

**ALBERTA GAMING  
LICENSING POLICY REVIEW**

**TECHNICAL APPENDIX  
SUMMARY OF INDIVIDUAL CONSULTATIONS**



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## APPENDIX STRUCTURE

Summaries of the individual meetings with each specific stakeholder group are contained within this appendix. They are organized into four sections based upon the segments identified in the main body of the report. These include:

1. Most Critical of AGLC (leaning on AGLC's shoulder)
2. Fairly Critical of AGLC (looking over AGLC's shoulder)
3. Fairly Positive Toward AGLC (shouldering most of the impact)
4. Most Positive Toward AGLC (looking over their own shoulder)

The reader is cautioned that these summaries have been prepared by Cameron Strategy Inc. on the basis of handwritten notes taken during the sessions. Early in the consultation exercise it was decided to forgo audiotaping of the sessions, therefore an exact verbatim record is not available. The intent of these summaries is to capture the main points which each of the stakeholder groups raised.

### SEGMENT ONE: LEANING ON AGLC'S SHOULDER

#### 1.1 Federation of Alberta Bingo Associations (FABA)

Due to the extensive input FABA had to contribute and the time allotted at the beginning of the consultations, two sessions were held with FABA rather than the normal one session.

During the first session on September 1<sup>st</sup>, 2000 FABA began by underlining their belief that an overall comprehensive review of gaming was long overdue. They then expressed concern that bingo was not even mentioned in the terms of reference. Consistent with almost all other stakeholder feedback, FABA believed that the public needs to know how the money from gaming is being handled (i.e. where the money is coming from and how it is being spent).

FABA is "really upset" about continually being targeted with respect to the issue of minors and gambling. They do not believe that bingo is addictive due to its slower pace and smaller jackpots. They also mentioned that many of their more rural associations wanted the 1998 rules prohibiting minors overturned.



Most of the remainder of the initial session with FABA was spent outlining how bingo revenues have decreased from 1993 to the present, due to the introduction of VLTs and slots. Central to this discussion was the issue of the desire of FABA to introduce new games, which they described as progressive games and games of second chance. FABA is in favour of linked games but on the whole was hesitant about allowing liquor in bingo halls, because only a few halls have workers who are all of legal drinking age.

FABA returned to the issue of differentiating bingo from other forms of gambling, stressing that bingo is a more social game than most other forms of gambling, and needs AGLC's help to survive and compete. FABA also made the point that more transparency was desirable in licensing, and that perhaps slot revenues should be pooled province-wide rather than by community as it is now. With respect to the issue of registration and testing of bingo staff, FABA noted that testing is a new concept which may be unnecessary but believes that most associations would comply. On the issue of Native Casinos, the central question FABA raised was how the benefits would be shared in order to be important to avoid disparities between the Native communities and the broader Native community in each region of the province. Native casinos could have a negative impact on some associations due to the location and proximity.

In the second session with FABA held on October 25<sup>th</sup>, 2000 (near the end of the consultation process), FABA identified the main challenges facing AGLC as credibility and consistency. They believe that there should be a definitive plan, rather than ad hoc development as is now the case. They also stressed that the public have a right to know that approvals are fair, equitable and unbiased. With respect to bingo, they maintain that fairness and equitability has not been the norm due to the number of new casinos, VLTs and slot machines that AGLC has approved.

During that timeframe, the only change FABA believes has been made to help bingo is the introduction of satellite bingo, loonie pots and some limited progressives. Although they recognize that these have been beneficial, their concern is that bingo is purely entertainment whereas slots and VLTs are harder edged gambling. Competing against such a hard-edged form of gambling presents challenges which FABA believes AGLC should help them with. FABA returned to the concept that bingo has more of a community and social atmosphere rather than being conducive to addiction.

On the topic of cannibalization, FABA believes that although it is not AGLC's direct responsibility, they should allow bingo to be more customer

oriented to respond to the cannibalization that has occurred. This would involve allowing bingo associations to have more flexibility and programming for linked progressives and perhaps even Keno. FABA believes that by having linked games (i.e. within Calgary), there would be a local winner every game which would be a key point of differentiation and a key benefit for bingo. This type of local or regional flexibility was seen to be a potential asset for bingo.

On the issue of Keno, FABA believes that a separate room for Keno machines would be okay and that many halls would want to have a linked Keno game that only requires a remote linked station. FABA also maintains that some halls would want to have slots (even if they were separated from the rest of the hall). On the issue of potential problems with respect to slot access at bingo halls that are not age restrictive, FABA was unclear about how this would be handled. There seemed to be some resentment about the fact that casinos are “taking baby boomer games and turning them into slots”, whereas bingo halls cannot compete with the current roster of games.

FABA also pointed out that “we don’t have the authority or mandate to speak for community bingos but we are the only organization speaking for charitable and not-for-profit groups.” Nevertheless, FABA believes that ensuring the viability of bingo means developing a long-term vision which allows more than what is currently available. In other words, they want to have some flexibility to allow customers to win a little bit and have a few big prizes, although they are opposed to the concept of AGLC forcing consolidation of a number of smaller bingos into large halls with more products to offer. They also would like flexibility or relaxations with respect to how promotional dollars are spent (i.e. referring to the \$100 limit on ads per day) and the 10/65 formula.

Fundamentally, FABA believes that every decision AGLC makes affects every other sector in the gaming industry. They pointed out the inconsistency of expansion having occurred even while a moratorium was in place.

In addressing the issue of having paid workers on the floor, FABA said that owners want them, however, the FABA membership have stated that they do not want “the BC model”. Their main concern is maintaining the charity model. Paid floor worker decisions have been tabled to FABA’s SAGM for further consideration.

Finally, coming back to the issue of integrity, FABA believes that there should be some kind of cooling off period before senior AGLC staff could accept a position with a gaming or liquor-related business (i.e. 6 months to



one year for executive staff in most government departments). They believe that without such a cooling off period, AGLC's credibility and integrity is put at risk. They also point out that the gaming industry has been in constant turmoil for the past three years and the department is constantly being reinvented, including significant turnover in senior positions.

## **1.2 Alberta Bingo Hall Managers Association (ABHMA)**

A facilitated group discussion was held with the Alberta Bingo Hall Managers Association on September 6<sup>th</sup>, 2000. The first topic raised was awareness of various reviews. There was a sense that the bingo industry review "hasn't seemed to go anywhere". Although it was felt that some issues had been addressed, many of the bingo hall managers were startled to find out that there is another review underway. This reinforced the sense that they always seemed to be "in limbo". In terms of key challenges facing AGLC and the bingo industry, the ABHMA believes that over control and over regulation are key issues to address. Clearly defining the role of partner, competitor and regulator will be essential. The ABHMA believes that they are competing desperately with casinos (in particular nickel slots), and that the people who play these machines are the same people as bingo players.

Similar to the sentiment expressed by FABAs, the ABHMA believe that bingo is "the poor cousin", whereas casinos get what they want over and over again. Ultimately, they are looking for a bigger payout and quicker games, which boils down to progressives that appeal to their customers.

The ABHMA seems frustrated with the fact that people's lifestyles have changed and they are seeking out new games. Although they know that bingo needs to grow and that its revenues are declining, they can offer no concrete way to turn their fortunes around. With respect to the Charitable Model, they believe that Community Lottery Boards are not visible enough, and that people seldom hear where the money goes. They also believe that bingo players do care about where the money goes and that they play to support the charities. At this point they raised the question of what is an acceptable rate of return to a charity and whether it should be tied to the gross revenue or it should be on a sliding scale.

The ABHMA believes that their player base is being cannibalized by slot machines and to revitalize bingo might require introducing Keno (particularly if it is linked to the casinos) plus pull tickets. They believe that satellite may have ruined some special bingo games and that currently bingo is not diverse enough to attract sufficient customers. There is a



sense that since bingo halls are an entertainment facility, they should be able to offer a number of different games to customers with less restrictions than is currently the case. In particular, they point to the Manitoba system in this regard, which they view as faster paced and able to entice some casino players back. They believe that in some cases there is too much regulation to protect the few weak associations and that a plan to rationalize the number of halls to guarantee a decent rate of return might be worth investigating.

### **1.3 The Alberta Hotel Association (AHA)**

An executive discussion was held with the Alberta Hotel Association on September 6<sup>th</sup>, 2000. In addition to a summary of the meeting described below, a copy of a September 28<sup>th</sup>, 1999 document presented to the Minister of Gaming (The Gaming Room Concept) was also presented. The meeting with the AHA began with a discussion of the belief of AHA that the gaming revenue pie has to be split more equitably and that the current Charitable Model in Alberta should be changed to include VLTs. One of the central assertions of the AHA is to have the VLT revenue stream included in the Charitable Model because “without it we’re under fire every day”. They back up this position by stating that most Albertans do not know that gaming revenue from hotel lounges contributes to the lottery fund, which is why they are “under the gun”. The AHA believes this places them on an uneven playing field relative to casino operators.

The AHA makes the point that “we are part of every community” and that their hoteliers support charities in every region of the province. They believe that there are too many layers right now in the distribution of lottery dollars back to local communities. They maintain that if revenues from operators went directly to certain community groups, the public would react more positively towards VLTs.

With respect to the issue of establishing gaming rooms, the AHA contends that Alberta is not competitive internationally and that “30% of hotel guests want to do some gaming”. They believe that by creating the right atmosphere or ambience so that people do not have to leave their hotel, revenues from travellers would be generated, rather than from the local community.

They also made the point that many of the machines now in use are old and have not been updated to the extent that they should be. The AHA thinks people are getting tired of the same old game and that new games coming out of Las Vegas are much better than the games offered in Alberta.



On the topic of gambling problems or addictions, the AHA believes that it is not a major issue but that more could be done in terms of communicating the steps the AGLC and the industry are taking together to address these problems.

The AHA believes that perhaps the best potential for growth is in First Nations casinos, however, the central question is “how do you keep all of Alberta on the same level playing field”? They returned again to the issue of social capacity and concerns about limits to growth. They believe that it is better to consolidate the number of locations for VLTs because “the public doesn’t want them on every corner”. In this regard, they believe that getting rid of the wait list is not necessarily a good thing and that too wide a distribution of VLTs would definitely not be in the industry’s best interests. Furthermore, they do not believe that the economic capacity has yet been reached and they stand by the view that gaming is perceived more as entertainment today than it was five years ago.

Touching on other forms of gaming, the AHA commented that Internet gambling is far too accessible, making control difficult. Fundamentally, they favour a balanced approach to growth and control. To the AHA this would involve having a good strategy for a full public campaign that communicates more effectively about the programs and initiatives being launched to address gaming problems.

The AHA commented that the AGLC is creating a problem with the way in which casino development is being handled. They believe that by having “only a handful of owners” controlling the industry, and the AGLC “choosing the winners and losers”, problems could be created in the future. They believe that a set of minimum criteria or quality standards should be established for gaming facilities, extending beyond the simple necessities of a Class A liquor license. Finally, they wholeheartedly support establishing and maintaining an on-going communication process, perhaps even with an occasional open session with key executives. With respect to the Alberta Gaming Research Institute, there was no real awareness of who they are and what they are doing.

#### **1.4 The Alberta Racing Corporation (ARC)**

The executive discussion with representatives of the Alberta Racing Corporation (ARC) took place on September 13<sup>th</sup>, 2000 and began with a discussion of the extent of awareness of previous consultation processes. The ARC is very familiar with the details of development in the gaming sector in Alberta, and the various studies and consultations undertaken over the past five years.



The ARC understands that their issues are fairly subjective, in the sense that they represent one industry, however, they feel that every time there is an increase in gaming they fall further and further behind. They point out that whereas horse racing used to be 75% of the total gaming revenues, they are now 5% of the gaming mix. To address these challenges, they believe that racing should be dealt with by the AGLC in a coordinated strategy for expansion; otherwise horse racing revenues will continue to diminish.

In essence, the ARC would like to see an integrated gaming strategy that addresses the issues of cannibalization (in particular the perceived decrease in racing revenues as a result of VLTs and slots being introduced). They acknowledge that although this probably seems good from AGLC's perspective, they are looking at the economic impact on the racing industry and they want a managed approach that includes racing.

ARC then spent some time discussing current performance including the fact that they might come within \$2 million of last year's handle and that net sales are going up. Nevertheless, they believe that their player base is getting older and they need to re-educate a younger audience. They point to the SEGA horse racing machines as an example of a product that has not helped; they believe they could have been a point of differentiation if racing entertainment centres had exclusivity for that product.

ARC believes that their real mission is to find a way to expand the interest in racing, but that the industry in Alberta has, in effect, flowed beyond them. They point to the fact that in some respects they are not in the best locations (compared to casinos choosing more central thoroughfares to locate). They spent some time discussing the issue of the teletheatre network, lamenting that while people are spending money on racing offshore, not a dollar goes to the racing industry in Alberta. They understand that part of this is related to the fact that there is not enough racing, the purses are smaller, and some of the competition (i.e. Churchill Downs, Flamboro, etc.) have created a virtual simulcast dynasty. Ultimately, they would like to see full fields with good purses but there are a number of limits to their growth, including:

- Not enough money going into the breeding business in Alberta.
- Sales in Alberta not being sufficient to breed a horse.
- Not having enough money to market effectively and compete with other forms of entertainment.
- The introduction of large, modern casinos (such as Yellowhead).
- The fact that some people in the horse racing industry are being forced to leave the province to go to Ontario or elsewhere.



- A three-year process to get new breeding stock into place which involves either a huge commitment or a huge risk.
- The belief that any further expansion of gaming will continue to hurt the racing industry.

On the issue of the social capacity for gaming in Alberta, the ARC believes that the province has not yet reached capacity and if expansion is undertaken, gaming revenues will increase. They believe that Alberta can become a true destination for gaming. With respect to balancing the demand for gaming and regulation or control of the industry, they believe that regardless of their differences with AGLC, the right balance has been struck so far. Nevertheless, they expressed disappointment that VLTs were still in neighbourhood pubs, and that the distribution network has stayed the same, rather than concentrating the distribution in fewer locations.

The most contentious issues revolved around the ARC's belief that the AGLC is simply not listening to them. Examples include their May 18<sup>th</sup> letter to the Minister, and their pleas (which they believe have gone unheeded) to let them manage the racing business. Fundamentally, they believe that some of the AGLC's decisions have "condemned racing to mediocrity". This belief that government policy has severely damaged the industry led them to call for the Racing Renewal Initiative to be reworked. They pointed out that they probably need \$20 million per year to satisfy the needs of the industry, but they are only generating one-third of that amount now.

The ARC pointed to some success in terms of marketing (more people having seen their ads and holding the handle at the previous year's level). Nevertheless, they believe that they are not being allowed to do what they were supposed to do according to the original legislation covering horse racing. This strikes to the heart of the policy debate:

- What should the distribution channel be for VLTs and slot machines?
- The belief that new distribution channels will probably hurt horse racing further.
- The hope that maybe Northlands can expand if the policy allows for more VLTs or slots.
- The sense that the AGLC has chosen winners (casino operators, some VLT retailers and charities) and forgotten about the losers (horse racing and bingo).
- The belief that AGLC's policies have to allow people in the industry to grow, by providing some incentive, changes and a mix of product.

ARC spent some time discussing the Charitable Model and the fact that horse racing was supposed to be different. They believe that casino operators feel they now have a right of entitlement to make a high level of profit, whereas many of the casinos used to be run as a collection of charities. They pointed to ABS as an example of a company motivated by profit that is fast developing a monopoly position in the market. Nevertheless, the ARC does support the Charitable Model and they have no problem with how the money generated from gambling is being distributed.

The ARC was familiar with the Alberta Gaming Research Council, and even suggested some areas for them to investigate including:

- Problem gambling and policy drivers.
- How much gaming expansion is too much?
- How various forms of gaming are impacting each other.

The ARC believes that an on-going dialogue is needed to deal with issues such as Internet gambling, First Nations casinos, and the use of new technology in teletheatre or off-track betting. Up until now, they believe that many of these issues have been handled in a crisis mode, which does not enable constructive discussions to occur about marketing. They are frustrated by what they see as a lack of ideas between themselves and AGLC.

To sum up, the ARC sees their organization being isolated “much like an island”. They have a deep sense of frustration that they are not being allowed to do the job they were supposed to do, and that they will not be effective in the future due to the way in which the AGLC is interpreting the current legislation.

## SEGMENT TWO: LOOKING OVER AGLC'S SHOULDER

### 2.1 Alberta Justice

An executive discussion was held with representatives from Alberta Justice on October 2<sup>nd</sup>, 2000. Alberta Justice stated that their main concern is to maintain the integrity of the gaming industry. They pointed out that they do not participate in policy debates, but are more focused upon whether legislation is in place to ensure the sustainability of the chosen policies. In this regard, they highlighted some specific examples of questions which they are working on, including:

- Proposed Criminal Code amendments from British Columbia designed to modify the sections which legalize gambling in certain circumstances.
- The involvement of charities in electronic gaming.

Alberta Justice believes Albertans are happy with the level of enforcement currently in place, but they understand that as more players enter the market and the gaming industry becomes more complicated new systems will be needed to deal with the industry. In that regard, they believe that it is important for Alberta Justice to coordinate efforts with AGLC. On a broader level, this coordination effort should extend to include how to specifically track criminal data on the source of crime or gaming.

They returned to the issue of integrity citing the Nanaimo Bingo Association scandal in BC as an example of the "tight rope" which governments sometime walk. This is particularly true with respect to the large amounts of money now being generated. They believe that the industry has evolved from being unsophisticated to the state where it is now much more capital intensive and highly sophisticated. They discussed the issue of the limited number of casino licenses, how to make bingo more attractive, and the revenue splits for different charities and large casinos.

The issue of charity eligibility was discussed, as was the role of volunteers in a more sophisticated modern casino. They questioned whether it makes sense to have amateurs doing the job of a cashier, for instance, and whether the government is now "stretching it pretty thin" in interpreting the clause "conduct and manage". In a sense, Alberta Justice believes that the government may be too far removed from determining if an organization is worthy; they see charity eligibility as a historical problem with different departments making different decisions and various



jurisdictions having a variety of interpretations. Fundamentally the question boils down to how to evaluate who should be the beneficiary.

On the issue of First Nations casinos, Alberta Justice discussed potential expansion and underlying consumer motivations for visiting a First Nations casino. They expressed some concern about the long-term ramifications of over expanding First Nations gaming on the assumption that destination-based casino marketing will work to draw large numbers of Albertans to casinos on First Nations land outside major cities.

Alberta Justice also discussed the issue of Internet gaming, in particular the debate over PEI introducing Internet gaming. Attempting to identify things that AGLC and Alberta Justice could do better, they pointed to the possibility of joint training for police forces in order to “get people on the same page”. They pointed out that the RCMP downsized their commitment to gaming because it was not a priority (i.e. it was not life threatening), but that joint forces or specialization makes sense because there is so much money now involved. The key challenge, they believe, is to concentrate on protecting the business of gambling and the integrity of AGLC.

Alberta Justice also wondered if it may be desirable to have a higher profile or permanent presence in terms of inspection at casinos. They believe that currently the AGLC is not visible at all, despite acting as a resource to some of the security staff at casinos. They also point out that Alberta is the only jurisdiction in Canada without an active presence in casinos.

On the issue of the multiple license policy for VLTs, Alberta Justice believes that any effort to take machines out of current jurisdictions will probably lead to legal action. With respect to establishing gaming rooms, they raise the question of potential market saturation. They also point out the increasing dependence on revenue from VLTs in current locations and the challenges which would be faced if any redistribution was launched.

## **2.2 Canada West Foundation (CWF)**

The executive discussion with the Canada West Foundation took place on September 12<sup>th</sup>, 2000. This session opened with CWF expressing satisfaction that they were given an opportunity to provide their viewpoint in examining the scope of gaming in Alberta. They asked a number of questions about the composition and structure of the review process, including whether or not religious organizations and organizations dealing with gambling problems were included in the consultations.



Based upon previous research they have conducted, CWF believes that there is a broad consensus on the need for public consultation in Alberta prior to any expansion of gaming. Once again, they focused on the process that would be put into place for such a consultation, expressing their desire for public meetings and discussions and perhaps “deliberative polling”. Deliberative polling was summarized as gathering a cross section of ordinary citizens over a two or three day period, providing them with the best resource people (including advocates on both sides), and seeing what kind of consensus emerges. CWF believes that while the downside to such a process is its expense, the upside is the end result: a summary of “reasoned” opinion.

Senior representatives of CWF were unaware that revenues generated from gaming were no longer going to general revenues. They believe that a much larger proportion of money generated should be spent on education and treatment, including perhaps advertising to inform Albertans about why they should or should not gamble. The emphasis, they believe, should be placed on being responsible.

CWF discussed the role of the Alberta Gaming Research Institute (AGRI). They were very familiar with a number of the key people involved. Some of the issues which they believe the AGRI should focus on include determining the total social costs/benefits and debating different models for incorporating public input. They even suggested investigating if municipalities might have a say in supporting or opposing gaming on a plebiscite basis, as is the case in Ontario.

The primary challenge CWF sees facing the AGLC is credibility. They explained that the reason they are so focused on process is that they believe that the process (of being open and accountable) is important to establishing AGLC’s credibility. For instance, if the AGLC is seen as the arena of “the advocates”, they may represent special interests rather than the public interest.

On the topic of Internet gambling, they express concerns that if Internet gambling were introduced in Alberta, the province would be an exporter of social costs. They do understand that sports betting promises the greatest potential on the Internet, but that a number of social, political and economic factors need to be considered.

The CWF believes that Alberta’s status as the only Charitable Model of Gaming in Canada is very important. To them, this underpins the integrity of the entire industry. They mentioned that they have studied the charitable sector in detail, and that charities fear change. They went on to point out that a Direct Access Funding Model such as BC is not as good



as Alberta's Charitable Model because in Alberta charities enjoy the ability to direct the revenue. CWF believes that the Charitable Model, and the direct involvement of volunteers and charities in the process, is important in keeping the system "as transparent as possible".

They summed up the meeting by suggesting that Alberta produce some kind of report on the annual state of gambling in the province perhaps modelled after the annual Harrah's Report. They believe such a report for the current year could be a good forum to discuss First Nations casinos and how the government proposes to equitably and responsibly develop First Nations casinos.

### **2.3 Alberta Alcohol and Drug Abuse Commission (AADAC)**

An executive discussion was held with representatives of AADAC on September 14<sup>th</sup>, 2000. The key issues AADAC identified that they felt AGLC must address include:

- How AGLC will reconcile being promoter, regulator and profiteer from gaming.
- How Albertans' attitudes are changing towards gaming, not just the amount of money spent on gaming.
- The need to visibly identify concerns about problem gambling in Alberta.

AADAC believes that it is natural for people in the province to focus upon the positive benefits derived from the money generated by gaming, but they also believe that it is time to acknowledge and give weight to the other side of the issue: addiction. They believe that a more balanced way of putting this forward would be to identify competing interests (industry, government, people with social concerns, charities) and examine how they feel about various different issues.

One of the key topics raised by AADAC was First Nations casinos. AADAC has some concerns about First Nations being designated as both the charity and the operator, since they believe that other people in the industry and the public at large will view it as a potentially divisive issue. AADAC also stressed the need for balancing the economic and social capacity of Alberta when considering growth. AADAC believes it is important to invite all participants to the table to share in the responsibility of determining appropriate policy. They expressed support for the stakeholder consultation process because they understand the importance of establishing on-going consultations with the various parties.

AADAC also believes that the industry and AGLC have to be jointly involved in taking responsibility for problem gambling. Organizing and delivering problem gambling training techniques and clarifying various roles are part of that shared responsibility. Fundamentally, they expect AGLC to assure a certain level of quality; in other words protect the public interest and uphold the integrity of the organization, which they believe is currently high.

The most important challenge AADAC identifies from the growth in the industry is the increase in demands for prevention, intervention and research. They do not believe that capacity has been reached, however, they do sense that Alberta is at “a novice stage” of funding for education, prevention and treatment programs. They spent some time discussing various strategies for measuring gambling problem prevalence and targeting high risk groups (such as young adult males). They acknowledge that they could be doing a better job of monitoring and sharing information with other problem gambling associations such as Gambler’s Anonymous.

The issue of addiction was discussed at length, in particular the challenges associated with cross-addiction and the potential problems which might emerge as a result of introducing First Nations casinos. With respect to First Nations casinos, they point to the experience of the American Native gaming industry and expressed the hope that a dedicated set of funds would be set aside to address potential First Nations problem gambling. AADAC strongly believes in stakeholder consultation, and they encouraged the AGLC to continue consulting with stakeholders in order to be aware of decisions about to be made and to help balance the demand for growth and social responsibility.

AADAC underlined the need to be strategic in the government’s approach to providing resources for problem gambling (rather than simply setting aside a certain percentage of the revenues). They worried about the potential for the emergence of a parallel system for dealing with Native problem gambling that might ignore the commonly built infrastructure in the province. They point out that they are working toward normalization and integration in a holistic approach alongside existing agencies. They stress that they look at addiction broadly, not in isolation, and therefore the major concerns or potential problems which they identify are:

- Addressing the issue of availability (they believe that increased access to multiple locations for gambling creates more of a problem than concentrating some of these opportunities for gambling in fewer locations).



- Internet gambling, which they see as a huge potential problem, but they admit that they are virtually helpless to control it.

Similar to other organizations consulted, AADAC believes that there should be more money spent to inform and educate Albertans, not only about where the money goes but also where people can go for help. They stress that in order to have a reasoned informed and reasonable debate about the sustainability of the gambling industry, AGLC's role will be primarily one of quality assurance. This will involve anticipating growth in player demand while still maintaining integrity in regulating the industry and dealing with problems.

They identified the Alberta Gaming Research Institute as an idea which holds great promise, however, they believe that this organization might further complicate or delay action on problem gambling. Drawing upon their own organization, they believe it will be important to identify indicators of success (in their case caseloads and call levels) for the AGRI.

On the issue of new games, AADAC questioned whether the attractiveness of new games simply moves money around rather than drawing more players into the market. They expect new games to be introduced because they realize that consumers like change and new products, however, they are concerned about who they believe is being targeted. They mentioned the Quebec example of an interactive CD which they believe introduces gambling to young people. They also point out that electronic games have greater appeal among young people and this could pose problems in the future. Nevertheless, they maintain that rather than acting as a prohibitionist organization, they aim to promote an individual's sense of responsibility in dealing with alcohol or gambling. To AADAC this means having the resources to provide information so that people have options to make a personal choice in changing their own behaviour.

## 2.4 The Canadian Foundation on Compulsive Gambling (CFCG)

An executive discussion was held with the Canadian Foundation on Compulsive Gambling on October 11<sup>th</sup>, 2000. They exhibited very little awareness of the stakeholder consultation process, and although they were involved in the Medicine Hat Summit in 1998, they were disappointed with the results because they felt they were not allowed to specifically discuss VLTs. In terms of consultation, they pointed out that they have an annual stakeholders meeting with AADAC which seeks to help problem gamblers, and that some of the gambling industry are now coming to the meetings. They also met recently with the Alberta Gaming Industry Association in Red Deer to discuss how to help problem gamblers.

They described at length the work that the foundation does in high schools, workplaces and churches to discuss compulsive gambling including:

- 330 presentations last year.
- Their desire to expand beyond the Edmonton area.
- The lack of funds to expand to Calgary despite the need.

The key concern for the CFCG is receiving more funding for problem detection and treatment. They pointed out that they have been turned down numerous times by AADAC in applications to develop or deliver new programs. They also pointed out the need for a safe house or halfway houses for after care and the lack of a treatment centre in Edmonton. They believe that treatment never ends and “unless you’ve been there you can’t understand it”. Therefore, they believe that they could play a more prominent role in helping address compulsive gambling if their funding was increased.

The Foundation thinks that AADAC protects the empire they have built and that more should be done to privatize delivery of treatment and prevention programs to independent organizations like themselves. They pointed out an inconsistency: AADAC does the counselling and treatment but wants the Foundation to do the outreach and education. However, the Foundation does not have enough money to expand their services.

Their concern about lack of funding is growing stronger as the perceived need for information grows along with the revenues being generated in the industry. As they put it, “why not take more than \$3 million and put it towards information and education when \$925 million is being generated?”



On a policy front, the Foundation would like to see the government remove VLTs from bars and restaurants and put them in casinos in order to restrict access to gaming. They believe that self-exclusion does not work because it does not apply to VLTs. The problem is made worse by the perception that every day gambling is promoted: for instance, ads for 6/49 on the front page of the newspapers. Ultimately, they think that more could be done to explain potential problems and the fact that gambling could be harmful to people.

The Foundation is concerned about First Nations casinos, since they believe that they will lead to heightened gambling problems and other associated problems with liquor or drugs. They expressed deep concern that while they are unable to get their message out (due to lack of funding), the advertising for the lottery industry is rampant. They point out that kids can go to the corner store and see lottery tickets displayed and that Sports Select has successfully targeted male youths. On the other hand, there is no room for them to place material at such locations.

They realize that basically it comes down to money. They do not have enough money to get their message out and even organizations dealing with some of the potential fall out from gambling (such as the Edmonton Police) have to reduce their numbers based on lack of funding. They also think that more people would consult the Foundation if they knew it was staffed by people who had encountered problems with gambling previously.

The biggest challenge they identify is the fact that the government, in effect, has become addicted to gambling. They see it as a hidden tax on people who cannot afford it. Although they do not think there is anything inherently evil about gambling, when it starts to hurt people they believe that a stand should be taken.

Access to money in locations where gambling occurs is another key concern for the Foundation. They think it is far too easy to get money when there is a bank machine right next to VLTs or cash machines in casinos.

They stressed that they are not for or against gambling, but that they merely promote responsibility and part of that responsibility is taking care of people who are “victimized”. They maintain that while casinos may be slightly better than having a lot of VLTs distributed throughout the province, they think the government should start to slowly remove VLTs. This is based on the premise that VLTs are too accessible and represent hard-core gambling.

They would like to see more research done through the Alberta Gaming Research Institute; however, they think it important that the government wait for the outcome of consultations like this one before proceeding with expansion.

With respect to some specific games, Keno in bingo halls is viewed by the Foundation as an expansion of electronic gaming which would raise the prospect of underage kids playing bingo. They also think that the Internet is a very large problem and that steps should be taken by government to try to control it. Fundamentally, they would like to see resources to help prevent problem gambling and they think that the AGLC could start by looking closer at the Medicine Hat Summit recommendations.

## 2.5 Agricultural Associations

Executive discussions were held with six agricultural associations or exhibitions including:

- The two large fairs:
  - Northlands (September 6<sup>th</sup>, 2000)
  - Calgary Stampede (September 12<sup>th</sup>, 2000)
- Three mid-sized exhibitions:
  - Lethbridge (September 25<sup>th</sup>, 2000)
  - Camrose (September 21<sup>st</sup>, 2000)
  - Evergreen Park in Grande Prairie (September 27<sup>th</sup>, 2000)
- 1 small agricultural society:
  - Stony Plain

In general, Agricultural Associations were well informed about changes in the gaming industry. Given the ground breaking role which horse racing and lotteries at major fairs played in the initial growth of the industry in Alberta, it is not surprising to find these association speak in terms of being an industry founder. For the most part, they view AGLC in a respectful but cautious manner, since they believe that they helped spawn the organization in the first place.

This sense of ownership of the industry leads many agricultural associations to assume they have a “right” to a large share of gaming proceeds. Regardless of how each organization couched their requests for funding (whether as an inherent right or a demonstrated need for a good cause), securing money from the AGLC/Lottery fund was their top priority.

### **Northlands (September 6<sup>th</sup>, 2000)**

Northlands began the meeting by emphasizing the vital role the organization has played developing the gaming industry since 1908. This “founder legacy” includes establishing the first casino in Alberta in 1967. They believe the current grants they receive stem in part from this legacy.

Northlands is quite knowledgeable about previous consultation processes, but they expressed some concern about not being asked for input on First Nations casinos and the bingo review.

Main challenges they see facing the AGLC include:

- Ensuring equitable charity access to revenues.
- Dealing with the growth of slots and VLT revenue; they think a few mistakes were made in rolling out VLTs initially.
- Addressing the defacto dominance of ABS in the market; they appreciate their professionalism in working with Northlands as a partner, but they see them as the only player capable of such support in the province.
- Taking advantage of the growth potential for electronic gaming (i.e. building more interactive games and having more effective promotions).
- Putting racing back on track.

The main limits to growth they identify are primarily political; they see problems raised in the media as fairly minor, and they think AGLC is doing well in responding to concerns about social capacity for gaming (including funding treatment and prevention programs). They believe social concerns about VLTs have “reached the high water mark” and are now receding, and they credit the AGLC with doing a “very good job” on that front. Since they hold AGLC’s integrity in high regard, they wonder why the delay in providing more slot machines (which they think the public sees no problem with).

Northlands says they need a commitment to more slot machines in order to help revitalize the racing industry. They back up their request with the assertion that control of VLTs/slots would be much greater if there were fewer locations. After all, they say, the AGLC and Northlands exist to serve the public. To better serve the public they feel it will be necessary to:

- Communicate more effectively with the public about the plan for community decision making regarding lottery proceeds.
- Raise awareness of where the money goes.



- Balance the demands for further private sector growth in gaming and the need to control the growth for the public good.
- Help Northlands address some of its tactical challenges.

The tactical challenges they identified include:

- Having more timely technical support to avoid machine down time.
- More sophisticated analysis of game mix, machine placement/configuration.
- Resolving concerns about the SEGA horse racing game.
- Instituting some type of customer relationship management system to track and reward players.

Finally, Northlands believes that:

- Gaming rooms in hotels will not work successfully.
- Native gaming will not affect current casinos.
- The multiple license policy makes no sense.
- Fewer locations with more machines would work better than the current system.

### **Calgary Stampede (September 12<sup>th</sup>, 2000)**

The Stampede has made a number of previous submissions to the AGLC, including to the Judy Gordon Committee as far back as 1995. The first issue they raised was how to accurately define who a charity is. They believe that due to a lack of performance measurement some charities doing work of little or no proven value are getting the same funding as charities doing great work.

As the Stampede sees it, AGLC's main challenge is keeping everyone in the industry happy. They believe the industry in Alberta is doing well, particularly as a result of the introduction of VLTs and then slots, but those changes have not occurred without cost, such as:

- Their own casino's relatively poor performance (which they relate to location).
- Horse racing's continued decline.

They seem to believe the capacity exists to build another one or two large destination casinos in Calgary (to attract Americans, Japanese and other tourists), but they also recognize there are sizeable social issues such as addiction. The Stampede believes tourism in the major cities and province would have benefited from the development of a restricted number of destination casinos at the initial casino introduction stage. They also

believe the existing charitable model for casino operations does not lend itself to the introduction of the destination casino concept, which would require a review of revenue sharing arrangements. While there may be capacity to add destination casinos in the larger markets, the Stampede believes existing casinos would suffer if such casinos were introduced based on a non-level playing field.

They attribute most of the negative media coverage of gaming to VLTs being “too much in peoples’ faces”. Nevertheless, they see great potential for industry expansion if it is done properly, which they think means telling Albertans about the role of volunteer boards for charities investing the revenues back into communities. They also wish AGLC would play more of an oversight role, independent of government.

Generally, they give the AGLC good marks for balancing the demands of growth and its social responsibilities. Nevertheless, they think now is a time for the province to step back and re-examine the industry since the province no longer needs the money as much as it did initially. They also reiterated their assertion that they deserve some type of royalty for “being there” when gaming was started.

Mistakes AGLC could rectify include:

- Reinstating their exclusive license for casino gambling during the Stampede.
- Spending more money to inform people about lottery proceeds and the role of Community Lottery Boards.
- Shifting the media/public focus to the good things gaming revenues fund, rather than concentrating on the total amount of revenues generated.
- Dedicating more money to AADAC and other prevention and treatment initiatives.

They see progress being made on a number of these fronts, including AADAC funding and convening regular security/enforcement meetings.

Finally, they seek greater consistency from AGLC in terms of:

- Seeking input from stakeholders.
- Applying existing policies.
- Communicating pending changes.
- Developing policies on new gaming such as Internet gambling.
- The way in which Stampede receives funding through the Lottery Fund and the Community Lottery Board.

### **Lethbridge Exhibition (September 25<sup>th</sup>, 2000)**

Lethbridge Exhibition initially asked a number of questions about how much revenue is generated in Alberta and where the money goes. Clearly there needs to be more communication on a number of fronts, judging from the lack of knowledge of proceed distribution or the consultation process (which they support).

The main challenges they identify are:

- Resolving the role of the private sector in the industry (what kinds of guidelines/criteria are there?).
- Developing guidelines for Community Lottery Boards to distribute funds (for instance they were turned down for capital funds because they had a “healthy balance sheet”).
- Dealing with the growth in demand, in particular racing entertainment centres and efforts to benefit/stimulate live racing.
- People becoming more conscious of addictions as a limit to growth.

They believe that they often “get forgotten” because of their status as a B-circuit track. They think there is probably a saturation point for gambling, but that it has not been reached yet. AGLC’s efforts to balance growth and responsibility are rated poorly by Lethbridge Exhibition because to them “it seems to have gone wild lately”. As a result, they think that now is a good time for the province to draw back and “assess what we’re doing”.

They returned to their initial questions about where the money goes, expressing concern that the public knows very little about it and they were told not to promote the fact the Lethbridge Exhibition receives lottery money. The Exhibition looked at other fairs which received money and questioned why they them (i.e. Red Deer) and not us. In this regard, they believe the lack of a convention and visitors bureau hurts them.

They are not in favour of having separate First Nations casinos because they believe in having a level playing field. On other issues the Lethbridge Exhibition believes that:

- Moving VLTs into gaming rooms might be a good idea because “if you can’t make it [as a lounge/bar] without VLTs, maybe you shouldn’t be in business”.
- The province should be proud of the Charitable Gaming Model because in most other states/provinces the money goes to the government or the private sector, and not to charities.



- The AGLC listens well to industry input, but faces challenges in consistently applying policies, for instance in grandfathering for Calgary and Edmonton fairs, and still trying to treat other fairs equitably.
- The province might want to examine when and how to get involved in Internet gambling to maintain some control and keep money in the province over the next 10 years.
- Electronic Bingo might be a good idea to help the bingo industry.
- Lethbridge often gets forgotten, both in terms of gaming issues and in the equally important area of tourism development.

### **Camrose Regional Exhibition (September 21<sup>st</sup>, 2000)**

Camrose was aware of the review and had sent correspondence to the Minister regarding an application for a permanent casino and major capital funding program. They see the main challenges for AGLC as:

- Managing the growth in revenues (which they think AGLC has done a good job with so far).
- Addressing public concerns (such as addiction problems) effectively.
- Rectifying some of their technical issues with slot machines (i.e. not having tech support on site).
- The growth that will occur if the VLT cap is removed.

They also pointed out they have a really good relationship with AGLC staff and inspectors. They believe the public would react positively to issuing them a casino license because they operate as a not-for-profit organization, they distribute funds in the community and they add value in tourism to Camrose and area.

They see the growth in consumer spending on gaming continuing and they think it is better to keep some of that money in the community rather than having people (such as seniors) spend it in places like the Dakotas or Regina.

In the past 2-3 years they have witnessed a positive change in tolerance toward gambling in the region, despite the opposition of some small vocal religious groups. To further reinforce this trend they support AGLC spending money to tell Albertans about lottery proceed distribution. They maintain that to keep gaming revenues growing a concerted “selling job” about the benefits is required. This means paying attention to potential social costs, which they think AGLC is doing well now.

Camrose Exhibition also noted:

- The possible introduction of hotel gaming rooms would reinforce their case for a casino license.
- First Nations casinos probably would not affect them.
- They are concerned about the downloading of services from the province to municipalities, which increases the pressure on charities to do more social programs.
- Without the Charitable Gaming Model “we’d be in real trouble”.
- More gaming revenue would be directly targeted to local charities (in a more visible way).
- Tightening charity eligibility guidelines is advisable, and AGLC should have an education process about who qualifies and why.
- They would like AGLC’s help in gearing up for the 202 Alberta Summer Games.
- Why are non-profits paying for a license if Alberta is making one billion dollars from gaming?
- AGLC is obliged to get involved in resolving the status of horse racing in the gaming mix and ensuring the Racing Renewal Initiative benefits everyone.

Finally, they suggested AGLC consider convening a permanent advisory board from throughout the province (rural and urban) as an easy low cost way to get on-going feedback and disseminate information from AGLC to local communities.

### **Evergreen Park (Grande Prairie – September 27<sup>th</sup>, 2000)**

Evergreen Park was unfamiliar with the licensing policy review until the meeting was established, but they were involved in the Medicine Hat Summit. Fundamental issues for Evergreen are:

- Not developing a parallel process for Native Gaming or bingo (they do not believe in special status for anyone).
- Improving methods for distributing the Lottery Fund (but not through local Community Lottery Boards because they become too politicized).
- Clarifying the criteria for fund distribution to Community Lottery Boards.
- Dealing effectively with growth in demand for gaming (such as slots).
- Being able to operate machines on “dark days” during the summer (when there are sufficient people to make it profitable).



- Becoming more self-sufficient by building a convention centre and having slot machines operational throughout the summer, not just on race weekends.
- Improving the quality/newness of the machines.

They also believe concerns about social problems/capacity are overrated, due to some church groups raising attention to these issues. They see more tolerance now for gaming in the community than in the past, and they think the AGLC should:

- Publicize what they are doing on prevention and treatment.
- Promote where the money goes.
- Recognize Exhibitions' role/rights in starting gaming in the province.
- Allocate separate money for agricultural societies because they helped put the infrastructure for the Charitable Model into place.
- Put facts about the Lottery Fund in the paper.
- Address their concerns about First Nations casinos.
- Continue consultation efforts like this in future years.

### **Stony Plain Agricultural Society**

As one of the smaller rural Agricultural Associations, Stony Plain feels like it is "outside the fence looking in compared to other bigger Ag societies". While they had heard of the Licensing policy Review, they had little awareness of any of the other consultations which had taken place.

Being situated in Stony Plain, which voted out VLTs, they feel "really caught up in the moral issues of gambling". The moral conflict centres on the fact they depend on gaming money ("it keeps us going") but they know the community has serious social and moral concerns. Their concerns are:

- The potential of a Native casino going into Enoch.
- The disparity between rural and urban charities (due to higher revenues per event in the city they see urban casinos as "a pot of gold rural areas can't get at").
- The long-term implications of the government becoming wealthy (and dependent) from gaming revenues.
- Ensuring gaming revenues go to the most deserving causes (such as food banks and children's services).
- Adapting to changing player demands (bingo wanting Keno or electronic bingo to compete against VLTs).
- Each Community Lottery Board having different rules for granting money.

They believe the marketplace will determine the limits to growth and that placing caps on certain games will have no effect as long as there are people with disposable income to keep playing. On the issue of social capacity, Stony Plain Agricultural Society thinks that most people want the proceeds (and have no problem applying for funding) but they want gaming hidden. They think the AGLC has done “reasonably well” in balancing growth and social responsibility, saying, “it could have exploded” in the government’s face.

They returned to their complaint that most of rural Albertans cannot access the bulk of the dollars being spent in casinos, pointing out the irony that gambling prohibitionists are concentrated in rural Alberta where the “tangible benefits” from gambling are lowest. They lament the situation they find themselves in: they cannot come up with enough capital spending projects to receive matching funds so they do not get very much money. “All I can access is bingo and a casino once every two years”.

They fear that while gaming revenue is increasing “the little guys out here are dying,” and wish there were a better way for some of this money to be made available to smaller organizations. They also worry about charity eligibility (to ensure the most deserving charities get the cash) and they wonder how First Nations casinos could be run to ensure a level playing field (i.e. not allowing Native groups to be both charity and operator).

## 2.6 Salvation Army (October 25, 2000)

The Salvation Army representatives noted that their national ethics policy:

- Prohibits them from being associated with gambling in any form.
- Requires strict adherence to the fund raising code of ethics.

They started the consultation by commenting that the number of families in crisis due to addiction has been increasing in Alberta recently. Pinpointing how many of those cases were caused by gambling is very difficult because they “serve our clients with dignity, so we don’t ask why”.

They admit that while casinos and VLTs are very addictive, “gaming is here to stay” in Alberta. They were unaware of how much money was generated from gambling and had even less knowledge about where gaming proceeds went. They asked a number of questions about what percentage of proceeds are directed toward treatment and prevention, suggesting that 3% to 5% might be an appropriate amount.

The Salvation Army welcomed the consultation, noting that the invitation to meet with the AGLC stimulated a lot of interest in examining their

policies and practices in dealing with problems caused by gambling. They believe AGLC has not yet struck the right balance in terms of the amount of money reinvested back into programs for families. They also expressed some concern about charity eligibility (i.e., who qualifies for funding and how that is determined).

They pointed out that the Salvation Army is not recommending prohibition of gambling (“we can’t even get prohibition of smoking in restaurants”). They simply think the government needs to be more responsible for the social harm caused by gambling: “we’re raking in a billion dollars ... how much is being spent to deal with problems?” They concluded that “we’re human. There will always be the desire to have more than we currently have - that’s what motivates people to gamble ... that’s why the government needs to be responsible.”



## SEGMENT 3: FAIRLY CRITICAL (SHOULDERING MOST OF THE IMPACT)

### 3.1 Municipalities

A total of five in-person consultations were held with municipalities between September 5<sup>th</sup> and 29<sup>th</sup>, 2000.

#### **Alberta Association of Municipal Districts and Counties (AAMDC)**

The AAMDC noted that VLTs are now an important component in many communities because the value of some small hotels or lounges is based on VLT revenue. As a result they think AGLC should show sensitivity to the VLT revenue stream and the importance of maintaining the network. Some of the concerns they expressed were:

- How AGLC plans to deal with the legal wrangling over implementing VLT votes in some communities.
- The potential impact on rural municipalities of Native Casino expansion (i.e. increased costs for roads and social services).
- Maintaining the credibility and integrity of the Charitable Model.
- Ensuring the revenue stream for charities in outlying areas from things like Nevada tickets (so that groups like Nevada tickets (so that groups like Legions and Kinsmen will not need to turn to local municipal councils for funding support).

The AAMDC believes there is a growing acceptance of gambling in general and VLTs in particular in Alberta, but they think support could be further strengthened by:

- Making proceed distribution more transparent.
- Ensuring rural areas get their fair share of the gaming revenues (they pointed out that as rural communities start to rebuild - i.e. Bragg Creek community hall - they need equal access to the level of funds available through busy urban casinos).
- Addressing addiction problems (which they think are more visible in small communities).
- Clarifying how the government raises and spends gambling revenues (which they know will be an emotional issues because of debates about whether certain types of expenditures – i.e. hospital equipment – should come from gambling revenues or from general revenues).
- Spending more on public education programs (showing Albertans where the money goes).

The AAMDC believes gambling problems are more easily identifiable than most people think. They point out they do not represent their members on issues concerning the morality of gaming. Nevertheless, they can speak in favour of more fair equitable access of rural communities and small municipalities to proceeds from gaming. They acknowledge that there is likely to be more gaming expansion (“because the government is very industry driven”) but that they would like to see access to gaming funds for small communities written into policy. In that way gaming revenues will not be subject to change due to political reasons.

### **City of Edmonton**

The Mayor was quite supportive of the process of consulting stakeholders and was generally positive toward the expansion of gaming facilities in Edmonton. Similar to most municipalities, there was little exact knowledge or awareness of how the industry is currently structured, what the scope is, or where the bulk of gaming proceeds go.

Discussion initially focused on issues of establishing better co-ordination between AGLC and Edmonton regarding zoning and licensing applications. As Mayor Smith put it: “We have a dilemma – we don’t have all the information we need on some applications.”

Concerns were expressed by social services about how to better tie distribution of proceeds to the municipality to offset the perceived cost (i.e. “we tend to have higher spending in Edmonton, and we need to deal with the problems”). Questions were also raised about how to collect data to measure the potential impact on charities of bingos getting less revenue now that VLTs and casinos are seemingly cannibalizing players.

The issue of administrative support for Edmonton’s Community Lottery Board also arose. The concern was that Edmonton City Council had funded an administrative shortfall for two years running (in the range of \$50,000) which really should be absorbed by the AGLC.

Although it was acknowledged gambling can cause some problems, the Mayor was of the opinion that it is “a huge plus for the City” (“Big cities handle it...my advice would be to get off the fence and start talking positively about the economic impact. People like to gamble, and I like it from an economic point of view”).

Others around the table agreed that a lot of good causes are supported through the Lottery Fund, but reservations were expressed about keeping security and safety high as the industry expands. Further to this point, the view was expressed that “gambling belongs in casinos”, and VLTs should

be removed from bars because “to go to a casino takes an effort...to gamble on a VLT at a neighborhood pub doesn’t”.

Discussion shifted to the issue of the stringency and thoroughness of security checks for potential casino owners. Assurances of the integrity of the process were given, but the Mayor recommended making the rigorous process more visible to the public.

On the issue of First Nations Gaming, the Mayor asked, “Why should they be treated any differently?” The sentiment that First Nations should “play by the same rules” as other casino operators was echoed consistently throughout all other consultations across the entire spectrum of stakeholder groups.

The issue of utilizing casino expansion to stimulate business growth for hotels/conference centers was discussed, with the Mayor noting that he personally thought small casinos in hotels could be a good idea, particularly if such a project was linked to convention facility expansion.

Suggestions were made to deal proactively with the Community Lottery Board administrative expenses, as well as AGLC and municipalities working more closely together to have a process “that helps us both deal with potential casino expansion”.

In closing, the Mayor noted that AGLC “should tell its story better...the two Big Cities are the key and sitting down and working together is really important”. A suggestion was made to have people from Planning, AGLC, and senior City Managers sit down and discuss issues of gaming regularly once a year.



### **City of Calgary**

The City of Calgary identified a number of concerns including:

- The potential impact of having to deal with social costs and infrastructure costs related to the Tsuu T'ina Casino development. They think there should be some way for AGLC to help offset costs.
- Employee addiction or problems caused internally.
- The sense that City Council is opposed to new casino development, even an upscale casino.
- Developer buying land with plans for casinos and then playing the City off against the AGLC/government.
- The status of Resortport and racing entertainment centres in general.
- Tightening/clarifying charity eligibility guidelines (i.e. should the Tsuu T'ina be a charity; is there a mechanism for tracking how they spend their charity money?).

Much of the conversation focused on clarifying the status of various types of gaming activities and addressing the issue of fairness and consistency. Fairness of proceed distribution was raised, including:

- Ensuring that worthy, needy groups get funding despite not being well organized in how to apply for Community Lottery Board funding.
- Having a level playing field between Native casinos and other casinos.

The issue of consistency involved:

- Consistently applying rules between Calgary and an adjacent native community (in term of what type of entertainment is allowed).
- Telling people more consistently about where the money goes, so there will be more support on an on-going basis.
- Continuing AGLC's good job in regulating the gaming industry.
- Giving the public a better understanding of how Community Lottery Boards work and how to apply for funds.

The City of Calgary thinks AGLC could be doing a much better job communicating how much money is being raised, who it is going to support, and how those decisions are made. They also think AGLC could improve efforts to work together in partnership with municipalities on zoning issues related to gaming applications. They welcome increased consultations so the province and each city will better understand their respective positions.

Similar to other municipalities, Calgary raised the issue of not being compensated sufficiently to deal with some of the costs of increased gambling (including infrastructures, policing and social costs).

There was also a sense that Calgary is unique in that it conducts an annual census and therefore could work with the AGLC to come up with a few questions to determine the impact of gambling. The cost of adding questions was estimated at \$18,000, and it was thought they could include demographic questions profiling who gambles.

On the whole, Calgary thought the AGLC was doing a good job balancing growth and social responsibility, but needed to help Community Lottery Boards get greater recognition. They also sought more data comparing the extent of gambling problems by jurisdiction was needed.

Finally, Calgary expressed satisfaction with the current consultation process, and mentioned they would like to sit down again with AGLC senior management to review the report with City staff and elected officials.

### **City of Grande Prairie**

The City of Grande Prairie began by discussing a number of liquor related issues, then identified some of their key gaming concerns as:

- Racing entertainment centres.
- First Nations casinos (and ensuring a level playing field with other operators).
- Impact of the VLT plebiscite.
- Need to study the social and economic impacts more carefully.

Grande Prairie sees itself as a major regional hub, where increasing numbers of people from the 200,000+ drawing area in BC and Alberta come to shop and gamble. They are open to the concept of having casinos with convention/hotel facilities that would act as another element attracting traffic and tourism dollars to the city. They believe the entertainment “angle” is very important; i.e., making gaming facilities with the right ambience and full service entertainment offerings to attract people from outside the community.

Grande Prairie also thinks that if VLT revenues went more directly to charities it would help strengthen support for them. They strongly support the Charitable Model, and in the case of VLTs think it should be expanded if possible. In their view, there should be room in the growing gaming business for both the big quality players and “the smaller guys”.

They think that although there is now a bit better knowledge of where proceeds go, the AGLC could do a better job in reinforcing “how fortunate we are” to have such a revenue stream. They also think AGLC could improve by:

- Putting more money into problem identification and treatment, through AADAC.
- Educating Albertans about gaming benefits.
- Putting same rules for Native casinos in place as there are for other casinos.
- Allowing private sector to continue to bid to build better casinos, offering a nicer experience on a more professional level.

The fundamental principles Grande Prairie thinks AGLC should focus upon are to keep the industry fair and clean. Only in this way do they believe the social, fiscal and political capacity of the industry will be maximized. They applaud AGLC’s efforts so far, noting “it’s good to see you’re out there doing this type of work already”.

### **Red Deer Municipality**

The City of Red Deer expressed concern about the rapid expansion of gaming in Alberta, citing results from VLT plebiscites in recent years in which the public appeared split on the issue of retaining or removing the terminals from their communities. It was felt that more public involvement in the approval process for licences, such as public hearings, would give Albertans greater opportunities for direct input and would allow the Commission to better understand community support or lack of support, for licence applications. It was also felt such hearings should be held in the community where the licensee will operate.

The city sees its role as dealing only with land use issues related to a gaming establishment, consistent with the Municipal Government Act. Such issues include appropriate zoning for casinos, traffic noise, and other impacts on adjoining neighbourhood properties. The city views the province as continuing in its role to license such establishments because it believes the province has the capacity to deal with the negative social impacts in the communities.

The city supports and recommends that the province increase funding to deal with the negative aspects of gambling. It was also felt that an extensive social impact analysis should be undertaken to give Albertans sound research and information on the effects of gambling. The city believes such analysis would form the basis for sound policy development and help determine the direction of gaming well into the future.



They support AGLC's consultation efforts and would like to have more opportunities to provide feedback to the Ministry on policy while it is being developed.



## 3.2 Police Services

Five executive consultations were held with the following police services between September 14<sup>th</sup> and October 2<sup>nd</sup>, 2000:

RCMP	September 14 <sup>th</sup> , 2000
Edmonton	September 14 <sup>th</sup> , 2000
Lethbridge	September 25 <sup>th</sup> , 2000
Medicine Hat	October 2 <sup>nd</sup> , 2000
Calgary	October 9 <sup>th</sup> , 2000

### RCMP

Representatives of the RCMP commented that this is the first time they had been asked for their input on gaming issues. They welcomed the opportunity to respond. First they raised a number of questions about the expansion of gaming, including:

- Do we know the impact of gaming that is already in place?
- How can we assess the impact of future expansion?
- How should/could we separate changes related to gaming from other issues (i.e., the increase in VLTs occurred at the same time liquor hours were lengthened)?
- What is the best way to capture information about the impact of gaming on families, including anecdotal feedback about spousal abuse or suicides (they thought maybe Victim Services could look into it)?
- Are social problems on reserves going to increase if casinos are introduced?
- Has anybody been able to accurately measure the impact/cost of gaming? (They suggested maybe the University of Alberta should look into it, but were pleasantly surprised to hear of the Alberta Gaming Research Institute.)

The RCMP believe it would be wise to ask local commanders (the people on the “front lines”) about the impact of gambling. From this input, they think Alberta may be able to address the question of whether we are at the saturation point yet. Ultimately, they would like to see better information on the social impact and understand more about public opinion on the topic.

They spoke at some length of the potential negative impact of gaming to damage the social fabric, and the effect this might have on community policing efforts. They suggested widening these consultations to include the Association of Chiefs of Police, in order to sensitize various forces to gaming issues. Part of the challenge they see is in facilitating more discussion and creating the right questions to ask.

Another challenge they identified is striking the right balance between demands for growth and social responsibility, which they feel requires having the proper information and presenting a full cost benefit analysis. This could involve a longitudinal study over many years.

They pointed out that the RCMP used to have dedicated gaming units, but no longer does, despite an increase in gaming activities. They note that gathering intelligence data on gaming requires resources which means having the government set its priorities. If investigating illegal gaming activity is a priority, then more resources for policing will be required. They cite Ontario as an example of a jurisdiction with a dedicated illegal gaming unit, but “there’s nothing like that here”. The RCMP notes that gambling issues are provincial but Alberta does not put any money directly into policing it.

They express concern about the potential for First Nations casinos to be “a powder keg”. Further consultation and cooperation between police forces on and off reserves will be necessary to address the concerns, they feel.

They would be pleased to see AGLC initiate an exchange of information on gaming across forces. Such a forum could discuss both operational issues and strategic issues.

### **Edmonton Police Service (EPS)**

The EPS believes that gaming touches on so many things that it is tough to say what the total impact is. They believe much can be learned from the US experience (“we’re 6-10 years behind the Americans”). Similar to the RCMP and other police services, the EPS sees a need for better collection and analysis of data on gambling.

They question how anyone can accurately qualify and quantify the impact unless the province collects or obtains the necessary information.

They question how much the province wants to pay to deal with the cost of increased gambling. They point to new or expanded casino facilities and the potential for increased traffic problems, issues with crowd behaviour,

and therefore, increased workloads for EPS, which is already stretched. EPS also raised the question of whether police should be directly involved in casino security (as is the case in Ontario). They fear the inevitable spin-offs of more casinos will be increased loan sharking, drug dealing and associated violent crime that extend beyond the casino facility itself. Despite these challenges, the EPS believes the demand for police services as a result of gaming expansion should be estimated before expansion occurs. Among other things, they realize the City of Edmonton does not have the money to meet its commitments, “so law enforcement will suffer”. They point out that “clearing up the mess [associated with gaming] is a lot more tedious and expensive than bringing in the dollars”.

The EPS acknowledges there will be negative social costs, but thinks the AGLC, through AADAC is doing a pretty good job addressing those issues. They do believe that AADAC could improve with more education and co-ordination of information gathering. The EPS is also willing to work with any social or law enforcement agency to determine the likely consequences of increased gaming and coming up with an appropriate “societal response” to such consequences.

To strike the right balance, EPS thinks AGLC will have to substantiate the link between gaming and crime and then properly fund prevention efforts.

They understand setting aside money for dedicated policing activities in gaming is ultimately a political decision, but it is best to get proactive now before illegal gaming gets a foothold in the province. They admit that until now the government has acted responsibly in handling VLT expansion, but they think with the expansion of casinos, the industry has taken a big leap, with big risks, EPS would be happy to see joint forces agreements struck with the AGLC. They believe such an initiative would show some social responsibility by giving more resources to law enforcement agencies.

### **Lethbridge Police Services (LPS)**

Lethbridge Police Services reiterated many of the issues raised by the RCMP and EPS, including:

- The need for better collection of statistics on gambling.
- Establishing the extent of the link between crime and gaming.
- Trying to better understand the total impact (costs versus benefits).
- The need for the government or AGLC to fund better policing and enforcement efforts.

- Getting away from anecdotal evidence about the impact (suicides, fraud) by flagging data on a file for review by AGLC or AGRI.

LPS believes education of police services as well as the public is critical. They believe that accessibility of VLTs is a big part of the problem, but that First Nations casinos would make problems worse. They think the AGLC has done a fairly good job of balancing growth and social responsibility but that more resources need to be dedicated to addressing policy and prevention programs. They see gaming growing and think if something is not done soon to address problems, they will soon hear about it from the public. Similar to other police service they suggest the AGLC look into establishing a permanent regulatory or police presence in casinos. They point out it is one thing to know gaming is growing, it is another to commit the resources to deal effectively with that growth.

### **Medicine Hat Police Services (MHPS)**

MHPS raised all of the same issues as other police services, which can be summarized as:

1. A need for more regular formal information sharing among AGLC and police services.
2. The need to track statistical data on gaming crime more effectively.
3. The necessity of properly funding these policing and information initiatives by setting aside additional money from lottery funds (through JFOs?).

MHPS thinks AGLC has handled the growth in gaming responsibly thus far (the growth has not seemed overwhelming) but that as the industry grows, better policing and intelligence data will be required. They suggest instituting a per capita grant from the province to deal with such issues. With such a fund, they believe some dedicated resources could be committed. Otherwise, with limited resources, they will continue to deal with the violent crimes first, not the “softer” crime such as gambling.



### **Calgary Police Services (CPS)**

The CPS meeting began with a comment that there were insufficient resources to deal with gambling complaints. Similar to other sessions with police representatives, the CPS decried the lack of dedicated funding for policing and the inadequacy of efforts to collect and analyze statistics about the impact of gambling.

They identified numerous concerns about problem gambling such as:

- ◆ Domestic violence
- ◆ It's hidden impact on increases in related crime
- ◆ Money laundering and loan sharking

The CPS believes that the problems created by gambling – sanctioned by the government – have not been properly addressed. Similar to other law enforcement agencies, they called for greater cooperation between AGLC, communities and individuals to come up with strategies to address problem gambling. Ultimately they believe the government needs to infuse some cash in order to properly fund efforts by police and others to deal with the situation they created.

To balance social impact costs with the reality of expanding gaming requires stable sustainable funding of a JFO, according to the CPS. They question the wisdom of expanding gaming due to their concern for quality of life issues. They see the primary challenge of AGLC to be creating a strategic framework dealing with prevention and intervention with respect to gambling problems. Like many other forces, they see an urgent need for better data on the extent of gambling problems. They also support establishment of a JFO, funded by the government's lottery and gaming revenues.

## SEGMENT FOUR: POSITIVE TOWARD AGLC (LOOKING OVER THEIR OWN SHOULDER)

The fourth segment consulted consisted of:

- ♦ The Alberta Gaming Industry Association
- ♦ Casino Operators (in Calgary & Edmonton)
- ♦ Casino Applicants (Remai Ventures & Oasis)
- ♦ Video Retailers (in Calgary, Edmonton, Lethbridge & Grande Prairie)
- ♦ Ticket Retailers

### 4.1 The Alberta Gaming Industry Association (AGIA)

The AGIA had an extensive amount of input to provide about the licensing review process, current policies and emerging challenges.

The AGIA welcomed the review process, but expressed considerable cynicism about the fact that “there have been lots of reviews, but a lack of action and outcomes”. They said the industry’s patience is “wearing thin” as people see one study after another while important issues are not being addressed. They raised attention to a number of irritants such as:

- The date of the multiple room license decision approaching with no clear decision, thereby putting some expansion plans on hold.
- A sense that AGLC reacts to problems rather than being proactive; as they put it: why fear the public mood - it has changed to be more supportive of gaming.
- How the media overstates the perceived problems of addiction.
- Their desire to grow the gaming business as partners with government, rather than operating it as an arm of government.
- The need to more quickly replace aging equipment.

The AGIA believes discussions about the social capacity in Alberta (or problems associated with gaming) are self-defeating; they assert that “people are voting with their wallets”. They would prefer to see AGLC move away from operating in a reactive crisis mode to any alleged problem. Because AGIA thinks gaming is not a key issue on the electoral agenda (i.e. less than 1% say it is an important issue in recent polls), they think that small groups who oppose gaming are being allowed to dominate the agenda. They believe the province has successfully balanced the benefits and social costs by being sensitive to moral issues. The trick, in their view, is to avoid having moral issues dominate the political agenda.

As a result of their very positive views of gaming, they think the AGLC could improve by:

- Not avoiding (or being scared of) talking about how much money gaming generates).
- Stressing the spin-off benefits of training, high tech service.
- Improving service and maintenance levels/standards.
- Using more gambling revenues to improve the system.
- Taking a harder line with VLT retailers who do not meet aesthetic or operating standards.
- Continue to study addiction problems to come up with more effective programs (the bingo representative insisted their industry does not have the same extent of addictiveness; this view was not shared by other AGIA spokespeople).

The AGIA points to the size and importance of the industry (“it’s the second largest revenue generator in the province”) as proof of their advice to be proud and tell the story better. They see gaming as a recession proof entertainment business which should be better recognized. The AGIA went on to debate the issue of product cannibalization (in particular declining bingo and horse racing revenues) but could come up with no consensus on the cause or the cure.

The AGIA raised a number of policy questions, such as:

- What the role of industry and government should be in setting gaming industry standards (i.e. New Mexico Gaming Association sets its own standards).
- Liquor privatization being a good model to follow for gaming (i.e. letting the market forces decide if there is capacity for additional gaming facilities).
- The importance of being clear on how First Nations casino revenues would be disbursed; they think it is crucial to have a level playing field with respect to use of proceeds and to ensure the entire process is transparent and accountable.
- The challenges of addressing Internet gambling (the AGIA thinks AGLC cannot ignore it, but to legitimize it would also cause problems).
- Accessibility for any new products like Keno; they thought it would be better to be in age controlled locations such as casinos or liquor lounges.
- The need for greater capital investment (which will yield good returns).

- Their support in principle for an open competitive RFP process for establishing new casinos.

Finally, the AGIA stressed the importance of AGLC seeking feedback about policy prior to finalization.

## 4.2 Casino Operators

Casino operators in both Edmonton and Calgary noted a number of concerns:

- The LPR was viewed as a political “stalling tactic”.
- Wanting the same rules to apply to everyone – rather than having separate rules for First Nations casinos.
- The Charitable Model has “served us all well” and efforts should be made to reinforce it rather than threaten it.
- While the industry has evolved in a balanced controlled, way, they need to know where it is headed in 6 or 9 or 12 months.
- Hotel gaming rooms; the potential they have to push things to the saturation point.

Casino operators are cautiously supportive of AGLC’s efforts to regulate the industry but they are definitely looking over their shoulder at potential competitors (such as hotel gaming rooms or Native casinos). They feel that any further growth (with perhaps Calgary as the exception) would jeopardize the current success of the industry.

Their main worry is that although many current operators “have invested millions”, there is no reliable game plan for the industry to move forward. Most of all, they seek assurance of certain rules and market limits. They went on to detail how a small change in percentage proceeds given to a First Nations could upset the competitive balance (by allowing them to offer discount meals or hotel rooms). As they put it: “Why change a system that is working well now?” Provided that First Nations casinos play by the same rules, they are fully prepared to compete. To ensure comparable rules for expansion, they welcome efforts by AGLC to “raise the bar” by setting and enforcing certain minimum performance standards.

They believe there is still room for carefully planned expansion of facilities and games in Alberta, as long as existing rules are maintained.

Operators give AGLC credit for working with them to do an excellent job on enforcement and regulation of the industry thus far. Challenges AGLC will have to face in the future include:



- Addressing Internet gambling (either moving to prohibit it or using it for some types of betting such as Sports Select).
- Providing tech support when and where the industry needs it (i.e., after midnight at a busy casino).

### 4.3 Casino Applicants

Potential operators who applied for a casino license prior to the announcement of the moratorium were also interviewed. These applicants showed only a minimal awareness of previous or current review initiatives. The main challenges they identified for AGLC were:

- To strengthen support for gaming among the general public.
- To tell Albertans where the money goes.
- To maintain the strengths of the Charitable Model (in particular the volunteer base).

They see growth occurring in slots and higher end casino products appealing to Baby Boomers. They also identify tourism as a key component due to their focus on destination gaming. Their views on a variety of issues can be summarized as follows:

#### First Nations Casinos:

- inevitable
- level playing field
- impact on role of charities questioned

#### VLTs:

- incorporate them more fully into the Charitable Model through signage

#### Internet:

- huge problems if the government moves to control it or use it
- need to move cautiously

#### Charity Eligibility:

- needs to be reviewed carefully

#### 4.4 Video Retailers

VLT retailers were fairly well informed about changes occurring in the gaming industry. Similar to casino operators, they see the main challenges of AGLC as:

- Fighting negative public opinion.
- Ensuring consistency in applying existing rules.
- Keeping up-to-date (by upgrading the machines).
- Having better maintenance.
- Resolving the multiple license policy once and for all.

VLT retailers think the AGLC has done a pretty good job in balancing growth and social responsibility, but they think improvements could be made by:

- Acknowledging the importance of VLT revenue.
- Telling people where the money goes.
- Incorporating VLTs into the visible Charitable Model (by having signs indicating where the money goes).
- Treating VLTs the same way as casinos (i.e. allowing more room for expansion).

In general, VLT retailers seem to not want to “rock the boat” by expanding the VLT network, but they do seek clarity about the rules for the number of machines and the ability to transfer machines if a lounge is cold. Some acknowledged that the VLT network in Alberta was one of the most successful in part due to the 6000 cap. Nevertheless, there is a sense that if the multiple license policy is allowed to stand, then existing owners who have reached performance targets should be allowed to expand the number of machines.

In general, there was support for the concept of optimizing the network by setting minimum standards of returns and enforcing those standards by, if necessary, removing extra machines. This was seen as a good way to keep providing machines to those on the waiting list.

## 4.5 Ticket Retailers

Ticket retailers (or traditional lottery retailers) were very enthusiastic in their support for AGLC and their willingness to offer advice to improve lottery sales. They were less helpful in adding insights regarding the gaming industry as a whole, or any non-lottery type of game in particular.

Aside from identifying certain operational things the AGLC could improve upon (such as better utilization of the system to send internal messages, the lost opportunity due to not have special event scratch tickets and more/better promotion of Sports Select), ticket retailers only had a few concerns:

- VLTs raising concerns about the whole industry, and in some cases leading to problem gambling.
- A lack of promotion/education about where lottery revenues go.
- The desire among some operators to introduce Keno to the system (like in BC).

Most retailers viewed competition between different ticket retailers and between tickets and other forms of gaming, as inevitable, although a few complained about the proximity of competing ticket retailers.