

**EXECUTIVE
SUMMARY
OF THE
GAMING
REVIEW
COMMITTEE**

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Terms of Reference

The review of gaming carried out by the Review Committee, MLAs Margaret Lord and Dennis Streifel, was assigned terms of reference which directed them to consult with interested groups on topics respecting gaming which would include, but not be limited to:

- the current level of legalized gaming in the province, and the appropriate level for the future;
- the potential impact on charitable gaming of expanded electronic bingo or the introduction of video lottery terminals;
- the impact of teletheatre betting on current gaming activities;
- the appropriate sharing of gaming proceeds by the government and charitable/religious organizations; and
- possible alternatives to the current regulatory regime.

Process

The members of the Review Committee conducted meetings in person or by telephone with 18 groups and individuals* involved in gaming in British Columbia and in other jurisdictions. They also attended a regional Gaming Commission meeting and toured bingo and casino establishments. Ads placed in daily and weekly newspapers throughout B.C. at the end of October invited submissions from the public on gaming.

The Review Committee was not asked to address aboriginal gaming, which is being reviewed separately, nor was it asked to make recommendations. Consequently, this report does not discuss aboriginal gaming and it does not contain recommendations. It is intended to present the results of the consultative process carried out by the Review Committee.

A total of 1,071 submissions received by December 11, 1992, are included in the analysis in this report. There are 818 submissions from charitable/religious organizations, 224 submissions from individuals, 17 submissions from the gaming industry, and 12 submissions from public sector agencies and those with political affiliations.

* NOTE: These meetings involved the B.C. Gaming Commission, the B.C. Lottery Corporation, the B.C. Racing Commission, groups representing the interests of charities, religious groups, Gamblers Anonymous, the B.C./Yukon Hotel Association, the Casino Management Council, the Vancouver Police Department, individuals knowledgeable about gaming in B.C., and officials involved with gaming in Alberta, Manitoba, New Brunswick and South Dakota.

Topics

The terms of reference given to the Review Committee identified five topics as noted above for the focus of the review. A sixth topic, compulsive gambling, has been added to the terms of reference to present the full range of opinions that were voiced to the Review Committee.

Topic 1 - The current level of legalized gaming in the province, and the appropriate level for the future.

Discussion - The assumptions included in the terms of reference given to the Review Committee indicated that gambling would continue to be lawful, and that the potential costs of "wide-open gambling" were unacceptable to government. These assumptions set some limits to possible expansion of gaming in B.C.

Possible expansion of legalized gaming in British Columbia could take many forms. It could involve increasing the availability of existing forms of gaming by, for example:

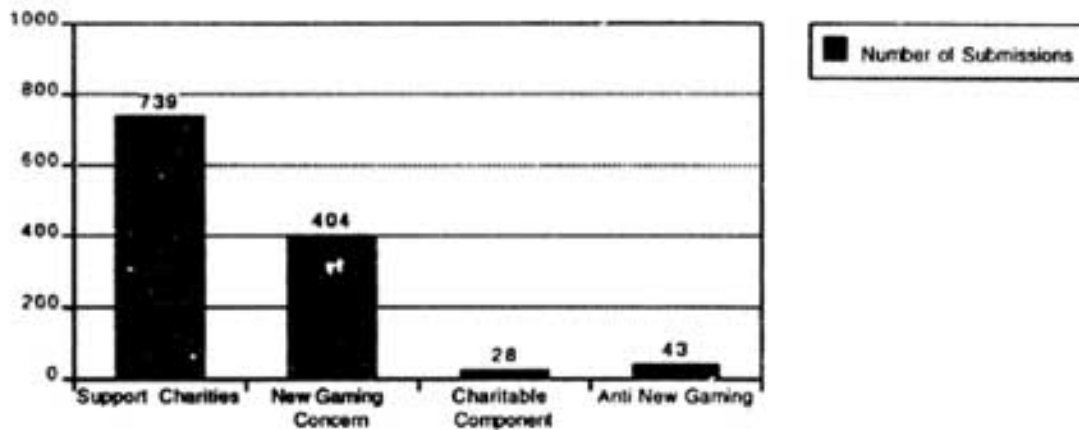
- allowing increases in the number of casinos and/or extending their hours of operation;
- allowing increases in the number of bingo halls and/or extending their hours of operation;
- allowing increases in betting limits in casinos and in prizes for bingo; and/or
- permitting the introduction of new forms of gaming such as video lottery terminals, electronic bingo, new casino games, and teletheatre betting for horse racing.

Results of consultation - The views of charitable/religious organizations and individuals who made submissions to the Review Committee are presented in the following charts.

A strong message in the submissions from charitable/religious organizations was to at least maintain, if not improve, the current revenue-sharing formula for charitable gaming. Support for the current level of gaming in the province is implicit in this, particularly if there are few or no alternatives in the form of government support for charitable/religious groups. On the question of expanding gaming, the prevalent view was that the impact of any new initiatives on existing charitable revenues should be studied (including research on addiction) before their introduction.

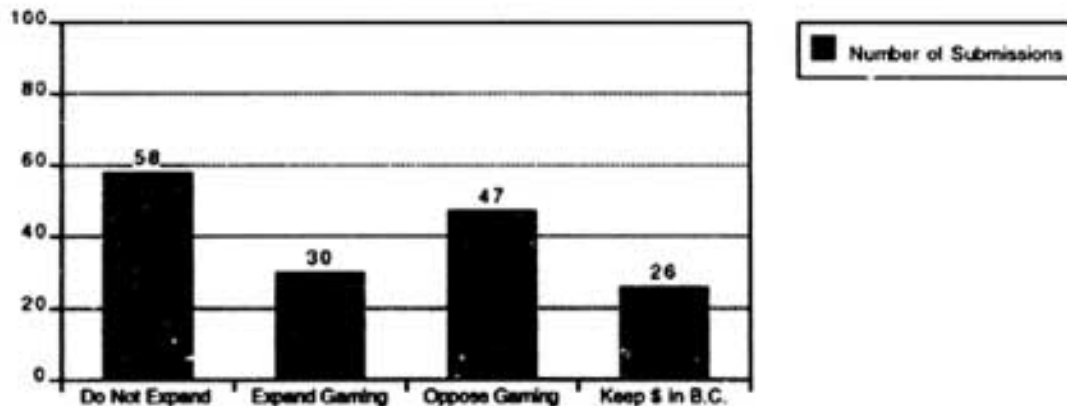
A number of submissions from religious organizations indicated an overall opposition to legalized gaming and opposition to any expansion of gaming. They cited moral concerns, the problems of compulsive gambling and the regressive nature of gaming as a voluntary tax.

Views on Levels of Gaming - Charities/Religious Organizations



“Support charities” refers to support for maintaining or increasing revenues to charitable/religious organizations from gaming. “New gam. concern” refers to concerns raised about the impact of new forms of gaming on current charitable/religious revenues, “Charit. component” refers to recommendations that any new forms of gaming should provide revenues to charitable/religious organizations, “Anti new gaming” refers to opposition to new forms of gaming.

Views on Levels of Gaming - Individuals



“Do not expand” refers to opposition to any expansion of gaming, “Expand gaming” refers to support for expansion of gaming, “Oppose gaming” refers to opposition to the existing level of gaming, “Keep \$ in B.C.” refers to expanding gaming to encourage spending of gaming monies in B.C. and not elsewhere.

Of the submissions from individuals which addressed the issue of the level of gaming in B.C., the majority indicated that they were opposed to gaming and that they did not want to see an expansion of gaming in the province. Submissions from 30 individuals asked for an expansion of legal gaming. They said that they enjoyed gaming and would like more opportunities for gaming in B.C. Some submissions indicated a desire to see gaming monies kept in B.C. which are currently being spent outside the province. They felt that more gaming opportunities in B.C. would attract people who are now travelling to Nevada, Washington and Alberta.

Topic 2 - Potential impact on charitable gaming of expanded electronic bingo or the introduction of video lottery terminals.

Results of consultation process - On this topic, charitable/religious organizations' views reflected the concerns that they would lose revenue from existing forms of gaming if new forms of gaming are introduced. Another perspective on this issue is the potential for increased revenue from new forms of gaming.

The large majority of charitable organizations who commented on new forms of gaming followed the format of the Community Advocates for Charitable Gaming submission and recommended that the government carry out impact studies prior to introducing new initiatives to determine their effect on existing charitable revenues.

Submissions from the gaming industry indicated a great deal of interest in video lottery terminals (VLTs) with most groups suggesting that they be given an opportunity to participate if VLTs are to be introduced. These included the casino management companies, neighbourhood pubs and hotels. Estimates from the gaming industry and information from other jurisdictions which have VLTs indicate a wide range of revenue potential. They were agreed however, that VLTs have generated significant revenue in other jurisdictions.

On VLTs, the Gaming Commission has suggested that their gradual introduction into charitable casinos and other age-restricted locations would be appropriate if VLTs are to be introduced at all. An appropriate regulatory framework to control the expansion should be in place before any such expansion occurs. For electronic bingo, the Gaming Commission recommends a gradual introduction of the electronic form in conjunction with paper bingo, following the model of Starship Bingo based on player demand and the ability of the charitable association to manage electronic bingo.

The B.C. Lottery Corporation advocates installing a form of VLTs called Player Operated Sales Terminals (POSTs) in bars and pubs. These machines would present only B.C. Lottery Corporation games. They also recommend that those machines with ambiguous legal status, i.e., "grey" machines, be outlawed. The B.C. Lottery Corporation proposes that it should enter the field of electronic bingo with all revenues going to government. They suggest that charities might be compensated for the loss of growth potential for charitable/religious gaming through a guarantee of their current level of income for a number of years from either government or the B.C. Lottery Corporation.

Topic 3 - Impact of teletheatre betting on current gaming activities.

Results of consultation process - Overall, the issue of teletheatre betting did not draw much comment from those making submissions to the Review Committee.

Support for teletheatre betting was one of the recommendations of the Racing Commission to address the decrease in attendance and financial well-being of the horse racing industry. In addition, they advocated an extended racing season and aggressive marketing to help prevent a continued decline in attendance; developing links with B.C. Lottery Corporation; and, allowing the horse racing industry to participate if VLTs are introduced.

The Casino Management Council indicated its support for the introduction of teletheatre betting and suggested that teletheatre operations might be located adjacent to casino operations.

Topic 4 - Appropriate sharing of gaming proceeds by the government and charitable/religious organizations.

Results of consultation process - Preserving or increasing their share of revenue was the main issue for a large majority of the charitable organizations who made submissions. These organizations came from every region in British Columbia and they represented a variety of not-for-profit groups in social services, health care, cultural activities, and amateur sports and recreation. Many enumerated the kinds of services they provided in their communities and frequently commented that they either could not continue without gaming revenue, or they would not be able to serve their communities as well. Some also noted that they were providing needed social, health and recreational services at a much lower cost than would be the case if government attempted to provide the same services.

As well as the sharing of gaming revenues between charitable organizations and government, there is also the issue of sharing gaming revenues among charitable organizations. As more charitable/religious organizations realized the financial contribution gaming can make to their budgets, the competition for licences has increased. A number of groups making submissions expressed their concerns that allocation practises must be equitable. Some also suggested that certain organizations, such as those offering health or social services, should have priority in receiving licenses.

In the public sector, B.C. Lottery Corporation recommends that all revenues from major gaming activities should accrue to government and that they be allocated on the basis of social and economic priorities determined by government. They note that one of the principles in the terms of reference assigned to the Review Committee states that government will ensure that proceeds from gaming are used for the improvement of services available to British Columbians. They suggest that existing system of licensing charitable/religious organizations to raise and expend revenue does not permit sufficient control to allocate revenue according to government priorities.

Topic 5 - Possible alternatives to the current regulatory regime.

Results of consultation - A large number of the submissions from charitable/religious organizations addressed concerns about the gaming regulatory regime. There are three main themes in the submissions of these organizations on this topic. One is the recommendation that a *Public Gaming Act* be introduced which would entrench the right of not-for-profit organizations to benefit from public gaming activities. The second is the consolidation of all gaming activities in B.C. under the jurisdiction of the Attorney General. Finally, there are recommendations for a community advisory board, composed of charities and other stakeholders in gaming, to participate in drafting of the new Act. The advisory board would also have an ongoing role of monitoring and reviewing the Act and gaming activities in general.

In the public sector, the Gaming Commission recommended a regulatory model with: one government ministry to be responsible; a Gambling Secretariat made up of the senior representatives of the appropriate ministries (including Attorney General and Finance), and the Chairs of the Lottery Corporation, Racing Commission and Gaming Commission; the Lottery Corporation, Racing and Gaming Commissions would be retained as separate entities within the same ministry; and an advisory council would be established which would be responsible for developing consultation with all stakeholders on policy issues.

A regulatory issue of considerable interest to the B.C. Lottery Corporation is the resale of lottery

tickets outside of B.C. The Lottery Corporation recommends legislation to prohibit ticket reselling on the grounds that the business practices of companies operating in this field are not sound, and that the practice of selling outside of the jurisdiction contravenes a policy adopted by an international lottery association, of which B.C. is a member.

For their part, the Lower Mainland Lottery Export Services Association advocates adopting standards to ensure better practices and avoid any problems which would tarnish the reputation of the B.C. Lottery Corporation. They also argue that other countries which are members of the international lottery association engage in export lottery sales.

Topic 6 - Compulsive gambling.

Results of consultation - Compulsive gambling was addressed by only a small number of the submissions. Those who did address the topic expressed concerns about the lack of research on compulsive gambling. They indicated that educational materials need to be developed and research carried out on the extent of compulsive gambling in B.C. Some recommended using proceeds from gaming to fund these activities and to provide needed treatment for compulsive gamblers.

Conclusion

A large number of groups and individuals demonstrated their interest in gaming in British Columbia by participating in this review process. The Review Committee heard from charitable/religious organizations from all parts of British Columbia providing a wide range of services who stress the importance of continued revenues from charitable gaming. They advocated measures to protect charitable revenues by ensuring that new forms of gaming either (1) do not compete with existing forms, or (2) provide revenues to charities. They also asked for recognition of a right to benefit from gaming in an Act of the provincial legislature.

A number of religious organizations and individuals voiced their opposition to existing levels of gaming, and to any expansion of gaming. They cited moral concerns, problem gambling and an inequitable tax effect of gaming revenues.

In the gaming industry, submissions indicated a desire to see expanded gaming in B.C. Increased hours and establishments, higher bet limits and bingo prizes and the introduction of new forms of gaming were all recommended.

The Gaming Commission indicated its support for a moderate expansion of gaming in B.C., as long as an adequate regulatory framework is in place beforehand, and there is player demand to support expansion. The B.C. Lottery Corporation also supports some expansion of gaming in the form of introduction of VLTs offering Lottery Corporation games, and electronic bingo operated by the Lottery Corporation.