors must be
re-certified by providing evidence of 32 hours of approved continuing education. More information on the Standards Criteria can be obtained from the Canadian problem gambling counsellor information and application report.

The American Academy of Health Care Providers in the Addictive Disorders has announced the development of a certification examination for Certified Addictions Specialists (CAS) who specialize in the treatment of gambling related problems. To obtain certification, applicants are required to receive a passing grade on a gambling specialist certification examination. As well, they are required to have a masters degree from an accredited health care training program and three years of clinical experience providing treatment to individuals with gambling problems. Individuals who have other degrees or no degree are required to have five years of clinical experience.

There is some debate whether Nova Scotia should develop a standard set of criteria for certification of problem gambling counsellors. Having a certification process could help ensure that individuals seeking problem gambling assistance will have access to skilled, knowledgeable and competent professionals. There is also a concern, however, that professionalizing the counselling requirement for problem gambling counsellors may reduce the number of problem gambling treatment, counselling, and referral services in the province. Some advocates may argue that the value of shared experience with an unqualified counsellor may have comparable benefits to treatment from a trained professional.

STAKEHOLDER INTERVIEWS

In 1998, the Authority reported on a Tri-County examination of the service agencies and organizations that interface with problem gamblers in Richmond, Pictou, and Lunenburg counties. It was concluded that although a wide assortment of agencies had contact with problem gamblers, little information was being collected. It was also suggested that the observations could be extended to other organizations in the remainder of the province.

As follow up to the Tri-County study, the Authority conducted stakeholder interviews with problem gambling service providers in Nova Scotia to
identify how problem gamblers are served, as well as to develop a better understanding of how to assist problem gamblers at the community level. Authority staff conducted 14 telephone interviews with individuals and organizations that provide treatment, counselling, or referral services to problem gamblers and their friends and family. Each interview took approximately one hour to conduct and provided in-depth information about screening and intake criteria, treatment and information offered, referral services, follow-up procedures, problem gambling indicators, common gambling problems, and perceptions of the Voluntary Exclusion Program at Nova Scotia Casinos. The respondents were also asked to assess their treatment program and to identify potential areas of improvement.

The Authority encountered constraints when identifying organizations and individuals for the interviews. A few organizations (specifically, those associated with the Regional Health Boards) were interconnected. To eliminate duplicate reporting, only the main organization associated with each Regional Health Board was contacted for an interview. The Authority also experienced problems when attempting to identify and contact individuals who independently provide assistance to problem gamblers. Some were reluctant to give details about their organization or refused an interview. It is felt that they did not want to appear as though they provide, or have the qualifications to provide, treatment and counselling services. However, the assistance these people can provide to problem gamblers should not be underestimated. While they do not have clinical training or qualifications to provide treatment, they do have first-hand knowledge and experiences that can be an important front-line tool in getting other problem gamblers to treatment providers.

The findings from the interviews are presented below. To maintain confidentiality, individual comments are not cited. A copy of the questionnaire can be found in Appendix B. It is important to note that the findings are qualitative in nature, and as such cannot be used to generalize to the population of service providers. In addition, the statistics related to the intake of problem gamblers cannot be generalized to the population of problem gamblers in the province.

FINDINGS
As shown in the Tri-County Pilot Project in 1998, problem gamblers seek or obtain assistance through a variety of means. The most common is self-referral, followed closely by referrals from family or friends. Other methods of referral were through addictions counsellors, mental health professionals, supervisors and employers, policing agencies, the Problem Gambling Help Line, and other gamblers. The interviewees reported that the bulk of the problem gamblers had sought help in the “desperation stage” of gambling, several were in the “middle chasing stage,” and very few had sought assistance in the “winning stage.”

The 14 service providers reported contact with a median of 44 clients per month (ranging from 272 to 1 client). However, among the reported monthly contacts, approximately 40 per cent were considered continuous monthly clients.

A wide assortment of screening methods is used when determining the nature and extent of an individual’s gambling problem. One service provider uses the South Oaks Gambling Screen (SOGS), and one uses the DSM-IV criteria. Two interviewees employ a combination of the SOGS, the DSM-IV criteria, along with a gambling assessment screen, or substance abuse screening inventory. Two did not use any screening instruments, and the remaining eight use a variety of screens or questionnaires.

The Authority has observed from Department of Health, Drug Dependency Services statistics (1995 to 1999), that people in treatment for problem gambling report engaging in a wide variety of gambling activities before seeking treatment. This was also found in the interviews with service providers. VLTs were mentioned by 13 of 14 of the respondents as an activity problem gamblers who sought treatment were involved with. Instant tickets were reported by eight of the respondents, casino games and bingo were specified by five service providers, and a few mentioned problem gamblers who were gambling at on-line lotteries, sports betting, race tracks, stock markets, and card games outside of a casino. Additionally, four respondents felt that Internet gambling is becoming more of an issue, despite the fact that they did not report any problem gambler’s involvement with it.

The service providers noted in their interviews that co-morbidity in the form of alcohol and/or drug abuse is prevalent among people seeking treatment for
gambling problems. Family breakdowns and mental health issues such as depression, psychiatric disorders, past histories of sexual and/or physical abuse, and low self-esteem were also found among problem gamblers by 10 service providers. Nevertheless, it is important to note that while these conditions may lead to, or exacerbate, gambling problems, we do not know the degree of prevalence of each.

Other significant problems observed among problem gamblers were fear, helplessness and panic, thoughts of suicide, financial crises, family violence, and self-destructive behaviour. Again, we do not know the proportion of problem gamblers who report these problems to the service providers.

Turning to the programs offered, a majority of the service providers (n=10) provide counselling and referrals for additional assistance. Three of the 14 strictly make referrals and one could not recall how many clients they typically counsel. Among the remaining 10, the median number of reported clients counselled was 11 with a range of 3 to 250. Approximately 70% of those who receive counselling are male, and 30% are female. Additionally, nine of the service providers most frequently counsel the gambler, while one provides counselling for friends and family, and three organizations give counselling to both. Nine of the organizations maintain contact with the client after counselling or treatment. Each organization appears to have different policies for follow-up, and the duration of contact ranges from a few weeks to a year.

Programs for problem gamblers also varied across service providers. A few provide literature, videos, and lectures in conjunction with more formal counselling. Three of the organizations coordinate self-help and support groups, including Gamblers Anonymous (1) and a Step Program (1). Six offer individual counselling, four provide group counselling, and three have family counselling programs. Other organizations offer education, financial planning, detox services, and crisis intervention.

While numerous organizations were mentioned for referrals, Gamblers Anonymous, Department of Health Drug Dependency Services, and Community and Support Services are the three organizations that service providers refer their clients to most often. The rational for choosing a specific organization for referral also appears to vary by organization. Some
of the reasons for choosing an organization for referral are: therapists, follow-up programs, self-help groups and community contacts, and familiarity with the program.

Ten of the 14 respondents indicated they keep records of problem gamblers they counsel or refer to other agencies. However, the information that is gathered is not consistent across organizations. For instance, seven gathered demographic information, four kept records on other addictions, and one maintained records of previous contacts or treatment.

When asked how effective they felt their treatment program was, one of the fourteen reported their program was “not very effective.” Five felt their program was “very effective” to “extremely effective.” Three indicated it was working “well,” one stated it was a “positive” experience, and four could not rate their programs.

Nevertheless, there does not appear to be any standard criteria for rating the success of programs for assisting problem gamblers. One service provider who rated their program as “extremely successful” stated the reasons it was successful was that, “it removed gamblers from the gambling environment, helped to break the cycle, and intervened in the right areas.” Another rated their program as “very good” solely on an increased number of clients. Just one service provider rated themselves against objective “standards,” which were not provided, but felt their program was “good.” Additionally, not one of the service providers was able to report on relapses suffered by their clients. Ten of the 14 apparently rely on the clients, family, or friends to signal when a relapse occurs. Three service providers reported determining relapses through follow-up procedures. Most expected relapses to occur, and one mentioned that a relapse is part of the ongoing treatment process.

The service providers also offered suggestions about provisions to improve their programs. Six of the fourteen thought of increased funding, four require more staff, three felt that heightened public awareness would be beneficial, and three suggested the creation of more self-help groups.

Each interview also probed the respondent’s awareness and opinions regarding voluntary exclusion programs. Eleven of the 14 service providers stated they were aware of the voluntary exclusion program at the Nova
Scotia casinos. Ten of the respondents had positive opinions about the voluntary exclusion program, such as “good program,” “good idea,” “a self-help tool,” and “increases awareness.” One respondent felt that it, “turns into a game to get back in,” and one suggested it was only useful for some of their clients. Suggestions to improve the voluntary exclusion program included increased security and monitoring mechanisms, which include limiting the time frame of exclusion and providing updating procedures for excluded individuals over a specific time period. Other suggestions made by several respondents was increased publicity and education about the program, enabling counsellor access to the participants, and creating a support network for excluded individuals.

Nine of 14 service providers were in favour of adoption of a voluntary exclusion program among VLT siteholders. One was not in favour of the concept, and three were unsure. Reasons given for adoption of such a program were that, “most individuals have favourite places,” “it may help to break the cycle,” “bar owners know the individuals who have problems,” and “there should be a way to keep individuals with problems out.” Difficulties with the concept included problems with monitoring and a need for some type of tracking device, that it may lead to social isolation of people in small communities, and that people should have the right to choose.

Eight of the service providers considered a voluntary exclusion program for bingo a good idea, however, the rationale was different from that given for VLTs. Most of the reasons given in support of such a program focussed on potential difficulties encountered by some bingo players, such as spending too much time or money and domestic problems resulting from bingo. However, one respondent felt it would remove the freedom of choice, and one felt that more information about the program was needed. This topic prompted one service provider to note that bingo is not viewed as a form of gambling, and more education about the potential negative impacts is required.

The interviews also covered issues applicable to family and friends of problem gamblers. Among family and friends of the problem gambler, the most common method of seeking assistance was through self-referrals and from friends and family members. The majority of family members or friends who sought assistance did so when the gambler was in the “final
Five of the service providers did not offer any programs for family or friends of problem gamblers. Among nine organizations that did, four had a caseload of approximately 10 clients per month, three saw between 60 and 100 clients per month, and one reported 680 clients per month. Most of these client contacts are new every month, and continued contact was reported as unknown by the service providers. It is not clear whether these individuals are receiving the assistance they need and do not require continuous assistance, or whether they are not receiving adequate help and are giving up on the process.

It was determined that programs offered for families and friends of problem gamblers are similar to those offered for the gambler. The programs are best described as informational, support and coping assistance, and counselling. A few comments by service providers suggested that a lack of awareness exists about problem gambling at the community level. Some service providers also thought that social agencies need to be better integrated for early detection of the problem.

Less information was obtained from family or friends seeking assistance. For instance, two organizations collected information in eight domains including demographics, and the type of problem. Three other organizations recorded either the client's name, the type of problem, or a narrative report.

Six of the nine agencies conducted follow-up of family members or friends; however, three did so upon request or as needed, one contacted the people twice within a few weeks after contact and one attempted to contact the individuals on a weekly basis.

CONCLUSIONS

Prevalence studies conducted in Nova Scotia suggest that approximately 3 to 4 per cent of the population are experiencing moderate to severe problems with their gambling. However, the interviews conducted with 14 service providers suggests that only a limited number of these people are seeking treatment. An important question is why? It was determined that most of the
gamblers seek help in the “desperation” phase of gambling. Speculating that problem gamblers who do not seek help have not yet reached the desperation phase may be a costly assumption. Thus, a significant issue is determining why some problem gamblers seek treatment while others do not.

Another area of concern is the inconsistency of screening methods for identifying problem gamblers. The South Oaks Gambling Screen is widely recognized as an efficient tool for screening problem gamblers, when combined with a clinical assessment. Likewise, the DSM-IV is intended for use by clinicians to adequately assess whether a person requires treatment. Beyond this, in order to assess social, health, and other impacts of problem gambling, it is important to implement a consistent and objective screening criteria.

The Authority has reported on treatment statistics of problem gamblers since 1995. The evidence continues to suggest that VLTs constitute the most problematic form of gambling in Nova Scotia. However, there is also evidence that problem gamblers do not confine their gambling activities to one form. Moreover, ‘social’ forms of gambling, like bingo, can also cause harm to individuals and families. This is an important observation since many Nova Scotians do not consider bingo as “gambling.” Internet gambling is also an area of concern that must be monitored.

The programs offered for problem gamblers and their families are quite diverse, and this is not intended as an evaluation of them. However, there appears to be a requirement for evaluation criteria that would allow each organization to assess their strengths and weaknesses. External evaluations should also be performed periodically to ensure problem gamblers obtain the assistance they require. Moreover, although it is essential to have well-trained clinical staff to provide treatment, the assistance that can be offered by gamblers in recovery should not be overlooked as an important resource.

The service providers, for the most part, appear to be in favour of programs that allow people to voluntarily exclude themselves from specific gambling activities. However, as several noted, this must be viewed as just one avenue in assisting people to manage their gambling.

Finally, it is imperative that service providers begin recording information.
about the problem gamblers they are in contact with. The Authority recognizes the strict ethical requirements for confidentiality and anonymity. However, a great deal of information can be gathered and stored in aggregate form, which will not identify in any way the individuals involved. Demographics and other information such as the types of gambling and precipitating factors are invaluable tools to social researchers. When this information is triangulated with data from other agencies in contact with problem gamblers, a clearer picture of the social and economic impacts will begin to emerge.

**SOCIOECONOMIC STUDY OF VLTs**

As noted in Chapters 1 and 4, the Nova Scotia House of Assembly passed Bill 17, *An Act to Impose a Moratorium on Additional Video Lottery Terminals and to Provide a Study of VLTs*, in June 1998. Part of the legislation included a mandate to study the socioeconomic impacts of video lottery terminals in the Province. Porter Dillon Limited, in association with Sterling Research Incorporated, carried out an assessment of the socioeconomic impacts, and delivered a final report in April 1999.

In their conclusions, the authors pose a philosophical question: “At what point [does] our society prohibit activities from the population to prevent individuals from harming themselves and others around them?”

Examinations of public opinions measured by the AGA since 1996 suggest this is not an easy question to answer. Public opposition toward video gaming in the province has remained relatively constant since 1996, from 70 per cent in 1996 to 66 per cent in 1999. Additionally, 72 per cent in 1996 considered that video lottery terminals had negative to very negative social impacts. The 1999 public opinion survey found that 55 per cent would prefer to have video gaming removed from the province, even if it meant increased taxes for them. Still, 80 per cent in 1997 agreed with the statement that “people should have the right to choose whether or not they want to play video gambling machines.” In 1998, 39 per cent of survey respondents felt it was an individual’s right to decide if they wanted to play VLTs, 49 per cent thought their community should have the right to have VLTs banned, and 11 per cent were unsure. Forty-eight per cent in the
same survey also agreed that video gaming is “a form of entertainment,” and 62 per cent agreed it provides “important revenues for government.” Thus, it appears that the salience of public opinion surrounding video gaming is mixed.

The authors of the Porter Dillon study also argue that, “people must be able to make informed decisions as to what is acceptable in their communities, as well as whether they wish to become involved.” They continue, “It appears that there is a lack of understanding about video lottery gambling, it’s impacts, who may be at risk for developing problems, and other associated issues.” However, since 1996, the Authority has continued to observe a lack of knowledge pertaining to problem gambling and its impacts. This has been found in two focus group studies conducted by the Authority in 1996 and 1997, as well as public opinion surveys contracted by the Authority in 1998 and 1999. For instance, in 1998, 22 per cent of surveyed respondents believed that VLTs could be found in corner stores in Nova Scotia, when, in fact, they had been relocated to licensed premises in 1993. Additionally, both the 1998 and 1999 survey determined that a substantial majority of Nova Scotians are unknowledgeable of the estimated prevalence of problem gambling in the province. Finally, 34 per cent of the respondents in the 1999 survey were not at all interested in receiving additional information on the early warning signs of problem gambling, or the impacts of problem gambling in Nova Scotia.
NOTES FOR CHAPTER 3

1. Readers are cautioned that statistics are from samples of the adult population, and the information provided here has been deduced exclusively from answers provided by the respondents.

2. While participation rates differ substantially across some activities, we caution that differences in question format, ordering, and timing of data collection may have affected these trends. For instance, the surveys in 1996 and 1997 were carried out in February and March, whereas the 1998 survey during midsummer and 1999 at the end of summer.

3. The 1999 question did not include office pools. Nevertheless, reporting of office/sporting pools appears unstable, which could be due to definitional problems and recall.

4. Attendance figures in previous surveys were determined by asking people if they had attended either casino. The attendance figures here have been derived from questions about play at the casinos. However, some people may have attended in the past year without playing any of the games.

5. The Gaming Corporation reported that slot revenues for the Sydney casino was up 2 per cent, and revenue from table games was lower than in 1998. This does not contradict the survey results once we have accounted for the margin of error.


7. These results may be due to differences in sampling and weighting. The previous samples were disproportionately stratified by the Halifax Regional Municipality, Cape Breton Regional Municipality, and Rest of Province. The 1999 sample comprised a provincially stratified random sample. Consequently, there was no requirement to weight the results by region.

Although approval for bingo went to 69 per cent in 1998, Sterling
Research noted in its report that this may be an anomaly.

We note that the question changed between 1998 and 1999, which
could have affected the results.

For instance, it is unknown how many of the ‘problem gamblers’
would fit within the diagnostic criteria of the DSM-IV.

Statistics do not total 100 per cent due to multiple responses.

In total, the Authority identified 52 organizations that provide
counselling and other assistance to problem gamblers. Most of these
were interconnected by satellite offices, and only the main office was
contacted. This left 16 possible interviews, of which, 14 were
completed.

Nova Scotia Standing Committee on Community Services (1999).
Socioeconomic Impact of Video Lottery Terminals, p. 5.

Scotia: General Population Survey,” A Year in Review: Gaming in
Control Commission 1995-1996, Appendix B.

Scotia Alcohol and Gaming Authority Annual Gaming Report

on Gaming in Nova Scotia,” Nova Scotia Alcohol and Gaming

and Perceptions of Gaming in Nova Scotia,” Nova Scotia Alcohol
and Gaming Authority Annual Gaming Report 1997/1998, Vol II.,
Appendix B, p. 23.
19 Ibid. p. 29.


21 Ibid, p. 5.
CHAPTER

ASSESSING IMPACTS

INTRODUCTION

This chapter takes its direction from Section 56(1) of the Gaming Control Act, which mandates the Nova Scotia Alcohol and Gaming Authority (the Authority) to:

(e) carry on a continuous study of the social, health, justice, economic and environmental impact of casinos and other lottery schemes.

Through the examination of these impacts, the Authority endeavours to ensure that the gaming industry is regulated and managed in a socially responsible manner. Equally important, is an objective presentation of the evidence of gaming impacts so that Nova Scotians can remain informed regarding the benefits and consequences of this activity. The Authority, through its various research initiatives, attempts to identify both the positive and negative aspects of gaming, in order to advance a balanced debate over gaming issues.

Positive and negative aspects of gaming can also be considered in terms of benefits and costs - to the individual, family, community, and society at large. In order to make a full assessment of gaming, it is necessary to quantify as many benefits and costs as possible, but some are impossible or difficult to measure. Consequently, any analysis of gaming impacts on society is certain to be incomplete; a fact that must be appropriately considered in any gaming industry policy decision. It would be imprudent of anybody, including the Authority, to reach a simple conclusion that “gambling is good,” or “gambling is bad” without conducting thorough and rigorous research designed to assess gambling impacts as fully as possible.
An accurate evaluation of gaming impacts must rely upon appropriate identification, costing, and relative weighting of many factors. Moreover, the costs and benefits of gaming need to be considered in the context of the overall effects that gambling has on society. Researchers face the unenviable requirement of trying to quantify costs and benefits although many of the social and economic effects are intangible in nature. For example, the emotional anguish experienced by family members of a problem gambler is difficult to precisely measure due to diverse societal values, which vary among jurisdictions, communities, and individuals. As Porter Dillon Limited aptly observed in a socioeconomic impact analysis of VLTs, “the weighting of these positives and negatives, however, is a matter of judgement based on an understanding of the values of Nova Scotians.”

Considerable time, effort, and resources need to be expended in order to fully evaluate the impacts of gaming. Some jurisdictions have spent millions of dollars to examine the social and economic benefits and consequences derived from gaming, and are still no closer to knowing the real net outcome. To date, Nova Scotia has received good value for its research dollar, with a number of high quality gaming studies to its credit, some of which have commanded attention internationally. However, efforts must be continually applied to ensure that the public’s interest in gaming is protected, benefits are maximized, and potential negative consequences are minimized.

This chapter presents statistics and research findings that cover the social, health, justice, economic, and environmental impacts of gaming in the Province. Although these impacts are treated here as distinct, in actuality they are largely interrelated. Generally, however, the state of current research is not yet at a point where all of the interrelationships among multiple-impacts can be fully considered.

The Province of Nova Scotia is striving to develop research projects that will present a more comprehensive examination of gaming in order to provide a complete picture of the kinds and scale of resultant impacts. An example of this evolving research emphasis is the work completed for the Authority by MPM Gaming Research, that formulates a model linking “together the types of gaming activities, the types of players and the types of social impacts within a convenience context.” Similarly, Porter Dillon’s study, conducted for the Community Services Committee of the House of Assembly, examined
the social and economic impacts of video lottery terminals on the Province.

Despite recent research initiatives designed to synthesize multi-dimensional impacts, the majority of research findings presented in this chapter can be attributed to only one impact. The information is largely presented individually under the impact categories that the Authority is responsible for studying.

The remainder of this chapter presents a summary of research findings conducted for the Authority, or for other Nova Scotia government departments. The reader is referred to the Appendices for the respective treatise. Much of the discussion cited here is quoted verbatim or paraphrased from the original research reports.
SOCIAL IMPACTS

CONVENIENCE GAMING AND SOCIAL IMPACTS

In January 1999, MPM Gaming Research submitted to the Authority its final report entitled, Convenience Gaming and Social Impacts in Nova Scotia, the study presents a conceptual framework for the study of the social effects of gambling in Nova Scotia, and proposes a research agenda based on the conceptualization. The project initially emanated from a lack of previous research examining the effects of gambling in a comprehensive manner, accounting for impacts at the individual, community, and societal levels. The model is intended to lay the groundwork for future studies that will encompass these aspects, and provide the Authority with a better assessment of the impacts arising from gaming activities.

The MPM study included compiling, reviewing, and assessing the relevant literature, collecting secondary data sources, visiting library sites, interviewing experts and key informants, conducting focus group studies and carrying out life history studies of gamblers. The aim was to develop the conceptual framework and identify key research questions and methods. The research process identified a convenience model of gambling as the most suitable framework for understanding the social effects of gambling in Nova Scotia.

As MPM Gambling Research notes:

“The convenience model of gambling emphasizes locals rather than tourists as consumers and stresses that gambling is no longer an occasional activity or holiday experience. It has become a significant urban and rural leisure activity in its own right. The economic and social effects of the spread of convenience gambling are likely, therefore, to be different from those found in resort based destinations such as Las Vegas or Atlantic City. Convenience gambling may primarily reshuffle spending from other goods and services to the gambling industry, rather than stimulate growth. Because of the limited population base, there is pressure in
a convenience gambling jurisdiction to try to broaden participation in gambling and increase the level of spending of the gambling public. Social effects which are hidden or exported out of tourist gambling economies will be more visible and enduring in communities shaped by the recent development of convenience gambling.”

MPM Gaming Research noted that it is necessary to relate the concept of convenience gambling to specific gaming activities and specific types of gamblers. To examine the social impacts of gambling in Nova Scotia, MPM focussed on the four main forms of gambling, including: video lottery terminals, casinos, lotteries, and bingo. In terms of gambler types, MPM differentiated between occasional/recreational gamblers, serious social gamblers, and problem gamblers. Generally, the distinction between these gambler groups is based on varying degrees of knowledge and skill levels of gambling activities, risk taking, size of wagers and pay-outs, and interaction with other players.

MPM Gaming Research then went on to identify areas where social impacts occur. They are: 1) family, 2) workplace, 3) education, 4) community, and 5) governance. Each category can entail both positive and negative impacts that can range in extent dependent upon the gambling activity and the type of gambler. MPM Gaming Research identified principal impacts for each respective category, based on an extensive literature review. They are:

“With regard to workplace impacts, the research is sparse and focuses on estimating the social costs of the problem gambler. Occasional and regular gamblers and their social impacts on the workplace have not been studied. Our focus group research suggests that most people conceptualize gambling as leisure behaviour distinct from work, although they recognize both positive and negative social effects and these vary by the type of gaming activity.

“With regard to education impacts, there is a strong focus on gambling and adolescence in the literature, but little explicit research that looks at positive or negative impacts of gambling more generally. While some research
emphasizes negative impacts such as poor school attendance, lack of commitment to educational goals and decreased social ambitions associated with gambling, other studies suggest that gambling may provide positive educational impacts in that it conveys important lessons about self control, setting boundaries, taking risks responsibly and learning to cope with gain and failure. Our focus group research participants noted primarily economic and welfare related benefits and the social costs of negative role modeling on youth and possible gambling problems.

“With regard to **community impacts**, we formulated the idea of community very broadly as: (i) a local community, (ii) a social group, and (iii) a self defined network. Most of the literature on community impacts tends to emphasize the local community and to stress single issues such as crime, tourism, traffic congestion and the “problem” gambler. This literature also notes that there are numerous distributional issues related to community impacts. An especially important one [but one that needs testing][5] is that in the convenience gambling marketplace, a small proportion of players seem to generate a large proportion of gambling profits and government revenues. These same players also generate a large proportion of the social costs associated with gambling, while their activities, ironically, contribute to benefits that are more broadly distributed within the community (i.e., community and sports centres, fire halls and equipment, educational resources, etc.). Our focus group results suggest that most participants saw gambling as making more of a positive contribution to the community rather than a negative one.

“With regard to **governance impacts**, most research tends to emphasize an economic cost-benefit approach. What is absent are better ethnographic understandings of the social effects of gambling by type, and how particular gambling activities and the interaction between them constitutes the so-called “problem gambler.” One type of player may be
“addicted” to the social world of gambling while another may be “addicted” to the game. We need, therefore, more refined data on the exact social costs and benefits for each type of gaming activity."6

MPM Gaming Research’s model of social impacts draws out the causal links between the structure of the game, expected player characteristics, and predicted social impacts. Beyond these causal links, there are also direct links from the type of game to the social impacts. For example, “Community and governance impacts, in particular, are shaped by the structure of the market and the system of regulations which affect the size, distribution and management of revenues, the extent of economic spin-offs and the political ramifications of promoting convenience gambling.”7 The relationship and linkages among the structure of the gaming activity, player characteristics, and social impacts is presented in Item 4.1.

**Item 4.1**

![Diagram of A Conveniences Model of Gaming](image)
MPM Gaming Research states that, because social impacts are disaggregated and the causal links are visible, their model allows a comparison of social impacts across gaming activities and player types. These comparisons are accomplished by applying the model to each of the four major types of gambling (bingo, lotteries, casinos, and video lottery terminals). For each gaming activity, the composition of player types will vary, as will the resultant social impacts from each player category. For each gaming activity, MPM Gaming Research maps out the expected player types and social impacts, both positive and negative, based on its findings from a literature review, informant interviews, focus group research, and life history studies with gamblers. As an example, the relationship between player type and social impacts for casinos is depicted in Item 4.2.

The report prepared by MPM Gaming Research presents a lengthy discussion of the interrelationships among gaming activity, player type, and social impacts, which is briefly capsulized here. However, the reader is
MGM Gaming Research found that the type of gaming activity provides a range of **family impacts** on gamblers. Among the positive effects are: diversions from daily/family pressures, additions to family entertainment, enrichment of social interaction and improved family relationships. Negative family impacts include: financial problems, interpersonal conflicts, emotional crises and marital breakups. Negative family impacts seem to be concentrated mostly among problem players, while positive family impacts are more widespread and dispersed. The model predicts that bingo play will largely impact positively on families and communities, with few tangible negative effects. Lotteries are expected to have fewer positive benefits for players’ families compared to other gaming activities because of limited socialization; and even for serious social and problem players, the negative impacts on family finances and relationships will be limited. The entertainment experience for a growing number of regular casino players is also expected to have positive family impacts with few offsetting costs. On the other hand, the serious financial and emotional troubles resulting from video lottery play are expected to have significant negative impacts on the family, especially for problem players.

In terms of **workplace impacts**, most gamblers had difficulties in viewing their gaming participation as having either negative or positive impacts on the workplace. Potential benefits include: relief from work routines, stress reduction, employer/employee cohesiveness, increased work morale, business contacts, and occasionally the development of cognitive skills that might be transferable to the workplace. Negative impacts can include: absenteeism, tardiness, lost productivity, declining work morale, poor employee and employer relationships, theft from employers and job loss. In terms of gaming activities, bingo will have little effect on the workplace, as will lotteries; casinos and video lottery terminals can be potentially more detrimental to the workplace, particularly for problem gamblers.

Positive **educational impacts** can include raising funds for school activities and resources, particularly through charitable bingos and lotteries; while negative impacts can include the potential of educational deprivation and of youth gambling among children in families with a problem gambler. The
model of convenience gambling predicts that bingo will have more positive educational impacts than other types of gambling. Lottery and casino players, on the other hand, will experience few, if any, positive or negative impacts on education. Since video lottery gaming appears to be more attractive to younger players, there is the potential for more serious and detrimental educational consequences among this population of players.

The community impacts of gambling tend to be defined in economic terms, such as the benefits of direct and indirect job creation. However, these economic benefits are often accompanied by direct and indirect social costs that communities may incur, such as increases in illegal activity and in the number of problem gamblers. Gambling also provides numerous non-monetary social benefits for community members such as opportunities to socialize, to engage in recreational activity, to participate in community matters, and to enhance community identity. Balanced against these social benefits are the negative effects of gambling such as deterioration in the physical and mental health of citizens and changes in the moral fabric of the community, violence and suicide. Preliminary findings suggest that bingo and charitable lotteries provide communities with resources they would not otherwise have. On the other hand, lotteries and video lottery gaming provide greater employment opportunities in communities while casinos offer limited and restricted employment benefits. Regardless of gaming activity, problem gamblers can add substantial costs to communities, and the potential for growth in problem video lottery gaming may overshadow any revenue benefits.

In terms of governance impacts, gambling can be seen as positive in that it contributes to the economy and to government revenues. Additional benefits such as increased employment, business development, new tourism, tax relief, and enhanced services are expected to accompany the proliferation of gambling products and to result in a better quality of life. However, there are also significant costs associated with the expansion of gambling, and current research has not adequately accounted for the seriousness and magnitude of these costs. Problem gamblers, irrespective of gaming activity, cite the need for legal and health care services related to gambling activities, and identify the need for appropriate programs to educate people about the effects of gambling.
Throughout the discussion of social impacts, MPM Gaming Research makes a number of suggestions for additional investigations to substantiate the relationships between gaming activity, player types, and resultant impacts. The authors conclude their report by presenting a series of research strategies to further validate the constructs of the convenience model, and to better understand the social impacts emanating from gambling activities. These strategies were based on the following factors, which are discussed fully in the report: 1) predictions of the convenience model; 2) “best practice” in the literature; 3) gaps in the literature; and 4) issues raised in our preliminary fieldwork. Readers are referred to Appendix C, to find the proposed research projects presented in their entirety in the final report submitted by MPM Gaming Research. The Authority will consider these projects for future research based on prevailing priorities, topical concerns, and budgetary restraints. This year, the Authority engaged MPM Gaming Research to study consumer income and expenditure patterns related to gambling, which is discussed next.

CONSUMER INCOME AND EXPENDITURE PATTERNS

Following completion of its conceptual model of convenience gambling in Nova Scotia, MPM Gaming Research examined the relationships between consumer income/expenditure patterns and gambling (Appendix D), as part of the second stage of their study. As stated in MPM’s final report, “a detailed study of consumer income and expenditure patterns, therefore, would contribute greatly to an understanding of the positive benefits of gambling for consumers and the ‘opportunity costs’ of gambling expenditures overall.”

MPM claims that the expansion of gambling has largely grown from an increase in consumer discretionary spending. It suggests that, “positive social effects arise from the enjoyment of the gambling product,” while “social costs emerge when gambling siphons off money or time which are normally used for non-discretionary purposes.” MPM examines gambling expenditures in relation to consumer income and other competing expenditures.

The objectives of the study are:
to clarify the relationship between gambling expenditures and other forms of consumer spending, sources and levels of income, and debt;

to evaluate distributional issues related to gambling expenditures as they affect the costs and benefits of gambling;

to better understand the consumption benefits derived from gambling; and

to compare and contrast Nova Scotia with other jurisdictions on these aspects of gambling.

MPM Gaming Research analysed data from Statistics Canada’s 1996 Family Expenditure Survey, and 1997 Survey of Household Spending, using both descriptive and multivariate techniques. Specifically, MPM explored: the relationship between gambling expenditures and the level and source of household income; the distribution of gambling expenditures across the population; the effect of gambling on household expenditures on necessities; and variations in expenditure patterns by intensity of gambling. This analysis was conducted for three jurisdictions: Nova Scotia, Saskatchewan, and Canada as a whole.

Among some of the significant findings observed by MPM Gaming Research, are the following:

“Household income is positively associated with gambling in all three jurisdictions, but income is not a predictor of the amount spent on gambling in Nova Scotia.”

“Higher gambling rates are found in the middle age groups. “Young” and “senior” gamblers are more evident in Saskatchewan than in Nova Scotia.”

“Higher gambling rates are found among married couple households with either children or relatives. One person households have the lowest rate of participation in gambling.”
“Unlike Saskatchewan and Canada where gambling rates are higher in larger urban areas, in Nova Scotia gambling rates are not significantly different between rural, small town and urban areas.”

“As a percentage of income, lower income groups spend more on gambling products than do other income groups and this regressive relationship is more evident in Nova Scotia than elsewhere.”

“While seniors are less likely to gamble than middle-age groups, those who do gamble spend a higher proportion of their income on gambling products in all three jurisdictions.”

“Gambling expenditures are generally inversely related to education on all measures of intensity in all jurisdictions, with distinctly lower dollar amounts and proportion of income spent by households with post secondary education. In Nova Scotia, 4 out of every 10 households in the top gambling quintile and 6 out of every 10 households in the high intensity gambling group are households where the education of the reference person is less than nine years.”

“Households who depend on government transfer payments do not gamble more intensely than other households in the province.”

“Gambling expenditures generally do not negatively affect spending on the basic necessities of food and shelter in Nova Scotia. Gambling, however, does negatively affect households’ ability to save and plan for their financial futures.”

“In Nova Scotia, gambling expenditures are supplements not substitutes for spending on recreation, alcohol, food from restaurants and home entertainment.”

“Spending on charitable donations is negatively related to gambling in all jurisdictions.”

“In Nova Scotia, as in Saskatchewan and Canada, the highest proportion of households report expenditures on government lotteries, followed by
casinos and slots, then bingos. However, in Nova Scotia average spending on bingos ranks second to government lotteries.”

< “In Nova Scotia, participation and spending on casinos and slot machines increases with income and education and is higher in urban areas.”

< “In Nova Scotia, spending on bingos is higher in lower educated and older households than in other education and age groups, but it does not differ by income level or size of community.”

These findings tend to support the postulations put forward by MPM Gaming Research with the convenience model of gambling. The findings also serve the Authority in terms of better understanding the profile of gamblers and the effects of gambling. For example, the analysis suggests that gambling can be considered a regressive tax due to the inverse relationship between income and gambling expenditures. As well, although the results indicate that gambling does not detract from spending on the necessities of food and shelter, or on other discretionary leisure and recreation items, gambling negatively affects household savings and charitable spending. Armed with such findings, the Authority and other partners are better able to design remedial programs to address such inequities and misappropriations.

**YOUTH GAMBLING - PERCEPTIONS**

Current research figures show that four to seven per cent of adolescents in Canada and the United States have a gambling problem. Nova Scotians may not be an exception. In 1993, Omnifacts Research sampled 300 adolescents in Nova Scotia and found that 61 had gambled at some point, 9 per cent were considered ‘at risk for problems,’ and a further 3 per cent displayed signs of problem gambling. The Nova Scotia Student Drug Use 1996 survey of 3,790 students in grades seven, nine, ten and twelve showed that 68 per cent of the students had gambled previously, and 32 per cent did so monthly. Moreover, 2 per cent reported a desire to stop gambling, but did not think they could.
The Authority conducted 12 focus groups with urban and rural youths in grades seven, nine, and eleven (Appendix E). The goal was to explore adolescent definitions of gambling and reasons for gambling, perceptions of gambling as a risk-taking activity, participation and access to gambling, and, potential influences on youth gambling, including advertising and promotions. Focus groups are a qualitative method of research, and the reader is cautioned not to infer the results beyond the participants in the groups. Further, the Authority intended this research as an exploratory tool to describe issues in youth gambling that require additional study.

Activities defined as “gambling” included cards for money, slot machines, lottery tickets, sports betting, wagering on horses, and ‘simple’ or ‘dare’ bets. The youths rarely mentioned casino table games and VLTs. They also considered bingo and raffles to be an “innocent” form of gambling. The researchers surmised that participation in the activity, societal acceptance, and media representations of gambling activities that reinforce traditional definitions, may all influence youth perceptions of gambling activities.

Adolescent definitions of gambling appear related to age, gender, and region. Most of the youngest participants referred to the consequences of gambling, which comprised losses, as opposed to the act of gambling in their discussions of definitions. Girls were more likely to mention wagering possessions, beyond monies, and young rural girls were most inclined to think of gambling addictions when defining gambling.

The predominant reasons given for why people gambling were “addiction,” “to win money,” “for fun and excitement,” and, “to pass time.” Although the youths cited gambling addiction as a reason for gambling, they did not discuss it. Also, several male adolescents held an attitude that gambling was unlikely to lead to any dire consequences. Particular gambling activities specified this notion. For example, many youths across the groups stated that scratch tickets are a harmless form of gambling. Some male youths also thought of gambling as a way to “make money.” The focus groups uncovered a lack of knowledge about problem gambling, which may be contributing to these misconceptions.

The youths self-reported gambling behaviour suggests that they were not frequently engaged in gambling activities, nor were they wagering large
amounts of money. Approximately one-quarter of the participants reported playing cards for money frequently (weekly to monthly) and/or betting on sporting events. The typical wager ranged from pennies to a few dollars, and was contingent on the activity. The adolescents rarely arranged card games in advance, they most often arose as a way to pass time. On the other hand, boys organized sports pools, usually at the beginning of a sports season. Other gambling activities that the youths, or others their age, were involved in included scratch tickets, betting on carnival games and/or school fights, dice games for money, tossing coins, bingo, and ‘dare’ bets.

Scratch tickets appeared the most readily available legal form of gambling open to the adolescents in the focus groups. This is, in large part, due to their parents or extended family members purchasing the tickets either as gifts or when the youths requested them to do so. The purchase of scratch tickets by minors emerged only as a possibility in the urban focus groups, and was noted as inconsistent among retailers. Urban youths reported being able to buy scratch tickets at some retail locations but not others. Even so, most of the adolescents did not seem interested in spending their money on scratch tickets. They would, however, accept them as gifts, and several stated they would occasionally ask their parents to buy them. “Carnival” gambling also appears sporadically available in various locations. For instance, many rural youths reported playing black jack and roulette at their school winter carnivals. Access to Nova Scotia casinos and VLTs may depend largely on whether youths have false identification, and are willing to use it. A few urban grade eleven participants maintained they had been in the Halifax casino, but they stated it would have been impossible without false identification. Apart from two urban youths, who claimed to know of illegal VLTs, the adolescents did not report involvement in VLT gambling. Additionally, the rural adolescents felt access to VLTs in their town was inconceivable because the staff of the licensed lounge would know them.

As noted above, prevalence estimates of disordered youth gambling varies between 1 per cent and 4 per cent. Still, just one participant across the groups thought of gambling as an adolescent risk-taking activity. This is significant since the youths recognized drugs and alcohol as potentially hazardous activities. However, they did not consider their gambling activities as possibly harmful because they did not know anyone their age who had a gambling problem. Additionally, media representations of
problem gamblers do not typically profile adolescents. Likewise, ‘gambling addicts’ discussed in the groups were all adults, involved in adult activities like slot machines and VLTs. Since the youths did not engage in these activities, they did not see any potential for harm. They considered themselves more at risk if they became involved in “heavy” gambling. For these reasons, the risks associated with gambling may be extraneous to them. While education is a logical intervention strategy, researchers have shown that “DARE” (Drug Abuse Resistance Education), a widespread drug education program in the United States, has had no effects on adolescent drug abuse.\textsuperscript{14} Consequently, evaluating program effectiveness of education strategies that aim to prevent problem gambling among youth is important.

The focus groups revealed that the largest influences on youth gambling might be found in the family or school. Many participants knew of a gambling activity in which their parents engaged. These ranged from purchasing lottery tickets to attending bingo, from playing cards with friends to occasional casino visits. Most claimed a family member had given them a scratch ticket at least once. Several also described organized betting within their households on sports, or attending bingo with a parent or extended family member. Rural participants discussed sporting pools that teachers carried out at their school. While the students who participated did not have to wager any money to win a prize, nonetheless, the adolescents felt it was an “innocent” form of gambling. As noted above, some schools hold charity casinos with students during winter carnivals. The rural youths also cited examples where their schools had enlisted students to sell raffle tickets for fund-raising purposes.

Another potential influence on youth gambling is peer pressure. Although adolescents in the groups reported they would not feel pressured if asked by friends to play cards for money, the researchers noted that “dare” betting takes place. This may suggest some peer pressure exists where youth gambling activities are involved.

Deciding the impact of advertising and promotions on youth gambling using focus groups is impossible. Nonetheless, it appears that youth are very aware of lottery advertising and other promotions. Additionally, the focus groups revealed that gambling advertising and promotions may be sending
youth misleading messages or crossing the age barrier in targeting youth as potential consumers.

Most of the adolescents from across the groups could recall, without prompting, at least one television, radio, or billboard advertisement for lottery products. Several urban, and some rural youths also recalled casino advertising. The youths thought that these ads portrayed winning as guaranteed and/or gambling as fun (or fun if you win). After viewing a television lottery advertisement, many of the adolescents concluded the ad conveyed a message that being rich is fun, lottery tickets will lead to money and happiness, and that winning on lottery tickets was either easy or guaranteed. Half the groups also mentioned the pop group, The Bare Naked Ladies, and Kraft Dinner, both of which the ad featured. Both aspects appealed to several youths. Upon viewing a beer advertisement, the bulk of the youth felt the ad’s message was that drinking beer was fun. The consensus was that lottery advertisements lacked credibility because they did not show the odds and winning was not guaranteed, whereas drinking beer could be fun. Nevertheless, several grade nine and grade eleven participants thought that neither ad portrayed the possible negative aspects of lotteries or alcohol consumption.

Many adolescents also recalled a television advertisement for a video purporting to show how to win at slot machines. Some of these youths felt a winning strategy with slot machines was achievable, which is an incorrect assumption.

In exploring other gambling promotions, the researchers asked the participants to comment on a Father’s Day Card that included a scratch ticket inside. The cover of the card displayed a “Father Otter” and a “Baby Otter,” seated in a canoe, with a tag line on the card of, “On Father’s Day Dad, I’m sure glad to have someone like you.” The general feeling across the groups was that the card would appeal mostly to children younger than 10 years old. Very few considered it an adult gift. When the researchers asked them how these children would obtain such a card, since scratch tickets are age restricted, they reported they would have to get their mother or another adult to purchase the card. Several grade eleven participants considered this a “sneaky marketing ploy,” that would force people to buy the card in an attempt to appease young children who wanted it for their
fathers. We note that lottery products have been targeted as Father’s Day and Mother’s Day promotions, which is another potential influence in the familial realm.

In summary, several important findings emerged from the focus group research, all of which require further study for verification. It is not surprising that youth engage in gambling activities, since they are engulfed by socially accepted gambling activities in the home, at school, and in the larger social environment. Advertising for lotteries and, to a lesser extent, the casino is pervasive. We cannot infer the impact of this advertising, but conveying “dream” messages may influence youth to believe that being rich is “fun,” or that money will buy happiness. True or not, we have to ask whether these are the types of messages we want young people to be receiving. Using “family days,” such as Father’s Day and Mother’s Day for gambling promotions could also target youth. Ensuring this does not take place is the industry’s responsibility. Further, promotions describing winning strategies for any gambling activity may lead to misconceptions and problematic gambling behaviour. Adolescents need to learn that they cannot “make money” from gambling, and that gambling activities are strictly games. On the face of it, these promotions could lead to the wrong perceptions. In fact, a few adolescents appeared to have already developed misconceptions about slot machines. Finally, adolescents seem to think about gambling differently than adults. We should ensure that research and intervention strategies encompass and address their perceptions of the issues.
HEALTH IMPACTS

NOVA SCOTIA VIDEO LOTTERY PLAYERS’ SURVEY

In June 1997, Focal Research Consultants Limited was contracted by the Department of Health, Problem Gambling Services, to conduct a survey of video lottery players to determine:

< the proportion of players exhibiting problem VL gambling behaviour;

< demographic/characteristics of VL players and the subset of problem players;

< impacts on lifestyle; and

< a delineation of the risk indicators that will assist in designing prevention and treatment strategies.”

Focal Research delivered the 1997/98 Nova Scotia Video Lottery Players’ Survey in October 1998 (highlights report presented in Appendix F). The Authority recognizes this study as a significant contribution to the understanding of Video Lottery gambling. Indeed, Professor Mark Dickerson, a widely respected gambling researcher at the University of New South Wales, Australia, has observed that it is an “excellent survey . . . that brings together for the first time very many of the emotional, cognitive and behavioural components of problem gambling in a single, representative and well conducted study.” It has also been cited along with other Nova Scotian studies in the Australian Productivity Commission’s report.

Findings

The key findings of the study are presented in two sections: Provincial overview of VL play, and Problem Gambler Analysis.
**Provincial Overview**

The study begins by segmenting players into three categories: ‘non-VL players’ (61.5 per cent of adults in Nova Scotia), ‘casual players’ (32.8 per cent of adults), and ‘regular players’ (5.7 per cent of adults). Casual players did not play on a regular basis, and spent, on average, $1.29 per month. Casual players comprised almost 75 per cent of the players who had engaged in video gaming the previous year, and accounted for 4 per cent of the revenue. Regular players played video lottery at least once a month or more, and spent an average of $243.52. Although regular players made up 25 per cent of those who had played VLTs in the previous year, they accounted for approximately 96 per cent of the revenue. Within the casual players another segment was identified as ‘lapsed regular VL players,’ who used to play regularly at some point but now played less frequently. These players comprised 4.5 per cent of adults in Nova Scotia.

It was discovered that among regular players, 25 per cent played VLTs but did not necessarily like the game. Focal Research suggests this is an indicator of habit or compulsion and may represent potential problems for a significant number of these players.

Demographic characteristics were also examined by player segments and it was determined that, compared to other adults, regular players are more likely to be young (19 to 24), male, single, with lower levels of education, and living in multi-adult households without children. However, there were also significant differences by demographics within the regular player segment. Thirty-four per cent of regular players would play ‘every time’ they came across a VLT, and were described as: 55 years of age or older, living in single person households, separated/divorced/widowed, with household incomes of less than $25,000, and a vocational education.

Looking at social and leisure activities, the regular players were attracted to entertainment that offered exciting or physically stimulating criteria, as opposed to cultural or educational activities, or anything involving personal involvement.

The regular players were observed to be “consummate gamblers.” They were attracted to games of chance more than other adults in the province.
They played more gaming options on average, were interested in all forms of
gambling, and reserved about 24 per cent of their gambling funds for non-VL
games. More than half of the regular players engaged in on-line lottery
draws, and nearly one-third played instant tickets. This player segment was
also more likely to play bingo, card games for money outside of a casino, slot
machines, Pro-Line, and other sports betting.

Accessibility was seen as a factor influencing play, in that the regular players
engaged in video lottery gaming more than half the time they were in a VLT
site for ‘other’ reasons, such as having a drink or playing pool. However, in
spite of the high level of impulse play, Focal Research states that, “planned
play (ie. those who are at a location specifically to play the machines) is
more strongly associated with problem VL gambling.” 18

More than half of the regular players smoke, 62 per cent of these players do
so when playing VLTs, and 20 per cent smoke larger quantities of cigarettes
while playing VLTs. However, regular players tend to not drink heavily
while playing, and 26 per cent stated they never drink at all.

Comparing regular players with casual players, it was determined that the
former spent nearly three times as much on monthly entertainment and
gambling. Still, no differences were found in general entertainment
expenditures, indicating the gambling expenditures were much higher for
regular VL players than casual players. On average, regular players devoted
56 per cent of their entertainment expenditures to VLTs.

**Problem VL Gambler Analysis**

The current video lottery players were divided into three groups: 1) infrequent players (play less than four times a month); 2) frequent players
(play four or more times a month); and 3) problem players (based on the
results of three independent measures).

Sixteen per cent of the regular player segment or .92 per cent of adults in
Nova Scotia were considered to have a problem with Video Lottery play in
1997/98. Focal Research notes that 75 per cent of the regular players who
engage in video gaming are “relatively free of problems,” and further, “it is
reasonable to conclude that the vast majority of Regular Players derive
benefit from the entertainment value of the games without suffering any lasting ill effects."\(^{19}\)

Nevertheless, the problem players contribute a substantial proportion of the VLT revenues, spending, on average, $808.88 per month compared to $228.50 for Frequent Players and $53.49 for Infrequent Players. It is estimated that the problem players account for just over half of the annual revenues from video gaming. Still, problem players are attracted to all forms of gambling and, spend on average, more than other VL player segments. A high expenditure on slot machines suggests that this form of gaming might replace VL among problem players if video gaming were removed and slot machines were still present.

Access and machine design is considered as possibly facilitating problem play. Sixty-five per cent of the problem players stated they feel a strong desire to play VL whenever they are near a VL machine. A majority (78 per cent) support the restriction of VL machines to three or four locations in Nova Scotia, which may be an indicator of their desire, but inability, to stop or reduce their play. As for product design, Focal Research asserts, “The products are designed to enhance the illusion of control and the role of skill, which reinforces the Problem VL gambler’s superstitions about VL play . . . [and] leads to chasing behaviour . . . a major cause of their VL gambling problem.”\(^{20}\)

Problem players are more likely to hold incorrect beliefs about the odds of winning when they play. They are more likely to believe they will win when beginning to play, and to believe they are going to win after a long string of losses.

Problem players also reported experiencing strong physiological and emotional responses while playing VL that other player segments did not report. Focal Research finds that these “responses are symptomatic of the individual’s heightened response (arousal level) to the play of the games. This suggests they just can’t quit when they know they should, or even run out of money.”\(^{21}\)

As for situational factors, problem players are more likely to go to a VLT site with the express purpose of playing VL games, and also to select a VLT
site based on the quality of the game area. They are less likely to be
distracted by or interested in other entertainment options in the venue.
Problem players are also less interested in entertainment activities that
involve social interaction. Despite this, problem players often play VLTs
with other players, either on the same machine or a nearby machine.

Demographically, compared to the other regular players, the problem players
were more likely to have less than grade nine education, be between 50 to 59
years of age, reside in two adult households without children, and to be
separated/divorced/widowed.

Apart from age, the research also identified indicators that could be used
on-site to identify problem players. Session duration is viewed as a strong
indicator of problem VL play, since problem players spend, on average, 189
minutes per session compared with 30 to 60 minutes among other regular
players. They are also more likely to be found at sports bars, other “non-bar
type locations,” such as restaurants, and aboriginal VLT sites. Focal
Research notes that, “at any given time, at any given location approximately
half of all those adults playing video lottery games will be problem VL
gamblers.” Additionally, problem players are much more likely to groan,
swear, curse or yell, or kick a machine while playing, and will comprise the
majority of those players engaging in such behaviour.

Fifty-seven per cent of problem VL players had been playing for more than
four years at the time of the study. In the year leading up to the study, 33
per cent had delayed bill payments, 23 and 21 per cent used personal savings
and credit cards respectively, 11 per cent sold personal property, and 9 per
cent had spent mortgage or rent payments. Forty-nine per cent had spent
family monies earmarked for other purposes, and approximately one-third
had developed debts they had not paid back.

Eighty-five per cent of the problem players reported feelings of guilt over
their VL play, and 50 per cent indicated they are sometimes depressed. Over
half stated that VL had negatively affected their relations with family and
friends, with 55 per cent reporting their families or friends were worried
about them, 48 per cent disclosing they had lied about their VL play, and
approximately 27 per cent stating they are anxious and irritable when not
playing, and they have trouble sleeping.
Coping strategies used by the problem players to mitigate their play do not appear to be very successful. However, the most successful strategies mentioned were: bringing a budgeted amount to the VLT site without bank or credit cards, initiating the aid of spouses and/or friends, and avoiding VLT sites.

Focal Research concludes by stating, “the results of the Nova Scotia VL Players Survey provide a comprehensive overview and profile of video lottery play in the province.”

**Methodological Critique**

Notwithstanding the excellent work conducted by Focal Research, methodological and theoretical issues with the “Problem VL Player” segment of their study have been raised.

Focal Research identified ‘Problem VL Players’ using three independent measures:

< a derived attitudinal score of 16 or higher from six statements measuring: levels of guilt over time or monies spent while playing VL, strains on relationships at home as a result of VL, VL play as a form of escapism, and lying about VL play;

< a rating of 5 or higher on a 10 point scale that self-designates an individual’s degree of problems with video lottery (ie. not at all serious to a serious problem); and

< the individual had ever spent more time or money playing VL games than they thought they should, and the problem was either partially or fully unresolved (emphasis theirs).

Focal Research notes that “respondents had to qualify on at least two of the three measures before being included in the Problem VL Gambler segment.”

Focal Research also observes that, “there were 105 Regular VL Players who met this nominating criteria. There were 12 respondents who did not qualify..."
on the first two measures, yet stated unequivocally they are currently experiencing problems with their VL play and have not resolved the problem. Given the players’ perceptions of their VL gambling, it was decided these individuals must be included in the Problem Gamblers segment.”

MPM Gaming Research has raised concerns about the methodology used to identify the ‘problem VL players.’ They note that the proportion of problem players was ascertained through a telephone survey, and this methodology has been deemed weak for determining problem gamblers in the population. While this is a reasonable criticism, the majority of studies that examine problem gambling in the general population (including the past two prevalence studies in Nova Scotia) have employed a telephone survey methodology, and to single out this study is unwarranted.

However, questions exist as to whether the ‘problem VL player’ segment is sufficiently describing problem gambling within any recognized criteria. MPM Gaming Research finds that since “self-selection” techniques were a primary source of the identification of problem players, “those who ‘feel’ their VLT play is problematic [are] considered in an analysis of problem play ‘regardless of their qualifications on other behaviour or attitudinal measures.” In a critical analysis of the SOGS, Chambers and Schrans (1998) argued the SOGS uses “self-identified problems, criticisms, arguments, and feelings of guilt [that] could easily be measuring an individual’s social network’s reaction to their gambling, despite little or no impact on the individual or others around them.” The measures used by Focal Research fall within these same parameters, and are therefore subject to the same argument.

These criticisms may be pedantic in the context of the present debate over the definition of problem gambling. Still, while Focal Research demonstrated the internal reliability of their measure, it did not establish its validity. A question arises as to why Focal Research was not contracted to conduct its study in two stages similar to the Baseline Market Research prevalence and follow-up studies in Nova Scotia in 1996/97. By recontacting the ‘problem VL players’ for clinical evaluations, Focal Research would have been able to demonstrate the new measure’s predictive validity in the general population. Not having done this may invite additional commentary and detract from the exceptional value of this study.
Conclusions

The 1997/98 Nova Scotia Video Lottery Players' Survey offers significant findings to contribute to the understanding of VLT gambling. Given the controversies surrounding this gaming activity, the study will likely benefit any initiatives undertaken to educate players, modify games, alter venues, or regulate participation in an attempt to alleviate problem VLT gambling. The Authority recognizes the value of this research, and intends to employ the findings in identifying future research projects and developing policies and regulations related to the VLT program.

VLT FEATURES AND PLAYER TRACKING

Sterling Research was contracted to conduct two focus groups with regular video lottery players on January 14, 1999 (Appendix G). The purpose of the focus groups was to explore what, if any, characteristics of video lottery machines might lead to problematic play behaviour, and player reactions to on-line tracking of their play. The reader is cautioned that the results from the focus groups cannot be inferred to the larger population of regular video lottery players. Nevertheless, the findings are consistent with much of the 1997/98 Nova Scotia Video Lottery Players Survey thereby triangulating the results of both studies.

The participants attributed problem play to several machine features and other characteristics of video lottery play. They thought the opportunity to win bonus credits led to “chasing” behaviour, since the players would try to recoup losses by winning the bonus. Additionally, some participants claimed that ‘near misses,’ where they would come close to a large win, would entice them to continue playing. Several participants referred to winning a large jackpot on line games as “getting the bells,” and related difficulties associated with the lights and sounds that were emitted when this occurred. They observed that players who are “cashing out” (topping their play), or getting ready to “cash out,” will often continue to play after they or someone else “gets the bells.” Additionally, one person who claimed to be “addicted,” and scored 16 on the SOGS, stated he began playing video lottery after a friend of his “got the bells.” This person described the sensation of the lights and sounds as if he were in a state of ecstasy. Several
other participants reported that the sounds of the bells emitted by the machine were mesmerizing.

The participants did not feel the speed of the machines led to problem play. However, the ‘stop button’ is apparently used by some players to speed up line games, which may lead to increased expenditures. By pressing the stop button the machine does not go through a complete set of spins. This allows players to learn more quickly whether they have won or lost. However, it also leads to more possible bets being placed in a shorter period. Many participants reported the outcome of each spin was predetermined, and the stop button allowed them to find out more quickly whether they had won or lost.

The concept of controlling the outcome of play also arose. Many participants claimed they had little control over the machines, but later contradicted themselves, suggesting some illusion of control. More players felt they had some control over video card games than line games. However, gambling fallacies may be a stronger cause of problematic play, and some people may be more susceptible than others as a result of education, motives for play, and other factors.

Most participants reported difficulties in keeping track of their time and expenditures while playing VLTs. They claimed this was partly the result of not having clocks in the establishments they frequent, and partly a result of concentrating on the game. Regardless of the reason, the inability to keep track of time and money posed a problem for many of them. While most stated they knew if they were overextending themselves per session, they did not have any sense of how badly until they had finished playing. They then could tell precisely how much money they had spent.

The participants identified mechanisms they thought would help to reduce problem play on VLTs. Still, debate erupted over how successful these changes would be with extreme excessive players. The participants suggested the machines be programmed so players could set a limit and have the machine pause for a minute or two once they had reached their limit. This would force all players to look around and take a “breather.” Many thought that a small clock in the corner of the machine would help them keep track of the time they spent on the machine. However, they were split about
the clock displaying the time of day or time spent on the machine. It was observed that all of the participants were very concerned about other people around them seeing how much time or money they spent on VLTs.

The participants were also interested in the machine keeping a running tally of the time and money placed in the machine per session. The dilemma with this option was that, again, the players did not want this on the screen and yet they did not think many people would use a button to see where they stood at any given point in time. As one participant stated, “If you’re a problem gambler or you like to play a lot, you don’t want anybody to know about it.” In spite of this, all of the participants stated they would like to somehow keep track of what they expended in time and money. It was also suggested that the lighting around the VLTs be increased so that players who were there for long periods of time could not hide away.

Finally, the players liked the idea of being able to measure their levels of play in relation to others in the province. However, until on-line tracking was mentioned, they could not think of how to do this without identifying themselves, which they dismissed outright.

The participants immediately became suspicious when asked how they would feel if video lottery machines regularly gathered information about individual players’ expenditures of money and time. Their first thoughts were that the information would be used to determine who was winning so “the odds could be turned down” for that person. A few participants thought the information would be used to develop games that the players would find impossible to resist. Once the participants clearly understood that: a) no one could identify them, b) a government agency would gather the information, and c) it would be used, at the very least, to provide direction and resources to areas with problem gambling, they appeared to support the idea. The way to do this, according to the players, was to have a swipe card or pin number that would be mandatory to play VLTs.

The only information the players stated they would provide for tracking purposes was their age and gender. Even after full discussion of on-line tracking, and the possible social and health applications, several participants stated they would be reluctant to provide any demographic information, and one stated he would just lie.
Several types of ‘player warnings’ were described and they all received mixed reactions. The main reason was the participants did not want others seeing their level of play. However, most felt that if they could access a machine in private, and it provided monthly information about their time and expenditures, and showed where they fell within normative guidelines, that it may help them.

The findings from the focus groups and the 1999 public opinion survey in Chapter 3, suggest that some characteristics of VLTs may be leading to problematic play behaviour. The bonus play, lights and sounds, stop button, and ‘near misses’ were all reported as influencing some players to overextend themselves. Many players lose track of time and expenditures while playing. The participants decided that they would like to see some measures to help them in this regard, but implementing these may be difficult, since they were also very sensitive about others seeing their level of play. Online tracking was met with suspicion and probably would be by the population of VLT players if implemented without a successful communications strategy. Any alterations to the machines should be carefully tested to ensure they do not further exacerbate problem gambling behaviour.

**TREATMENT OF PROBLEM GAMBLERS**

This section summarizes the profiles of problem gamblers who received treatment by the Nova Scotia Department of Health, Drug Dependency Services. Drug Dependency Services produced a profile for all those who scored a one or higher on the South Oaks Gambling Screen, despite the conventional threshold of three. It is important to note that the information presented here is indicative of gamblers in treatment with Drug Dependency Services, and inferences to the population of problem gamblers not in treatment may lead to incorrect conclusions.

The total number of new gambling profiles completed by Drug Dependency Services increased by 32 per cent to 469 in 1997, from 317 in 1996. The number of profiles remained constant in 1998 (Item 4.3). The increase between 1996 and 1997 could be due to a number of reasons including, but not limited to: increased awareness of assistance options, referrals from the Problem Gambling Help Line, changes in administration and recording
procedures, more problem gamblers encountering severe difficulties related to gambling, or an increase in problem gambling.

### Item 4.3

**Types Of Gambling Among Problem Gamblers By Gender**

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<td>11%</td>
<td>3%</td>
<td>15%</td>
<td>11%</td>
</tr>
<tr>
<td>Horse Track</td>
<td>6%</td>
<td>7%</td>
<td>7%</td>
<td>3%</td>
<td>6%</td>
<td>5%</td>
</tr>
<tr>
<td>Stock Market</td>
<td>0%</td>
<td>3%</td>
<td>2%</td>
<td>0%</td>
<td>2%</td>
<td>1%</td>
</tr>
<tr>
<td>Other</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
<td>1%</td>
<td>4%</td>
<td>3%</td>
</tr>
</tbody>
</table>

*Totals exceed 100 per cent due to multiple mentions

Source: Nova Scotia Department of Health, Drug Dependency Services

The ratio of men to women in treatment appears to be slowly narrowing. In 1996, the ratio was 4.5 and it decreased to 3.0 in 1997, and 2.5 in 1998. In addition, reporting of card games outside of a casino has decreased to 20 per cent in 1998, from 28 per cent in 1996. The remaining activities have remained unchanged. VLTs continue to be most often reported as a problematic gambling activity, followed by lotteries, casino gaming, card games outside of a casino, bingo and sports betting. For a third year, a small number of gamblers in treatment have reported difficulties with the stock market. The gambling profiles support an argument that gamblers in treatment have been involved in many different gambling activities. Evidence from a 1996 prevalence study in Nova Scotia also suggests that problem gamblers in the population are engaged in many forms of gambling as well (Baseline Market Research, 1996).
As depicted in Item 4.4, gamblers in treatment in 1997 and 1998 reported weekly participation in a wide variety of activities. In 1997 and 1998, the activities most frequently engaged in by people receiving treatment for gambling problems were VLTs, lotteries, “other” forms of gambling, and sports betting.

Between 1995 and 1998, approximately 80 per cent of problem gamblers in treatment reported travelling 10 kilometres or less to gamble. No data is available that shows the distance travelled to gamble among problem gamblers who have not received treatment. It is also unclear whether the distance travelled shows how far a problem gambler is willing to travel to gamble or whether it represents a preference for a convenient and comfortable location. It is not known, for instance, what differentiates the gamblers who travelled 11 to 50 kilometres to gamble from those who remained closer to home.

### Item 4.4

<table>
<thead>
<tr>
<th>Frequency Of Gambling Among Problem Gamblers By Activity</th>
<th>1997</th>
<th>1998</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Weekly</td>
<td>Monthly</td>
</tr>
<tr>
<td>VLTs</td>
<td>86%</td>
<td>11%</td>
</tr>
<tr>
<td>Lotteries</td>
<td>63%</td>
<td>22%</td>
</tr>
<tr>
<td>Casinos</td>
<td>35%</td>
<td>18%</td>
</tr>
<tr>
<td>Card Games</td>
<td>41%</td>
<td>19%</td>
</tr>
<tr>
<td>Bingo</td>
<td>51%</td>
<td>15%</td>
</tr>
<tr>
<td>Sports Betting</td>
<td>56%</td>
<td>19%</td>
</tr>
<tr>
<td>Horse Track</td>
<td>47%</td>
<td>9%</td>
</tr>
<tr>
<td>Stock Market</td>
<td>13%</td>
<td>3%</td>
</tr>
<tr>
<td>Other</td>
<td>64%</td>
<td>35%</td>
</tr>
</tbody>
</table>

*Totals exceed 100 per cent due to multiple mentions

Source: Nova Scotia Department of Health, Drug Dependency Services
PROBLEM GAMBLING HELP LINE

Corporate Health Consultants (CHC) Atlantic operates the Problem Gambling Help Line in Nova Scotia, under contract with the Department of Health. In previous years, the Authority has obtained data from the Atlantic Gambling Help Line Annual Statistical Report, but CHC Atlantic has not yet summarized the operating statistics for the 1998 fiscal year.

The data that follows is for the period January 1, 1998 to December 31, 1998, and is based on monthly statistical reports provided to the Authority by the Department of Health. It is important to note that the information presented in the monthly reports is volunteered by callers. Additionally, the number of people who do not seek treatment or help is unknown. Thus, assessing the nature and extent of problem gambling in Nova Scotia from the information provided is impossible. Lastly, the Department of Health has undertaken an initiative to review the data and information collection system for the Help Line. Once completed, it will ensure that an accurate overview of callers to the problem gambling help line can be obtained.

CHC Atlantic reported 5,827 calls to the Help Line during the 1998 fiscal year, a 47 per cent increase from the previous year. Among the total calls, 49 per cent (2,829) were gambling related. Of the total calls, 39 per cent (2,291) were from first-time callers and the remaining 61 per cent (3,536) of calls originated from repeat callers. Of the total callers, 53 per cent were male and 47 per cent were female. Approximately 38 per cent (2,200) of callers wished to remain anonymous. Throughout the year CHC Atlantic established follow-up contacts with 3,692 clients.

The monthly reports also presented information of the types of calls received by the Problem Gambling Help Line. Approximately 53 per cent of the calls were requests for information, 29 per cent required telephone counselling, and 18 per cent led to referrals to Gamblers Anonymous and Drug Dependency Services. Since reporting methods changed throughout the year, calls received between January 1, 1998 and October 31, 1998 have been categorized in this manner.

Among the callers who received telephone counselling, the majority were between the ages of 25 - 34 (31 per cent) and 35 - 44 (35 per cent). Of the
remainder, 2 per cent were less than 19 years of age, 10 per cent were between 19-24, 15 per cent were between 45-54, 6 per cent fell in the 55-64 category, and 1 per cent were above 65.

The data also indicates that the majority of clients who called the Help Line in 1998, and received telephone counselling, began gambling between the ages of 25 and 34 (33 per cent), while another 31 per cent started between the ages of 35 and 54. Sixteen per cent of the gamblers reported beginning before reaching 19 years of age, and 18 per cent were between the ages of 19 and 24. Only 3 per cent were above the age of 55.

Based on the records of calls, it appears that the majority of callers receiving telephone counselling (61 per cent) were from the Central Health Region, which may be a result of easier access to gaming activities. Another 15 per cent called from the Eastern Health Region, 11 per cent from the Northern Health Region, and the remaining 13 per cent of callers were from the Western Health Region. Fewer than 1 per cent of the callers were from out of the province.

Among those callers who were gamblers and provided information, 30 per cent indicated that their gambling had been a problem for less than one year. An additional 39 per cent indicated that gambling had been a problem for one to three years. Nineteen per cent of gambler callers stated that they had experienced gambling problems between four and six years, while the remaining 12 per cent of respondents had experienced gambling related problems for more than six years.

Video lottery terminals were identified most frequently as the type of gambling people experiencing problems were involved in. Among gamblers who reported the gambling activity they were experiencing problems with, 62 per cent identified VLTs, 12 per cent reported casino/slots, 6 per cent casino tables, 11 per cent traditional lotteries, 2 per cent sports betting, 2 per cent cards, and 1 per cent race track betting.

VOLUNTARY EXCLUSION PROGRAM
The Voluntary Exclusion Program is a process administered by the Authority through the *Casino Regulations* of the *Gaming Control Act*. The program is designed for individuals who have difficulties controlling the urge to gamble; financial and/or personal problems which have resulted from gambling; or feel it is in their best interest not to participate in casino gambling. By signing a Request for Voluntary Exclusion form, an individual voluntarily agrees not to attend any gambling casinos in Nova Scotia.

To participate in the Voluntary Exclusion program an individual may obtain a Request For Voluntary Exclusion form from the Authority, the Gaming Corporation or a member of the casino security staff in Halifax or Sydney. The only authorized Request For Voluntary Exclusion form is that drafted by the Authority.

To ensure that an individual understands the terms of their exclusion, specifically that the program lasts indefinitely, an employee of the Authority or the casino will review the voluntary exclusion process with the applicant. If the individual then decides to enter into the agreement, a copy of the signed Request For Voluntary Exclusion form and the individual’s photograph are kept on file in both the Sydney and Halifax casinos. After signing this agreement, any person attempting to enter either casino can be identified by casino security staff and escorted from the premises.

If an excluded participant wishes to be reinstated he or she must contact the Authority and request an Application for Reinstatement of Access to the Casino(s) form. Once the application for reinstatement has been received, a representative of the Authority will contact the applicant and ask him or her to sign a Consent to Investigation form. This form gives the Authority permission to investigate personal and financial information regarding the applicant. Following the completion of an investigation, a hearing is held with the board of the Authority and the applicant to review all the information. The applicant also has the option of signing a Refusal to Consent to Investigation form; however, the signed form is presented as evidence during the application for reinstatement.

When the Authority reaches a decision, it is provided to the applicant in the form of a written order. If the Application for Reinstatement is successful, the applicant is permitted to re-enter the casinos upon presenting the written
order to casino staff. If the application is not successful, the individual will not be allowed to re-enter the casino; however, he or she may apply for reinstatement at a later date.

Since the implementation of the program, there have been approximately 500 voluntary exclusion requests, depicted in Item 4.5.

### Item 4.5

<table>
<thead>
<tr>
<th>Voluntary Exclusion Requests, March 1999</th>
<th>Halifax</th>
<th>Sydney</th>
<th>Annual Total</th>
<th>Cumulative Total*</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 1995-March 1996</td>
<td>93</td>
<td></td>
<td></td>
<td>93</td>
</tr>
<tr>
<td>April 1996-March 1997</td>
<td>98</td>
<td>50</td>
<td>148</td>
<td>241</td>
</tr>
<tr>
<td>April 1997-March 1998</td>
<td>84</td>
<td>47</td>
<td>131</td>
<td>372</td>
</tr>
<tr>
<td>April 1998-March 1999</td>
<td>82</td>
<td>43</td>
<td>125</td>
<td>497</td>
</tr>
</tbody>
</table>

* Cumulative Total does not reflect the actual number of individuals currently excluded.

Throughout the 1998/99 fiscal year, the Authority has received a number of reinstatement requests. Item 4.6 provides information on the number of Voluntary Exclusion Orders which have been reviewed by participants requesting to have their access to the casino facilities reinstated. In the 1998/99 fiscal year, eight individuals were fully reinstated; three were denied; and one individual who had applied for reinstatement did not appear at the hearing.

### Item 4.6

<table>
<thead>
<tr>
<th>Requests To Revoke Voluntary Exclusion Orders, March 1999</th>
<th>Approved</th>
<th>Denied</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 1997-March 1998</td>
<td>6</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>April 1998-March 1999</td>
<td>8</td>
<td>3</td>
<td>1</td>
</tr>
</tbody>
</table>
Within Canada, Newfoundland, Prince Edward Island, New Brunswick, the Northwest Territories, and the Yukon do not have permanent casinos. Of the provinces that offer this type of recreational activity, Alberta is the only province not currently offering a voluntary exclusion program for its participants. Also, Nova Scotia is the only province that requires a hearing for reinstatement. Below is a brief description of the voluntary exclusion program implemented by the remaining provinces.

Québec
In Québec, the casino(s) are responsible for administering the voluntary exclusion program. The gaming regulators do not take an active role in the exclusion process. When individuals enter the exclusion program, they use their own discretion to determine how long the exclusion will last. The minimum exclusion time frame is six months and the maximum is five years. An individual can not be reinstated until after the exclusion period expires.

Ontario
Within the province of Ontario, the voluntary exclusion process is administered by the three commercial casinos. The Alcohol and Gaming Commission of Ontario does not take an active role in the exclusion process. Individuals who enter the exclusion process, can use their discretion for the exclusion time frame. However, the minimum exclusion period is six months. Individuals involved in the exclusion process do not receive any promotional materials. When the exclusion request expires, individuals request that the self exclusion be revoked. A reinstatement process cannot be implemented until after the exclusion period expires.
Manitoba
The Manitoba Lotteries Corporation administers the voluntary exclusion program for the province of Manitoba. As the regulator of the gaming industry, the Manitoba Gaming Control Commission does not take an active role in the exclusion process. Prior to January 20, 1999, individuals entering into the exclusion program in Manitoba did so indefinitely. Now individuals who exclude themselves do so for two years. After the two-year period, the exclusion automatically expires. If individuals wish to extend their two-year exclusion they must request an extension. Individuals who had previously excluded themselves indefinitely can request that the self exclusion be revoked after completing two years of the exclusion. Reinstatement to the casino(s) is not implemented until after the two-year exclusion period expires.

Saskatchewan
The Saskatchewan Liquor and Gaming Authority administers the voluntary exclusion program within the province of Saskatchewan. When individuals enter the exclusion program, they use their own discretion to determine how long the exclusion will last. The time frame ranges from six months to five years. Reinstatement to the casino(s) does not occur until after the exclusion period expires, however, some exceptions may occur.

British Columbia
Within the province of British Columbia, the BC Lotteries Corporation administers the voluntary exclusion program. When individuals enter the exclusion program, they use their own discretion to determine how long the exclusion will last. However, the time frames vary from six months, one year or indefinitely. Once individuals initiate the exclusion process they can not be reinstated until after the exclusion period expires or until a Self Exclusion Revocation form is filled out and processed.

DEPARTMENT OF HEALTH INITIATIVES
The Department of Health (DOH), Problem Gambling Services, is actively engaged in developing and delivering programs targeted at providing an awareness, education, and treatment of problem gambling. The following
outlines some of the Department’s problem gambling initiatives which are either planned, under way, or recently completed.

**Review Of Data And Information Collection System**
The provincial client data collection system, which provides information about the nature and extent of problem gambling in Nova Scotia, will be reviewed. If necessary it will be revised, within the limits of available resources, to ensure systematic, ongoing collection and analysis of the most pertinent data and information. The review will include the Department of Health’s Problem Gambling Help Line, and analysis of data collected by the former Regional Health Boards. It is anticipated that this review, in combination with anecdotal information from Addiction Services counsellors throughout the province, will provide new and important insights about trends and patterns among problem gamblers and their families.

**Review Of The Efficacy Of Outpatient Treatment**
Problem Gambling Services of the Department of Health will examine the merits of inpatient treatment vis-a-vis outpatient treatment for selected groups of problem gamblers. This will include a literature review and development of discussion papers. It is anticipated that this review, and the process of collaboration, will be valuable in determining the long-term treatment needs of problem gamblers in Nova Scotia.

**Nova Scotia Video Lottery Players’ Survey**
In 1997 the Department of Health, Problem Gambling Services, commissioned the *1997/98 Nova Scotia Video Lottery Players’ Survey*. As noted earlier, it has been recognized by Dr. Mark Dickerson of Australia as an excellent study related to VLT problem gambling. A great deal of new information about the attitudes and behaviours of VLT problem players has been learned from this research. This is information that can be used immediately in the development of interventions for the prevention and treatment of problem gambling. For that reason, every reasonable effort is being made by the DOH to disseminate this information. The dissemination process includes workshops and seminars for professionals, and if possible, will include the development of public service messages for broadcast on radio and television.

**Lapsed VLT Players Study**
The VLT Players’ Study, referred to above, revealed that 4.5 per cent of Nova Scotians (31,000 adults) can be categorized as Lapsed Regular Players. This group of gamblers comprises individual adults who used to play VLTs once per month or more (at some time in the past) but who, at the time of the study, played once every few months or less often. The DOH has contracted Focal Research to conduct a study related to Lapsed Regular Players. The main objective of this study will be to determine the factors and circumstances involved in the decisions which regular players make to diminish their levels of play.

Data suggest that some of these Regular Lapsed Players used to be Problem VLT Players. This raises the question: why have they “lapsed” into what is (apparently) problem-free VLT play? Information, related to the characteristics and motivations of VLT Players who have (for whatever reason) diminished their levels of play, will be invaluable in determining measures and strategies to address problem VLT play. It will also be crucial in establishing whether it will be possible to identify the characteristics and behaviours of Regular VLT Players who are at high risk of becoming Problem VLT Players.

The 1997/98 Nova Scotia Video Lottery Players’ Survey will serve as a framework for the conduct of the Lapsed VLT Players’ Study. Also, the subjects identified as lapsed players during the 1997 study will comprise the sample for the Lapsed Players’ Study.

**Responsible Gaming Program**

In October 1999, the Department of Health, in partnership with The Tourism Industry of Nova Scotia (TIANS) and the Nova Scotia Gaming Corporation, launched The Responsible Gaming Program. This program is substantially based upon the successful “It’s Good Business Responsible Beverage Program” developed as a collaborative venture between TIANS and the DOH. Much of the content is based directly upon the results of the 1997/98 Nova Scotia Video Lottery Players’ Survey.

The specific intent of the program is to provide VLT retailers and their staffs with the skills and knowledge required to develop, implement and maintain responsible gaming policies and procedures. The program is structured in two parts, one for owners and operators, and the other for servers. Each part
comprises presentations by training specialists from TIANS in partnership with professionals experienced in the prevention and treatment of problem gambling. These presentations, combined with the exchange of ideas and exercises, will help to ensure that owners and employees of establishments with VLTs have the skills and knowledge necessary to maintain the safest possible recreational environment for VLT players and themselves.

The program is designed to provide information about problem gambling to patrons who show demonstrable signs of dependency and who request help. The program is not designed to turn owners, operators and servers into clinicians or into interventionists who assess the nature and extent of problem gamblers’ dependency. The primary function of operators and servers will be to provide the information necessary for patrons to contact appropriate helping resources such as Addiction Services offices, the Department of Health’s Problem Gambling Help Line or Gamblers Anonymous.

It is anticipated that approximately 2,000 owners, operators, managers and servers will have completed the program by the 2000/2001 fiscal year. The program will be ongoing, and is expected to provide substantive opportunities for collection of data and the conduct of research.

VLT HARM REDUCTION STUDY

This collaborative study among Dalhousie University, the Nova Scotia Department of Health and the Nova Scotia Gaming Corporation was initiated in 1997 as a joint venture between the Department of Health and the Nova Scotia Alcohol and Gaming Authority.

The study is continuing at the Dalhousie University Gambling Research Laboratory. Phase I, involving investigation of a series of questions relevant to the understanding of problem gambling and its correlates, has been completed. The specific questions in Phase I pertain to identification of attentional impairments in problem gamblers, the effects of VLT play on the consumption of alcohol among regular VLT players, and alcohol’s effects on attention. This latter question is highly relevant to the understanding of co-morbidity of problem gambling and alcohol abuse.
All studies have been conducted in the "bar lab" in the Psychology Department at Dalhousie University. This lab is set up to resemble a real-world bar, officially licensed by the Authority, and equipped with two video lottery terminals.

The overall purpose of the study is to find ways to reduce the abuse of VLTs and alcohol among problem gamblers. The specific objectives are:

< to identify the characteristics of VLT players who develop problems with VLTs;

< to determine the nature and extent of the negative impact that VLTs have upon a minority of players;

< to determine the feasibility of chip modifications as means of mitigating problem play among players who develop problems with VLTs; and

< to examine the role which alcohol consumption plays in the development of problem VLT play.

Some Preliminary Findings And Implications

< At a mildly intoxicating dose, typically consumed by many regular VLT players, alcohol impairs certain attentional functions. Problem gamblers may find such alcohol effects desirable and rewarding, thus increasing their risk for the development of drinking problems.

< Pathological gamblers show deficits in sustaining attention over time relative to social gamblers. These vigilance deficits may represent risk factors for the development of gambling problems.

< A risk factor for the development of gambling problems (life-long impulsiveness starting in childhood) is associated with an increased susceptibility to the effect of alcohol in creating difficulties in ignoring reflexively-activated response tendencies. It is possible that highly impulsive individuals may use alcohol to help them respond more "reflexively" during VLT play.
VLT play selectively increases alcohol consumption relative to a control activity (watching a movie) among regular VLT players.

Since alcohol in combination with distracting activities is associated with anxiety reduction, some regular VLT players may be using the combination of drinking and VLT play (a distracting activity) to produce short-term reduction of pre-existing anxiety and tension.

Subject to funding, Phase II will involve the conduct of *in vivo* interventions to verify and or amplify the lab experiments, and to further examine the reciprocal relations between VLT play and alcohol consumption. If possible Phase II will include testing the hypothesis that alcohol, in combination with distracting VLT play, is most effective in reducing anxiety, and that this effect is stronger for pathological gamblers than for social gamblers. Information related to this issue is likely to have substantial implications for social policy.

### CANADIAN PROBLEM GAMBLING INDEX

The development of the Canadian Problem Gambling Index (CPGI) is a project of the Inter-Provincial Task Force on Problem Gambling. The research and development of this index is being conducted by a team under the direction of the Canadian Centre on Substance Abuse on behalf of the Inter-Provincial Task Force. Recent interest in measuring the prevalence of gambling in jurisdictions across North America has highlighted the shortcomings of available problem gambling indices. In particular, while the available measures appear to be good instruments for measuring pathological gambling in a clinical setting, they are perceived to be poor measures of problem gambling in the general population. Also, the measures of gambling prevalence presently in use in Nova Scotia have been developed for American jurisdictions. As a result, the goal of this research is to produce an instrument for the measure of problem gambling prevalence specifically for use in Canada, with general populations, in a telephone survey environment.

To date an extensive review of literature has been completed as well as a review of the topic by experts and key informants in Canada and the U.S. As a result of this phase, an instrument was developed for review by the Task...
Force and ultimate pilot testing by the research team. The pilot testing of the instrument is now underway. The purpose of this stage is to address the reliability, validity and classification accuracy of the CPGI. The research team is conducting phone surveys with three groups of respondents: non-problem gamblers, heavier gamblers, and self designated problem gamblers. Completion date of this phase of the project is intended to be December 30, 1999. At that point further testing and revision of the CPGI will take place. It is anticipated that the CPGI will be available for general use in September, 2000.
JUSTICE IMPACTS

JUSTICE ORIENTED INFORMATION SYSTEM

The 1997/98 Annual Gaming Report noted that the Justice Oriented Information System (JOIS) may provide a mechanism to track crimes which were motivated by problem gambling. During the past year, Authority staff consulted with representatives with the Department of Justice to explore options to modify the JOIS in order to make more accurate assessments of justice impacts resulting from gambling.

The JOIS creates a statistical database to track criminal proceedings in Nova Scotia, including arraignments, preliminary hearings, trials and sentencing. The database categorizes crime statistics according to sections of the Criminal Code, and can provide information on charges and convictions for that particular crime. Although the JOIS can provide statistics on gambling related crimes as identified by the Criminal Code (e.g., keeping a gaming or betting house), it does not record such information as causal factors which motivated the crime. Therefore, the JOIS is not capable of determining how problem gambling may have played a role behind the perpetration of criminal offences. Other judicial processes, such as investigations related to pre-sentence reports, may reveal certain social or psychological factors contributing to the commission of an offense, including problem gambling. However, enquiry for such factors is not mandatory, and only a small proportion of criminals are subject to such investigations.

ANNUAL REPORT ON ORGANIZED CRIME

The Annual Report on Organized Crime in Canada 1999 (AROCC - 1999) presents a comprehensive review of organized crime activity in Canada. The Criminal Intelligence Service Canada (CISC) relies on information provided by its member agencies across Canada, including the Criminal Intelligence Directorate of the Royal Canadian Mounted Police. Information from the participating agencies is gathered for the collection and analysis of intelligence data related to organized crime.
The AROCC - 1999 indicates that organized crime outfits in Canada are benefiting from illegal gaming activity. This type of criminal activity is predominately associated with 'Traditional Organized Crime', which is classified by the AROCC - 1999 as consisting of Italian-based criminal organizations. While the drug trade remains the activity of choice for traditional organized crime groups, these organizations are reported to be involved in varying degrees with illegal gambling operations. This activity takes place primarily in Ontario and British Columbia. The Traditional Organized Crime outfits which own sports bars or cafes are known to use these venues to house illegal gaming machines and betting operations.

CISC has launched a national illegal gaming initiative in partnership with the Ontario Illegal Gaming Enforcement Unit. With the implementation of this initiative and a corresponding increase in illegal gaming intelligence, CISC anticipates a clearer picture of the extent of illegal gaming amongst criminal organizations in Canada.

GAMBLING AND CRIME: MEDIA REPORTS

Over the course of the reporting period, a number of gambling-related crimes were described in Nova Scotian newspapers. Some of these articles are summarized below.

<  “Judge Rejects Guilty Plea,” The Daily News, August 5, 1999
This report involves a 42 year old Nova Scotia man who was charged with cheating at play at a Sheraton Casino blackjack table. The incident in question involved secretly adding to bets (i.e., capping) after wagering had closed. The accused had initially entered a guilty plea to the charge, but this plea was rejected by the judge when a pre-sentence report indicated that the accused was not prepared to admit that he was at fault. A trial was set for April 10, 2000.
“Bingo Game Held Up By Armed Robber,” The Chronicle-Herald, January 5, 1999
A man armed with a hand-gun held up a Dartmouth bingo game. According to witnesses, this individual produced his weapon and asked the game’s organizers to hand over cash. He then sped away from the scene in a car.

“Police Seize Illegal VLTs,” The Chronicle-Herald, March 12, 1999
As a result of four police raids which took place in the New Waterford/Sydney area, nine illegal gaming machines were seized. Charges included keeping a common gaming house and possession of an illegal gaming device. Sydney RCMP Constable Herb Martell was quoted as saying:

“Incidents of illegal gaming devices being installed inside businesses and private residences are on the increase and are causing concern for authorities and the general public.”

“VLT Addict To Try To Repay Mother-In-Law,” The Daily News, March 27, 1999
A Halifax man was convicted of fraud over $5,000 and sentenced to six months of house arrest after using his mother-in-law’s banking card and P.I.N. number to obtain money for VLT gambling. The banking card and P.I.N. number had been provided to the man by the mother-in-law so that he could take care of her banking needs. The man withdrew $12,000 from his mother-in-law’s account over a four month period, and spent the money on video lottery terminals. A further condition of the sentence involved a restitution order in which the man was required to repay his mother-in-law the amount of $5,000 by May 1, 1999. In The Daily News follow-up articles, dated May 14, 1999 and June 16, 1999, it was reported that the man had not yet paid back any of the money.

“Gambling Addict Given House Arrest,” The Bulletin (Bridgewater), April 28, 1999
A Bridgewater man was convicted of theft exceeding $5,000 and sentenced to three months of house arrest after stealing from his housing cooperative. The man, who is an admitted gambling addict, was the president and signing officer of the housing cooperative. Over a nine month period, the man cashed illegitimate cheques in the name of the housing cooperative for a total of $6,950. Amongst other conditions of his sentence, the man is required to pay $50 a month toward restitution.

“Company Fined $60,000 For Gambling Offence,” The Chronicle-Herald, January 12, 1999
Coinmaster Inc. was convicted of proceeds of crime offences and keeping devices for gambling. This Halifax company was fined $60,000 for the offences, which occurred between January 1989 and December 1994. The charges followed an investigation by an RCMP task force which had been set up uncover illegal gaming machines in the province. As a result of the operation, more than 300 gaming machines were seized and are now Crown property.

The RCMP is probing a complaint lodged by two Sydney businessmen who were turned down for a $1.4 million government loan to develop an in-room gambling system for hotel guests. The loan application was allegedly rebuffed after Techlink International Entertainment Ltd. officials refused to give one million shares in their company to two individuals with reputed ties to a former Liberal Economic Development Minister. The RCMP probe is ongoing.

RCMP CASINO GAMING SECTION

Section 209 of the Criminal Code of Canada (the Code) creates an offence for anyone who intentionally cheats while playing a game of chance or holding the stakes in a game of chance. In an effort to ensure compliance
with section 209 of the Code in Nova Scotia’s casinos, the RCMP Casino Gaming Section continually monitors casino game play. Nova Scotia’s casinos are equipped with state of the art surveillance equipment which is capable of monitoring all activity in the gaming area.

The Halifax Casino Gaming Section reported that three incidents were investigated in the calender year of 1998. Two of the incidents were determined to be unfounded, and the remaining incident was cleared without charges. From January of 1999 to the date in which this report was prepared, six incidents had been reported. Of those incidents, two were determined to be unfounded. Of the remaining four incidents, one charge was laid and the three remaining incidents were cleared without charges. The Halifax Casino Gaming Section described ‘cheat at play’ incidents as being relatively infrequent, and attributed this to the players’ awareness of security measures and precautions at the Sheraton Casino in Halifax. The Halifax Casino Gaming Section noted that when ‘cheat at play’ incidents do occur, they tend to involve the technique of ‘capping’ (adding casino chips to a bet after the wagering has closed) or ‘pinching’ (removing casino chips from a bet after the wagering has closed).

The Sydney Casino Gaming Section reported that in 1998, one incident was investigated but no charges were laid. From January of 1999 until the time this report was prepared, two incidents were investigated. Charges arose from one incident, although the ultimate charges were fraud related as opposed to ‘cheat at play’. The Sydney Casino Gaming Section also acknowledged that ‘cheat at play’ incidents in the Sydney casinos are relatively infrequent. Officers attribute this to an awareness on the part of casino patrons that gaming activities in Sydney’s Sheraton Casino are being closely monitored.

**RCMP PROVINCIAL ILLEGAL GAMING UNIT**

The RCMP’s Provincial Illegal Gaming Unit is responsible for investigating or assisting in the investigation of matters relating to illegal gaming activity. These investigations relate to gambling offences as described in the Code and Nova Scotia’s Gaming Control Act. The Provincial Illegal Gaming Unit assumes a very active role in the investigation of illegal gaming devices (also
known as ‘gray machines’). Possession of a machine used to operate a lottery scheme is an offense pursuant to the Criminal Code, unless the operator holds a valid registration certificate issued by the Alcohol and Gaming Authority.

The Provincial Illegal Gaming Unit reported the investigation of 61 complaints in the 1998 calendar year relating to illegal gaming devices. In that year, 12 illegal gaming devices were seized, and eight successful prosecutions resulted from the seizures. For the period of January 1999 to the date when this report was prepared, the Provincial Illegal Gaming Unit reported 28 complaints relating to illegal video lottery devices. Investigations for this period resulted in the seizure of 11 machines. Nine charges have been laid and court action is pending.

**AUTHORITY INVESTIGATION & ENFORCEMENT DIVISION**

The Investigation and Enforcement staff of the Alcohol and Gaming Authority is responsible for the enforcement of the *Gaming Control Act* and its regulations. This staff consists of the Director of Investigation and Enforcement, two field supervisors, a senior gaming analyst supervising three other gaming analysts, 24 compliance officers and the seven member RCMP Casino Investigations Unit. The following activities are monitored by the Investigation and Enforcement Division:

- casino gaming (pursuant to the Casino Regulations);
- video lottery terminals (pursuant to the Video Lottery Regulations);
- Atlantic Lottery Corporation products (pursuant to the Atlantic Lottery Regulations);
- bingos and bingo operators (pursuant to the Bingo Regulations);
- bingo suppliers (pursuant to the Bingo Suppliers Regulations); and
- ticket lotteries licensed by the Authority (pursuant to the Ticket Lottery Regulations).

Inspections of registrants and licensees are focussed on encouraging an understanding of and compliance with Nova Scotia’s gaming-related legislation and policies. Item 4.7 presents a tally of the number of
inspections conducted by the Authority’s Investigation and Enforcement staff for the fiscal years ending 1998 and 1999 respectively.

**Item 4.7**

<table>
<thead>
<tr>
<th>Investigation &amp; Enforcement Inspections</th>
<th>1998</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amusement/Theatre</td>
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<tr>
<td>Bingo</td>
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<td>Casino</td>
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<tr>
<td>Liquor</td>
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<td>207</td>
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<tr>
<td>Lottery (VLT)</td>
<td>5,978</td>
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</tr>
<tr>
<td>Lottery (VLT) ID Checks</td>
<td></td>
<td>87</td>
</tr>
</tbody>
</table>
ECONOMIC IMPACTS

SOCIOECONOMIC IMPACT OF VLTs

In June 1998, the Nova Scotia House of Assembly passed Bill 17, An Act to Impose a Moratorium on Additional Video Lottery Terminals and to Provide a Study of VLTs, which essentially capped the number of VLTs in Nova Scotia. The legislation also called for a study of the socioeconomic impact of video lottery terminals on the Province, to be conducted within six months. Porter Dillon Limited, in association with Sterling Research Incorporated, was commissioned to conduct the study, and presented their final report in April 1999, entitled, Socioeconomic Impact of Video Lottery Terminals (Appendix H).

Porter Dillon presented issues relevant to VLT gambling in Nova Scotia, including an explanation of the operation of VLTs, a comparison of the extent of VLT gambling, and a summary of the “pros and cons” of VLT gambling. It then conducted focus group interviews among non-VLT players, regular VLT players, and problem VLT players to “determine what social problems related to VLT use might be reduced or augmented in the event of a VLT reduction or ban.”32 Porter Dillon also provided a detailed analysis of the economic and fiscal impacts of VLTs on the province, using an incremental impact estimation approach.

Porter Dillon concluded that the VLT issue in Nova Scotia is extremely complicated. As per Porter Dillon’s study proposal, the authors did not offer any specific recommendations to government concerning further restrictions on VLTs. Rather, the authors presented evidence of benefits and costs associated with further VLT restrictions, but noted that, “the weighting of these positives and negatives, however, is a matter of judgement based on an understanding of the values of Nova Scotians, which we feel are best interpreted by elected legislators.”33 It should be noted, however, that the breadth and depth of Porter Dillon’s impact assessment was curtailed by time, budget, and resources.
Porter Dillon make a number of noteworthy observations and findings, including the following:

“Potential responses to VLT issues include further reducing the number of machines in Nova Scotia, modifying machines to alter playing characteristics, taking measures to limit play by specific users, and educating the public concerning the operation of VLTs and problems associated with excessive play.”

“If VLTs are banned, our Focus Group research suggests casual VLT players will be largely unaffected; regular VLT players will shift to other forms of entertainment, including other forms of legal gambling; and problem VLT players will shift to other forms of gambling, including gambling on First Nations Reserves and illegal VLT gambling.”

“Focus Group participants were fairly evenly split on the appropriateness of a VLT ban. Many felt VLTs place an undue burden on the social system. Roughly half of the problem players see a ban as the only way of keeping themselves from playing, notwithstanding that many later contended they would continue to play on illegal machines or at sites on First Nations Reserves.”

“The primary benefit of a ban, in the opinion of most Focus Group participants, is that it would prevent young people who have not yet played VLT games from taking them up.”

“The total household income impact on $121.1 million in net VLT expenditures diverted to other gaming and leisure activities will be in the order of $37.3 million. Proportionately, this is about 10 per cent less than the household income impact of the same expenditure on VLTs. On this basis, household income in Nova Scotia would be about $3.9 million less, if VLTs were eliminated, which translates into approximately 150 full-time equivalent jobs lost.”
“VLT gambling is an efficient method of government revenue generation dependent on self-selected individuals who, for the most part, are as able as others to afford to play.”

“Revenue will not be lost on a one to one basis if VLTs are banned. Money now spent on VLT play will be diverted to other economic activities that are taxed resulting in an estimated loss of $57.1 million of the current $80.4 million in revenue. Other gaming and leisure activities return less to the government because of higher operating expenditures and lower direct government revenue from consumer and operating expenditures.”

“The costs of approximately 6,400 problem VLT players in Nova Scotia are estimated at about $74.2 million, or $6.2 million less than the gross government revenue gain from VLT operation. This is based on an estimated cost per problem gambler of $11,600 derived from studies in other jurisdictions. Costs are related to employment cost, lost labour, health treatment cost, money taken from family necessities, bad debts, criminal justice, rehabilitation support services, welfare cost, and other factors. Data do not allow us to state definitively the quantity of these various costs in Nova Scotia. Banning of VLTs is unlikely to completely eliminate these costs.”

“If VLTs are banned there will probably be benefits to suppliers and operators of illegal VLTs; First Nations Reserves, which may well expand the number of legal VLTs they offer to the current allowable maximum; and to remaining legal forms of gambling.”

“If VLTs are banned, the primary current legal suppliers, licensed establishments, will be negatively affected and some may be put out of business.”

“...”
Porter Dillon concluded that, if VLTs are banned in Nova Scotia, household income in the province would decline by about $3.7 million, 145 full-time equivalent jobs would be lost, and government revenue would decline by about $57.0 million. As well, eliminating VLTs may not necessarily ameliorate problem gambling among VLT players, although abolition may reduce the number of future problem players. “To ‘break-even’ the removal of VLTs will have to result in a $60.7 million reduction in problem gambling costs.”

As stated earlier, Porter Dillon left the evaluation of the benefits and costs of VLT sanctions to the political arena. However, it notes a general lack of understanding about the impacts of video lottery gambling, and identify a need for education about responsible gambling to help eradicate the incidence of problem play.

**Socioeconomic Impact Of Other Gaming Activities**

The Authority has a statutory mandate to conduct research aimed at examining the impacts of gaming, both from an economic and a societal perspective. However, efforts to date have been limited to a unidimensional treatment of these concepts. As well, the Authority has recognized the difficulties inherent in attributing and valuing the benefits and costs of gaming. Consequently, the Authority deferred certain research initiatives intended to measure socioeconomic impacts, such as a proposal by MPM Gaming Research to examine social costs associated with problem gambling. Rather than undertake similar research, the Authority opted to await completion of the Porter Dillon report with the hope of adopting its methodology for similar socioeconomic assessments of other gaming activities.

Following completion of their report, the Authority commissioned MPM Gaming Research to review the methodology used by Porter Dillon to determine its validity and reliability, and to determine whether the study could be replicated for other types of gaming activities (Appendix I). The Authority recognized the value of repeating a proven methodology, both in terms of cost savings and comparability of results.
MPM Gaming Research indicated that Porter Dillon made a number of interesting and important findings. They also noted that much of the research was derived from other studies or sources, with focus group interviews being the only original research conducted by the authors. As a result, MPM Gaming Research had serious reservations regarding the use of Porter Dillon’s methodology for other gaming activities. As MPM Gaming Research notes:

“Overall, the Porter Dillon study raises some important empirical questions, maps an exploratory strategy for quantifying impacts and economic costs, and provokes further discussion and debate about the role of VLTs in Nova Scotia society and the best ways to study their social and economic impacts.”  

However, they go on to say:

“We do not recommend that future research in gambling follow this model. In addition to our reservations about overall research design, the Porter Dillon study is, in our opinion, rather derivative and to apply its methodologies to bingo, casinos, or lotteries would require the pre-existence of numerous player studies, impact studies and additional detailed government statistical data.”

MPM Gaming Research came to this conclusion based on the following, (detailed in Appendix I):

< The study lacked solid research to derive assumptions regarding VLT player behaviours. This absence of behavioural characteristics is even more pronounced for other gaming activities, which minimizes the opportunity to replicate the study.

< The research design, which combined focus group interviews with an incremental impact analysis, resulted in dubious findings. Focus group findings cannot reliably be projected onto larger populations. As well, it appears that the incremental impact analysis is based more on the 1997/98 Nova Scotia Video Lottery Players’ Survey,
the CANMAC Economic Impact report, and government statistics, than it is on the focus group interviews. It should be noted that Porter Dillon was well aware of the limitations of focus groups, and had initially proposed to conduct a survey of VL players that could be extrapolated to the population, but this option was withdrawn due to logistical and budgetary constraints.

Key assumptions were often drawn from other sources and studies, sometimes at face value with little consideration for variations in cultural, regulatory, spatial, or temporal contexts. For example, Porter Dillon stated the number of problem gamblers at 6,400 as reported in the 1997/98 Nova Scotia Video Lottery Players’ Survey, without critically evaluating the validity of this estimate. Similarly, Porter Dillon’s estimate of the social costs of problem gambling, based on estimates from studies in Manitoba and Wisconsin, failed to consider variations in history, culture, maturity and mix of gambling markets, and player types.

There are some questions regarding the validity of the economic impact analyses due to assumptions adopted and the mechanics of the calculations. For example, Porter Dillon used ‘net expenditure’ in their analysis but do not consider how distributional shifts may affect the overall economic impact (e.g., transferring income from spenders to savers). “Another problem is that the Porter Dillon’s estimation was based on the assumption that all VLT money ($121.1 million) is redirected to other gaming activities (which is a stronger assumption than their discussion of the players’ behavioural responses warrants).”

In conclusion, MPM Gaming Research stated that “the Porter Dillon study raises some fundamental questions that are important to ask and answer for other kinds of gambling. Unfortunately, there is an inadequate research base on which to build these estimates for different types of gambling.” The Authority is aware of other initiatives undertaken in other jurisdictions to measure the socioeconomic effects of gambling; however, the state of current research to measure costs and benefits of gambling is not yet mature enough to allow definitive conclusions to be drawn. The Porter Dillon study is a step in the right direction, but more work must be done to adequately measure the
impacts from gambling. It is likely that a variety of research methodologies and information sources will need to be employed in order to comprehensively measure impacts emanating from all gaming forms in Nova Scotia. Of course, this approach infers a significant investment of time, money, and expertise, so efforts should proceed prudently with coordination among major stakeholders.

VLT EXPENDITURE ANALYSES

It was hypothesized in the 1998 report entitled *A Survey of the Prevalence and Perceptions of Gaming in Nova Scotia*, conducted by Sterling Research Incorporated on behalf of the Authority, that “as video lottery expenditures increased, expenditures on other gaming activities would also increase.”42 While preliminary support for the relationship was found, the authors cautioned that further studies would have to be conducted due to sample size limitations.

To explore this hypothesis further, the Authority commissioned Focal Research Consultants Limited to undertake additional analysis of the data obtained in the 1997/98 *Nova Scotia Lottery Players’ Survey*.43 The survey provided a rich data-set which detailed the play behaviours, expenditures, attitudes and characteristics of 711 regular video lottery players. The data was re-analysed in order to obtain reliable measures of the relationship between video lottery expenditures and other forms of gambling.

The analysis conducted by Focal Research is presented in Appendix J, and summarized here. The examination of the relationship between VL expenditure and expenditure on other types of gaming consisted of two primary analyses:

< Segmentation Analysis: whereby the data was grouped into four VL expenditure segments. Average participation rates and expenditures for other gaming activities are compared among the four VL expenditure segments.

< Correlation Analysis: to test the relationship between monthly VL expenditures and monthly expenditures for other gaming activities.
For both analyses, gaming activities were categorized into the following groups:

- Total monthly gaming expenditures (including VLTs)
- Total monthly gaming expenditures (excluding VLTs)
- Combined lottery draws and instant tickets
  - Lottery draws only (including Lotto 6/49, Lotto Super 7, TAG, etc.)
  - Instant tickets only ($1 and $2 Scratch ’n Wins, Breakopens)
- Combined casino gaming
  - Slot machines
  - Table games (casino games, excluding slot machines)
- Bingo for money (excluding Lotto Bingo)
- Sports betting (including Pro-Line, other sports bets/pools)
- Other gaming (including charity raffles/draws, horse racing, card games outside the casino, and other betting such as dog races and off-track betting)

**Segmentation Analysis**

The segmentation analysis examined gaming behaviour (participation and expenditure levels) in terms of the average amount spent on any gaming by Nova Scotian adults in a given month. To describe patterns among different segments of video lottery players, Focal Research delineated players by expenditures into the following groups:

1) Non-VL Players
   Typically spend nothing on VL gambling in a month, comprising approximately 89 per cent of Nova Scotia adults.

2) Light VL Players
   Spend between $1 and $20 and play generally fewer than four times per month, comprising approximately 7 per cent of adults.

3) Moderate VL Spenders
   Spend between $21 and $100 per month and play on a regular basis but do not experience problems controlling their VL play; comprising approximately 2 per cent of adults.
4) Heavy VL Spenders

Spend over $100 per month and play on a regular basis but nearly half of whom experience problems controlling their VL play; comprising approximately 2 per cent of adults.

Focal Research found that, at some point in the past, adults in Nova Scotia have tried approximately three to four of 14 different types of gambling activities available in the Province. Approximately 11 per cent of adults in Nova Scotia play any video lottery games each month, of which just over half (6 per cent of all Nova Scotia adults) can be characterized as regular players. Those adults in the Province who had spent any money on video lottery gaming are significantly more likely than their counterparts to have:

< tried (ever played) more gaming activities at least once in the past (5.3 to 5.6 versus 3.3);
< participated in more types of gambling over the past month (2.0 to 3.3 versus 1.0); and
< participated in more types of gaming on a regular monthly basis (2.0 to 3.3 versus 0.8).

In terms of expenditure, VLT gamblers in Nova Scotia participate in a wider variety of gaming options and, as a result, tend to spend more money on gambling overall in a given month than adults who do not play VLTs. Focal Research found that Nova Scotian adults spend an average of $27 monthly on gaming activities excluding VLTs, and this amount significantly increases in relation to VL expenditures. Heavy VL spenders, in general, spent nearly twice as much on other types of gaming as Moderate VL spenders ($122 versus $61 per month), although adults in each group participated in a similar number of gaming options on a regular basis. The expenditure pattern holds true for Light versus Moderate VL spenders as well ($61 versus $39 per month on gambling other than VLTs).

This direct relationship in expenditures is evident for lottery draws, instant tickets, casino gaming, and casino table games, but not so for bingo. For slot machines and “other” gaming activities, the average expenditure by Heavy VL spenders was significantly different than the other players, with spending levels three to four times higher than other adults. It should be noted that the
amount spent on VLTs by Heavy VL spenders far exceeds their expenditures on other gaming options (about 87 per cent of their total monthly expenditure), and that their total gambling expenses are at least nine times higher than for other gamblers.

**Correlation Analysis**

Focal Research conducted correlation analysis to test the relationship between monthly video lottery expenditures and monthly expenditures for the other gaming activities. Correlation analysis provides further support to the hypothesis that people who spend higher monthly amounts on VLTs also spend more on other forms of gaming, except for bingo and other sports betting. There was a significant relationship between monthly expenditure on VLTs and the combined monthly expenditures on other gaming activities excluding VLTs, explaining approximately 12 per cent of the variance for monthly VLT expenditures. Monthly expenditures on lottery draws and instant tickets are most strongly associated with monthly VLT expenditures.

### Item 4.8

**Correlation Between Monthly Expenditures On VLT’s And Other Gaming Activities**

<table>
<thead>
<tr>
<th>Monthly expenditure on ...</th>
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<th>r</th>
<th>r^2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gaming activities excluding VLT’s</td>
<td>669</td>
<td>.34**</td>
<td>.12</td>
</tr>
<tr>
<td>Combined lottery draws and instant tickets</td>
<td>669</td>
<td>.31**</td>
<td>.10</td>
</tr>
<tr>
<td>Draws only</td>
<td>669</td>
<td>.20**</td>
<td>.04</td>
</tr>
<tr>
<td>Instant tickets only</td>
<td>669</td>
<td>.29**</td>
<td>.08</td>
</tr>
<tr>
<td>Combined casino gaming</td>
<td>669</td>
<td>.29**</td>
<td>.08</td>
</tr>
<tr>
<td>Slot machines</td>
<td>669</td>
<td>.30**</td>
<td>.09</td>
</tr>
<tr>
<td>Table games</td>
<td>669</td>
<td>.12**</td>
<td>.02</td>
</tr>
<tr>
<td>Bingo</td>
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<td>--</td>
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<tr>
<td>Other sports betting (including Pro-Line)</td>
<td>669</td>
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<td>--</td>
</tr>
<tr>
<td>Other gaming</td>
<td>669</td>
<td>.14**</td>
<td>.02</td>
</tr>
</tbody>
</table>
The second correlation analysis was conducted with those who engaged in both VL play and the specific gaming activity being examined. The second correlation analysis confirmed the results noted previously, with stronger relationships observed for four of the gaming activities. The results confirm the hypothesis that those spending higher amounts on VLTs are also more likely to be spending higher amounts on other forms of gaming. Casino gaming is most strongly associated with monthly VLT expenditures, most notably on slot machines. Again, monthly expenditures for bingo and sports betting appear to be independent of monthly VLT expenditures among those playing these forms of gaming.

Conclusions

As hypothesized, there is a positive relationship between the amount spent on VLTs and other gaming expenditures. Essentially, as VLT expenditures increase, the amount spent collectively on gambling activities tends to also increase exponentially - largely due to the amount of money typically spent on VLTs each month.

It is noteworthy that expenditures on other gambling by Heavy VL Players, on average, are at least twice as high as noted for any other VL player segment ($120 versus $40 - $60), and exceeds Non-VL Players by a factor of five ($23). Also, Heavy VL Spenders allocate the majority (87 per cent) of their gambling dollars to VL play, as compared to 50 per cent or less by other VL players.

Given the relationship between VLT and other gaming expenditures, the question arises whether gaming expenditures of VL players would be reduced or diverted if VLTs were not available. This question is pertinent given current controversies surrounding VLTs, and any consideration of elimination or reduction in the number of VLTs in the Province.

Focal Research found that, “the evidence of this current analysis suggests that, depending upon the level and extent of involvement in video lottery gambling, an increase in other gambling expenditures would be expected. Although it should be noted that, given the current strategies for other gaming options available in Nova Scotia, it is highly unlikely that diverted expenditures would reach the levels noted for video lottery.”

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Research adopts this position largely due to the nature of video lottery play, which is more accessible, continuous, and unscheduled compared to other gaming activities. This also assumes that, in the absence of VLTs, VL players would not divert their gambling activities to an illegal market, perhaps comprising VLTs.

For all analyses, there was a positive association among expenditures on VLTs and all other gaming activities except bingo and, to a lesser extent, sports betting. The exceptions can be partly explained by the nature of the games, which are less accessible, can have betting caps, and are often played at specified times. Focal Research notes that if these or any other gaming activities were to become more accessible in a continuous gaming format, then the relationship with VL expenditures may be considerably strengthened. For example, the strong association between slot machines and VLTs is probably a reflection of the extent to which the games are alike.
ENVIRONMENTAL IMPACTS

As was the case in the previous reporting period, the environmental impacts of gaming in Nova Scotia are considered minimal. In assessing these impacts, the Authority reviewed the operations of casinos, bingos and bingo suppliers. There does not appear to be any appreciable difference in the level of automobile traffic, parking problems or noise levels at Nova Scotia’s casinos. Both casinos continue to recycle when possible.

Nova Scotia’s bingo suppliers report that the bingo paper which they supply to licensees is fully recyclable. The bingo paper, if recycled, could be used for cardboard boxes or lower grade paper. Bingo suppliers are also using the more environmentally friendly vegetable based inks in bingo markers.
NOTES FOR CHAPTER 4

1 Nova Scotia Standing Committee on Community Services (1999). Socioeconomic Impact of Video Lottery Terminals
3 Nova Scotia Standing Committee on Community Services (1999). Socioeconomic Impact of Video Lottery Terminals
5 Cautionary note from Nova Scotia Alcohol and Gaming Authority.
7 Ibid.
8 Ibid.
10 Ibid.


19 Ibid. p. XIX.

20 Ibid. p. XIX.

21 Ibid. p. XX.

22 Ibid. p. XXII.

23 Ibid. p. XXV.

24 Ibid. pp. 3-4.

25 Ibid. p. 12.

26 Ibid. pp. 3-4.


Nova Scotia Standing Committee on Community Services (1999). Socioeconomic Impact of Video Lottery Terminals

Ibid.

Ibid.

Ibid.

MPM Gaming Research (1999). Review of the Porter Dillon Study: Socioeconomic Impact of Video Lottery Terminals


MPM Gaming Research (1999). Review of the Porter Dillon Study: Socioeconomic Impact of Video Lottery Terminals

Ibid.


44 Ibid.
CHAPTER

GAMING ACTIVITY IN OTHER JURISDICTIONS

INTRODUCTION

Section 56(1) of the *Gaming Control Act* directs the Nova Scotia Alcohol and Gaming Authority (the Authority) to:

(c) carry on a continuous study of the operation and administration of casinos, other lottery schemes and gaming control laws in effect in other jurisdictions, including the Criminal Code (Canada), that may affect the operation and administration of casinos and lottery schemes in the Province.

This year, the Authority has focused much attention on the increasing impact of computerized gaming and on investigative works into gambling undertaken by the governments of the United States and Australia. Thanks to the new global realities of computerized networking, it is increasingly difficult to assess the gaming industry within the confines of traditional jurisdictional boundaries. For this reason, this year’s overview of gaming operations in other jurisdictions is grouped by gaming activity, not by nation.

As part of its ongoing commitment to providing data for cross-jurisdictional comparisons within Canada, the Authority is also including its fourth cross-jurisdictional review of lottery schemes and gaming control laws.
GAMBLING ON-LINE

Like the rest of the world, people who like to wager are getting wired – and so are their suppliers. Not surprisingly, then, computer-based gaming is capturing the attention of players, and of regulators.

THE STOCK MARKET, DAY-TRADING

This year the concept of gambling on the stock market took on increased prominence thanks to the practise of day-trading (the use of home or office computers to buy and sell stocks quickly). It has been estimated that one hundred million Americans own stocks and almost five million of them buy and sell on-line.¹

Although it is difficult to know how many Nova Scotians are involved in day-trading or even on-line investing, Statistics Canada cited a report in February 1999 which said that more than 38 per cent of Canadian households had one or more members who used computer communications for banking, e-mail or the like in 1997, and that 29.4 per cent of households contained at least one regular user.² Given that higher rates of education increase computer use for such activities³ and that Nova Scotia is home to 11 institutions of higher learning, it seems reasonable to conclude that at least some day-trading may indeed be taking place here.

So what is the correlation between investments and gambling? The Australian Productivity Commission, in its draft report on gambling industries, said that even risky investments can realistically be expected to offer a positive rate of return over time. “With a gambling product, the return may vary from time to time, but with enough transactions and over time, the expected rate of return for the gambler is negative.”⁴ As a business writer for The Associated Press explained:

“The long-term rise of the stock market, supported by economic growth, is a powerful force benefitting people who keep their money invested over time in funds or individual stocks. Once you start buying in the morning and selling in the afternoon, you are no longer riding this current, but trying to catch individual waves one by one.”⁵
It would appear that, like some gamblers, some on-line traders have disproportionate perceptions of the odds of making large profits.

**INTERNET CASINOS, BINGOS AND COMPETITIONS**

Sebastian Sinclair, a research consultant who testified before the National Gambling Impact Study Commission (the Gambling Impact Study) in the United States, estimated that Internet sport wagering, casino, lottery and bingo play more than doubled in the past year, with the number of gamblers increasing to 14.5 million from 6.9 million worldwide and revenues rising to $651 million from $300 million. Others think that revenues worldwide topped $900 million in 1998. Experts testifying before the Gambling Impact Study appeared to agree that because consumers are growing more comfortable at conducting other types of business transactions on-line, the Internet gaming business should continue to grow, making it a multi-billion-dollar undertaking by the turn of the century.

Bingo games, lotteries and casinos are not the only forms of wagering to be found on the Internet. Intranets and even e-mail are taking sports pools and other kinds of betting to new, electronic markets. The Gambling Impact Study noted its concern over on-line tournaments which it fears may act as a gambling gateway for youngsters. The tournaments at issue involve regular video or computer games but require players to pay a registration or entrance fee, part of which is used for prizes.

Different nations are taking different approaches to Internet and on-line gambling (see regulation section below). In Canada, one offshoot of the business has been in software development. In addition to head offices of firms that operate on-line casinos from offshore servers, Canada is home to an estimated 15 on-line games' companies that are publicly traded.

**THE INTERACTIVE GAMING COUNCIL**

Canada is also the base of the Interactive Gaming Council, a coalition of 60 companies involved in on-line gambling. The council has developed a voluntary code of conduct and seal of approval programs for its members. These programs are designed to address such issues as truth in advertising.
and prevention of underage gambling and to give players confidence in operators’ integrity. This year, the council helped organize what it hopes will be an annual summit of interested on-line parties. It also developed a database system to help its members pre-screen credit card users – an effort to help minimize bad debts for the firms and to help counter concerns over compulsive gambling.

WORLDWIDE REGULATION OF THE INTERNET

On-line wagering brings with it unique concerns over game/operator integrity, client confidentiality, problem play and liability.

In June of 1998, for example, a California woman was sued by her bank after she tallied $70,000 in Internet gambling debts on various credit cards. The woman countersued her bank and the credit card companies, alleging they should have stopped her from conducting the transactions because gambling is illegal in California and on-line gambling is prohibited throughout the United States. In July of 1999, MasterCard International announced it had set new regulations affecting the use of its cards for Internet wagering as part of an out-of-court settlement in the case. The rules, which are similar to ones already put in place by Visa, will require Internet casinos with merchant accounts to post Web notices stating that Internet gaming is illegal in certain jurisdictions. The on-line firms will also be required to ask potential clients where they live and keep a record of that information. Banks will be advised by encoded transaction data when wagers are being placed on MasterCard.

Meanwhile, Arizona State Senator John Kyl has drafted legislation that advocates prohibitions on most aspects of Internet gambling in the U.S. An earlier effort by Senator Kyl to ban Internet gambling in 1998 failed. His re-introduced legislation would update U.S. law to prohibit card games popular in cybercasinos and would ban electronic transmissions of bets. It received the approval of the Senate Judiciary Committee in June of 1999, at about the same time the Gambling Impact Study’s final report was also recommending an outright ban.

Critics of the American endeavours argue that a blanket ban is technologically unenforceable and therefore doomed to fail. They favour
regulation that nets government fees and that could help credible Internet providers who protect consumers against scams, problem and/or underage gambling. Under Australia’s draft regulation plan, for example, casino operators must register players (to help prevent gambling by minors), betting limits are set, and players are forbidden from wagering if they don’t have funds on deposit in a casino account. Individual state governments, which are responsible for gaming, must opt into that national program. Worldwide, fees for the privilege of doing business vary from country to country, and in some places, like Antigua and Barbuda, depending upon the individual gaming activity to be conducted. Some governments get more than revenue for the license privilege. In the Caribbean Island of Dominica, for example, application fees and operational fees are married with demands for local employment and donations to environmental, health and educational projects on the island.

Such plans are not restricted, however, to offshore islands. In Canada, where all legal gaming falls under the parameters of the Criminal Code, Prince Edward Island is considering a proposal that would see it act as a base of operations for an Internet lottery. Legislators there have been asked by an environmental group to license an Earth Future Lottery, allowing them to operate a non-profit charitable cyberspace lottery from Montague, P.E.I.

**TRENDS AND ISSUES AROUND THE WORLD**

**INTERNATIONAL RESEARCH PROJECTS**

Presented to the U.S. Congress in June of 1999, the final report of the National Gambling Impact Study Commission (the Gambling Impact Study) actually falls outside the parameters of this report’s 1998/99 fiscal year. Likewise, the Productivity Commission’s draft report on Australia’s Gambling Industries was released in July of 1999, after this Annual Report’s year-end of March 31. Given each document’s analysis of existing research and assessments of the overall impacts of gambling, however, the Authority would be remiss if it did not take this opportunity to review and comment upon their findings.
National Gambling Impact Study Commission Final Report

With a budget of $5 million, the Gambling Impact Study was given a two-year mandate by U.S. President Bill Clinton to study the state of gambling in America. Politically charged from the outset by concerns that either gaming or right-wing lobby groups would influence the agenda, the Gambling Impact Study’s final report found that gambling is big business and getting bigger (revenues from legal wagering have grown by 1,600 per cent);\(^\text{12}\) that problem gamblers cost the economy billions of dollars\(^\text{13}\) and determined that WorldWideWeb wagering should be banned in the U.S. The Gambling Impact Study also emphasized a matter long of concern to the Authority: a “dearth of impartial, objective research that the public and policymakers at federal, tribal, state and corporate levels need to shape public policies on the impacts of legal gambling.”\(^\text{14}\) The Gambling Impact Study tried to fill part of the void with research by the National Research Council and by the National Opinion Research Council at the University of Chicago and by setting parameters by which future studies may be undertaken.

Australia’s Gambling Industries Draft Report

An independent agency that reviews and advises its government on microeconomic policy and regulation, the Australia Productivity Commission has also expressed concerns over the nature of research in an industry it confirms is big business Down Under. In 1997/98, the study says, the nation’s residents lost more than $11 billion to wagering. This equates to an average of about $800 per person over the age of 18, with 52 per cent of the total expenditure coming from VLTs (gaming machines outside casinos). Of the $11.3 billion loss, the Productivity Commission’s surveys and hearings determined that $10.8 billion was by Australians, with the balance by overseas visitors.

While gambling was popular in general -- 82 per cent of adult Australians gambled in 1997/98 (apart from raffles or sweeps) -- just 10 per cent of gamblers accounted for the bulk (80 per cent) of expenditures. Although it determined that “no single existing test instrument is perfect for measuring the extent (prevalence) of problem gambling in the population,”\(^\text{15}\) the Commission used several methodologies to ultimately estimate that 2.3 per
cent of Australia’s adult population (330,000) have significant problems with gambling, with one per cent experiencing “severe” problems, that their annual losses average almost $12,000, compared to $625 for other gamblers, and that problem gambling is significantly greater in Australia than in a number of other countries.

Although the Productivity Commission was only preparing a draft report that is likely to be revised after further hearings, it has already said there is a need to focus on policies that are based on harm minimization including: more effective communication of the odds and probabilities of play, hardware and software methods of advising players of spending patterns, and improved regulation of various aspects of the industry.

**Comparing The Findings**

Unlike the U.S. Gambling Impact Study, the Productivity Commission did not include a list of recommendations per se in its draft report. It did, however, include itemized lists of key findings or key messages in most of its 21 chapters and in the executive summary. While some of the findings in each nation may be applicable only in that area, many of the principles, concerns and suggestions can or are being applied elsewhere. With this in mind, the Alcohol and Gaming Authority undertook an item by item comparison of Nova Scotia policies, laws and trends first with the Gambling Impact Study’s 72 recommendations and then with the Commission’s key findings/messages. (These item-by-item comparisons are reproduced in their entirety in Volume II of this Report.) Taking legislative differences between the jurisdictions into account, many of the measures cited in each of these international studies are already covered by the Nova Scotia *Gaming Control Act* and associated regulations or are being acted upon by the Authority or the Nova Scotia Gaming Corporation. Other recommendations have been identified by the Authority in previous Annual Reports as areas of concern or have been topics of regional research.16

The Alcohol and Gaming Authority also took particular note that some of its concerns were shared by the Productivity Commission and the Gambling Impact Study. During the course of its comparison, the Alcohol and Gaming Authority found cross-jurisdictional support for:
< an age of majority for all forms of gambling;  
< the creation and implementation of advertising standards;  
< the need to improve and broaden rules affecting self-exclusion;  
< the need for all gaming providers to develop mission statements or policies on problem gambling;  
< the need for further study and possible regulatory development regarding Internet wagering;  
< further study and possible restriction of the use or location of credit card and cash machines in places where gaming is permitted;  
< the better publication of the odds and probabilities of winning;  
< the need for a central body to be responsible for research into gambling; and  
< the need for independent handling of funding aimed at research and treatment programs aimed at problem gambling.

CASINOS

In North America, perhaps the biggest news in casinos this past year was the continued trend toward large-scale American mergers as more casinos were swept under new corporate titles. Harrah’s assumed ownership of Rio Hotel and Casino Inc.; MGM Grand acquired Primadonna Resorts, and Hilton took on Grand Casinos. This all occurred before Park Place Entertainment Corporation (Hilton’s newly named spinoff division for gaming, which also is home to Bally’s Casinos) bought the gaming division of Starwood Lodging. That buyout, which is expected to be finalized in November 1999, means that brand kingpin Caesars Casinos as well as most Sheraton properties (including the two operated in Nova Scotia) will now fall under the corporate umbrella of Park Place.17 If these megafirms keep their debt ratios in check, a small number of large firms will have easy access to financing, making their positions difficult for smaller companies to competitively challenge.

North America was not alone in this trend toward megafirms. In France, large groups are acquiring smaller one- or two-property firms at a rapid rate and in Portugal two groups now have control of six of the nation’s eight casinos.18 In Austria, where all of the nation’s 12 casinos are under the

Casinos Austria monopoly, the operator is targeting foreign rather than
domestic growth, now being active in 10 countries on four continents.\textsuperscript{19}

Nor were casino owners the only ones amalgamating. Slot manufacturers were also buying up each others’ properties,\textsuperscript{20} and casino owners were beginning to acquire the economies of scale they needed to eye the potential of that market, too. Park Place Entertainment Corporation has expressed interest in developing proprietary slot and video games for use on its properties.\textsuperscript{21} By the summer of 1999 it was already test marketing a slot version of a popular America Online (AOL) game Slingo, a slot-bingo style product.\textsuperscript{22} The company would reportedly amortize its research and development costs by seeking approval from various jurisdictions to feature the brand named video and slot-style games which would actually be produced by traditional manufacturers.\textsuperscript{23}

Park Place’s tentative steps toward game development comes at a time when the general trend appears to be taking a toll on traditional, three-reel games. Video, coinless and nickel slots continued this year to emphasize increased interactivity and more entertainment value for play time. Video reels also helped repopularize nickel games, which are expected to come to Nova Scotia’s casinos soon.\textsuperscript{24} By allowing 25, 45, 90 or even 200 coins to be wagered at a time, the nickel slots take as much of a gambler’s money in one roll as some dollar machines, earning operators comparable returns to the more traditional lever and reel machines.\textsuperscript{25} Indeed, from September 1997 to September 1998, Nevada’s 1,500 nickel slots earned $701 million for casinos, nearly 9 per cent of total win, according to the state Gaming Control Board.\textsuperscript{26}

**BINGOS**

The once traditional game of bingo is stepping into the computer age with linked bingos, progressives and electronic play of other sorts taking a larger share. In Europe, GameScape’s BingoVision, for example, is now found in Estonia, Lithuania, Slovakia, New Zealand, Belgium and Germany.\textsuperscript{27} In addition to players at home, who buy their tickets at normal lottery outlets and follow the game via television, BingoVision features a TV game-show component. By dividing a studio audience into teams and selecting people to play for prizes on behalf of those teams, the TV show adds the colour and entertainment required to attract game show audiences. Computer
technology also heightens suspense; operators advise the home audience how many other players are within striking distance of a win as the game nears its climax. Like linked bingos, which use electronics to tie together gaming halls in far flung places for combined and sometimes progressive wins, the TV-style electronic bingo is aimed at attracting a younger, computer-comfortable player. The efforts appear to be working. BingoVision sales account for more than 85 per cent of the on-line market in Lithuania, 75 per cent in Estonia, 14 per cent in Slovakia, 8 per cent in both New Zealand and Germany and 5 per cent in Belgium.\(^{28}\) Prizes in the Ontario Lottery Corporation’s linked Superstar Bingo progressive activity meanwhile have topped out at $640,536 for a progressive pot.

**LOTTERIES**

Big prizes and electronics also helped traditional lotteries rebound worldwide in 1998, after a business decline in 1997. Overall sales in 1998 neared $125 billion, up more than 4 per cent over 1997’s $119 billion. Five countries topped $9 billion:

\(<\) the U.S. ($36.7 billion);  
\(<\) Italy ($12.3 billion);  
\(<\) United Kingdom ($9.9 billion); and  
\(<\) Spain ($9.7 billion) and; Germany ($9.4 billion).

Canada finished in the top 10, with lottery sales of $5.1 billion placing it in eighth place.\(^{29}\)

The United States’ sixth annual National Gaming Survey, conducted in the summer of 1998, showed that more Americans played the lottery (70 per cent) than any other form of legalized gaming and that 25 per cent play at least once a week.\(^{30}\) Multi-state games like Powerball tapped into consumers’ desire for big prizes. Jackpots that topped $295 million sometimes spurred on other ticket sales, other times led to what some state lottery officials said were false expectations of big money.\(^{31}\)

The U.S. state lotteries were not the first to link their fortunes in the interest of economies of scale and/or big prizes. Lottery operators in Denmark, Finland, Iceland, Norway and Sweden began Viking Lotto in the early 1990s.
and are now having mixed results: Norway’s sales increased 27 per cent on Viking Lotto in 1998 while sales in Sweden went down 3 per cent. Even the associations representing lotteries were seeing strength in the size that mergers provided. In May 1999, the European Association of State Lotteries and Lottos combined with the European section of Intertoto to form the European State Lotteries and Toto Association, otherwise to be known as European Lotteries. In all, the European Lotteries umbrella covers 75 lotteries and 40 separate jurisdictions in Europe.  

The Powerball phenomenon in the U.S. had other fallouts. When the jackpot hit $195 million in May 1998 and $295.7 million in July 1998, Hoosier Lottery of Indiana replaced its promotional TV and newspaper ads with ones reminding people that the odds of winning were 80 million to one. Some other state lotteries also use responsible play messages whenever jackpots hit a certain level.  Still, the Gambling Impact Study harshly criticized lotteries for aggressive advertising and marketing approaches, setting a tone for expected change.

Lottery operators are also pressing the buttons on an electronic future. A recent magazine article noted 45 separate Web sites for lotteries outside North America.

North American lottery operators are also eyeing the future. In Prince Edward Island, for example, talk of a cybersite (as mentioned earlier) is based on an environmental group’s request for a licensing arrangement that will allow it to operate an Internet lottery for its charitable cause.

Loto-Quebec, however, is testing an on-line idea of another kind, selling CD-ROMs at local ticket outlets. After using the CD once, a player would go to the local retailer to get a new scratch ticket number or identifier code to allow access to a new interactive game. In Switzerland, lottery operators have also opted for an electronic style of instant ticket that is sold via special terminals in cafes and restaurants. Unlike the CD, the Swiss electronic tickets reportedly represent the same games and graphics as their existing paper equivalents.
ELECTRONIC GAMING MACHINES

Electronic gaming machines continue to be the subject of concern. In its final report, the Gambling Impact Study observed that non-casino-based gaming devices "do not create a concentration of good quality jobs and do not generate significant economic development." Skeptics may wonder if that observation wasn’t at least partly the working of vocal casino industry and labour representatives on the study’s commission. Still, public concern over neighbourhood wagering machines appears common. Efforts to oust the machines, however, have had mixed results.

Alberta VLT Plebiscite

During municipal elections in October of 1998, 36 municipalities polled public sentiment on the issue of Video Lottery Terminals (VLTs). In all but five municipalities that held votes, a majority voted against propositions that called for bans of the VLTs. Tallies indicate that 310,405 Albertans voted to let the VLTs remain while 254,947 voted that the machines be ousted from their communities. But that was not the end of the matter. In a decision released early in March 1999, Court of Queen’s Bench Justice Doreen Sulyma ruled that the Alberta Gaming and Liquor Commission had exceeded its jurisdiction in trying to remove VLTs from communities that had voted in favour during plebiscites. Madame Justice Sulyma found “no evidence that the Commission considered any matter other than the government policy announcement and plebiscite results or that it independently considered its right to terminate” its contracts with VLT retailers.

“The record demonstrates that the Commission had no independent policy respecting the removal of VLTs from communities based on municipal plebiscites. Rather...it has blindly followed the directions and policy statements of the Cabinet.”

The judge essentially recalled the recall, further prohibiting the Commission from terminating any retailers’ VLT agreements as a result of:
- directions from the Minister in charge of lotteries or any other Minister or officers of the Crown;
- a request from any municipality;
- the results of non-binding plebiscite or;
- any combination of the above.
Louisiana Pulls The Plug

After years of legal wrangling and petitions, the results of a 1996 referendum in Louisiana were acted upon at the end of June 1999 when 4,897 of the state’s video poker machines were simultaneously turned off in a total of 33 parishes across the state.\textsuperscript{43} The appeals, however, continue.

Even as some communities try to ban the machines, their ongoing popularity cannot be disputed. During 1997/98, the major form of gambling undertaken in Australia was at poker or gaming machines.\textsuperscript{44} Indeed, electronic gambling accounted for more than 50 per cent of an industry that reportedly represented a loss of $790 per adult in that nation.\textsuperscript{45} In Denmark, meanwhile, the state-run monopoly Danske Tipstjenste is calling for the introduction of as many as 5,000 new VLTs on street corners, railway and bus stations, and in liquor-serving premises.\textsuperscript{46}

In Europe, the video lottery market is still in what one industry magazine called “embryonic” stages.\textsuperscript{47} In some places, like Iceland, the electronic devices’ revenues are directly tied to certain causes (the University of Iceland) while in others, like Sweden, attempts to mitigate potential problem gambling keep wager limits and prizes low.\textsuperscript{48}

Like their sister slot machines in casinos, electronic gaming machines are expected to undergo rapid structural changes as interactive gaming takes a larger place in the mainstream. The question will be whether manufacturers will find electronic ways of quieting critics’ concerns over their role in problem gambling while still making the games entertaining for customers and lucrative enough to satisfy operators/owners.
OFFICE AND BETTING POOLS

Games of chance go well beyond licensed lotteries and casinos, however, and often include activities society fails to recognize as parts (some legal, some not) of the gaming mix. Few topics, for example, are beyond the average office betting pool’s reach. The time at which a naval vessel will cross a certain point in its oceanic voyage, the delivery date of a baby or the results of an election -- all could be the subject of co-workers’ wagering. Sports pools are such a part of the norm that newspapers feature Las Vegas odds for pro games in their regular sports coverage. In Nova Scotia, 19 per cent of the residents contacted in a random survey in 1998 reported participating in sports and office pools; more than the number who stated they played bingo (17 per cent), VLTs (15 per cent) or gambled at the Sydney Casino (18 per cent). As the U.S. Gambling Impact Study noted in its final report, office and sports pools are easy to participate in, widely accepted, and probably the least likely to be prosecuted form of illegal gambling.

The Gambling Impact Study argued the need for better enforcement of rules forbidding this form of betting, saying studies show sports wagering can introduce youngsters to gambling. Still, a Massachusetts Department of Public Health survey in 1997 showed that 21.6 per cent of respondents randomly selected from students in grades 7 through 12 had bet on sports during the 30 days prior to the survey. The Gambling Impact Study said sports betting on college campuses becomes further complicated when athletes themselves are “tempted to bet on contests in which they participate, undermining the integrity of sporting contests.” It cited a 1999 University of Michigan survey that showed more than 45 per cent of male collegiate football and basketball athletes had admitted to betting on sporting events, despite rules forbidding it. “More than 5 per cent of male student-athletes provided inside information for gambling purposes, bet on a game in which they participated or accepted money for performing poorly in a game.”
CROSS-CANADA GAMING SYNOPSIS

Provincial governments are empowered under Section 207 of the Criminal Code to conduct and manage lottery schemes in their jurisdictions. Further, provincial governments are empowered under this section to act as licensing authorities for various other lottery schemes that are conducted within their provinces. While all provinces receive this licensing authority from the Criminal Code, the manner in which lottery schemes are administered varies from one province to the next.

Each year, the Authority reviews the administration of gaming activities in jurisdictions across the country and prepares for this Annual Report a brief description outlining the various regimes. As part of this cross-Canada process, each jurisdiction is asked to provide information regarding the following aspects of gaming in their area:

- agencies involved;
- enabling legislation;
- charitable licensing
- specific gaming activities
- First Nations gaming, and
- other important gaming developments.

The annual synopsis provides a comprehensive overview of the diverse gaming activities, administrative and regulatory processes in use across Canada. This synopsis has been adopted by the Canadian Gaming Regulators' Association as a resource guide to gaming activity in Canada.

BRITISH COLUMBIA

Agencies Involved

Gaming Policy Secretariat:

- A division of the Ministry of Employment and Investment;
- Established in April 1998 to oversee the implementation of the Province’s new gaming policies;
- Coordinates policy and operational issues between the various...
government gaming agencies; and
< Advises the Minister on gaming policy, procedure and implementation issues.

**British Columbia Gaming Commission:**
< Previously established under a provincial Order-in-Council, the Commission’s authority has been retroactively entrenched under the Provincial Lottery Act;
< Licenses charitable and religious organizations to conduct and manage gaming events under section 207(1)(b) of the Criminal Code;
< Develops terms and conditions applicable to charitable gaming licensees;
< Develops and promulgates regulations regarding fees for charitable gaming;
< Administers Direct Charitable Access to Gaming Revenue program (grants);
< Operates compliance program to ensure terms and conditions are satisfied;
< Licenses gaming activities at fairs and exhibitions under section 207(1)(c) of the Criminal Code;
< Licenses lottery schemes at public places of amusement under section 207(1)(d); and
< Licensed and regulated casino table games in British Columbia until June 1, 1998.

**British Columbia Lottery Corporation:**
< Incorporated in October 1984 and is continued under the Lottery Corporation Act of British Columbia (1985). Prior to 1985, the Province of British Columbia was a partner in the Western Canada Lottery Foundation.
< Authority under section 207(1)(a) of the Criminal Code and the Lottery Corporation Act to conduct and manage lottery schemes within BC, including marketing of nationwide and regional lottery games in association with other provinces of Canada.
< Designated by government as its agent to conduct and manage all electronic gaming, including electronic (Starship) and linked (SuperStar) and hand-held bingo.
< Conducts and manages casino gaming, including table games and slot machines under the conduct and management provisions [section 207(1)(a)] of the Criminal Code and the Lottery Corporation Act.

**British Columbia Racing Commission:**
< Established in 1960 by the provincial government to govern, direct, control and regulate horse racing;
< Responsible for ensuring a high standard of integrity in Standardbred and Thoroughbred racing thereby maintaining the confidence of the betting public in the industry;
< Regulates horse racing under the Horse Racing Act and the Rules of Racing for each sector;
< Regulates and approves live horse racing dates at seven race tracks across the province in Vancouver, Surrey, Sidney, Osoyoos, Kamloops, Vernon and Princeton;
< The commission also hears appeals on the ruling of judges and stewards against licensees found in violation of the rules and regulations:
< regulates teletheatre betting according to the Theatre Betting Rules (1994) ;
< administers the Horse Racing Improvement Fund which provides awards to breeders and owners of horses as well as purse supplements according to formula agreements with each industry sector; and
< administers the Horse Racing Improvement Fund according to the Horse Racing Tax Act and the Horse Racing Tax Act Regulations.

**Gaming Audit and Investigation Office:**
< Division of the Ministry of Attorney General;
< Mandate is to ensure that gaming in the province is conducted honestly and free from criminal and corruptive elements;
< Established in November 1995 under a separation concept and is, therefore, independent of the government agencies (BCGC, BCLC) responsible for the issuing of gaming licenses and/or conduct and management of gaming operations;
< Responsible for registration of gaming industry operatives including staff, management and owners;
< Investigates any occurrence which may be of a criminal nature or
bring lawful gaming into disrepute; and
< conducts audits of gaming operations and organizations against standards established by provincial legislation and policy.

**Adult Addiction Services:**
< Division of Ministry for Children and Families;
< Program implemented in fall of 1997;
< Mandate to provide problem gambling counselling services across British Columbia;
< Program is delivered through existing alcohol and drug network of services;
< Public awareness includes posters, brochures and stickers distributed to gaming venues;
< Toll free Help Line available for crises management information and referral;
< Responsible for training of counsellors and gaming industry staff; and

**Charitable Licensing**

The following 11 categories of charitable or religious organizations are eligible for licensed charitable access:
< relief to disadvantaged distressed, and of poverty;
< advancement of education;
< advancement of religion;
< advancement of culture and arts;
< amateur athletic sports;
< enhancement of public safety;
< enhancement of public/community facilities (improvements to public areas or maintenance of community non-profit facilities);
< advancement of public health in the community (public health care and related services);
< conservation of the environment;
< enhancement of youth (support of your programs that enhance human development, civic responsibility, and pride in the community); and,
community service organizations (to the extent that they donate to approved charity or religious organizations for approved charitable or religious purposes).

Specific Activities

The following gaming activities are permitted in British Columbia:

- paper, electronic and linked bingo;
- social occasion casinos;
- raffles;
- pari-mutuel horse racing (including live, intertrack, teletheatre and simulcast wagering);
- casino gaming (including table games and slot machines); and lottery schemes including Lotto 6/49, Super 7, BC/49, Scratch & Win, Extra, Sports Action, Club Keno, Break-open, Special Event and Daily 3.

Bingo

Paper bingos are licensed and regulated by the BC Gaming Commission.

Electronic (Starship) and linked (SuperStar) bingos are conducted, managed and operated by the BC Lottery Corporation under section 207(1)(a) of the Criminal Code and the Lottery Corporation Act.

In 1998/99, 2,263 charities were licensed to conduct and manage bingo events in 41 commercial bingo halls and 40 independent bingo halls. Many of these halls participate in SuperStar bingo.

Games played include traditional bingo, progressive games, merchandise prizes, and bonus games (e.g., Loonie Pot). Promotional couponing and “All you can play” discounting were introduced in 1999.

In 1998/99 there were 300 Independent Bingo licenses in British Columbia for play in smaller venues that do not necessarily have bingo as a primary focus (i.e., church halls, community centres). Many of these licensees subscribe to linked (SuperStar) games in the evening.

Electronic bingo, which is played in parallel with paper games, is now operated in eight bingo halls. Five halls were added in 1998/99. All electronic bingo is run by the BC Lottery Corporation.
under section 207(1)(a) of the Criminal Code and the Lottery Corporation Act. Fixed terminals are presently being used.

< Hand held bingo unit trials have occurred under section 207(1)(a) and are being offered by the BC Lottery Corporation, although there are no permanent installations at this time.

< Television bingo is played in a limited number of small communities, but a moratorium on licenses was imposed several years ago.

< There is one long-established operation in which three licensees play jointly through a closed circuit cable TV hookup.

**Regulatory Requirements**

< Maximum of five bingo events per day with no limit on the number of games that may be played per event (event length is controlled by licensed time).

< Maximum prize of $1,000 per game and $7,500 per progressive game; however, bonus games played with bingo games have no limit; no maximum prize limit per event.

< No maximum authorized amount for expenses as both the prize payout and the minimum return to charities are regulated.

< The minimum rate of return to charitable organizations is set at 25 per cent unless otherwise authorized by the Gaming Commission, which may allow variances for halls experiencing financial difficulty. Effective April 1, 1998, a facility-level guarantee was introduced for bingo licensees.

< The prize board is set at 50 to 65 per cent per event for bingo halls and 50 to 70 per cent per event for independent bingos.

< Charitable licensees conducting bingo events outside of bingo halls (Independent Bingos) are restricted to a maximum of 52 events per year.

< The minimum gaming age is 19 years of age or older.

< The license fee on bingo revenues was removed July 1, 1998.

**Raffles**

< Charitable ticket raffles are regulated by the BC Gaming Commission in a manner consistent with section 207(1)(b).

< In 1998/99, 605 “A” licence ticket raffles were issued by the BC Gaming Commission. Of these, 47 were for “mega raffles”, i.e., those in which the prize value is over $50,000 or tickets are valued
at $100 or more.

< There are no government-run charitable ticket lotteries in British Columbia.

**Regulatory Requirements**

< There are no maximum prize values set for ticket raffles. However, prizes must constitute a minimum of 20 per cent of gross revenue.

< There is no maximum authorized amount for expenses although commissions for ticket sellers are restricted to 10 per cent of ticket prices.

< The minimum rate of return to charitable organizations is 30 per cent of gross revenue.

< The license fee for charitable ticket raffles was removed in April 1999.

**Casinos**

< Effective June 1, 1998 all casinos in British Columbia (apart from social occasion casinos and those operated by fairs and exhibitions) are conducted, managed and operated by the BC Lottery Corporation in a manner consistent with section 207(1)(a) of the Criminal Code and the Lottery Corporation Act.

< Casinos at fairs and exhibitions remain the responsibility of the BC Gaming Commission under the Lottery Act.

< There are currently 16 community casinos operating in British Columbia.

< Charitable and religious organizations can access gaming revenue generated at community casinos through a Direct Access program administered by the BC Gaming Commission.

< Host local governments receive 10 per cent of the net income from community casinos and 1/6th net income from destination casinos. The government recently granted final approval for two destination casino proposals through an RFP process. A further six approvals-in-principle for destination casinos are currently being negotiated.

< Both community and destination casinos are restricted to a maximum of 30 table games and 300 slot machines per casino. Currently, there are 1,875 slot machines in operation in eight of British Columbia’s 16 casinos. All destination casinos, when
operational, will feature both table games and slot machines.

< BC Lottery Corporation contracts with service providers for casino operational services.

**Video Lottery Terminals**
< Video Lottery Terminals are prohibited in British Columbia.

**Horse Racing**
< The Horse Racing Act establishes the British Columbia Racing Commission (BCRC) and authorizes the Commission to licence race tracks, operators and personnel. The Horse Racing Tax Act provides for the licence fees and taxes on pari-mutuel wagering.
< The Canadian Pari-Mutuel Agency (CPMA) is responsible for compliance with and enforcement of section 204 of the Criminal Code. The agency sets out processes and procedures, provides funding for drug control administered by the BCRC, photo finish and video taping of races.
< The horse racing sector consists of seven race tracks and 25 teletheatres (26 approved).
< Of the seven race tracks, Fraser Downs and SanDown are privately owned, Hastings Park is operated by a non-profit Society and the four Interior tracks are operated by volunteer associations.
< A total of 270 live racing events and 711 simulcast horse racing events occurred in 1998.
< There were 133 live thoroughbred racing events and 137 live standardbred racing events.
< Hastings Park accounted for approximately 99 per cent of thoroughbred racing and Fraser Downs accounted for approximately 97 per cent of standardbred racing.
< Of the total $221.6 million wagered in 1998, approximately 77 per cent was returned to the public in the form of winnings. Of the remainder, $11.2 million flowed back to the sector, $4.3 million to the Province, $1.8 million to the Federal Government and $34.6 million to track operations.
< Of the $221.6 million wagered, 51 per cent was bet at horse race tracks and 49 per cent was bet via simulcast.
< Of the $221.6 million wagered, 68.4 per cent ($151.6 million) was wagered on British Columbia racing events.
< Thoroughbred horse racing accounts for approximately 68.2 per cent ($103 million) of the total handle wagered on British Columbia racing events.

< Standardbred horse racing accounts for approximately 31 per cent ($48 million) of the total wagered on British Columbia racing events.

**Lottery Schemes**

< British Columbia Lottery Corporation is responsible for the conduct and management of lottery schemes within British Columbia and cooperates with other provinces in the conduct and marketing of nationwide games.


< The Corporation’s products are available through a network of 2,400 Lottery Ticket Centre (LTC) retailers and 700 Club Keno Korners (CKK’s).

< Breakopen is available in licensed adult social settings, such as pubs. Club Keno is offered in some adult social settings (CKK’s) and through the LTC network.

< BC residents may purchase BC/49, Extra and 6/49 by Lotto Valet subscription. Subscription is available from BC Lottery Corporation for 26, 52 and 104 draws.

< Of British Columbia Lottery Corporation’s $1.26 billion in 1998/99 sales, $910.7 million was realized from lotteries.


**First Nations Gaming**

< British Columbia government policy is that First Nations face the same restrictions and rules as all other gaming operators in the Province.

< First Nations gaming opportunities are identical to those available to all British Columbians.
ALBERTA

Agencies Involved

< Alberta Gaming and Liquor Commission (AGLC).

Charitable Licensing

< Charitable or religious organizations, or an “Agricultural Fair or Exhibition.”

Specific Gaming Activities

< Enabling legislation: Alberta Gaming and Liquor Act; Alberta Gaming and Liquor Regulations; Bingo Terms & Conditions and Operating Guidelines; Raffle Terms & Conditions, and Pull Ticket Terms & Conditions; Casino Terms & Conditions and Operating Guidelines; and Video Retailer Agreement.

Bingo

< Number of Bingo Associations is 64;
< Number of charity licenses in Bingo Associations is 3,534 per year;
< Number of charities in non-associations is 358 per year;
< Maximum prize value per event is $15,000;
< Maximum authorized amount for expense is 10 per cent of gross revenue;
< Minimum rate of return is nil, the average is 17.2 per cent;
< Maximum events per day is two per facility; and
< Games played include: traditional, go-go series, media events, linked satellite events, and loonie pots.

Raffles

< Number of charitable licenses with raffles over $10,000 is 373 per year (note: raffles under $10,000 in total sales are issued by private licensing agencies);
< Number of Break-open charitable licensees is 672; and
< Government-run ticket lotteries are operated in conjunction with Western Canada Lottery Corporation (Lotto 649, The Plus, Super 7, Extra, POGO, Pick 3, Pro Line, Over/Under, Points Spread,
Instant tickets).

**Casinos**
- Number of charitable casinos is 17;
- Number of table games at major casinos is 16 or more;
- Number of table games at minor casinos is 15 games or less;
- There is no limit on slot machines (number determined by usage);
- Age limit is 18 years;
- Only approved games may be used;
- Maximum bet $500 per betting square;
- Paid employees must be registered with AGLC;
- Casinos in conjunction with agricultural fairs and exhibitions may operate maximum of 16 consecutive hours;
- Open seven days a week;
- Gaming equipment must be approved by AGLC;
- Gaming equipment suppliers must be registered with AGLC;
- All casinos must be closed on Christmas day;
- Liquor authorized on gaming floor; and
- Facilities must be constructed to AGLC security standards.

**Hours Of Operation**
- Table games - 14 hours between 10 a.m. and 2 a.m.
- Slot machines - 17 hours between 10 a.m. and 2 a.m.
- Poker with same chips as casino - 14 hours between 10 a.m. and 2 a.m.
- Poker with separate chips and poker room inside the casino - 17 hours between 10 a.m. and 2 a.m.
- Poker with separate chips and separate poker rooms which can be secured from the casino when the casino is closed - flexible hours.

**Video Lottery Terminals**
- Number of VLTs in effect on May 23, 1999, was 5,965;
- Maximum authorized by government was 6,000;
- Licensee retains 15 per cent of net sales;
- AGLC receives 85 percent of net sales;
- Located only in liquor Class A minors-prohibited premises (age restriction - 18 years);
- Licensee can not extend credit on credit cards; and
< Hours of operation - 7 days a week (excluding Christmas day) 10 a.m. to 3 a.m.

First Nations Gaming
< First Nations have bingo events and can conduct a maximum of two events per day.
< No First Nations have casino facilities. The AGLC has received some preliminary inquiries but no applications are complete.
< Gaming activities authorized include casinos, bingos, raffles, pull tickets, and VLTs.
< First Nations must comply with Gaming and Liquor Act, Gaming and Liquor Regulations, and respective Terms & Conditions and Operating Procedures.
< Regulating agencies include Alberta Gaming & Liquor Commission and police agencies.
SASKATCHEWAN

Agencies Involved

< Saskatchewan Liquor and Gaming Authority (SLGA); and
< Saskatchewan Indian Gaming Licensing Inc.

Charitable Licensing

< Organizations dedicated to:
  < relief of poverty;
  < advancement of education;
  < advancement of religion;
  < advancement of other community objects or purposes; and
  < cultural groups, educational organizations, minor sports leagues or teams, recreation facilities, religious organizations, community organizations, service clubs, and any organization that benefits the community as a whole.

Specific Gaming Activities

< Enabling legislation includes: The Saskatchewan Alcohol and Gaming Regulation Act; The Gaming Licensing Regulations; Bingo Terms and Conditions; Raffle Terms and Conditions; Break-open Terms and Conditions; The Saskatchewan Gaming Corporation Act; The Saskatchewan Gaming Corporation Casino Regulations; Terms and Conditions for Saskatchewan Exhibition Casinos; and Terms and conditions for Saskatchewan Indian Gaming Authority Casinos.

Bingo

< In the 1998/99 fiscal year, 4,610 gaming licenses were issued;
< 1,619 bingo licenses with prize value over $1,000;
< 341 small bingos with prize value under $1,000;
< 34 Association Halls are licensed;
< The types of bingo games played include traditional and television/media bingo;
< Maximum prize value per month not to exceed 70 per cent of the gross spend;
< Maximum expenses not to exceed 17 per cent of gross; and
< Minimum to charity of 20 per cent of gross spend.

**Raffles/Breakopen Tickets**

< There were 1,544 Breakopen charitable licensees for the year 1998/99.
< There were 670 charitable licensees with raffle prize values over $1,000 for the year 1998/99.
< There were 739 charitable licensees with raffle prize values under $1,000 for the year 1998/99.
< Currently, SLGA has contracted a single supplier for the distribution of break-open tickets in the Province, and all tickets must be approved by SLGA.

**Casinos**

< Exhibition casinos include the full-time Emerald Casino (Saskatoon) and Golden Nugget Casino (Moose Jaw) at four days a week. Special event licences are available.
< Casino Regina is a government operated casino with 620 slot machines.
< The minimum age restriction is 19 years.
< Wagering limits for table games are requested by each licensee and approved by SLGA.
< Currently approved betting limits – blackjack $1 to $500;
< Currently approved betting limits – poker $1 to $200; and
< Currently approved betting limits – roulette $.25 to $6,000.
< See also “First Nations Gaming.”

**Video Lottery Terminals**

< As of March 31, 1999, there were 619 hotel beverage rooms and cocktail lounges in which VLTs are installed, for a total of 3,533 terminals;
< 85 per cent of the profit from VLTs goes to the government and 15 per cent to the site contractor;
< Minimum age restriction of 19 years; and
< VLTs are restricted to liquor permitted premises.

**First Nations Gaming**

< All First Nations gaming is encompassed under the following agreements: February 10, 1995, Casino Development Framework
Agreement – Province/FSIN; Casino Operating Agreement – SLGA/Saskatchewan Indian Gaming Authority (SIGA); Slot Machine Management Agreement – SLGA/SIGA.

- The SIGA is permitted to operate 620 slot machines at four casino sites.
- The agencies charged with regulating First Nations gaming include the SLGA, and the Saskatchewan Indian Gaming Licensing Inc.

_Horse Racing_

- The Authority is continuing to work with the Minister’s Horse Racing and Breeding Advisory Board on Horse Racing matters in order to determine a possible business plan to help stabilize the industry.

_Gaming Policy Review Committee_

- The Authority chairs an ongoing process which examines issues such as the impact of gaming expansion on traditional beneficiaries, measuring the social impacts of gaming, community opposition to VLTs, and the distribution of gaming revenue.

_Internet Gaming_

- The Criminal Code of Canada, the federal legislation governing gaming, does not provide for the licensing of Internet gaming. Consequently, this form of gaming cannot currently be licensed. The Code does provide that any form of gaming which takes place utilizing computers, which would encompass Internet gaming, must be conducted and managed by the government.

- In recent years there have been numerous discussions with no clear position having been taken by the Federal Government or by any of the provinces, as it relates to the management of Internet gaming. It is apparent that the issue of Internet gaming is a complex and relatively new issue which has yet to be addressed in a comprehensive, definitive manner. It continues to be a major topic of discussion at many conferences and meetings.

_Other related information_

- In the United States, legislation identified as the Kyl Bill, seeks to prohibit Internet gaming outright. While this has not as yet passed...
Congress, it is still under discussion, we are advised there is a strong probability that it will pass.

**Revised Terms and Conditions — Bingo/Breakopen/Registration**

- Revisions to allow the charitable bingos to compete more effectively with expanded gaming (VLTs and casinos).
- Improvements to the Association Model and the structure of the bingo associations. To provide terms and conditions with which compliance can be reasonably expected, given the expanded gaming market.
- Provide clearer, simplified terms and conditions which charitable organizations can easily understand.

**Implementation of Linked Bingo**

- Scheduled to start in September 1999.
- Cash and paper management to utilize the same hardware will also be implemented provincially.

**Implementation of Breakopen Vending Machines**

- SLGA is introducing breakopen vending machines to the Hospitals Breakopen.

**Inspections**

- The Inspection Services Branch of the Authority is charged with the responsibility of regulation within the gaming and liquor industries in the Province. The current staff consists of 3 management positions, 7 investigators, 1 registration officer, and 2 support staff. The staff is divided between two offices, one in Regina for the southern portion of the province and one in Saskatoon for the northern portion of the province. As well as liquor regulation, the Branch is responsible for the following gaming areas:

**Security**

- Registered Gaming Suppliers;
- Registered Gaming Employees; and
- VLT Program Applicants.

**Inspection/Investigation**
< Bingo & Break-open Casinos;
< Raffles;
< VLT Program; and
< Horse Racing.

In the 1998/99 fiscal year there were 2,016 gaming registrations issued for gaming employees and suppliers.

The Security function continues to demand a significant amount of investigation time due to a steady turn around of staff.

Inspection Services entered into an agreement with Alberta, British Columbia and Manitoba with a view to developing a network for the sharing of information.

The gaming industry in Saskatchewan continues to thrive and, as such, requires constant monitoring through inspections and investigation of public complaints.
MANITOBA

Agencies Involved

< Manitoba Gaming Control Commission (Regulatory - functions include Licensing, Registration, Audit, Technical Integrity, Native Gaming, Investigation, & Inspection services).
< The Manitoba Lotteries Corporation (Crown Corporation - includes Marketing & Operations of facilities).
< First Nations Gaming Commissions authorized by Order-in-Council as per section 207(1)(b) of the Criminal Code.
< Municipal, Local Government Districts, City offices authorized by Order-in-Council to licence and regulate raffles with prize values of $3,000 or less pursuant to section 207 (1)(b) of the Criminal Code.

Charitable Licensing

To be eligible in Manitoba for a charitable gaming licence, an organization must be a volunteer, democratic, non-profit charitable or religious body. The funds generated from a lottery must be used for the advancement of education, religion, health, the relief of poverty, or must benefit the community through the promotion of sport, recreation, culture, or any other area considered appropriate by the Commission.

Specific Gaming Activities

Bingo

< The enabling legislation is The Gaming Control Act and the accompanying Regulations.
< The number of licences issued to charitable organizations to operate bingo events from April, 1998 to March, 1999 was 666. This number includes regular bingo, media bingo and penny bingo.
< Although there are no commercial licensees, the Manitoba Lotteries Corporation runs two facilities: McPhillips Street Station and Club Regent. Charitable organizations may apply to raise funds by volunteering to assist with the operation of paper bingo events at these two facilities.
< Games played in Manitoba include: traditional hall bingo (paper product, hard cards), and media bingo (television, radio, newspaper)
Media bingo is a lottery scheme which is transacted via a medium of mass communication, including but not limited to radio, newspaper, magazines, periodicals, television, closed circuit, satellite and cable transmissions. In Media Bingo, a prize or prizes are awarded or disposed of by selling one or more media bingo papers. Players attempt to complete a pre-determined pattern on the media bingo papers using the numbers called. The numbers are conveyed to the players using one or more of the above methods of communication. The player(s) correctly completing the required pattern in the least amount of numbers, within the specified time frame, are, upon verification, declared the winner(s).

**Regulatory Requirements**

- Maximum prize value per evening: licensees determine their prizes.
- The maximum authorized amount for expenses are 10 per cent of gross revenue for bingo.
- Minimum rate of return to charitable organization: no profit requirement.
- Maximum events per year: organizations are limited to five (5) per hall per week and halls can not be used primarily for bingo.
- Bingos can only be carried out in publicly owned facilities or facilities owned by the Licensee or by another charitable organization.
- Non-government commercial bingo operations are not permitted.

**Raffles**

- The enabling legislation is The Gaming Control Act and the accompanying Regulations.
- The number of charitable organizations which received a raffle licence from April, 1998 to March, 1999 was 158.
Regulatory Requirements

- The maximum prize value allowed for regular raffles is $125,000.
- The maximum prize value allowed for 50/50 raffle draws is $2,500.
- The maximum prize value allowed for major raffles is over $125,000 but not exceeding $500,000.
- The maximum prize value allowed for Municipal licensed raffles is $3,000.
- The maximum authorized amount for expenses is 10 per cent of gross revenue for regular and 50/50 raffles, and 15 per cent for major raffles.
- There is no profit requirement for the rate of return to charitable organizations.
- 50/50 draw – 50 per cent of the gross ticket sales revenue is awarded as a prize to a winner determined by lot. The maximum gross revenue (before prizes) cannot exceed five thousand dollars. The maximum prize value can not exceed twenty-five hundred dollars.
- Major Raffle – Prizes in excess of one hundred twenty-five thousand dollars but not exceeding five hundred thousand dollars are restricted to four per year.
- Government run ticket lotteries – The Manitoba Lotteries Corporation distributes national and regional lottery tickets through the Western Canada Lotteries Corporation lottery retailers.

Breakopen

- The enabling legislation is The Gaming Control Act and the accompanying Regulations.
- The number of licences issued to charitable organizations to operate break-open events from April, 1998 to March, 1999 was 507.

Regulatory Requirements

- The maximum prize value is $1,000 (this depends on the type of ticket).
- The maximum authorized amount for prizes is between 63 per cent to 82 per cent of each unit (depends on the type of ticket).
- 7.5 per cent of gross revenue for break-open is the maximum
authorized amount for expenses.
< Minimum rate of return to charitable organizations is between 14 per cent to 29 per cent of the gross revenue.
< Breakopen ticket – is a bearer ticket, which must be presented to the selling organization, at the location purchased to win the indicated prize. Patrons must be at least 18 years of age to purchase these types of tickets.
< Government run ticket lotteries – The Manitoba Lotteries Corporation distributes break-open tickets through the Western Canada Lotteries Corporation lottery retailers.

Casinos
< Charitable Operations – In Manitoba charitable organizations may apply for licences to conduct Monte Carlo events. These events allow the operation of Blackjack and Wheel of Fortune games for a maximum three day period. Electronic games and other games of chance are prohibited.
< Monte Carlo – The enabling legislation is The Gaming Control Act and the accompanying Regulations. The number of licences issued to charitable organizations to operate Monte Carlo events from April, 1998 to March, 1999 was four.

Regulatory requirements
< Patrons must be 18 years of age to participate.
< Maximum number of games cannot exceed eight.
< Restrictions on types of games played – eight games tables consisting of wheels of fortune and a maximum of four blackjack tables.
< Amounts wagered cannot exceed $1.00.
< A premises is restricted to two monte carlo events per calendar year and not to exceed three days.
< Blackjack – The object is to be dealt cards having a higher count than those of the dealer up to but not exceeding 21.
< Wheel of Fortune – A gambling device bearing some resemblance to a revolving wheel with sections indicating chances taken or bets placed.
Government Operated Casinos

< There are three government owned and operated casinos - the Crystal Casino, Club Regent and McPhillips Street Station. These facilities are operated by the Manitoba Lotteries Corporation (MLC), a provincial crown corporation.

< The MLC derives its authority from the Manitoba Lotteries Corporation Act. Part 1 of the Act applies to Government Lotteries, including casinos. Lottery Regulation 119/88 (amended 338/94) authorizes the MLC to conduct and manage all casinos within Manitoba. The Gaming Control Act requires the Gaming Control Commission to register all casino employees, electronic casino games and suppliers to the Manitoba Lotteries Corporation.

< Crystal Casino has 28 Table Games and 226 Slot Machines. The minimum wager is $5.00 and the maximum wager is $500. The Crystal Casino is scheduled to close in July 1999.

< Club Regent has 320 Slot Machines and 516 Touchscreen Game Terminals. Table games will be added when the facility expansion is complete in July 1999.

< McPhillips Street Station has 504 Slot Machines and 516 Touchscreen Game Terminals. Table games will be added when the facility expansion is complete in July 1999.

Regulatory Requirements

< Manitoba casinos are age-restricted. Patrons must be at least 18 years of age.

< There are no regulations concerning minimum or maximum amounts wagered or prizes awarded.

Video Lottery Terminals (VLTs)

< Part 1 of The Manitoba Lotteries Corporation Act empowers the MLC to conduct and manage lottery schemes, including VLTs. The MLC functions in this authority in relation to the operation of VLTs. Video Lottery Regulation 245/91 sets out certain terms and restrictions and provides for VLT siteholder agreements. The Gaming Control Act requires the Manitoba Gaming Control Commission to register VLTs, VLT siteholder agreements and MLC employees.

< As of June 22, 1999, there were 4,951 VLTs in Manitoba, including 331 at First Nations sites.
Commercial siteholders receive a commission of 20 per cent, the MLC retains 80 per cent of the proceeds which is directed to Provincial revenues and is divided according to this formula:
- 65 per cent - general revenues;
- 25 per cent - rural and urban development programs; and
- 10 per cent - municipal grant on a per capita basis.

In the case of First Nations, the commission is 90 per cent of the proceeds of VLTs, while the MLC retains 10 per cent. First Nations sites determine the use of their 90 per cent while the 10 per cent collected by the Manitoba Lotteries Corporation covers the costs involved in administering the program.

Assiniboia Downs, the major provincial racetrack, offers 140 video gaming machines (VGM). These machines combine horse race wagering and traditional VLT style games. The Gaming Control Commission registers all VGMs.

**Regulatory Requirements**

Commercial VLT sites must be licensed by the Manitoba Liquor Control Commission (except those located on reserves). All sites must be age-controlled, as patrons must be at least 18 years old.

**First Nations Gaming**

As of June 23, 1999, there are thirty-two gaming commissions representing thirty-four First Nations.

The First Nations Bands with existing Gaming Commission Agreements are as follows:
- The Opaskwayak Cree Nation (formerly The Pas) – January 9, 1990;
- The West Region Economic Development Corp. (Represents three Bands: Gambler, Keeseekoowenin and Rolling River – May 9, 1991;
- The Norway House Indian Band – June 7, 1991;
- The Roseau River Anishinabe First Nation – March 13, 1992;
- The Mathias Colomb Indian Band – April 6, 1992;
- The Nelson House First Nation – August 5, 1992;
- The Crane River First Nation – September 28, 1992 and November 2, 1992;
- The Moose Lake Indian Band – December 15, 1992;
< The Fox Lake First Nation – December 23, 1992;
< The Birdtail Sioux First Nation – March 8, 1993;
< The Sandy Bay First Nation – March 3, 1993;
< The Chemawawin First Nation – May 19, 1993;
< The Peguis Indian Band – June 24, 1993;
< The Pine Creek First Nation – August 16, 1993;
< The Grand Rapids First Nation – October 6, 1993;
< The Ebb and Flow First Nation – May 12, 1994;
< The Waywayseecappo First Nation – May 26, 1994;
< The Berens River First Nation – May 26, 1994;
< The Dakota Tipi First Nation – September 27, 1994;
< The Valley River First Nation – October 27, 1994;
< The Brokenhead Ojibway Nation – February 23, 1995;
< The Bloodvein First Nation – January 2, 1997;
< The Split Lake Cree First Nation – January 2, 1997;
< The Waterhen First Nation – February 11, 1997;
< The Hollow Water First Nation – March 10, 1997;
< The Fisher River First Nation – March 10, 1997;
< The Sagkeeng First Nation – July 3, 1997;
< The Swan Lake First Nation – December 5, 1997;
< The Lake Manitoba First Nation – April 28, 1998;
< The Sioux Valley Dakota Nation – April 21, 1999;
< The Little Black River First Nation (signed a Gaming Commission Agreement April 16, 1999, we are currently awaiting Order-in-Council for ratification); and
< The Barren Lands First Nation (signed a Gaming Commission Agreement May 26, 1999, we are currently awaiting Order-in-Council for ratification).
< The gaming activities permitted through the Native Gaming Commission Agreements are within the meaning of Section 207(1)(b) of the Criminal Code of Canada, i.e. the same as those licensed activities permitted off-Reserve. All First Nations Gaming Commissions’ terms and conditions are the same as terms and conditions which apply to licences issued by the Manitoba Gaming Control Commission for off-Reserve gaming activities. Any restrictions on these activities are the same as those off-Reserve.
< As of June 23, 1999, the number of existing Video Lottery Terminal Siteholder Agreements are 15 First Nations with siteholder agreements for a total of (331) VLTs.
The moratorium on VLTs on Manitoba First Nations was lifted on June 18, 1999, after more than four (4) years of imposition. The government also announced that there would be no First Nations Casinos in Manitoba. It is anticipated that within a year, forty (40) Manitoba First Nations will have agreements with the Manitoba Lotteries Corporation for VLTs on their Reserves. The estimated total number of VLTs is 600+, generating over $20 million net revenue for the Reserves and over $2 million net revenue toward the costs of running this scheme.

First Nations will not be eligible for VLTs unless their gaming on Reserve is being regulated and in compliance with all gaming laws and regulations.

Agencies charged with regulating First Nations gaming:
- Manitoba Gaming Control Commission’s Native Gaming Section;
- The 31 First Nation Gaming Commissions; and
- RCMP (Royal Canadian Mounted Police) - violations of the Criminal Code of Canada.
ONTARIO

Alcohol & Gaming Commission of Ontario Merger

Effective February 23, 1998, the Liquor License Board of Ontario and the Ontario Gaming Control Commission were replaced by the new Alcohol & Gaming Commission of Ontario (AGCO). A head office was secured for the new agency at 20 Dundas St. W. in Toronto and, in March and April, staff of the two former agencies were moved in stages to the new location. Over the past year, in anticipation of new regional gaming initiatives, regional offices were opened in London, Thunder Bay, Ottawa, Brockville, and Sudbury for investigations and inspection staff.

Charity Casinos and Slot Machines

On April 9, 1998, the Chair of Management Board announced a new model for charity casinos and cancellation of the video lottery initiative. VLTs would be replaced with slot machines at the 44 charity gaming clubs and at racetracks, with the Ontario Lottery Corporation responsible for business management. The three-day Monte Carlos were discontinued as of March 31, 1998. In order to assist charities in the transition period between the elimination of Monte Carlos and the opening of the charity gaming clubs, $40 million in advance funding for charities was also announced.

On June 26, 1998, the Chair of Management Board announced that the charity casino program was canceled and that any future casino expansion would require municipalities to hold referenda concurrent with municipal elections. Four pilot projects will still go forward in municipalities that already had positive referendum results. These are Thunder Bay, Point Edward, Sault Ste. Marie and Brantford. These four sites will be operated by the Ontario Lottery Corporation. In addition, the $40 million in funding for charities will remain in place for 1998. Beginning in 1999, charities will be guaranteed $100 million each year. The slot machine initiative at race tracks will continue with 2 per cent of gross slot machine revenues devoted to problem gambling.

Thus far, one charity casino in Sault Ste. Marie opened in May 1999, and slot machines were introduced first at Windsor Raceway in
December 1998 and then at Hiawatha in May. The opening of other facilities is anticipated to occur over the Summer and Fall.

Bingo Review

< At the request of our bingo stakeholders, the AGCO and the bingo industry have embarked on a process to look at how the regulatory framework for bingo can be changed to meet the challenges of the future. A working group has been established of charity and industry members to look at what can be accomplished under the existing framework under s. 207 (1) (b) of the Criminal Code of Canada to make bingo more viable and competitive with other forms of gaming. The review is concentrating on making improvements in two areas -- providing more flexible staffing of bingo events and advertising and promotion.

Agencies Involved

< The Gaming Secretariat is a division of Management Board Secretariat.  
< Provides overall government gaming strategy and policy and co-ordinates business and implementation of gaming operations.
< The Ontario Lottery Corporation reports to the Chair of Management Board.  
< Operates lottery games (e.g., 6/49, Super 7, Superstar Bingo); and
< Will conduct and manage four pilot project casinos and slot machines at racetracks.
< The Ontario Casino Corporation reports through the Gaming Secretariat to the Chair of Management Board.  
< Operates Ontario’s three commercial casinos - Casino Windsor, Casino Niagara, and Casino Rama -- through private sector management agents.
< The AGCO reports to the Minister of Consumer and Commercial Relations.  
< Registration and regulation of suppliers to and employees of casinos, charity casinos, slot machines at racetracks, and licensed charitable gaming events;
< Licensing of charitable organizations to hold lottery events; and
< Licensing and regulation of the production and sale of beverage alcohol.
< Ontario Racing Commission -- reports to the Minister of Consumer and
Commercial Relations.
< Registration and regulation of racetracks and teletheatres, administers Racetracks Tax Act.
< Illegal Gaming Enforcement Unit -- Ontario Provincial Police
< Investigation and enforcement of illegal gaming activities.
< Municipal Governments
< Responsible for licensing charitable gaming events:
< Bingo events up to $5,500 in prizes;
< Raffles up to $50,000 in prizes;
< Break-open tickets for local organizations;
< Bazaar licenses; and
< Determine roster of charities to share in $40 million advance funding from charity casinos.

Charitable Licensing
< Organizations dedicated to:
< relief of poverty;
< advancement of religion;
< advancement of education; and
< other purposes beneficial to the community.

< The category “other purposes beneficial to the community” includes:
< the advancement of culture and the arts;
< advancement of health and welfare;
< sports organizations (promoting youth sports);
< non-profit service clubs which use proceeds for charitable purposes;
< organizations providing public amenities benefitting the community.

< Ineligible organizations include:
< social clubs, hobby groups;
< professional associations, unions;
< political lobby groups;
< legal advocacy groups; and
< professional or adult sports teams.

Specific Gaming Activities
Order-in-Council 2688/93
< Authorizes the licensing framework for charitable organizations to hold lottery events and sets out the limits of municipal and provincial licensing.

Gaming Control Act, 1992
< Requires the registration of persons supplying goods or services to charitable or casino gaming events. This includes requiring registration of bingo hall operators, bingo paper and Break-open ticket manufacturers, gaming service suppliers, gaming equipment manufacturers, gaming equipment suppliers, Break-open ticket sellers, gaming premises managers, gaming services employees, bingo callers and croupiers, gaming related suppliers, non-gaming related suppliers, gaming employees, and gaming key employees.
< Our total gaming registrant base is approximately 27,000.

Bingo
< Licensing authority for over 90 per cent of regular bingo events held in Ontario has been delegated to municipalities. The AGCO issued 1,245 licenses for various types of bingo events to charitable organizations in 1998. There are approximately 190 registered bingo halls in the Province.
< Types of licensed bingo events include regular (traditional) bingo; monster bingo, superjackpot bingo, media bingo, merchandise bingo; decision bingo, and shutter board bingo.
< In addition, the Ontario Lottery Corporation operates SuperStar Bingo, a nightly, linked bingo event that is played in about 187 bingo halls. (SuperStar Bingo is not a licensed event.)

Regulatory Requirements
< Regulatory requirements regarding how the game is played, expenses, rate of return, etc., are set out in terms and conditions of the bingo license.
< Maximum prize board for a regular municipally licensed bingo event is $5,500.
< There is no minimum rate of return guaranteed to charities; rather, a formula for distribution of gross receipts is set out in the
terms.

< For events held in bingo halls using hall staff, after deducting the prizes, license fee, honoraria to bona fide members, and advertising costs, the remaining proceeds are split between the licensee and hall operator, with the licensee retaining 60 per cent. The licensee may pay the hall operator a maximum of 40 per cent of the remaining proceeds, or a maximum of 15 per cent of the gross receipts, whichever is less.

< Charities may be licensed to hold 52 bingo events in one year.

**Raffles, Breakopen Tickets**

< Gaming Control Act and Order-in-Council 2688/93.

< In 1998, the AGCO issued 191 raffles licenses. Municipalities issue licenses for the majority of raffle events with prizes up to $50,000, while the AGCO issues raffle licenses with prizes over that amount.

< In 1998, the AGCO issued 1,064 Break-open tickets licenses. For the most part, they represent Break-open tickets sold at bingo halls and by provincially based organizations. Municipalities issue licenses for the majority of Break-open tickets sold by local organizations at approximately 8,000 registered Break-open ticket retail sites.

**Regulatory Requirements**

< Requirements are set out in Raffle License Terms and Conditions and Break-open Ticket License Terms and Conditions.

< There is no ceiling on the value of prizes that can be offered at a licensed raffle event, except as governed by the limits of municipal licensing authority. The retail value of the prizes to be awarded cannot be less than 20 per cent of the anticipated gross proceeds from the sale of tickets.

< The only restriction on amount of expenses that can be incurred for raffles is that raffle ticket sellers can be paid a sales commission of not more than 5 per cent of the price of each ticket sold.

< In order to improve regulatory control over Break-open tickets, in the Fall of 1997, the manufacture of Break-open tickets was centralized and two companies were selected to manufacture all Break-open tickets in Ontario. This process also provided an opportunity for new BOT tickets to be introduced with different
prices and payouts. A provincial administration fee of 5 per cent of the gross selling price is charged with a corresponding reduction in the prize payout. This new fee does not impact the net profit to charities.

- Maximum prize values vary per type of break-open ticket and range from $300 (sold at third party retail sites) to $1,000 (sold at bingo halls).
- Maximum allowable expenses for break-open tickets vary depending on the type of ticket. Minimum profit to charity also varies with the type of ticket sold, but is generally higher than the minimum profit available from the tickets on the market under the previous system.

Casinos

- Enabling Legislation includes: Ontario Casino Corporation Act and Gaming Control Act; Casino Windsor, Casino Rama, and Casino Niagara are all conducted and managed by the Ontario Casino Corporation; Casino Windsor has 131 table games and 3,001 slot machines; Casino Rama has 111 table games and 2,329 slot machines; Casino Niagara has 135 table games and 2,789 slot machines; and Sault Ste. Marie Charity Casino has 31 table games and 450 slot machines.

Regulatory Requirements

- Ontario’s three commercial casinos are conducted and managed by the Ontario Casino Corporation, and are subject to Gaming Control Act regulatory requirements. These include requirements regarding registration of suppliers, operators, and employees. In addition, regulations set out approval requirements for the rules of play to be used, gaming equipment, slot machines, chips, tokens, internal controls, security, credit, record keeping and recording of large cash transactions, and surveillance. Persons under the age of nineteen are prohibited from playing games of chance at the casinos.
- The charity casinos and slot machines at racetracks are directly operated by the Ontario Lottery Corporation, and are subject to similar stringent regulatory requirements under the Gaming Control Act.
- Monte Carlo events were eliminated in March, 1998. Monte
Carlos were licensed lottery events at which blackjack, hold’em poker and wheels of fortune could be played. They have been replaced with social gaming events which must be held in connection with a social event such as a dinner dance and are limited to eight hours duration, at which only blackjack and wheels of fortune can be played.

**Video Lottery Terminals**
< VLTs are not permitted in Ontario.

**First Nations Gaming**
< Gaming Agreements and Codes have been entered into with the following First Nations: Mississaugas of Scugog Island (near Port Perry); Waushaushk Onigum First Nation (near Kenora); and Ginoogaming First Nation (near Geraldton).
< These agreements allow the First Nations Charitable Foundations to issue lottery licenses for certain types of lottery events to charitable organizations. These include bingos, Break-open tickets, and Monte Carlos, but do not authorize VLTs or slot machines.
< Both the Mississaugas of Scugog Island and the Waushaushk Onigum First Nations have entered into agreements with private sector companies to operate gaming facilities on their behalf.
< The regulatory requirements under the Gaming Control Act apply to the operators of these facilities and their employees, which is the responsibility of the AGCO.
< Two First Nations have been given delegated authority through Orders-in-Council which allow them to issue lottery licences to on Reserve charitable organizations for bingo and break-open tickets with prize boards up to a certain monetary value. They are the Mattagami First Nation and the Mississauga First Nation. Five others have requested this authority and 22 have expressed an interest in obtaining the new licensing authority. The First Nations are responsible for enforcement and compliance in connection with the licenses that they issue.

**Ontario Illegal Gaming Enforcement Unit**
The Provincial Illegal Gaming Program is an integral component of the Province of Ontario’s comprehensive gaming strategy, a commitment to combating organized crime as well as initiatives focusing on profit motivated
Mandate

The mandate of OIGEU is to provide a dedicated, coordinated, multi-jurisdictional investigative and enforcement response to illegal gambling in Ontario. This includes the provision of expert advice, operational assistance and case management services.

Service Delivery

The unit is provincially funded and its specialized service is available to all police agencies in Ontario. Unit staff assigned to and funded by the Ontario Racing Commission provide specialized expertise in the investigation of irregularities within the horse racing industry and enforcement of the rules of racing in Ontario.

Enforcement

Utilizing Part VII of the Criminal Code of Canada and Proceeds of Crime Legislation, OIGEU provides investigative leadership with respect to the detection, investigation and prevention of illegal gambling. The unit targets the offences committed by and profits derived from organized crime.

Since inception in May 1996, the Unit has been involved with 736 occurrences, 1,136 people have been charged with 1992 Criminal Code gambling offences resulting in gaming paraphernalia seizures totalling $4.1 million and cash in the amount of $523,294.22. Fines and proceeds of crime total $1,184,645.02.

Crime Prevention

The unit works in concert with the media, Crime Stoppers, community groups and the private sector in addition to government agencies to ensure the dissemination of awareness and crime prevention strategies.

Large scale investigations throughout the Province and positive media coverage of the outcome has resulted in increased awareness of OIGEU’s mandate and its ability to maintain a sustained province-wide enforcement response to illegal gambling.

Training

Illegal Gambling training has been also provided to police officers from around the world in cooperation with the Asian Organized Crime...
Conference in Toronto, Criminal Intelligence Service Canada and the Israeli Police Service.

In November 1998, OIGEU provided specialized training to 25 Police Officers from across Canada. A number of the officers in attendance were sponsored by CAGRA members. A similar program is scheduled for the fall of 1999.
QUEBEC

Agencies Involved

<  Régie des alcohols, des courses et des jeux;
<  Société des bingos du Québec (A Loto-Québec branch);
<  Société des loteries (A Loto-Québec branch); and
<  Société des casinos (A Loto-Québec branch).

Charitable Licensing

<  Organizations dedicated to:
   <  relief of poverty;
   <  advancement of education;
   <  advancement of religion;
   <  advancement of culture and the arts;
   <  advancement of sports organizations; or
   <  advancement of community organizations.

Specific Gaming Activities

<  Enabling legislation includes: Loi sur la Régie des alcohols, des courses et des jeux; Loi sur les loteries, les concours publicitaires et les appareils d’amusement; Loi sur la Société des loteries du Québec; Règles sur les bingos; Règlements sur les bingos; Règles sur les systèmes de loteries; Règlements sur les systèmes de loteries; Règles sur les normes relatives à l’admission du public, au maintien de l’ordre public et à la sécurité des personnels dans les casinos d’État; Règles sur les conditions d’embauche dans un casino d’État; Règlement sur les jeux de casino; Règles sur les appareils de loterie vidéo; Règlement sur les droits et frais payables pour les licenses, l’immatriculation et les autorisations relatives aux loteries vidéo; Règlement sur le taux de retour des loteries vidéo; Règlement sur les personnels devant respecter les conditions de délivrance et de maintien d’une license relative aux loteries vidéo; and Règlement sur le système de loterie vidéo.

Bingo

<  There are 2,405 charitable licensees and 102 television bingo licensees.
Games played include traditional, television bingo, and electronic/linked bingo.

**Regulatory Requirements**
- Maximum prize value per evening is $3,500 (no more than one bingo per week) or $5,000 (no more than 2 per year);
- Maximum authorized costs related to all the services offered by the operator are 14 per cent of the total sales;
- Maximum authorized paper related cost is not more than 5 per cent of the total sales;
- Maximum advertising expenses are not more than 2 per cent of the value of the prizes offered;
- Maximum cost in the form of salaries is not more than 9 per cent of the total sales;
- Minimum rate of return to charitable organizations is 10 per cent of gross receipts; and
- Maximum number of events per year is 52.

**Raffles**
- There are 1,953 charitable licensees.
- Government-run ticket lotteries are governed by Loto-Québec.

**Regulatory Requirements**
- Minimum prize payout is 10 per cent of gross revenue; and
- Minimum rate of return to the charitable organization is 50 per cent of net revenue.

**Casinos**
- Casino de Montréal, Casino de Hull, and Casino de Charlevoix are all government-operated casinos.
- Casino de Montréal has 118 table games and 3,046 slot machines.
- Casino de Hull has 55 table games and 1,403 slot machines.
- Casino de Charlevoix has 21 table games and 780 slot machines.

**Regulatory Requirements**
- Persons under the age of 18 are prohibited from playing at the casinos.
- Casinos are subject to regulatory requirements including requirements regarding suppliers, operators and employees, rules
of play to be used, gaming equipment, slot machines, and credit.

**Video Lottery Terminals**

< There are 15,314 VLTs in 4,645 sites.
< The VLT siteholder receives 30 per cent of the gross revenue and Loto-Québec receives 70 per cent of the gross revenue.

**Regulatory Requirements**

< VLTs are owned by Société des loteries video du Québec (A Loto-Québec branch);
< Minimum age restriction of 18 years old;
< VLTs are restricted to liquor-permitted premises; and
< Minimum payout is 83 per cent.

**First Nations Gaming**

< No special provisions exist for “First Nations Gaming.”
NEW BRUNSWICK

Agencies Involved

< The Lotteries Commission of New Brunswick is responsible for all Provincial gaming policy and direction (includes harness racing). Holds share for the Atlantic Lottery Corporation (ALC) and appoints Board members.
< The Revenue Division of the Department of Finance has responsibility, from the Commission, for delivery of charitable gaming licensing and field enforcement of charitable gaming and video lottery regulations.
< ALC provides a variety of lottery products on behalf of the Province (including conducting and managing video lottery) through agreements with the Lotteries Commission. ALC handles products of the Interprovincial Lottery Corporation and the marketing and product development relating to harness racing for provincial racetracks.
< The Department of the Solicitor General is indirectly involved in gaming through its policing responsibilities and the Criminal Code of Canada.
< St. Mary’s First Nation Gaming Commission.
< Fort Folly First Nation Gaming Commission.
< Woodstock First Nation Gaming Commission.
< Annual Agricultural Fairs and Fisheries Festivals.

Charitable Licensing

< “Charitable object or purpose means” any object for:
  < The relief of poverty;
  < Education;
  < Advancement of religion; or
  < Any purpose beneficial to the community.
< “Charitable or Religious organization” means an organization which performs services of public good or welfare without profit, includes an organization designated as such by the Minister.
< “Purpose beneficial to the community” means an activity or benefit to the public or section thereof and includes Amateur Sport, Social, Community or Fraternal activities.
Mission Statement (Lotteries Commission)
< The mission of the Lotteries Commission is to monitor, direct and control the development and operation of gaming in the Province.
< Strategic Goals (relating to charitable gaming)
< Provide legal authority for gaming in New Brunswick through licensing and agreements under Provincial legislation and as authorized by the Criminal Code of Canada.
< Assure the economic health and viability of licensed gaming in New Brunswick.
< Assure that the main beneficiaries of licensed gaming are non-profit community groups and to restrict the involvement of commercial interests in licensed gaming.
< Assure that all eligible non-profit community groups have access to licensed gaming.
< Investigate and monitor gaming in the Province to ensure compliance with provincial requirements.
< Provide timely and effective enforcement.
< Maintain the integrity of licensed gaming in the Province.
< Establish policies and regulations to hinder illegal gaming, cheating, fraud, and misrepresentation.
< Educate the public on matters relating to the integrity of gaming.
< Monitor and direct action to assure the integrity of the industry.
< Research, develop, recommend policy, and take action on gaming matters for New Brunswick.
< Assess gaming trends and issues, and recommend appropriate policy for the future.
< Take action on the basis of research and policy recommendations.

Specific Gaming Activities

Bingo
< Enabling legislation includes: Order in Council for Commission licensing authority; and the Regulatory Authority: Terms and Conditions for Lottery Licensing.
< Number of charitable licenses is 395 (does not include permits for games with prize values per event under $500). No commercial
licenses are possible.

Types of bingo played include: traditional, high stakes, televised, video lottery (allowable game option under the video lottery program), Annual Agricultural Fairs, and Fisheries festival merchandise games.

**Regulatory Requirements**

- Maximum prize value per event is $15,000 for regular bingo sessions.
- Prize value is unlimited for Giant bingo events (two per location per month, twenty-four per licensee per year).
- Maximum authorized expenses are not applicable, “licensees must be the main beneficiaries of the licensed activity.”
- The minimum rate of return to licensees must be “15 per cent of gross proceeds.” “Commercial and private interests must not become the main beneficiaries.”
- The maximum allowable number of regular bingo events per licensee is 104 per year. The maximum per location is four per week. Only twenty-four Giant Bingo events are allowed per licensee per year. Only two per month are allowed per location.

**Raffles, Breakopen Tickets**

- Enabling legislation includes: Order in Council for Commission licensing authority; and the regulatory authority: Terms and Conditions for Lottery Licensing.
- Number of charitable licenses is 498 (does not include permits for games with prize values per event under $500). No commercial licenses are possible.
- Government run ticket lotteries are provided through ALC.

**Regulatory Requirements**

- No raffle can exceed a prize value of $75,000 per event.
- Maximum authorized expenses are not applicable; “licensees must be the main beneficiaries of the licensed activity.”
- The minimum rate of return to licensees must be “15 per cent of gross proceeds. Commercial and private interests must not become the main beneficiaries.”
Casinos (Monte Carlo Nights)
< There are no charitable or government-operated casinos in New Brunswick.
< The number of Monte Carlo licenses is 31.

Regulatory Requirements
< There are no age restrictions.
< Up to 20 blackjack tables and up to 10 wheels of fortune are allowed per event.
< Games must be played with scrip, tokens or chips.
< Prizes cannot be cash and “must be disposed of once only at a specified time each day, after play has ceased.”

Video Lottery Terminals
< Enabling legislation includes: Lotteries Act, of New Brunswick and New Brunswick Regulation 90-142 under the Lotteries Act.
< There are approximately 2,279 VLTs in liquor-licensed establishments, and 808 located in unlicensed establishments.
< The formula for profit sharing: 54 per cent of the profit from VLTs goes to the Government, 24 per cent to the owner (coin operator), and 22 per cent to the siteholder.

Regulatory Requirements
< Must be nineteen or over to play.
< Eligible locations liquor-licensed, restaurants, convenience stores, gasoline sales outlets, tobacco/magazine stores, bowling alleys, taxi stands and passenger waiting rooms at boat, bus, rail, or air terminals.
NOVA SCOTIA

Agencies Involved

< The Nova Scotia Alcohol and Gaming Authority (Authority) is responsible for the registration and regulation of casinos and their suppliers, for regulating the conduct of lottery schemes, and the licensing of charitable organizations for the purposes of conducting lottery schemes.

< The Nova Scotia Gaming Corporation (Gaming Corporation) conducts and manages the Provincial Government’s gaming activities, including the casinos and the activities of the Atlantic Lottery Corporation (ALC).

< On November 30, 1999, the Gaming Corporation will replace ALC as the administering body of Nova Scotia’s Video Lottery Program.

< ALC conducts lottery schemes on behalf of the Atlantic Provinces. On March 31 of the year 2000, the provincial government of Nova Scotia will create an agency that will replace ALC and assume the responsibility of conducting gaming activity on behalf of the province.

Charitable Licensing

< Charitable organizations licensed to conduct gaming activities pursuant to section 207(1)(b) of the Criminal Code must have as their objective one or more of the following purposes:

< relief of poverty;

< advancement of education;

< advancement of religion; or

< community objects or purposes (youth sports organizations are considered charitable, adult sports organizations are not).

Applicants for a charitable gaming license must provide the Authority with a description of the charitable purpose for which they intend to raise funds. Decisions with respect to the issuance of a license are made by a panel of the Authority. In the event that a license is issued, all funds derived from the gaming activity must be used for the stated charitable purpose.
Specific Gaming Activities

< Enabling legislation includes: the Gaming Control Act; Bingo Regulations made pursuant to the Gaming Control Act; Bingo Suppliers Regulations; Ticket Lottery Regulations; Atlantic Lottery Regulations; Casino Regulations; Video Lottery Regulations; and The Video Lottery Terminal Moratorium Act.

Bingo

< There were approximately 394 series charitable bingo licenses, and approximately 230 single charitable licenses issued by the Authority during the 1998/99 fiscal year.

< Bingo licenses are issued only to raise funds for charitable purposes. Charitable licensees pay to the Authority a prize fee of 2 per cent of all prizes awarded.

< The Bingo Regulations do not allow the issuance of commercial bingo licenses. However, the Bingo Regulations allow for the annual renewal of commercial bingo licenses which were issued prior to January 1, 1982, if the licensee has been in operation continuously since the license was first issued.

< There are currently three commercial bingo licensees.

< Commercial licensees pay to the Authority a prize fee of 10 per cent of prizes awarded.

< Games played include regular (traditional) and media bingo.

Regulatory Requirements

< The value of any single prize awarded at a commercial bingo operation cannot exceed $100.

< Total prize value for a charitable bingo operation cannot exceed $15,000 per event.

< Pursuant to the Bingo Regulations, charitable organizations must operate in facilities that are owned by charitable organizations, and not in commercial premises.

< The regulations allow those charitable organizations which have continuously operated in a commercial facility prior to 1982 to continue operating there.

< The Bingo Suppliers Regulations require all those who wish to supply bingo equipment to be licensed by the Authority.
The regulations stipulate that bingo equipment and supplies can be purchased only from a bingo supplier who is licensed by the Authority.

The Bingo Suppliers Regulations state that no suppliers shall provide bingo operating equipment unless the recipient produces a valid bingo license or permit.

Amendments to Section 6 of the Bingo Regulations (effective November 26, 1996) now distinguish between small bingo operations (which make $150,000 or less in gross profit per annum) and large bingo operations (which make more than $150,000 per annum).

All charitable licensees are required to forward their revenues to their stated charitable purpose within a reasonable time; and all licensees are required to retain a minimum of 15 per cent (rate of return) of gross receipts in profit after all legitimate expenses of the bingo operation are paid.

The Authority may cancel the license of any licensee who fails to meet the 15 per cent requirement.

In instances where the licensee is a small scale bingo operator, the Authority may vary the required rate of return if, in the opinion of the Authority, the bingo operation otherwise serves a useful purpose to the community.

**Online Ticket Lotteries**

- ALC conducts on-line, retail, and Break-open ticket lotteries.
- ALC is responsible for the promotion of its lottery schemes and the sale of tickets.
- Tickets may be sold to the public directly by ALC or through retailers.
- Where tickets are sold through a retailer, a discount or commission fixed by ALC is granted to the retailer.

**Regulatory Requirements**

- All on-line tickets must specify the price, value of prizes, and terms and conditions of the lottery scheme.
- Retailers are prohibited from selling tickets at prices other than the amount shown on the ticket.
Charitable Ticket Lotteries

Ticket lottery operations are distinguished by prize value; and those lotteries which offer a prize over $500 require a ticket lottery license; lotteries with a prize of $500 or less require a lottery permit.

During the 1998/99 period, the Authority issued 598 charitable ticket lottery single licenses, 424 charitable ticket lottery series licenses, and 4,505 ticket lottery permits.

Types of licensed ticket lotteries include:

- Calendar Draws;
- Elimination Draws;
- 50/50 Draws;
- Rubber Duck Races;
- Series Lotteries;
- Sports Lotteries; and
- Stub Draws.

Regulatory Requirements

In order to safeguard the interests of both the public and the organization and to assure the awarding of all prizes regardless of any possible extenuating circumstances, a financial guarantee is required covering the total market retail value of the prize structure to be awarded.

This financial guarantee can be requested for any amount, but is required for any prize value of $5,000 or over.

Acceptable financial guarantees include an irrevokable letter of credit from a recognized financial institution; a certified cheque; or an indemnity bond from an insurance company.

Applicants for a ticket lottery must undertake that all profits realized from ticket sales will be used for charitable purposes.

Ticket lottery licensees are required to pay to the Authority a fee of 2 per cent of the prize value authorized by the license.

Tickets with a selling price of $5 or more must be sold individually and cannot be discounted with respect to the sale of more than one ticket to a purchaser.
Casinos

< There are two commercial casinos in Nova Scotia (Sheraton Halifax and Sheraton Sydney).
< The casinos are operated by Metropolitan Entertainment Group, as an agent for the Gaming Corporation.
< Types of games currently played at the Halifax casino include: roulette; baccarat including punto banco and chemin de fer; minibaccarat; blackjack; video poker; video keno; and video blackjack.
< Types of games currently played at the Sydney casino include: roulette; blackjack; and poker and its variations (Let it Ride, Seven Card Stud, and Texas Hold 'em).
< The Halifax casino has 30 tables and 565 slot machines.
< The Sydney casino has 14 tables and 353 slot machines.

Regulatory Requirements

< The Casino operator, all casino employees, and casino gaming and non-gaming related suppliers are registered with the Authority.
< Play is prohibited for any person under 19 years of age.
< Regulations set out approval requirements for rules of play for casino games.
< Regulations set out procedural requirements for dispensing of tokens and cash, internal controls, security, record keeping, recording of large cash transactions, surveillance, and security.

Video Lottery Terminals

< As an agent of the Gaming Corporation, ALC currently operates all VLTs within the province of Nova Scotia. As of November 30, 1999, the Gaming Corporation will take over the Video Lottery Program from ALC.
< Currently, VLT operators split the profit made from VLTs in the following manner: 75 per cent to ALC and approximately 25 per cent to liquor establishment owners (the retailers' 25 per cent of the profit share is reduced by HST and contributions to the Nova Scotia Gaming Foundation).
Regulatory Requirements

< Effective June 29, 1998, the Video Lottery Terminals Moratorium Act came into force. As a result, no VLT registration certificate, license, or permit can be issued, renewed or amended if such would permit more VLTs than were legally authorized for operation or use immediately before the Video Lottery Terminals Moratorium Act came into effect.

< The number of VLT machines in operation at the time of passage of this Act based on an independent audit totaled 3,234. Currently, there are 3,218 machines operating in 577 premises. Movement of machines will occur due to business closures or seasonal locations, however, the total number will not exceed the audited 3,234 number.

< Only those persons designated by the Province can conduct and manage a video lottery scheme within Nova Scotia. At the present time, ALC is the agency designated by the Province to administer the Video Lottery Program. ALC will be replaced by the Gaming Corporation as of November 30, 1999.

< Only age-restricted liquor licensed establishments are permitted to be VLT operators.

< Play is prohibited for those under 19 years of age.

< A licensee shall not grant credit, cash cheques of any kind, provide loans, or make or assist with credit card advances to enable a person to play a VLT.

First Nations Gaming

< Gaming Agreements have been signed between the province of Nova Scotia and the following First Nations:

< Acadia;
< Annapolis Valley;
< Chapel Island;
< Eskasoni;
< Horton;
< Millbrook;
< Pictou Landing;
< Shubenacadie;
< Wagmatcook; and
< Whycocomagh.
< Gaming Agreements provide for a Native Gaming Commission on the Reserve, with authority to issue gaming licenses and regulate gaming activity.

< Gaming Agreements provide that First Nations Reserves can operate ticket lotteries, bingos, and VLTs owned by ALC.

< The number of VLTs allowed on Reserves is specified in individual Agreements which have been negotiated with the Gaming Corporation.

< Gaming agreements permit Reserves to have three super bingos per year, with prizes in excess of $15,000 per day.
NEWFOUNDLAND

Agencies Involved

< Department of Government Services and Lands;
< Trade Practices and Licensing Division; and
< Atlantic Lottery Corporation (ALC) in conjunction with the three other Atlantic Provinces.

Charitable Licensing

< The types of organizations that are licensed for charitable gaming are organizations having objects or purposes for the relief of poverty, the advancement of educations, the advancement of religion, or other purposes beneficial to the community.
< These organizations provide their services solely for public good or welfare and without profit or pecuniary gain to their members.

Specific Gaming Activities

Bingo

< Enabling legislation includes: Terms and Conditions, General Rules and Schedule “A”, pursuant to Subsection 207.(1)(b) of the Criminal Code;
< Approximately 575 licenses are issued annually for traditional, television and radio;
< Maximum prize payout per event is $3,000;
< Maximum prize payout per game, excluding media bingo is $1,500;
< Maximum authorized expenses from gross bingo proceeds is 20 per cent;
< Minimum return for charity from gross bingo proceeds is 15 per cent;
< Maximum allowable events per week is two: St. John’s area is one; and
< License fee is 1 per cent of prize payout.

Breakopen Tickets

< Enabling legislation includes Terms and Conditions, General Rules and Schedule “B,” pursuant to Subsection 207.(1)(b) of the Criminal Code;
< ALC also has breakopen tickets that are sold at commercial locations by non-charitable organizations;
< Approximately 530 licenses issued annually;
< Maximum prize payout per box is $800;
< Maximum ticket count per box is $2,184;
< Maximum price per ticket is $.50;
< Administrative fees not to exceed 7.5 per cent; and
< License fee is 1 per cent of prize payout.

Ticket Raffles
< Enabling legislation includes: Terms and Conditions, General Rules and Schedule “C,” pursuant to Subsection 207.(1)(b) of the Criminal Code;
< ALC administers the sale of 649 tickets and also scratch tickets, sold at commercial locations by non-charitable organizations;
< Approximately 530 licenses issued annually;
< Total value of tickets sold not to exceed 12 times the value of prize payout;
< No limit on prize payout;
< Maximum commission payable on ticket sales is 20 per cent; and
< License fee is 1 per cent of prize payout.

Casinos
< Enabling legislation includes Terms and Conditions, General Rules and Schedule “D” (games of chance) Schedule “E” (casino), pursuant to Subsection 207.(1)(b) of the Criminal Code;
< Approximately 30 Casino licenses and 220 Games of Chance licenses issued annually;
< No permanent casinos;
< No professional or paid casino promoters;
< Maximum of three casino events in a 12-month period;
< Maximum number of tables and wheels for Casinos is 20;
< Maximum number of wheels for Games of Chance is 10;
< Maximum bet, excluding splits, is $5.00;
< Administrative fees not to exceed 7.5 per cent;
< License fee $5 per game or table; and
< No restriction on age.
Video Lottery Terminals
< ALC administers VLTs for the Province.

First Nations Gaming
< There is no First Nations Gaming in Newfoundland and Labrador.
PRINCE EDWARD ISLAND

Agencies Involved

< Department of Community Services & Attorney General for Charitable Gaming; and

Charitable Licensing

< “Charitable object or purpose means” any object for:
< the relief of poverty;
< education;
< advancement of religion; or
< any purpose beneficial to the community

Specific Gaming Activities

< Enabling legislation includes: the Lottery Schemes Order; Lotteries Commission Act; and Video Lottery Scheme Regulations.

Bingo

< Number of charitable licenses is 43 (no commercial licenses);
< Types of bingo games played include traditional and media bingos;
< Maximum prize value per 24 hours is $5,500;
< Maximum prize for any one game is $2,000;
< Regular games shall not exceed $75;
< Accumulating jackpots shall not exceed $2,000 and each increase shall not exceed $200;
< Total guaranteed prizes, excluding the jackpot, at any bingo event shall not exceed $3,500; and
< The total value of all prizes plus operating expenses in any month will not exceed 85 per cent of gross receipts in the case of a bingo whose yearly projected aggregate value of prizes exceeds $100,000 OR not exceed 90 per cent if the yearly aggregate value of prizes does not exceed $100,000.

Raffles, Cash Lotteries, 50/50 Draws

< There are 432 licenses with prize values less than $250 and 483
licenses with prize values over $250 were issued during the fiscal year of April 1, 1998, to March 31, 1999.

Government-run ticket lotteries are under the P.E.I. Lotteries Commission.

**Regulatory Requirements**

- Proceeds from lottery must be kept separate from other funds.
- If the prize limit is greater than $250, all winners’ names must be reported to Community Affairs.
- A public advertisement of the winner’s name is required if the prize is greater than $1,000.
- The license number must appear on all tickets where the prize value is greater than $1,000.
- If a prize remains unclaimed for six months after a draw, another draw shall be made. If, after 90 days, the prize is still unclaimed, the value of the outstanding prize shall be included in the proceeds for the charity.
- When an event is being run by a paid, professional fundraiser, the licensee shall disclose the participation of the fundraiser in all print advertising and on the tickets.
- Proceeds of licensed gaming must only be spent on the objectives specified in the application as approved.

**Casinos**

- There are no casinos in Prince Edward Island.

**Video Lottery Terminals**

- As of April 1999 there was 417 VLTs at 94 locations in Prince Edward Island.
- Siteholder receives 20 per cent of net proceeds after payment of all taxes.
- Age restriction is 19 years.
- Premises licensed for the sale of liquor and ferries operated by Northumberland Ferry Service are subject to site restrictions.
- VLTs are available for play between 11 a.m. and midnight due to time restrictions.

**First Nations Gaming**

- There are no agreements with First Nations Bands.
YUKON

Agencies Involved

< Consumer Services, Department of Justice, is the regulating body of the Lottery Licensing Act in the Yukon. The Yukon Lottery Commission controls such things as 6/49, Break-open tickets, and scratch tickets.

Charitable Licensing

< Organizations dedicated to charitable activities such as relief of poverty, advancement of education, advancement of religion and advancement of other objects beneficial to the community as a whole.

Specific Gaming Activities

< Enabling legislation includes: the Lottery Licensing Act; Bingo Regulations; Raffle Regulations; and Casino Regulations.

Bingo

< There are approximately 64 charitable licensees, and no commercial licensees.
< Games played include: traditional and radio bingo.

Regulatory Requirements

< No organization can be given a license to run a bingo for more than 104 days in a year.
< Only the expenses necessary for running the bingo can be deducted from the revenue of the bingo.
< Of the balance left after subtracting from the revenue from the bingo the amount the bingo operator paid for prizes, at least 25 per cent must be spent on charitable or religious purposes as set out in the license.

House rules must be established and describe how the bingo will be run. (Examples: how the games will be called, how they will be recorded, how errors in calling will be dealt with, how disputes about winning cards or calls will be resolved, and how prizes will be awarded).
Raffles

< There are approximately 125 charitable licensees.
< The Yukon Lottery Commission is responsible for government-run ticket lotteries (Break-opens).

Regulatory Requirements

< Only the expenses necessary for running a raffle can be deducted from the revenue of the raffle.
< The proceeds remaining after deducting the allowable expenses must be spent on the purposes set out in the license.
< If the total retail value of prizes exceeds $5,000 a financial guarantee must be provided.

Casinos

< Klondike Visitors’ Association operates a charitable casino during the tourism seasons in Dawson City.
< There are no government-operated casinos and there are no casinos which operate on a regular basis.
< Breakdown of table games and slot machines per casino: 13 blackjack tables; two wheel of fortune; three roulette wheels; three red dog tables; two poker tables; and a predetermined number of slot machines.

Regulatory Requirements

< People under 19 years of age must not be allowed to play any games.
< The betting limits stated on the license must not be exceeded.
< House rules for blackjack must be established and describe how the games will be played, the betting limits, and the payoff odds.

Video Lottery Terminals

< There is no legislation allowing for the operation of VLTs in the Yukon.

First Nations Gaming

< There is no distinction made between First Nations gaming and any other gaming in the Yukon.
NORTHWEST TERRITORIES

Agencies Involved

< At present, within the Northwest Territories, the Government of the Northwest Territories has overall responsibility for lotteries. As part of the community empowerment strategy, this authority has now been delegated to 23 of the 32 communities within the Northwest Territories.
< All gaming is administered by Consumer Services, Community Operations, Municipal and Community Affairs, #500 5201-50th Avenue, Yellowknife, NT X1A 3S9.

Charitable Licensing

< Organizations which are licensed include those which list as their objectives:
< Promotion of the relief of poverty or disease;
< Promotion of the advancement of religion or education; or which
< Are of a charitable or religious nature and beneficial to the community as a whole.

Specific Gaming Activities

< Enabling legislation includes: the Lotteries Act and the Lotteries Regulations.
< In the case of delegated municipal governments, by-laws are passed based on the Act and Regulations and a similar system is implemented at the municipal level.

Bingo

< In 1998/99 116 bingo licenses were issued to charitable or religious organizations only.
< At present, traditional, radio and television bingo are licensed. Inter-jurisdictional events are not permitted.

Regulatory Requirements

< No prize or combination of prizes over $30,000 is allowed without the approval of the Minister.
< Prizes in excess of $100,000 require an independent audit of the
financial records within 90 days.

< Restrictions on liquor as a prize.
< No single organization can receive more than five licenses each six months and, of those licenses, only three may be series licenses.
< Groups are limited to one bingo per week.
< Charitable organizations must submit any changes within their Executive to Consumer and Corporate Affairs.
< Age restrictions may be applied to a license.
< Administrative expenses cannot total more than 10 per cent of the gross proceeds.
< Organizations must show a minimum 15 per cent profit.

**Pull Tickets**

< In 1998/99 66 pull ticket licenses were issued to charitable or religious organizations only.
< At present, lottery activities within the Northwest Territories for Western Canada Lottery events (e.g., 6/49, scratch tickets) are administered by Sport North (a non-profit organization dedicated to the advancement of Sport within the Northwest Territories).

**Regulatory Requirements**

< No single organization can receive more than five licenses each six months and, of those licenses, only three may be series licenses.
< Groups are limited to one pull ticket license per week.
< Charitable organizations must submit any changes within their Executive to Consumer Services.
< Age restrictions may be applied to a license.
< Administrative expenses cannot total more than 10 per cent of the gross proceeds.
< Organizations must show a minimum 15 per cent profit on these events.
< License holders cannot sell left over ticket stocks without written permission of the Minister.

**Casinos**

< Casino licenses are issued to charitable or religious organizations in a fashion similar to the awarding of a bingo or pull ticket license.
< In 1998/99 nine casino licenses were issued to charitable or religious organizations only.
< No permanent casino facilities exist in the Northwest Territories.

**Regulatory Requirements**

< A license holder will only hold one license for a casino at any one time.
< Only one license will be issued every six months to an organization.
< Generally, only one casino is permitted to operate within a community at any given time. Provisions exist for special circumstances.
< A license shall not be issued for a period exceeding three days.
< The casino shall not operate between the hours of 12 midnight on a Saturday and 1:30 p.m. on Sunday.
< A minimum of 25 per cent of gross proceeds shall be set aside for a charitable or religious object or purpose.
< If the casino is held in conjunction with any other events (e.g., bingos), it shall be held in an area physically separated from the other lottery events.
< No person under the age of 19 is permitted in the casino area.
< Minimum and maximum bets must be clearly posted.
< Generally, only Blackjack, Roulette tables, and various types of “Wheel” games are licensed.

**Video Lottery Terminals**

< No provisions exist within Territorial legislation allowing for this type of lottery scheme.
< The Government of the Northwest Territories considered this type of activity in 1992 and chose at that time not to introduce this form of gaming.

**First Nations Gaming**

< No special provisions exist for “First Nations Gaming.” Many of the Bands within the Northwest Territories utilize existing provisions under the legislation and run bingos, pull tickets, raffles, and casinos.
NOTES FOR CHAPTER 5


9 Velotta, Richard, Las Vegas Sun, (June 25, 1999). Internet Casinos to Share Customer Information.

10 Velotta, Richard, Las Vegas Sun, (June 29, 1999). Internet Gambling Regulation Fees Vary Around the World.


17 Rutherford, James, Casino Journal (January 1999). Riding the Wave.


41 Court of Queen's Bench of Alberta, Judicial District of Edmonton, (March 4, 1999). Oil Sands Hotel (1975) Ltd. v Alberta Gaming and Liquor Commission, subsection 57.


CHAPTER

RECOMMENDATIONS

Under terms of the *Gaming Control Act*, the Nova Scotia Alcohol and Gaming Authority (the Authority) is responsible for preparing each year a report that includes recommendations to the Minister concerning any changes that should be made to the *Act* or the regulations to “correct any defect, abuse, illegality or criminal activity in relation to casinos and other lottery schemes.”

Given the Authority’s mandate to study the operation and administration of gaming within and outside the Province and the social, health, justice, economic and environmental impacts of same, and given that the *Act*’s stated purpose includes ensuring that gaming is conducted in a socially responsible manner, in the best interests of the public and “to minimize the opportunities that give rise to problem gambling,” the Authority respectfully recommends to Government:

1. **That Government endorse amendments to the Video Lottery Regulations as prepared by the Alcohol and Gaming Authority and that those amendments specifically include, but not necessarily be restricted to, measures that require:**
   < all new video lottery terminals in the Province to display actual money spent/played instead of, or in addition to, credits;
   < all new machines be equipped for use of an Authority-approved tracking device that allows voluntary use of equipment capable of alerting a player of the time and money spent during play;
   < all VLT retailers adapt their premises to discourage problem or inappropriate gaming practises by creating a specific gaming area, keeping that area well lit, and placing in it a prominently displayed clock.
Evidence indicates that some seemingly simple measures may help mitigate problem video lottery play by altering public awareness. For example, machines that currently display only the “credits” may be disguising the real amount of money being played. Placing actual dollar amounts directly on the screen takes away any potential for confusion. A voluntary system that allows players to quickly determine exactly how long they have been playing and how much money they spent could help players who may be concerned that they lose themselves in the process of play. The prominent placement of a clock in the gaming area likewise could provide problem players with another reality check, enabling them to be aware not only of the passage of time but, again, of how long they have been in the playing area.

2. That the Alcohol and Gaming Authority develop and the Province adopt standards for the control of advertising and marketing of government-operated gaming activities. These advertising and marketing regulations should include, but not be restricted to, measures that:
   - better publicize the odds/probabilities of winning;
   - require minimum standards regarding publication of information on problem gambling;
   - forbid the targeting of youth.

The Authority’s desire for more substantive regulation of gaming advertising is not new. The need for greater accountability regarding advertising and promotions of lottery products was addressed in the then Nova Scotia Gaming Control Commission’s first annual report in 1995/96, and has been included in each subsequent edition. In its 1996/97 recommendations, for example, the Authority again expressed concern: “about the lack of a gaming industry standard of acceptable marketing practices. Without such a standard, advertising and promotion of gaming activity may be impacting on inappropriate segments of the population, including minors.”

The Alcohol and Gaming Authority is not alone in its concern. The National Gambling Impact Commission in the United States has issued a series of recommendations aimed at ensuring, for example, that advertising and marketing schemes do not target vulnerable audiences. Although marketing of gaming, like all other advertising, is subject to the general terms and complaint mechanisms included in Advertising Standards Canada’s code of
advertising, even the North American Association of State and Provincial Lotteries has acknowledged the need for industry-specific standards. It recently developed a voluntary code of conduct for its members. That is a welcome start. By expanding and formalizing such principles, government can further the process. Regulations, for example, that require minimum standards regarding publication of information on problem gambling may include something as simple as the prominent posting of the Problem Gambling Hotline telephone number on ALC lottery terminals or a provision that one responsible gambling message be featured for every certain number of traditional media advertisements. By better monitoring the process of advertising and marketing, Government can better make the public aware that all gaming activity should be considered entertainment, not a get-rich quick scheme.

3. That regulations under the *Gaming Control Act* affecting the Voluntary Self Exclusion Program be amended to include: a time limit on the exclusion and the elimination of the appeal process, and provisions that all persons engaging in the process waive rights to any prize winnings should they breach their undertaking and place wagers while excluded. Further, the Alcohol and Gaming Authority recommends that the potential for introducing a voluntary self exclusion program for other gaming activities be fully explored.

Casino Regulations currently allow any person who has entered the formal Voluntary Self Exclusion process to be asked to leave casino premises if they are identified by casino personnel. Photographs of excluded persons are taken to help casino personnel identify these individuals. The Voluntary Exclusion Agreement lasts indefinitely and can only be lifted by the Alcohol and Gaming Authority after a successful hearing process.

From a logistical standpoint, the absence of time limits may hamper the very point of the program: appearances change, photographs become outdated and people leave the Province, yet their photos remain on file and casino personnel are challenged to keep them all committed to memory. By introducing a time limit (perhaps of two or three years), an amended regulation would place more practical onus on the casino and its personnel to keep excluded patrons from the premises. The elimination of the appeal process could further ensure that those who seek out the exclusion process...
understand that this is a serious commitment, something that cannot be undone for two full years. An amendment that requires excluded patrons to waive their winnings, meanwhile, would further dissuade breaches of the undertaking by removing the financial incentive for play.

The Alcohol and Gaming Authority is also concerned that certain activities appear to have been subject to regulatory measures aimed at curbing problem play but others have not. While the introduction of some form of a voluntary self exclusion process for other gaming activities may not take the same specific shape as the casino process, there may be ways of adopting the overall principle. For example, measures aimed at keeping problem players from video lottery, traditional lottery or bingo play could never keep those individuals from all such establishments. Individual agreements might, however, be enough to discourage a problem player from frequenting a favourite establishment. Obviously, this may be easier said than done and such practical implications as enforceability, liability and operator concerns must be fully explored and addressed.

4. In an effort to better address concerns over problem gambling, the Province should:
   - provide annual publication of a full accounting for revenues and expenditures related to problem gambling treatment and research;
   - develop and implement an awareness/education campaign to make consumers aware of the common myths and misconceptions for all gambling activities;
   - develop standards and measures to test the efficacy, availability and outcome of problem gambling treatment providers;
   - encourage manufacturers and suppliers of all gaming-related materials to provide evidence of their development of, and attempts to incorporate, policies that preclude problem gambling.

The Alcohol and Gaming Authority continues to be dismayed by the apparent lack of focus of efforts aimed at preventing problem play and assisting problem gamblers. Worthwhile programs are addressing varying needs but a system of overall accountability and co-ordination would help Nova Scotians better understand what is being done and would help policy
makers identify areas being missed. To better assure the effectiveness of such efforts, the Authority is suggesting a number of specific measures.

First, the Alcohol and Gaming Authority continues to have concerns over the expenditures of time and money on the issue of problem gambling. Taxpayers deserve a full and accurate accounting of all of Government’s efforts to combat problem play. This can be done simply, by requiring each Department or Agency to submit, for publication, a full accounting to its minister as part of the annual budgetary process.

Government departments are not alone in the fight, however. The public also needs to be made a more active part of the process. By educating the population about the myths and misconceptions of everything from the mathematical odds of winning a lottery to whether a VLT machine “is due” for a win, Government can help people identify and control gambling-related at-risk behaviour.

Meanwhile, while debate continues over the extent of problem gambling and even its definition, there is no question that some people are suffering its real consequences. These individuals are seeking help in a variety of places from a variety of caregivers and yet no assessments have been made or standards developed to determine the viability or outcome of such programs. To help protect already troubled individuals, practical measures need to be developed to allow users to make informed decisions about treatment programs and counselling methods.

Indeed, the Alcohol and Gaming Authority believes all those involved in the gambling industry have an obligation to help fight against problem gambling. As the Australia Productivity Commission noted in its draft report on Australia’s Gambling Industries, a wide range of options may help reduce the risk for problem players without overtly affecting the outcome for recreational or social users. The Nova Scotia Gaming Corporation made a commendable start in this process by seeking industry input on problem gambling in its recent request for proposals for new video lottery machines. Industry players can do more than fine-tune money-making trends, they can and should be encouraged to identify measures that can help minimize the potential risks of their products.

5. That research projects be co-ordinated by the Alcohol and Gaming Authority

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Further to the Authority's concern over the apparent lack of focus in dealings regarding gaming is the ongoing concern with regard to co-ordination of research programs. The Alcohol and Gaming Authority has, as its dual mandate under the *Gaming Control Act*, the obligations to regulate gaming and to conduct research into ongoing effects of gambling in Nova Scotia. It is the only agency with those mandates. Obviously, other departments also have vested interest in singular effects of the industry at large. The Nova Scotia Department of Health, for example, has rightful interest in the physical and mental health effects on residents and the Gaming Corporation has a critical interest in the financial well-being of its coffers. It is understandable and, indeed, crucial that departments and agencies be well versed in the intricacies of gaming pertinent to their mandates.

That being said, the Alcohol and Gaming Authority continues, as in past years, to be concerned by a lack of communication and consultation among these players. A responsible gaming initiative is researched and developed without the input of regulatory staff, a research program is developed and put in motion but no progress reports are available. At the risk of making itself vulnerable to charges that it is attempting to protect territory, the Alcohol and Gaming Authority is again recommending that it be made the central repository for all gaming-related initiatives and that all departments and agencies, including but not exclusively, the Gaming Foundation, the Gaming Corporation and the Health Department, be required to advise and consult with the Authority regarding any research initiatives. The Alcohol and Gaming Authority believes the study of gaming and treatment of problem play must be consultative in order to avoid duplication of effort and to ensure that research initiatives are focused in worthy areas. Where goodwill has not been enough to streamline and make efficient these endeavours, process might.

6. That First Nations Bands be encouraged to publish and release audited financial statements annually.

The Alcohol and Gaming Authority recognizes that Native gaming does not fall within its jurisdiction. It is not suggesting that it should. But gaming activity on First Nations' sites is not exclusively offered to members of First

Authority, with the assistance and co-operation of all other departments and agencies of Government.
Nations and the Authority has a difficult time fully assessing gaming’s impacts on the Province when a large portion of the industry remains unaccounted for by Government. For the good of all residents, the Province should do all it can to ensure public reporting by the Gaming Commissions involved in First Nations with which it has gaming agreements.

7. **The Province of Nova Scotia should consider the introduction of measures aimed at better regulating Internet gaming within its borders.**

Although currently prohibited by provisions of the *Criminal Code of Canada*, Internet gaming is becoming a pressure that governments ignore at their peril. Only recently, Prince Edward Island was placed in a difficult position when a provider requested permission to establish online gaming within its jurisdiction. One First Nations band in Canada, meanwhile, is developing a First Nations’ Internet gaming site.

Already, researchers worry that Internet gaming may provide the kind of anonymity and uninterrupted play that problem gamblers seek. Others are concerned about the prospect of youngsters accessing casinos, of unscrupulous companies taking advantage of vulnerable members of the population and other security issues. In the United States, where a ban of Internet gaming is being considered and vocally debated, there are also concerns that prohibition is unenforceable and may lead to further entrenchment of unregulated underground markets. To deal effectively with these and other concerns, Nova Scotia can prepare in advance by developing a regulatory regime that protects the interests of the public and that can be ready for implementation if and when it is needed.